Effects of Change Management on Employee Commitment – A Study of Selected Deposit Money Banks in Umuahia

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Abstract: *This study examines the effect of change management on employee commitment of deposit money banks. A cross-sectional research survey was employed. Accessible population consists of ten (10) banks using simple random sampling technique. A total of 122 staffs were surveyed. Sample size is 93 using Taro Yamane. Validity of the instrument was ascertained using face validity. Reliability of the instrument was determined using Cronbach alpha test. Spearman's Rank Order Correlation Coefficient (rho) was used to test the hypotheses with the aid of SPSS (20.0). Findings of the study revealed that change management has a positive significant effect on employee commitment. The study concluded that change management that is based on communication and employee participation will enhance employees' commitment in the organsiation. It recommended that bank managers should adopt communication as a strategy to overcome resistance to change in the workplace. Secondly, managers of other financial institutions should encourage their employees' to participate in change management process.*

Keywords: change management, employee commitment, communication, participation.

Introduction

In every organization, employees are the assets used in balancing the human capital profit and loss account. The commitment of these human capitals is what determines the level of organisational performance today. They also ascertain the viability and sustainability of the every firm. In order words, employees hold the key to every success recorded and will record by the organization. It therefore becomes necessary for employers to recognize these human assets by providing conducive working environment for them to be committed. Commitment of employee is what brings about increase in sales for manufacturing organizations quite apart from increase in customer patronage for service oriented organizations. It is worthwhile for organization to acknowledge the efforts of its employees and reward them with what is applicable in the same industry. This will motivate them to put more effort especially where there is intense industry competition. Commitment is very important to the survival and progress of every enterprise that wants to remain in business. it is as a result of employee commitment that investors can indicate interest to acquire other firms that is begging for attention. This is true because no investor will like to acquire a firm that is not productive.

Drawing from the above, change in status quo can decrease employees' emotional appetite on being committed to organisational routines. This reduction will depend on how the change agent handles the process. Managers whose assumption is anchored on theory x will

always see the employees as the problem hindering change process in the workplace whereas another manager with theory y assumption will view the employee as a friend that is ready to work. In each case, the process of change management is dependent on the leaders' assumption about their subordinates' behaviour. Change therefore becomes very important for organization to survive in the competitive business environment. Organization that does not embrace change will not last long because; on daily basis, the modes of business operations are constantly changing including the human behaviour. Change is what cannot be taken away from every members of the organization including machines, strategies as well as methods.

Buttressing further, change management is part of organisational processes that will position it on the right place it want to attain. However, for change to take effect, employees will usually resist it because they feel it may affect them negatively in terms of lay-off, redundancy quite apart from salary cut, etc. As a result, managers need to understand the best way of handling such resistance from their employees. This has adopted communication and participation as strategies for overcoming resistance to change in deposit money banks under study.

Aim/Objectives of the study
The aim of this study is to ascertain the effect of change management on employee commitment of selected deposit money banks. Specifically, the study sought to:

1. Ascertain the effect of communication on employee commitment of deposit money banks
2. Ascertain the effect of participation on employee commitment of deposit money banks

Research Hypotheses
Drawing from the above specific objectives, the following null hypotheses were formulated.

HO1: There is no significant effect of communication on employee commitment

HO2: There is no significant effect of participation on employee commitment

REVIEW OF RELATED LITERATURE
The concept of change management
The term change refers to any alteration which occurs in the work environment of an organization (http://academlib.com). Change management is the discipline that guides how we prepare, equip and support individuals to successfully adopt change in order to drive organizational success and outcomes (www.prosci.com). Organization is always undergoing series of transformation that will stimulate its parts for effectiveness and efficiency to be achieved. Without being transformed it will be difficult for organizations to exist amongst its competitors and also serve its teeming customers that want latest products and services. Change is one variable that is constant in both private and public sector of the economy including other terrestrial habitats. Firms transform their product as a result of demands from its customers in terms of packaging, design, taste, and quality as well as delivery style. Thus, change virtually is a dynamic embryo that gives birth to multiple species of strategies used by organizations to promote their goods and services.

