Organizational Change and Its Impact on Employees’ Performance. (A Study of Union Bank Nigeria Plc.)

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Abstract
This study investigated the impact of organizational changes on employees’ performance. A descriptive survey research designed method was adopted. Data were collected through a survey, using a structured questionnaire validated by experts. Three different branches of Union Bank Plc. Lagos, Nigeria were selected for the study and a sample size of 100 was determined using Taro Yamane techniques out of 134 total populations. The study used multinomial regression analytical model and applying Wald test statistic to tests the relationship between dependent and independent variables. The findings revealed that adopted measures of organizational changes were found to be statistically significant towards enhancing employees’ performance of Nigeria bank, while technological and leadership changes are tools for measuring the effectiveness of organizational changes. It was concluded that organizational changes integrate the internal strength of the organization to prepare the organization for any unexpected threat that may occur in the Nigeria banking industry. The study therefore recommended that government should provide conducive environment for banks to enable them cope with any unexpected threat that may occur within the environment.

Keywords: Organizational change, employees’ performance, technological, structural, leadership.

Date of Submission: 03-10-2020
Date of Acceptance: 17-10-2020

I. Introduction
The business world is becoming very competitive with the emergence of modern technologies, application of new methods of carrying out businesses to provide customers with a better quality of products or services. For this reason every organization that would survive in a competitive environment must be subjected to change.

Change as it is in human life, is a fact of organizational life. Change is an inevitable phenomenon arising from the dynamics of environment and it is certain for an organization that desires to grow, achieve its mission, vision and objectives. Organizations have to acclimatize to the environment to become competitive and stay ahead or at least keep afloat (Agboola & Salawu, 2011). Organizational change is any action or set of actions resulting in a shift in direction or process that affects the way an organization works. Change is the process of becoming different. It can be deliberate and planned by leaders within the organization or change can originate outside the organization and beyond its control. Change may affect the strategies an organization uses to carry out its mission, the processes for implementing those strategies, the tasks and functions performed by the people in the organization, and the relationships between those people. Organizational change involves moving from known to unknown. Organizational change usually occurs in response to internal or external factors that can affect the organization’s sustainability such as new market entrants, disruptive technology, competing products, or declining profitability that prompts a review of the organization’s strategic goals and plans. Numerous elements may make organizational change necessary, including new competition in the marketplace or new demands by customers. When organizational change is well planned and implemented, it helps assure the organizations’ continued survival. It can produce many tangible benefits, including improved competitiveness, better financial performance, and higher levels of customer and employee satisfaction. Not every individual in the organization will benefit personally from change some will be casualties of change, especially if jobs are cut or realigned. But change should make the organization as a whole stronger and better fortified for the future (Mullins, 2007). There is need for organizations to adapt to systems that can successfully give the organizations a timely improvement in terms of its employees’ performance as well as increased profitability.

Employees’ performance in an organization is very important to determine company's success and profitability. According to Chien (2004), found that effective organization require employees who are willing to do more than their usual job scope and contribute performance that is beyond goal's expectations. The success of an organization depends not only on how the organization makes the most of human competences, but also how
it improves employees’ performance and stimulates commitment to the organization. Employee commitment, together with a competent workforce, seems to be of decisive importance for an organization to be able to compete in quality and to go along with the changes. Organizational change often impact employees’ performance in different views. There are some people who might accept it and some might not, depending on how the perception of the employee is and how well the changes go.

Bringing on new technology can be intimidating for employees’ who are content in doing things as they have always done them. Adopting new technology can mean changes to job responsibilities, added workload, additional training and personnel. Technology changes of this nature can also impact the politics of an organization. Those who possess certain skills and abilities may see change as a threat to their positions and undermining their job competence.

Organizations often find it necessary to reshape the structure of the company due to influences from the external environment (Hayes, 2002). Structural changes involve the pyramid of authority, goals, structural features, administrative events and management schemes (Bhengu, 2007).

