

## A Comparative Study of the Land Administration and the Document Authentication Agencies on the Influence of Reform Management on Organizational Culture Change

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### Abstract

For the past two decades, Ethiopia was engaged in changing her public service sector culture from bureaucratic to market type. The reform program was introduced in to all Ethiopian public service organizations simultaneously and using the same change tools. However, except in few organizations, the reform did not result in organizational culture change. DARA is one of the few organizations known for their reform success and LDMB is one of the many organizations identified with unfruitful reform efforts. The objective of this study was to investigate influence of reform management on organizational culture change in the cases of DARA and LDMB. The research methodology of the study was based on a pragmatic worldview followed by convergent parallel mixed methods approach. Quantitative data were collected from 130 leaders and 435 employees of DARA and LDMB. Besides, qualitative data were gathered via interviews and document review. Data analysis was done using PLS-SEM, Mann-Whitney U test, Binomial logistic regression, percentages and narration. Findings revealed that, eventhough Kotters' change management model has mishandled organizational culture, its strict application has resulted in culture change at DARA. Factors that have contributed to DARA's reformare success are availability of resources, leadership's competence in change management, existence of feltneed for change and prevalence of leadership autonomy. Therefore, the study concluded that the way reform is managed in a certain organization determines the level of organizational culture change to be obtained in the same. To that end, Kotter's change management model needs to be modified so that it could enable organizations manage organizational culture change effectively.

**Key Words:** reform management, organizational culture, planned change, emergent change, public sector reform

### 1. Introduction

Orgnaizations sail within the dynamic waves of change that took place in their internal and external environments (Beats, 2006). Those organizations who proactively noticed such dynamics are able to stand themselves in fit posture for the new or modified normality. Whereas, those who ignore presence of such chaos faces lack of customer satisfaction, bankruptcy and at

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worst dissolution (Parker & Stacy, 2007). Since 1991, the Ethiopian government realized that there are both internal and external factors that force the public sector to introduce organizational culture (OC) change in a planned and systematic way (Poulos, 2001). After almost a couple of decades of implementation of the change, studies indicated that only few organizations have benefited from the reform whereas majority of the Ethiopian public sector organizations do not implement the change at the intended level. This study compares the reform management process and levels of OC change in two organizations namely: the Document Authentication and Registration Agency (DARA) and the Land Development and management Bureau (LDMB) in Addis Ababa.

The Ethiopian public sector reform program(PSRP) was implemented under two phases (Poulos, 2001).The first phase (1991-1996) was destined to conducting structural adjustments such as downsizing, privatization, retrenchment, corporatization and preparation of new policies and legal frame works (Solomon,2013). However, from 1996 onwards, the Ethiopian government has embarked on improving public service delivery via implementation of NPM driven reform measures in order to transform the old bureaucratic culture in to a market type.

The PSRP was generally backed up by top leadership commitment and has resulted in reduced bureaucracy, decentralization, flat structures, concise workprocesses, performance measurement practices, establishment of new organizations namely; the ethics and anti-corruption commission, the revenue and customs authority, the human rights commission and the ombudsman institute (Solomon,2013, Kassa, 2011, Getachew & Commons, 2006).

In fact, Ethiopian public service organizations are not at equal footing regarding the positive results they harvest from the reform implementation. DARA is one of the few Ethiopian public service sector organizations recognized and awarded for its reform success and better public service delivery (Desta, 2008). At LDMB, on the other hand, the reform efforts did not go that much beyond accomplishing technical changes such as functional decentralization, service specification, readjustment of work processes, restructuring and departmentalization. As a result, customers are still facing service delay, unresponsiveness, discrimination and inefficiency problems (Girma, 2016, Lindner, 2014).

Different studies conducted in the field have identified factors that have negatively affected successful implementation of the PSRP. To start with, Poulos (2001) made initial insights in to implementation of the second phase of the PSRP's implementation and concluded that the reform could not be successful mainly due to weak articulation of its rational, unfulfilled preconditions, its alien nature as donors' prescription and absence of customization to the Ethiopian public service context.

Another study conducted by Yetingeta (2007) on the approaches to change management in the Ethiopian PSRP indicated that the planned approach to change management is not apt to public sector form. Rather, due to the public organizations' complex nature, public service reform could have been effective if it was implemented through the emergent approach which enables organizations to incrementally adapt to their environmental dynamics (Andreeva, 2008, Parker & Stacey, 2007, Baets, 2006).

Moreover, a descriptive research done by Kassa (2011) indicated that stakeholders' delay to reach consensus on the need for reform and its modalities, mismatch between organization members' attitude and reform competency units, absence of clear road map, adherence to a one-size-fits- all approach, lack of reform management expertise, absence of all encompassing communication strategy, politicization of the sector, employee resistance due to job insecurity as

well as presence of weak monitoring and evaluation system have hampered success of the reform implementation.

Similarly, Solomon (2013) has reviewed the reform program's implementation and concluded that lack of transparency, absence of stakeholders' involvement and accountability, institutional incompetence in terms of human capital development and resources, inability to prioritize, integrate and coordinate the reform endeavor, insufficient pay, lack of well developed bureaucratic structure, huge pay gap between private and public institutions, employees' lack of skill to deal with change and cynicism towards reform are the main factors that have resulted in the PSRP's failure to meet the intended goals.