Indicators of change management

Several factors can be adopted to promote change in the workplace effectively but in this study, the authors have adopted communication and employee participation as strategies to managing organisational change.

Communication: Rezarta and Mimoza (2017) argued that employees need to be informed on when the change will take place, how it will be implemented, what is anticipated of them, how they will be affected from the change in their jobs, and how the company will sustain and motivate them to be more dedicated to the change. Workplace communication is the transmitting of information between one person or group and another person or group in an organization (www.study.com). Oscar (2015) contended that effective communication is a fundamental concept for any organization to meet its intended goals. Poor communication compromises efficiency, quality of production, customer relations and many other dynamics that an organization depends on to thrive (Oscar, 2015). Effective communication should trickle down from managers to those under their supervision and to other units and departments (Oscar, 2015). Hi cited in Rezarta and Mimoza (2017) posit that in order to prepare the organization for the change, it is important to communicate why there is a need for change and what is going to happen. This is called unfreezing stage in Lewin's three-step change model.

Participation: During change implementation, agents of change need to get the employees to participate in the process to avoid delay. When the employees are involved in the change process it reduces resistance to change and therefore, saves time and resources. Keith (1981) defines employee participation as the mental and emotional involvement of individuals (employees) in group or organizational situations that encourage them to contribute to the group's or organisation's goals and to share responsibility. On another hand, Nel et al. (2005) posit that employee participation programmes recognize employees' right to be individually and collectively involved with leaders in the areas of organisational decisions, beyond those usually associated with collective bargaining. Another significant of employee participation as elucidated by Kuye and Sulaimon (2011) is that employees must be involved if they are to understand the need for creativity, and if they are to be committed to changing their behaviour at work in new and improved ways.

FORCES FOR CHANGE

There are two basic forces of change in the workplace, these are external and internal. External forces of change emanate from the external business environment which cannot be predicted all the time. Internal forces of change are the ones that occur within the organization. These two forces have been explained by www.managementstudyguide.com below.

External forces of organizational change

Political Forces: With the rapidly changing global political scenario and the upheavals in the global politics, the worldwide economy is equally undergoing a quick change and presenting several challenges before the organization in the form of changes in regulations, policies and also the economic framework in the form of globalization and liberalization.

Economic Forces: The economic forces influence organization's change management strategy by either presenting opportunities or challenges in the form of economic uncertainties or growing competitive pressures. Various factors such as changes in the business cycle, prevalent inflation or deflation rate in the economy, fluctuation in the interest rates, economic recession, changes in the economic policies or tax structures, import/export duties, fluctuation in the oil prices globally, financial stability of the country and also loss/increase in the consumer confidence towards the economic conditions of the country are some of the crucial factors (www.managementstudyguide.com).

Technological Forces: Technological advancements and innovations in communication and computer technology have revolutionized the organizational functioning by facilitating newer ways of working and added in newer range of products/services thus creating a need for developing a framework for managing change effectively and proactively responding to the challenges as a result of these changes due to the technological forces (www.managementstudyguide.com).

Governmental Forces: Governmental regulations and also the extent of intervention may influence the need for change. The following governmental forces have been described below which determine the need for organizational change (www.managementstudyguide.com):