Structural change always poses a great challenge on employees. This is derived from the fact that in most cases, it is received with intense negative emotions such as conflict, frustration, fury and fear amongst employees. This in turn tends to have both direct and indirect effects on the performance of the firm (Liu & Perrew, 2005).

Managing organizational change is often not possible without a change forerunner or agent, organizational beliefs and the commitment of those involved in the change process, irrespective of the nature of actions required (Metre, 2009). Beaman and Guy (2005), explain that bad leadership may cause the change process to go tart, while Beer and Nohria (2000), argue that lack of reception and refusal to embrace the urgency of change often hinder the change management process. To this end, it would be pertinent to examine organizational change and its’ impact on employees’ performance.

**Objective of the Study**

The core objective of this study is to evaluate organizational change and its impact on staff productivity; the specific objectives are as follows:

i. To examine the effect of technological changes on employees’ performance.

ii. To measure the impact of structural changes on employees’ performance.

iii. To analyze the impact of leadership changes on employees’ performance.

**II. Literature Review**

**Organizational Change**

In the current business environment organizations pursue throat cut competition to survive. The competition they undergo may not be carried out with the old way of doing business. Therefore, they all tend to undergo an organizational change. The term organizational change and its implication mean different things to different people. For Ivancevich, Donnelly and Gibson (2004), organizational change, “denotes to managerial attempts to improve performance by altering the official structure of task and authority affiliation”. The aforementioned authors further explained organizational change as a durable and endless process consisting of different phases and advised managers to take each stage carried out properly to thrive. Organizational changes are also handled with the participation of all stake holders. Especially, the participation of employees as an individual or through their representative is vital for the attainment of organizational change (Robbins & Judge, 2012). Nna (2011), view organizational change as the execution of technology in the contemporary business domain which is constantly evolving and the business organization is at the center of these changes. The stride of business activities today is by far faster than yesterday.

Organizations are under tremendous pressure to pursue organizational change in order to survive in an environment of increasing change and turbulence. Management researchers know that this level of change may have a severe negative effect on employee attitudes and performance (Osterman, 2000). Change basically means series of events which support the process of development in organizations (Kassim, Tahajuuddin, Shahzad, Isa & Mat, 2010). Organizational change includes mission changes, tactical changes, operational changes (including structural change), technological changes, changing the attitudes and behaviors of workforces’, counter confrontation from different employees of companies and align them to strategic directions of the organization (Gruman & Saks, 2011). In today’s dynamic environment organizational change is indispensable for every organization to precede and prosper in ever changing business environment.

Workplaces are faced with infinite change (Herscovitch and Meyer, 2002), and effective management of that change is an important capability currently required by an organization (Paton & McCalaman, 2008). As managers make decisions for coping with change, they must consider not only how firm performance will be affected but also how employees will be affected.
Employees’ Performance
Employees’ performance is vigorous for the success of every organization and lucrative in this dynamic environment (Chien, 2004). Nowadays’ organizations require such type of employees who contribute more than their job latitude and far from goals potentials. Most of the organizations coping with modern challenges put more emphasis on employee performance (Gruman et al, 2011). According to some authors, service firms like the goals and objectives, in order to and to increase their performance along with job fulfillment (Karatpe, Uludag, Menevis, Hadzimehmedagic & Baddr, 2006). Downsizing, mergers, innovations and restructuring of the organizations usually decrease employees’ performance. In additions to that duty, quantity and quality, changing locality and time limitations drastically affect the work life of employees (Tavakoli, 2010). Today, many companies are facing current challenges and need to put more concentration on increasing employees’ performance. Hence, to connect in valuable performance, managers need to let employees to have more power to design their jobs and roles. Thus, employees will find their jobs more fit between employees’ desires, skills and beliefs (Gruman et. al, 2011). The insufficiencies of employee performance will be overcome by effective leadership, communication, motivation, employee development, tolerance to change, bureaucratic justice, and organizational culture.