Furthermore, a study conducted on the PSRP's implementation in the cases of Oromia, Benshangul Gumuz and Addis Ababa evinced that the reform program did not go beyond creating citizens' demanding better service delivery. This is so because of public service leaders' lack of adequate competence in change management and features of transformational leadership (Zerihun, 2014). In a similar vein, Gebre (2014) has undertaken a study on PSRP implementation in Tigray from perspective of de-politicization of the public service. Accordingly, findings indicated that politicization of the public service has resumed in the region due to unnecessary political interference, ill networking, poor accountability, poor oversight from highest authorities and prevalence of poor separation of powers.

Nonetheless, these studies are general and failed to address the issue from the angle of reform management and OC change. They have gaps in concisely indicating the details of how the PSRP was managed and a clear frame of reference as to what was intended to be obtained from implementation of the reform program. Besides, Yetimgeta's (2007) claim that "the PSRP has failed due to its adherence to the planned approach to change management" needs special scrutiny. Thus, this study would fill the identified knowledge gap by critically analyzing the reform management process at DARA and LDMB and its influence on OC change by using dimensions of Kotter's (1996) planned change management model and Diefenbach's (2009) NPM driven market type OC model.

This study was expected to answer the main research question regarding "how the Ethiopian PSRP was managed at DARA and LDMB and its influence in changing the then bureaucratic OC in to NPM-driven OC. Consequently, the following specific research questions were designed to be answered by findings of this study. A) Is Kotter's change management model applicable to public sector reform management? B) Do DARA and LDMB differ in their implementation of the Kotter's change management model? C) Where did NPM driven OC change occur; at DARA or at LDMB? D) What is the type of OC currently prevailing at DARA and at LDMB?

## **2. Review of Related Literature**

### **2.1 The Notion and Nature of Organizational Culture**

Organizational culture (OC), as a concept, gained importance in organizational management literatures at the end of 1970s and at the beginning of 1980s, especially after Peters and Waterman's publication of the book titled, "In Search of Excellence" in 1982 (Alvesson & Sveningsson, 2008, Alvesson & Berg, 1992). At that time, OC was perceived, by many, as perhaps the most essential ingredient in organizational performance improvement (Islam, 2015, Cameron & Quinn, 2006).

However, due to its abstract nature, OC and its importance in organizational life has been subject of debate among scholars and practitioners for the past twenty-five years (Johnson, Scholes, & Whittington, 2008, Schein, 2004). Out of this debate comes a somehow similarity in

definition and conceptualization of the term. A well-known author on OC, Edgar Schein (2004) has developed the following comprehensive definition.

*Organizational culture is the pattern of basic assumptions that a given group has invented, discovered, or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and therefore to be thought to new members as the new way to perceive, think, and feel in relation to those problems (P.17)*

Nonetheless, the debate on whether OC refers to something an organization ‘has’ or to what the organization ‘is’ has remained unsolved. That is, some scholars, the sociologists, consider culture as something an organization ‘has’ just like structure and strategy, while others, the anthropologists, deemed culture as what the organization itself ‘is’ (Cameron & Quinn, 2006).

Generally, OC is characterized by its power to create stability, its depth in terms of holding unconsciously held intangible beliefs and assumptions and its impact on all operations of the organization as well as its ability to create a coherent whole by integrating organizational climate, rituals, values, norms and behaviors to create stability and avoid work place anxiety. On this regard, Robbins, Judge, Millett, and Waters-Marsh, (2008), Robbins (2005) and Robbins and Barnwell (2002) are of the opinion that OC is a decisive factor in organizational change and effectiveness that is capable of being described in concrete and measurable terms. Nonetheless, Alvesson and Sveningsson (2008) took a contrary stand point on the nature of OC and stated that:

*Culture is something vague and it is hard to get detailed understanding of what it is. This is true even with organizations that believe to have unique cultures. That is the reason why many organizations engage in superficial manifestation of their culture in the form of slogans such as “we are customer oriented”, “we provide excellent service”, and “we are in favor of change” etc. Such statements make OC hard to get a grip on and subject it to measurement (P.35).*

Conceptually speaking, the term culture goes far beyond explaining the structure and routine behavior of organization members to what stands behind and guides that behavior and organizational structure (Schabaracq, 2007).

## 2.2 Types of Organizational Culture

Culture in organizations varies due to the organizations’ purpose for establishment, historical background, the very leaders’ and founder’s vision and interest, the external context and geographic location differences. Appreciating the different types of OC enables us know and identify the type of culture that best fits to prevailing realities of respective organizations. Through continuous and detailed research works in the area, OC scholars came up with various cultural categories sorted out based on different criteria (Cameron & Quinn, 2006, Schein, 2004, Goffee & Jones, 1996).

Cameron and Quinn (2006, pp.37-45), categorized OC in to four types namely: bureaucratic culture, clan culture, market culture and adhocracy culture. The central point of departure among these different culture styles is the extent of an organization’s inward or outward focus and rigidity or flexibility of its structure and institutions.

**Bureaucratic culture:** this is the oldest type of OC emanated from Max Weber’s original view of ideal bureaucracy (Henry, 1995). For many years, bureaucratic culture was considered as

the only best way of organizing and is still the fundamental element of vast majority of organizations. Organizations with bureaucratic culture are inward focused and often have well-defined policies, procedures and processes to which there should be strict adherence by all members of the organization. Further, the main focus of leadership is on coordinating, organizing and supervising internal activities (Boyne, Ferrell, Law, Powell & Walker, 2003).