1. **Deregulation:** Deregulation is associated with decentralization of power or economic interventions at the state level or lessening of the governmental intervention in the economy. For example, as an outcome of deregulation few sectors/industries like insurance, banking, petroleum and many others which were previously under the direct control of the government, are now being handed over to the private players or companies (www.managementstudy.com).
2. **Foreign Exchange:** Foreign exchange rates directly affect the international trade, as the variations in the exchange rates influence the currency payment structure. Issues or constraints with the foreign exchange rate may compel the government in moving ahead with the imposition of import restrictions on selected items or deregulating the economies for attracting the foreign exchange for investment purposes (www.managementstudy.com).
3. **Anti-Trust Laws:** Anti-Trust laws are enforced by most of the governments for restricting/curbing unfair trade practices (www.managementstudy.com).
4. **Suspension Agreements:** Suspension agreements are the agreements which are finalized between the governments to waive off anti-dumping duties (www.managementstudy.com).
5. **Protectionism:** Due to the growing competitive pressures, most of the governments try to enforce certain regulations or intervene for safeguarding their threatened industries. For example, by enforcing certain trade barriers, the Indian government protects the local industries such as Handicrafts and Textiles. These trade barriers may take the form of either anti-dumping laws, levy of tariffs or import duties, quantity quotas, and various government subsidies (www.managementstudy.com).

Competitive pressures: The increase in the global competition and the challenges enforced due to the competitive pressures, force the organizations in changing their strategies for ensuring their global presence. Japanese majors like Nissan, Toyota and Mitsubishi, have been continuously relocating their manufacturing as well as their assembling operations to South East Asian countries for achieving a competitive advantage in the form of reduced cost of labour and economies of scale (www.managementstudyguide.com).

Changes in the needs and preferences of customers: Changes in the needs of the customers are compelling the organizations to adapt and innovate their product offerings constantly for meeting the changing demands of the customers (www.managementstudyguide.com).

The internal forces of organizational change

The following explanations of internal forces of organisational change were explained by www.managementstudyguide.com below:

Systemic Forces: An organization is made up of a system and several subsystems which are interconnected, just like the way in which a human system functions. The subsystems of an organization are in direct interaction and influence the organizational behaviour as well. A change in any subsystem, result in a change in the existing organizational processes and the complete alignment as well as the relationship (www.managementstudy.com).

Inadequate Existing Administrative Processes: Each organization function by following a particular set of procedures, rules, and regulations. With the changing times, an organization needs to change it's rules and existing administrative processes, failing which the administrative inadequacy might result in organizational ineffectiveness (www.managementstudy.com).

Individual/group speculations: In anthropological terms, it is understood that man is a social animal whose desires and requirements keep changing with the changing times, which result in differences in individual as well as group expectations (www.managementstudy.com).

Structural changes: These changes alter the existing organizational structure as well as its overall design. Structural changes can be regarded as a strategic move on the part of the organization's to improve profitability and for achieving a cost advantage (www.managementstudy.com).

Changes in the technology: Within an organization, the technological changes may take the shape of changes in the work processes, equipment, level/degree of automation, sequence of work, etc (www.managementstudy.com).

People focused change: In this context, the major focus is laid on people and their existing competencies, human resource planning strategies, structural changes and employee reorientation and replacement of an employee which mean shifting an employee to a different work arena where his/her skills are best suited (www.managementstudy.com).

Issues with the profitability: This can also be one of the primary causes which compel an organization to restructure (downsize or resize) or to reengineer themselves. The organization

may have profitability issues either due to a loss in revenue, low productivity or a loss in the market share (www.managementstudy.com).

Resource Constraint: Inadequacy of the resources may result in a powerful change force for the organization (www.managementstudy.com).