Effects of Technological Change on Employees’ Performance
Organizations have experienced a rebellion in the acceptance and application of multifarious information technology. In the hope of mining the greatest value from novelties, organizations have adjusted their management structures, work procedures and culture (Orlikowski, 2000). Yet, rapid technology boost unintentionally reduces the presumed lifespan of many Information Technology (IT) systems. Organizations build and rebuild their prevailing IT systems in response to market changes. The results of these ingenurities are often rather disappointing. The world has more technology than ever before with technological changes increasing at an accelerating speed. The consolidation of data processing, communications and the advances of software allows firms to gain a competitive benefit, improve performance and develop new businesses from various areas. Use of information technology is now fluctuating from a supportive role to a more tactically oriented role in organizations. The 2000s were noticeable by major innovations in computing in organizations as organizations had undergone a revolution in the adoption and application of complex information technology. Nevertheless, hasty technology enhancement unintentionally reduces the supposed lifecycle of many IT systems. Organizations build and rebuild their current IT systems in response to needs and market changes. The outcomes of these creativities are often rather disappointing. Half of these technological change developments experience failure.

Effects of Organizational Structure on Employees’ Performance
Organizational structure enables an organization to have common opinions and mission. Well-functioning organizational structure is important for an organization going through change, because if there are defects in the structure it will affect communication flow. With blurred roles conflicts and misinterpretations occur that lowers motivation and work drive. It can also drift different divisions apart from common organizational goal, where decision making procedures become slow and employee efficiency disappears. According to McLagan (2002), there are three types of changes in the organization structure. They are transactional, transitional and transformational. Transactional changes only need slight interference, for example, training or changing the incentive system, swapping software. Transitional change is more complex and require change in roles/responsibilities, power sources and systems. Example of this kind of change could be opening a new plant in another location, where more comprehensive planning and expertise is needed. Transformational change requires restructuring the entire organization, especially the fundamental beliefs and norms, in order to adapt to global business demand.

According to Duggan (n.d) organizational structure can hinder or promote performance, and this may depend on how effectively the supervisory relationships and workflow influence productivity. He further explains that organizational structure affects how performance is measured and managed in an organization.

Effects of Organizational Leadership on Employees’ Performance
Employees are the most important resources in organizations, which without, the goals and objectives may not be achieved (Bello, 2012). Leadership is one of the key driving forces for improving firm performance. Leaders, as the key decision-makers, determine the attainment, development, and disposition of organizational resources, the transfiguration of these resources into valuable products and services, and the conveyance of value to organizational stakeholders. Thus, they are compelling sources of managerial rents and hence continuous competitive benefit. Hurduzeu (2015), is of the opinion in his paper that effective leadership involves motivation, management, encouragement, remuneration and analytical skills. When all these are
present, he stresses that organizations record increased employee satisfaction that definitely influences the productivity and profitability.

In order to increase employees’ performance, leadership in universities needs to have the ability to promote ingenuity and innovation, inspire the subordinates to challenge their own value systems and to improve their individual performance. Scholars and researchers also agree on the point that the role of leadership/leader is very significant while managing organizations or addressing the problem of organizational change (Asghar, 2010).

2.3 Theoretical Review

Various theories that address organizational change have been advanced by a number of authors as regards to employees’ performance in organizations. This current study has used; Discourse-based theory of organizational change, Three-step change theory and Dynamic conservatism, all of which are relevant to the study.

2.3.1 Discourse-Based Theory of Organizational Change

A number of studies have suggested that discourse theory and the analysis of organizational discourse offer considerable potential for understanding the nature and complexity of organizational change. However, while these studies demonstrate some of the potential contributions that a discourse based theory of organizational change might make, they also exhibit two inter-related problems. First independently or in combination, none of the studies attempts to provide a comprehensive or integrated discourse theory of change. The discursive change model, if one exists, is implicit, but not fully articulated. Second, by virtue of the model being underspecified, the value of the observations and results of studies of organizational discourse and change are potentially open to question or even undermined (Ford & Ford, 2008).