**Clan culture:** organizations with clan culture have internal focus and a sense of family where people work well together, strongly driven by loyalty and existing shared cause. Such organizations have less emphasis on structure and control. Organizational rules, if existed at all, are loose and informally communicated and inculcated. Clan leaders play parental role by facilitating and supporting employees. Hence, there is greater concern for flexibility. Clan organizations are full of shared values and common goals, an atmosphere of collectivity and mutual help and emphasis on empowerment and employee involvement. Further, the authors contend that clan culture can be developed under certain conditions such as relatively long history and stable membership, absence of institutional alternatives and availability of close interactions among members (Sinek, 2014).

**Adhocracy culture:** this culture proposes that there should be workers' autonomy and flexibility while discharging organizational activities. It is like a virtual institution, which is dissolved once the organizational tasks are accomplished and establish quickly whenever new tasks emerge. As its name indicates, there are no permanent structures and functional units. Rather, the organization keeps on forming and dissolving teams as a response to the dynamics in its business environment. Leaders of such organizations are characterized by their visionary, innovative, entrepreneur, and calculated risk taking behavior.

**Market culture:** in this type of organizations, there are formal rules, procedures and processes all of which are viewed and designed with outward focus. The central focus is on attaining organizational goals with least transaction cost and without delay. Market cultures are result-oriented and highly competitive with hard driving competitive leaders who focus on outpacing the competition by providing better goods and services to their customers. In other words, market culture focuses on transactions with the external environment instead of internal management.

### 2.3 Organizational Change Management Approaches

Traditionally, organizational change has been conceptualized as simply an issue of changing technologies, structures, employees' competencies and the organization's ability to adapt, learn, and apply new innovations. Even though such changes are of paramount importance, successful organizational change depends more on how underlying assumptions, beliefs, values and norms of the organization are managed during the change process (Palthe, 2014, Alvesson & Sveningsson, 2008).

The importance of paying attention to culture increases particularly when an organization is planning to conduct intense organizational reform that needs change in the hitherto prevailing underlying assumptions, values and norms of doing business (Schabracq, 2007, Parker & Bradley, 2000). Changing culture could mean changing organizational ethos, values and images. This could be either as a consequence of reforms introduced in to the organization or changes made on the culture itself might induce new way of doing business in the organization by restructuring the organization and its work flows (Janićijević, 2013, Llie, 2013). Nonetheless, management's lack of due understanding of the powerful role of culture within the organization

is assumed as cause of failure for most reform programs (Dzimhiri, 2012, Schien, 2004, Parker & Bradley, 2000, Kotter, 1996).

It is well understood that change in one way or another is inevitable for organizations' survival and success. Nevertheless, persistent debate arises among organizational change management scholars with regard to the change management approach. On this account, there are two types of approaches that emanate from differences in the proposing scholars' theoretical orientation towards organizational change. These are the planned change and the emergent change approaches (Kral, 2011, Bernard, 2004).

## **2.4 Planned Organizational Change**

The term 'planned change' refers to a type of organizational change characterized by iterative, cyclical, diagnostic action and evaluation. According to this approach, a well-planned and successfully implemented change project could meet objectives of the change program and sustains itself as a new way of doing the organization's day-to-day business (Belias & Koustelios, 2014, Cameron & Green, 2009, Bernard, 2004, Kotter, 1996). Hence, organizational change has definite beginning and ending points. Throughout the late 1940s and early 1980s, the planned approach to change management has gained prominence in and application by many organizations.

Nevertheless, the traditional linear rational approach to change management is said to be inapplicable to manage change in the 21st century's turbulent organizational environment for various reasons (Parker & Stacey, 2007). To start with, the belief that 'change could sustain and last long if the stipulated steps of change are effectively implemented' has inhibited the organization from considering the changing environmental scenario (Liu, 2009, Andreeva, 2008). Hence, such inapt state of the organization renders it incapable to respond quickly to unexpected incidences and surprises that may occur during change implementation.

Likewise, the traditional bureaucratic culture of organizations' emphasis on planning and control is still influencing many organizations not to take issues of empowerment and participation of organization members seriously. This scenario decreases the level of trust and openness that is expected to thrive between managers and employees as well as stakeholders for success of change projects (Arora, 2003, Kotter, 1996). Besides, contemporary complex environments, free flow of information from different sources, vague nature of the environmental factors' influence on the organization, greater and diversified customer demand and preference as well as globalization render the planned approach to change inadequate to entertain all these complexities towards benefitting the organization (Beats, 2006).

## **2.5 Emergent (unplanned) approach to change management**

The nature of the emergent approach has forced social science to borrow some models from the world of natural science that concentrates on non-linear system dynamics, complexity and chaos. Previously, organizations were perceived as linear systems where relationship between cause and effect is believed to be certainly clear and long-term planning for certain intended outcome is possible (Liu, 2009, Schein, 2004). To provide plausible evidence for applicability of the emergent approach and evince obsolescence of the planned approach, Parker and Stacey (2007) have identified distinct features of the linear and non-linear systems of organizations. They argued that non-linear systems relay on the point that organizations are complex entities and filled with different interests and events. Thus, it is uncertain that planned objectives could be reached through a predetermined process and sequence of actions. Proponents of the new

approach believed that changing an organization's way of doing business could be better addressed through continuous and incremental change interventions that are taken as immediate response to emergent situations in both internal and external task environments of the organization (Goffee & Johns, 1996).