The concept of employee commitment
Employee commitment is derived from organisational commitment (Meyer and Allen, 1997). Cohen (2003) perceived commitment as a force that binds an individual to a course of action of relevance to one or more goals. On a general note, Arnold (2005) argued that organizational commitment is the relative strength of an individual's identification with and involvement in an organization. Becker (1980) asserts that organizational commitment is concerned with workers identification with and involvement in a particular establishment. Salas, Goodwin and Burke (2009) viewed organizational commitment as a desire to remain a member of the organization, willingness to demonstrate a high performance within the organization, and confidence in the organization's goals and values. Schermerhorn, Hunt and Osborn (1994) asserts that organizational commitment is defined as the rank of individual's linkage with the organization and way of thinking to occur as an essential component of the organization. Morrow, McElroy and Blum (1988) accentuates that organizational commitment is the commitment of the employee to remain in the organization as a result of psychological commitment to the employer and adoption of the values and goals of the organization. At the employee level of analysis, Marthis and Jackson (2000) perceived employee commitment as the extent to which employees stay with organizations and considers about organizational objectives seriously. On another hand, Luthans (2006) argued that organizational commitment is the desire to be a member of an organization and not to complain about their organization. Akintayo (2010) asserts that employee commitment is defined as the degree to which the employee feels devoted to their organization. Ongori (2007) on the other hand, contended that employee commitment as affective response to the whole organization and the degree of attachment or loyalty employees feel towards the organization. Zheng (2010) perceived employee commitment as simply employees' attitude to organization. Employee commitment is connected with attachment and identification to the organisational values. Once an employee believed in the culture of the organsiation by accepting the conditions of employment being stated by the founders of that organization such employee is said to be committed. This is because commitment comes from the heart and proceeds with acting the behaviour of what was accepted outside. Again, one cannot work for an organization that he/she does not like. Commitment can also be regarded as the fulfillment of employee desire by the organization while the employee reciprocates same to the organsiation.

Dimensions of employee commitment
The following dimensions of employee commitment have been revisited. They were originally propounded by Meyer and Allen (1997). These are affective, continuance and normative commitments.

Affective commitment: Affective commitment relates to how much employees want to stay at their organization (Josje, 2016). If an employee is affectively committed to their organisation, it means that they *want* to stay at their organization (www.effectory.com). Employees that are affectively committed perceive everything that is done in the organization as their own. They

understand the meaning of loyalty. It should also be noted that; in the developing countries where social amenities are in shortage, employees can only affectively committed only when they have been duly motivated in monetary form. This is because; for one to be dedicated to organisational business, the immediate needs must be met first. Employees who are affectively committed feel valued, act as ambassadors for their organisation and are generally great assets for organizations (www.effectory.com).

Normative commitment: Normative commitment relates to how much employees feel they should stay at their organization (Josje, 2016). Employees that are normatively committed generally feel that they should stay at their organizations (www.effectory.com). Normatively committed employees feel that leaving their organisation would have disastrous consequences, and feel a sense of guilt about the possibility of leaving. Employees that are normatively committed do so because there is no other place to go and work. Hence, in other not to lose their jobs or not having anything to do in order to provide the basic needs of life to their families; they pretend to be committed to the organization. Normative commitment therefore is only displayed only when an employee has no other job option but want to retain the first job.

Continuance commitment: Continuance commitment relates to how much employees feel the need to stay at their organization (Josje, 2016). Continuance commitment can also be termed as calculative in the sense that one who is in this category of commitment is calculating the amount of benefits that has been recorded in their present organization. Such individual will be contemplating that; it is better to remain with the organization that is paying very well than leaving to another organization that they are not sure of giving them what they are receiving. The underlying reason for employee continuance commitment lies in their need to stay with the organisation. Some of the possible reasons for to staying with organisations vary, but the main reasons relate to a lack of work alternatives, and remuneration (www.effectory.com). A good example of continuance commitment is when employees feel the need to stay with their organisation because their salary and fringe benefits won't improve if they move to another organization (www.effectory.com). Such examples can become an issue for organisations as employees that are continuance committed may become dissatisfied (and disengaged) with their work and yet, are unwilling to leave the organization (www.effectory.com).

Effects of change management on employee commitment
Change management has an effect on the commitment of employees because; without the employees, organization will not record any positive performance. Thus, for change to be effective, employees must be involved and if the change was implemented along with the workers, their commitment will increase compared with their earlier commitment. Change in technology for instance can trigger productivity twice. The use of computer systems to process information in the workplace is faster than using a typewriting machine; hence technology will enhance the commitment of employees. Change in employees' behaviour has a positive effect on the commitment because when there is new way of doing things; employees' action is to abide by that change and follow by exhibiting that behaviour.