In reference to level of change related to discourses, it operates at several different levels. It is possible to identify five that merit attention in relation to organizational change – the intra-psyched, the Micro, the Meso, the Macro and the Meta. At the intra-psychic level a discourse might manifest itself in the form of internalized stories and interjected beliefs that an individual tells them self. It can also refer to cognitive frames and schemas (Ford & Ford, 2008). Analyses of discourses at the micro level focus on the detail of language in use by individuals. Beyond the individual focus of the micro-level, it is possible to consider discourse at the meso-level to explore the interpersonal. At this level discursive interactions will impact on the actions and behavior of individuals within a localized context, e.g. a department or among a specific group of actors who socially interact on a regular basis (Mumby, 2004).

Macro level discourses can be viewed as an aggregation and accumulation of an amalgam of meso-level discursive interactions in organizations. Here, interactions such as conversations and texts coalesce to form the dominant thinking, institutional practices and collective social perspectives within an organization. Meta level discourses have been described as discourses that are recognized and espoused at the broader societal level and across institutional domains. As such they might address “more or less standard ways of referring to/constituting a certain type of phenomenon” (Alvesson & Kärreman, 2000). The texts within any level of discourse are linked to, and informed by discourses and the texts that operate from other levels. This inter-textually means that it is important to identify and analyze specific, micro-level discourses pertaining to change, within say a conversation, and to then place them in the context of other meso, macro or even meta discourses (Boje, 2001).

2.3.2 Three-Step Change Theory

Kurt Lewin (1951), introduced the three-step change model. This social scientist views behavior as a dynamic balance of forces working in opposing directions. Driving forces facilitate change because they push employees in the desired direction. Restraining forces hinder change because they push employees in the opposite direction. Therefore, these forces must be analyzed and Lewin’s three-step model can help shift the balance in the direction of the planned change. According to Lewin, the first step in the process of changing behavior is to unfreeze the existing situation or status quo. The status quo is considered the equilibrium state. Unfreezing is necessary to overcome the strains of individual resistance and group conformity. Unfreezing can be achieved by the use of three methods. First, increase the driving forces that direct behavior away from the existing situation or status quo. Second, decrease the restraining forces that negatively affect the movement from the existing equilibrium. Third, find a combination of the two methods listed above. Some activities that can assist in the unfreezing step include: motivate participants by preparing them for change, build trust and recognition for the need to change, and actively participate in recognizing problems and brainstorming solutions within a group.

Lewin’s second step in the process of changing behavior is movement. In this step, it is necessary to move the target system to a new level of equilibrium. Three actions that can assist in the movement step include:
persuading employees to agree that the status quo is not beneficial to them and encouraging them to view the problem from a fresh perspective, work together on a quest for new, relevant information, and connect the views of the group to well-respected, powerful leaders that also support the change. The third step of Lewin’s three-step change model is refreezing. This step needs to take place after the change has been implemented in order for it to be sustained or “stick” over time. It is highly likely that the change will be short lived and the employees will revert to their old equilibrium (behaviors) if this step is not taken. It is the actual integration of the new values into the community values and traditions. The purpose of refreezing is to stabilize the new equilibrium resulting from the change by balancing both the driving and restraining forces. One action that can be used to implement Lewin’s third step is to reinforce new patterns and institutionalize them through formal and informal mechanisms including policies and procedures. Therefore, Lewin’s model illustrates the effects of forces that either promote or inhibit change. Specifically, driving forces promote change while restraining forces oppose change. Hence, change will occur when the combined strength of one force is greater than the combined strength of the opposing set of forces (Robbins, 2005).

2.3.3 Dynamic Conservatism
This model by Donald Schon (1983), explores the inherent nature of organizations to be conservative and protect them from constant change. He recognizes the increasing need, due to the increasing pace of change for this process to become far more flexible. This process being one of "learning". Very early on Schon recognized the need for what is now termed the 'learning organization'. These ideas are further expanded on within his frame work of 'reflection-in-action', the mapping of a process by which this constant change could be coped with. An early model of change developed by Kurt Lewin described change as a three-stage process. The first stage he called "unfreezing". It involved overcoming inertia and dismantling the existing "mindset". Defense mechanisms have to be bypassed. In the second stage the change occurs. This is typically a period of confusion and transition. We are aware that the old ways are being challenged but we do not have a clear picture to replace them with yet. The third and final stage he called "refreezing". The new mindset is crystallizing and one's comfort level is returning to previous levels.