In order to clear this perplexity on choice of change management approaches, Bernard (2004) has proposed that these approaches are complementary and could be applied simultaneously. For instance, when an organization is in position to make continuous and comprehensive change, emergent approach could be used to realize change while organizations in hurry should apply planned change. Therefore, what matters in the choice of the most appropriate change management approach is the organization's environmental scenario, the element of the organization on which change is required to be enforced and the managers' understanding of the difference between the two approaches (Liu, 2009). However, the planned approach to change management is dominantly applied in many organizations even in the 21st century. As a result, Kotter (1996), the foremost expert on business leadership, created detailed eight-step action plan for leading successful organizational change.

### 3. Research Methodology

The anthropologists' perspective on OC which states that "organizational culture is another way of stating the organization itself" is adopted in this study. Consequently, the study applied the pragmatic philosophical approach and the aligning convergent parallel mixed methods design in which both qualitative and quantitative data were collected and analyzed separately at the same time. Then, findings were compared or related, as the case may be, and get merged at the interpretation stage (Creswell, 2009).

#### Conceptual framework and the research variables

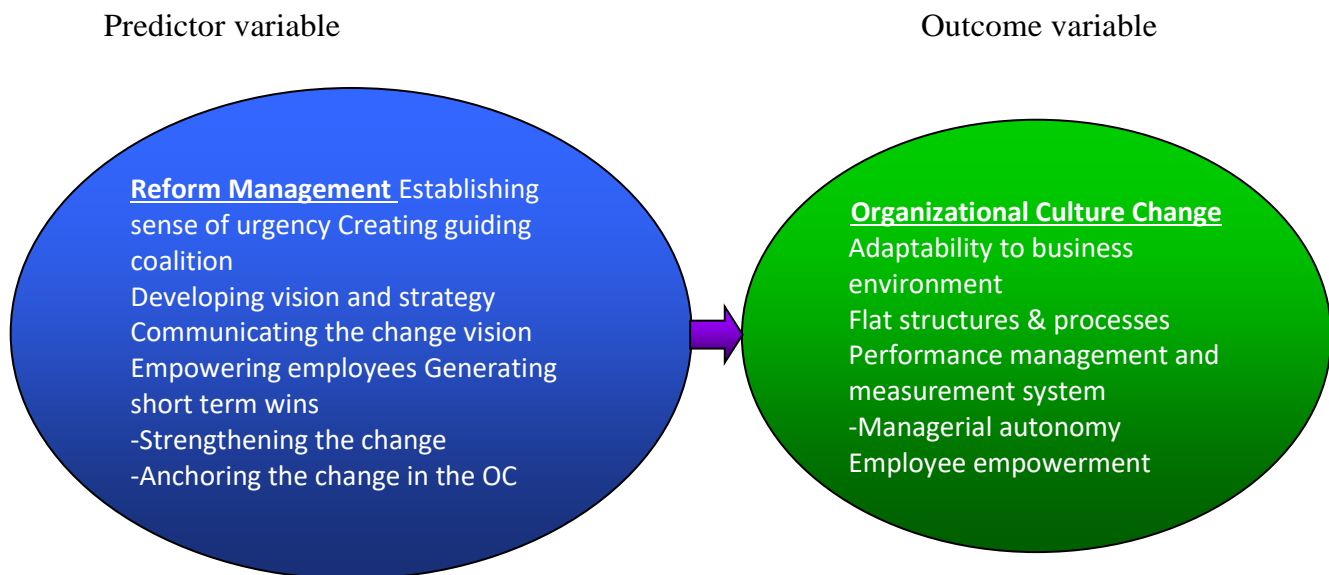


Figure 1 Conceptual framework

Source: Developed by the researcher based on literature review, (2019).

As it can be clearly understood from Figure 1, reform management is explained as the manner how dysfunctional elements of the old bureaucratic OC were questioned, sorted out and get

replaced with new ones at DARA and at LDMB. It was analyzed against Kotter's (1996) eight steps of effective planned change management process which is composed of establishing sense of urgency (ESU), creating guiding coalition (CGC), developing vision and strategy (DVS), communicating the change vision (CCV), empowering employees for broad based action (EEBBA), generating short term wins (GSTW), consolidating gains and producing more change (CGPMC) and anchoring the new approaches in the organization's culture (ANAC).

On the other hand OC change refers to presence of NPM driven underlying assumptions, beliefs, values and artefacts at DARA and at LDMB. According to Diefenbach (2009), NPM driven OC is characterized by adaptability to business environment (ADP), flat organizational structures and seamless processes (OSP), performance management and measurement systems (PMMS), management and managers (MM) and Organization- employee relationships (OERS).

### **3.1 Types and sources of data**

Both primary and secondary data types were used in this study. Primary data were collected from employees and leadership of DARA and LDMB, Change management directorate (CMD) directors of DARA and LDMB as well as from a former leader of DARA. These data were collected by administering questionnaires and organizing semi-structured interviews. On the other hand, secondary data were collected from reform related documents namely the national taskforce's report and the PSRP manuscripts; the public service reform policy, laws, DARA's and LDMB's redesigning documents and brochures.