However, for managers to overcome resistance of change, communication is very important. The use of effective communication to overcome resistance to change has proven positive effects on employee commitment. Before a change can take preeminence over the old ways of doing things

managers need to communicate the new methods, processes and behaviour to their employees who may be seen as change propellers. Continous education on the new change to all the employees will encourage them to embrace the change that is coming to replace the old pattern and if this is handled effectively, employees' commitment will be improved.

Another way change can be implemented very easily is through the participation of employees' in the change process. Allowing employees to be part of decisions that will bring the new change is very crucial to solving resistance to change in every organization. Thus participation motivates employees to accept the new change and forge ahead to contribute to organisational goals. When an employee is involved on how things can be turn around in the workplace, such employee will see the organization as his/her own. Participation therefore has a positive effect on employee commitment.

RESEARCH METHODOLOGY

A cross-sectional research survey was adopted for this study. Target population includes all deposit money banks in Umuahia. Accessible population consists of ten (10) banks using simple random sampling technique. A total of 122 staffs were surveyed. Sample size is 93 using Taro Yamane. Method of data collection is the questionnaire. 93 copies of the questionnaire were administered but 81 copies were completed filled and returned. Validity of the instrument was ascertained using face validity. Reliability of the instrument was determined using Cronbach alpha test. Spearman's Rank Order Correlation Coefficient (rho) was used to test the hypotheses with the aid of SPSS (20.0).

DATA ANALYSIS

Spearman's Rank Order Correlation Coefficient (rho) was employed for bivariate analysis in this section.

Table 1.1: Correlation analysis between communication and employee commitment

<table>
<tr><td colspan="6" align="center">Correlations</td></tr>
<tr><td></td><td></td><td></td><td>communication</td><td>Employee commitment</td></tr>
<tr><td>Spearman's rho</td><td>communication</td><td>Correlation Coefficient</td><td>1.000</td><td>.715**</td></tr>
<tr><td></td><td></td><td>Sig. (2-tailed)</td><td>.</td><td>.000</td></tr>
<tr><td></td><td></td><td>N</td><td>81</td><td>81</td></tr>
<tr><td></td><td>Employee commitment</td><td>Correlation Coefficient</td><td>.715**</td><td>1.000</td></tr>
<tr><td></td><td></td><td>Sig. (2-tailed)</td><td>.000</td><td>.</td></tr>
<tr><td></td><td></td><td>N</td><td>81</td><td>81</td></tr>
</table>

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

The above result shows the correlation between communication and employee commitment. It shows that communication has a positive significant effect on employee commitment of selected deposit money banks.

Table 1.2: Correlation analysis between participation and employee commitment

Correlations

			participation	Employee commitment
Spearman's rho	Participation	Correlation Coefficient	1.000	.687[**]
		Sig. (2-tailed)	.	.000
		N	81	81
	Employee commitment	Correlation Coefficient	.687[**]	1.000
		Sig. (2-tailed)	.000	.
		N	81	81

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

Result above shows the correlation between participation and employee commitment. The result shows there is a positive significant effect of participation on employee commitment.

FINDINGS

Based on the results of the hypotheses, the following findings were drawn.

1) There is a positive significant effect of communication on employee commitment. This implies that as communication is employed in change management, employee commitment will be promoted in the workplace.
2) There is a positive significant effect of participation on employee commitment. This means that as change agents encourages employees' to participation in change management, their commitment increases in the organization.

CONCLUSION

From the findings above, the study concluded that change management that is based on communication and employee participation will enhance employees' commitment in the organisation.

RECOMMENDATIONS

Drawing from above conclusion, the following recommendations were made.
1) Bank managers should adopt communication as a strategy to overcome resistance to change in the workplace
2) Managers of other financial institutions should encourage their employees' to participate in change management process.

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