Empirical Review
Okenda, Thuo and Kithinji (2017), examined the effect change on organizational performance. The study adopted a case study design to achieve the set objectives. The study population was 1035 staff members of the ministry of environment, water and natural resources who has experienced various forms of organizational change. Stratified random sampling was used to choose 104 respondents. Primary data was used where a questionnaire was employed to collect primary data. Descriptive and inferential statistics was conducted to analyze the data. The data was presented through frequency tables and bar graphs. From the findings it was concluded that change in information systems, change in organization structure, change in organization size and change in leadership affected performance. Therefore the findings of the study recommended that the ministry of environment, water and natural resources should update information systems continuously whereby top management should support the role of MIS in improving organizational performance.

III. Research Methodology
Probability sampling technique (simple random sampling techniques) was use to select the respondents from the population consisting of all administrative staff of Union Bank Plc. regional headoffice in Lagos State with a total of 134 Staff. The sampling size was determined using Taro Yamane sampling formulae in which 100 samples were selected. A structural questionnaire was designed for the purpose of the research work. The questionnaire was divided into two sections: section A contains questions about the respondents’ bio-data and section B contains questions relating to the research topic. In addition, multinomial logistic regression was employed to test the relevant hypotheses formulated in the research work.
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**Model Specification**
This study adopted multinomial regression model, written thus;

\[ \pi = \frac{e^{\beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3}}{1 + e^{\beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3}} \quad \cdots 1 \]

Where \( \beta_0 \) is the constant value (intercept) which predicts the employees’ performance when variables of technological changes, structural changes and leadership changes are the independent variables. \( \beta_1, \ldots, \beta_3 \) are coefficients of the predictor variables; “technological changes”, “structural changes”, and “leadership changes” respectively. That is;

- \( X_1 = \) Technological changes (TC)
- \( X_2 = \) Structural changes (SC)
- \( X_3 = \) Leadership changes (LC)

Substituting the estimates of equation 1 into the model, we have;

\[ \pi = \frac{e^{74.805 + 82.845 \cdot Tc + 90.845 \cdot Sc + 83.203 \cdot Lc}}{1 + e^{74.805 + 82.845 \cdot Tc + 90.845 \cdot Sc + 83.203 \cdot Lc}} \quad \cdots 2 \]

**IV. Data Analysis**

### Table 1: Multinomial Logistic Regression Model Result

(Independent variable = Organizational Performance (ORP))

<table>
<thead>
<tr>
<th>VARIABLES</th>
<th>ESTIMATOR</th>
<th>ESTIMATES (-2log Likelihood)</th>
<th>SIGNIFICANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model information</td>
<td>Intercept only</td>
<td>108.769</td>
<td>0.002</td>
</tr>
<tr>
<td>Constant</td>
<td>Final (( \beta_0 ))</td>
<td>74.805</td>
<td>.090</td>
</tr>
<tr>
<td>Technological changes</td>
<td>( \beta_1 )</td>
<td>82.845</td>
<td>.003</td>
</tr>
<tr>
<td>Structural changes</td>
<td>( \beta_2 )</td>
<td>90.845</td>
<td>.210</td>
</tr>
<tr>
<td>Leadership changes</td>
<td>( \beta_3 )</td>
<td>83.203</td>
<td>.003</td>
</tr>
</tbody>
</table>


The intercept \( \beta_0 \) of 74.805 (table 1) represents the multinomial logistic estimate for the employees’ performance. The remaining multinomial logit estimates of 82.845, 90.845, and 83.203 shows a unit improvement in predicting the employees’ performance through the variables of technological changes, structural changes and leadership changes. However, the significance value of the measure of employee’s performance as reported indicates that the overall estimates of the regression coefficients are different from zero and this shows that the two variables of “technological changes” and “leadership changes” does not significantly predicts employees’ performance since their respective significance values (p-value=0.090 and 0.210 are greater than 5% significance value. Furthermore, the coefficient of “structural changes”, (p-value= 0.003< 0.05) significantly contribute to employees’ performance of Union Bank Nigeria Plc.