### **3.2 Population of the study**

AddisAbaba is administratively divided in to ten sub cities (Addis Ababa city charter, 361/2003) within which there are decentralized LDMB and DARA offices. These ten sub cities are further categorized into two based on their geographic set up as inner city and outer city subcities. The inner city sub cities are Addis Ketema, Lideta, Arada and Kirkos. This central part of the city is typified by locked in situation at the center of the city, existence of slum residences, absence of vacant areas for expansion, ongoing expropriation and redevelopment projects, high raising buildings and business transactions. Whereas, the outer part of the city comprises Bole, Gulele, Nifas-SilkLafto, Kolfe-Keranio, Yeka and Akaki-Kality sub cities. These parts of the city are mainly characterized by ample vacant space for expansion, availability of new investment opportunities, residential areas and informal settlements. Therefore, population of this study was composed of leaders and employees of DARA and LDMB headquarters and their decentralized offices.

### **3.3 Sample size determination and sampling technique**

Both probability and non-probability sampling techniques were used in this study (Creswell, 2009, Bryman, 2012). From non-probability sampling techniques, purposive sampling was used to determine offices of LDMB and DARA, interviewees and documents that are more relevant to this study. Among the various probability sampling techniques, the multistage cluster sampling technique was used to identify questionnaire respondents. Accordingly, five subcities, one from inner city subcities and four others from outer city subcities were purposively selected based on variation in their land use, area coverage, and population size. The selected sub-cities are Arada, Gulele, Akaki-Kality, Nifas Silk-Lafto, and Bole; wherein DARA's Branch Offices numbered 4,5,7,9 & 14, 11 & 12 are respectively located.



There are 30 leaders and 358 employees working for DARA's head office and the selected branch offices. Whereas, there are 105 leaders and 1,432 employees working for the LDMB's head quarter and the five sub city offices selected for this study. Due to their small number, all the 135 leaders of the studied organizations are taken as respondents by applying the census method. Whereas, the sample size of career civil servants was determined by applying Kothari's (2004) formulae which runs as:

$$n = \frac{z^2 p \cdot q \cdot N}{e^2 (N-1) + z^2 p \cdot q}$$

Accordingly, the sample size was 186 for DARA and 304 for LDMB. Respondents from career employees were selected via simple random sampling technique.

### **3.4 Instrumentation**

Quantitative data were collected using two types of questionnaires. The first questionnaire named, Kotter's model based change management instrument (KMBCMI), was filled by leaders of DARA and LDMB to scrutinize applicability of Kotter's model to public service reform, the model's implementation at DARA and LDMB as well as to identify the organization where NPM driven OC is realized and factors contributing to that success. Whereas, the second questionnaire named, NPM driven OC assessment instrument (NDOCAI), was filled by career employees to answer the research questions regarding the type of OC currently prevailing at DARA and LDMB.

### **3.5 Reliability and validity of the instruments**

Up on completion of the questionnaire preparation, pilot test was conducted by distributing the KMBCMI to nine leaders and the NDOCAI to ten career employees. Based on results of the pilot test, the researcher made some modifications of form and content and ensures that the instruments are reasonably understandable by respondents and reliable to measure reform management and OC change. Besides, the instruments' reliability was checked by using Cronbach alpha test where by all of the dimensions of the instruments' have exhibited scores of 0.7 and above. Validity of the research instruments was checked by subjecting the instruments to expert review.

### **3.6 Techniques of data analysis, presentation and interpretation**

After all data get encoded and fed into SPSS software version 23; some negatively worded items were re-coded and transformation of some data was conducted. Besides, the NDOCAI was subjected to principal component analysis (PCA) before the actual data analysis was started. Consequently, quantitative data analysis was done by employing percentage, Smart PLS-SEM, Mann-Whitney U test and binary logistic regression. Likewise, the qualitative data were analyzed and presented through narration.

## **4. Findings and discussion**

Out of 135 leaders of DARA and LDM, 130 (96%) have properly filled and returned the KMBCMI questionnaire. For the NDOCAI also, the response rate was 91% by which 448 out of 490 questionnaires were filled and returned by employees. Three key informants composed of CMD directors of DARA and LDMB and a former leader of DARA were also interviewed.

***Is Kotters' change management model applicable to public sector reform management?***

Yetimgeta (2007) argued that the Ethiopian PSRP is not successful due to its adherence to the planned approach to change management. Whereas, Kotter (1996) postulated that properly planned and led organizational changes are successful. The PLS-SEM was used to scrutinize applicability of Kotters' planned change model to PSRP. The path coefficients as presented in Table 4.1, are the standardized regression weights of each predictor variable on the outcome variables.

**Table 4.1: Path coefficients of the structural model**

Latent variable path	Path coefficients
CCV → OCC	0.218
CGPMC → OCC	-0.192
GSTW → OCC	0.183
CGC → OCC	0.183
EEBBA → OCC	0.167
ANAC → OCC	0.086
ESU → OCC	0.034
DVS → OCC	0.026

Source: Own computation using Smart PLS-SEM, (2019).

According to Garson (2016, p. 79), the acceptable threshold for path coefficients is set to be .1. The larger the path coefficient of a construct, the stronger is its effect on the outcome variable. Based on path coefficient sizes; constructs are placed in a descending order as follows.

- a. The structural model suggests that CCV(0.218) has the strongest effect on OCC Followed by CGPMC (-0.192), GSTW (0.183), CGC(0.183),and EEBBA (0.167).
- b. Nonetheless, ANAC (0.086), ESU (0.034), and DVS (0.026) have trivial effect sizes on OCC which is not statistically significant.

In addition to path coefficient weights, the PLS-SEM analysis identifies the R square, predictive relevance (Q<sup>2</sup>) and standardized root mean square residual (SRMSR) values of the model. The R square value of the model is depicted by Figure 2. R square reflects the overall effect size that all predictor variables in the model have on the outcome variable in the model.

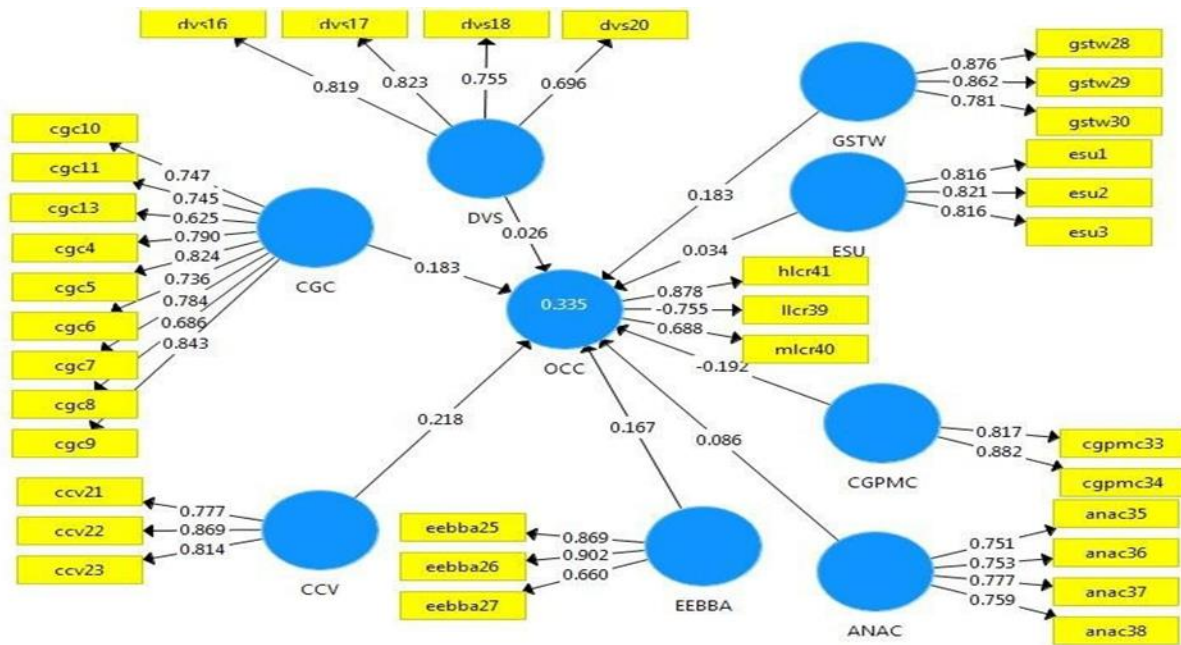


Figure 2: Path model of the KMBCMI and OCC  
Source: Own designed using Smart PLS-SEM,(2019).

According to Chin (1998:323), Hock and Ringle (2006:15) cited in Garson (2016:80), R square results above .67 are substantially high, .33 is moderate and .19 is considered as weak. As displayed by Figure 2, R<sup>2</sup> value for the KMBCMI's constructs is .335. That means, about 34% of the change in OC (OCC) is explained by ESU, CGC, DVS, CCV, EEBBA, GSTW, CGPMC and ANAC. Hence, these predictor variables have moderate effect on the study's outcome variable (OCC).

As part of the PLS-SEM analysis, predictive relevance (Q<sup>2</sup>) of a model is calculated by cross-validating redundancy and communality of constructs and indicators. It is calculated through blindfolding of construct redundancy. The rule of thumb here is that any value of Q<sup>2</sup> greater than 0 is adequate to predict the outcome construct (Garson, 2016). In the case at hand, the value of Q<sup>2</sup> as demonstrated by Figure 3 is .137. Hence, the model has predictive relevance.