### Table 2: Test of Hypothesis

#### Table 2.1: Test of hypothesis relating to technological changes and employees’ performance

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Wald value</th>
<th>DF</th>
<th>Significance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Technological changes</td>
<td>155.046</td>
<td>1</td>
<td>0.090</td>
</tr>
</tbody>
</table>

From the hypothesis tested in table 2.1 above, the Wald test statistic of 155.046 with degree of freedom 1 and a corresponding p-value of 0.090 where \( \alpha = 0.05 \) level of significance indicates that since p-value of 0.090is greater than \( \alpha =0.05 \), we accept the \( H_0 \) and thereby conclude that technological changes has no significant effect on employees’ performance. As a result of this, technological changes is not an element of changes that influence employees’ performance but tend to be a variable of importance in measuring employees’ performance in relation to organizational changes.

#### Table 2.2: Test of hypothesis relating to leadership changes and employees’ performance

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Wald value</th>
<th>DF</th>
<th>Significance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leadership changes</td>
<td>102.466</td>
<td>1</td>
<td>0.210</td>
</tr>
</tbody>
</table>

Table 2.2 above shows the Wald test statistic is 102.4660 and a corresponding p-value of 0.210>0.05 level of significance. Since p-value of 0.210 is higher than \( \alpha =0.05 \), we fail to reject \( H_0 \) and thereby conclude that leadership changes does not have a significant effect on employees’ performance.

#### Table 2.3: Test of hypothesis relating to structural changes and employees’ performance

<table>
<thead>
<tr>
<th>Predictor</th>
<th>Wald value</th>
<th>DF</th>
<th>Significance Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Structural changes</td>
<td>4.265</td>
<td>1</td>
<td>0.003</td>
</tr>
</tbody>
</table>

DOI: 10.9790/487X-2210053239 www.iosrjournals.org 37 | Page
From the hypothesis tested in table 2.3 above, the Wald test statistic of 4.265 with DF1 and corresponding p-value of 0.003 < 0.05 level of significance indicates the rejection of H0 and thereby conclude that leadership changes has a significant effect on employees’ performance.

**Interpretation of Results**

This research is primarily based on the “an investigation of organizational change and its impact on employees’ performance”, a study of Union Bank Plc. Empirical analysis of the research study shows that the adopted measures of organizational changes were found to be statistically significant towards enhancing employees’ performance of Nigeria banks. However, technological and leadership changes as tools of measuring the effectiveness of organizational changes of the organization does not totally contribute significantly to the logit model but were found to be a variable of good prediction for employees’ performance. Furthermore, the analysis revealed that structural changes on organizational changes affects employees’ performance of the organization and it has drastic value on employees’ performance. Structural changes reviews management system to eradicate delays in operational activities to enhance employees’ performance.

**V. Conclusion And Recommendations**

Based on the set objectives of this research study, it shows that structural changes significantly enhanced employees’ performance in Nigeria banks at 5% significance level. In addition, the analysis also revealed that organizational objectives are easily achieved with the adoption of technological changes, structural changes and leadership changes which helps organization to overcome external changes such as economic changes, changes in customers’ want and political changes to attain organizational goal. However, empirical analysis of the research study shows that, organizational changes integrate the internal strength of the organization to prepare the organization for any unexpected threat that may occur in the Nigeria banking industry.

Based on the findings: the followings were recommended:

Firstly, banking management should endeavor to train and retrain their employees so as to survive this era of technological advancement. Secondly, banks management should try to encourage change of leadership policy in order not to be providing same products/services all the time. Thirdly, the government should provide conducive environment for banks to enable them cope with any unexpected threat that may occur within the environment.

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