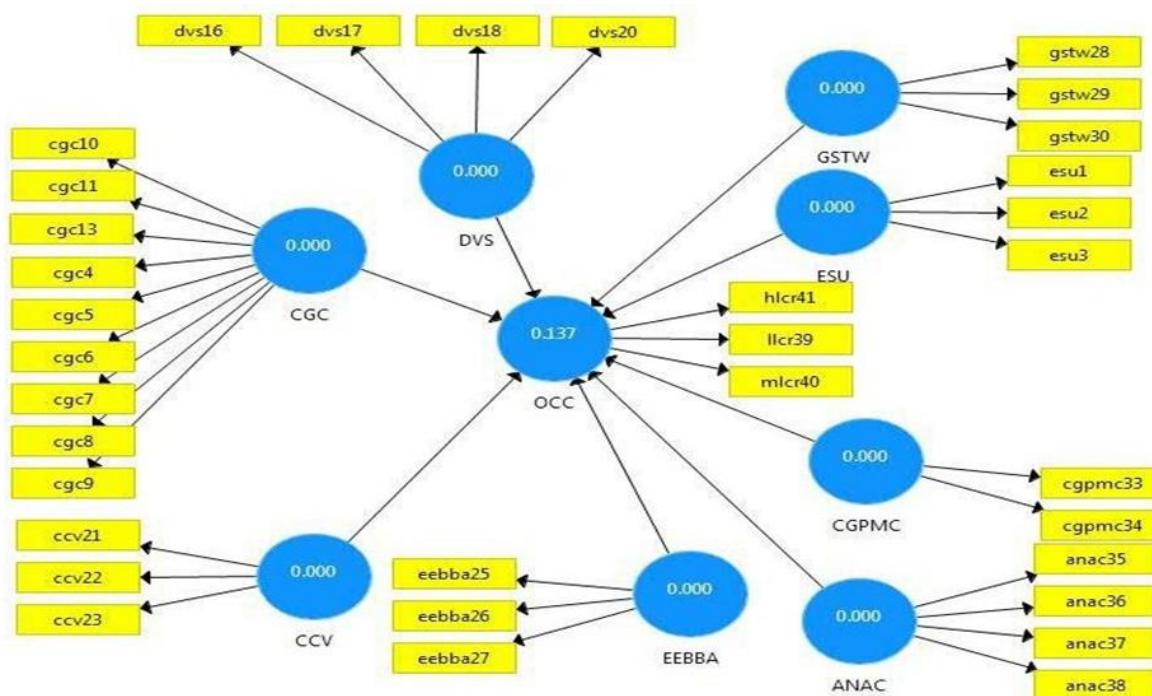


Figure 3: Predictive relevance of the model.  
Source: Own computation using Smart PLS-SEM, (2019).

Finally, the standardized root mean square residual is a measure of variance between observed correlation matrix and the implied correlation matrix of a model. The acceptable cut off point for a model's fitness is 0.08 up to 0.1, with SRMSR's lower value indicating better fit of the model (Garson, 2016). In the study at hand, SRMSR is 0.082; hence, the observed correlation matrix approximates to the implied correlation matrix of the model. Thus, the model is fit to measure the outcome construct (OCC) as an effect of constructs of the Kotter's change management model. This finding leads to the conclusion that Kotter's change management model is applicable to public sector reform management.

#### ***Do DARA and LDMB differ in terms of their application of Kotter's change Management model?***

Interviewed CMD directors of DARA and LDMB stated that, even though the planned approach to change management was adhered, there are limitations in strictly following the Kotter's eight steps change management model. Sometimes, sequences in the model are skipped or reversed. Especially, in the case of LDMB, the reform process was started without ESU and EEBBA was overlooked. To examine whether a statistically significant difference exists between DARA and LDMB in applying the Kotter's change management model, a Mann-Whitney U test was employed and results were interpreted by considering the median values, mean ranks, U statistics, z-scores and r-values.

The median values for DARA and LDMB are demonstrated in Table 4.2. Accordingly, the analysis shows that median values for the eight variables of Kotter's model are higher for DARA compared to median scores of the variables at LDMB. Besides, DARA exhibited higher rank means for all constructs with values of 87.90, 95.57, 96.37, 92.08, 86.27, 84.52, 102.90 and 84.10 for ESU, CGC, DVS, CCV, EEBBA, GSTW, CGPMC and ANAC respectively; while the constructs' corresponding respective values at LDMB are 58.78, 56.48, 56.24, 57.53, 59.27,

59.80, 54.28 and 59.92. DARA's rank means range from the lowest value 84.10 to the highest value 102.90 while the lowest and highest rank means at LDMB are 54.28 and 59.92 respectively. The Mann-Whitney U test statistics revealed significant difference at  $p < .05$  in all the eight steps of Kotter's change leadership model.

**Table 4.2: Median (Md.) of DARA and LDMB**

Organization		ESU	CGC	DVS	CCV	EEBBA	GSTW	CGPMC	ANAC
DARA	N	30	30	30	30	30	30	30	30
	Md.	4.00	3.75	4.00	4.00	3.50	4.00	3.75	3.50
LDMB	N	100	100	100	100	100	100	100	100
	Md.	3.33	3.08	3.20	3.00	3.00	3.33	3.00	3.00
TOTAL	N	130	130	130	130	130	130	130	130
	Md.	3.67	3.33	3.60	3.33	3.00	3.67	3.13	3.00

Source: Own computation using SPSS, (2019).

### Effect size

Effect size quantifies the magnitude of difference between two groups with regard to a certain point of comparison. Effect size is calculated using the formulae  $r = z/s$  square root of N. Where N is number of respondents (Pallant, 2010). In the case at hand, N is 130 and its square root is 11.4. Results of the Mann-Whitney U test proved that there is statistically significant difference between DARA and LDMB in their application of Kotter's change management model. Though the difference is significant in terms of the eight steps, the effect size, r-value, varies from the lowest. 27 to the highest .55. Results of the effect size calculation are interpreted using Cohen's (1988) effect size standardization whereby. 1 is low, .3 medium and .5 large. Accordingly, the r-values indicated that, compared to LDMB, DARA is in better stance interms of CGPMC (Rm=102.90, Md=3.75,  $r=.55$ ) and DVS (Rm=96.37, Md=4.00,  $r=.45$ ), which according to Cohen's criteria represent large effectsizes. Whereas, regarding applications of CGC, (Rm=95.57, Md=3.75,  $r=.44$ ), CCV (Rm=92.08, Md=4.00,  $r=.39$ ); ESU (Rm=87.90, Md=r=.33); EEBBA (Rm=86.27, Md=3.50,  $r=.30$ ) DARA is moderately better than LDMB. However, interms of GSTW (Rm=84.52, Md=4.00,  $r=.28$ ) and ANAC (Rm=84.10, Md=3.50,  $r=.27$ ) the effect size is small. Thus, DARA is better than LDMB with only a small amount of difference.

In fact, the Mann-Whitney U test on implementation of Kotter's change model at DARA and LDMB revealed that DARA is better than LDMB in ESU with a medium effect size. As Kotter (1996) stated, failure in properly handling ESU results in either high complacency or fear and anger in employees. At LDMB, the need for reform was not internally felt but externally initiated as part and parcel of the national capacity building program. Coupled with that, there was miscommunication regarding form and content of the change. This scenario resulted in high learning anxiety and absence of psychological safety in employees (Schein, 2004).

### *Where did NPM driven OC occur; At DARA or at LDMB?*

The classification plot of binary logistic regression analysis dictates that if a model accurately predicts the observed outcome, the plot display cases for which the event has occurred on the right hand side of the plot and cases for which that event has not occurred on the left hand side (Field, 2009).

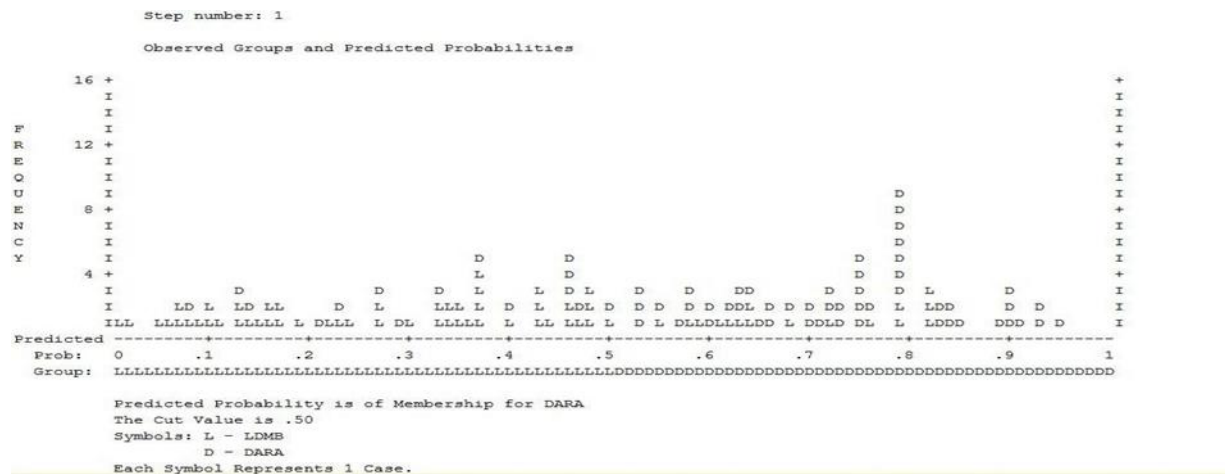


Figure 4: Classification plot

Source: Own computation using binomial logistic regression, (2019).

Results of the analysis displayed in Figure 4 indicated that, DARA (D) is placed on the right side while LDMB (L) is at the left side. Besides, the number of cases clustering at the upper part of every column of the graph indicates the organization that has obtained OC change. The plot shows that 'D' is at the top of most of the columns at the left hand side and when we proceed to the right hand side of the plot the number of 'D's clustering on the upper part of the graph increases up to constituting the whole column. This indicates that OC change has taken place at DARA (Desta, 2008). This is further corroborated by the plot's declaration that "predicted probability of membership is for DARA."

According to the interview conducted with DARA's former leader, DARA's success in reform implementation is backed up by existence of felt need for change which was triggered by:

- Economic and structural changes that took place in the country due to change in government ideology.
- The shift from command economy to market economy resulted in contractual transactions that need legal warranty and protection.
- International nature of some contracts due to globalization, foreign trade, and market liberalization.
- High customer demand for quality, efficient and effective service.
- The then Ministry of Finance and Economic Development's (MoFED) pressure on DARA to generate high amount of revenue.
- Backward manual working system in a bureaucratic setting.

Further, DARA's former leader stated that government gave DARA special attention and there was generous provision of resources including travels to abroad for experience sharing and trainings. Besides, the leader was having leadership autonomy and ability to convince stakeholders about importance of DARA's modernized service to the country's overall economic and social development.

On the contrary, according to the interview made with LDMB's CMD director, reform management was a little bit chaotic at LDMB. Even though there was high customer demand for efficient, effective and quality service; LDMB's leaders did not introduce change by their own initiative. Rather, it was launched as part of the national PSRP. Besides, unprofessional leadership, intervention from higher executive officials, frequent reshuffling, absence of leadership autonomy, politicization of land, prevalence of social norms tempting unethical



behavior and unpredictability of the land related legal framework were factors that have negatively affected OC change at LDMB (Girma, 2016, Gebre, 2014).

***What is the type of OC prevailing at DARA and LDMB?***

Based on Cameron & Quinn's (2006) classification of OC and Diefenbach's (2009), characterization of NPM driven OC, the summated percentages of the five dimensions of an NPM driven OC were used to determine the type of OC prevailing at DARA and LDMB.

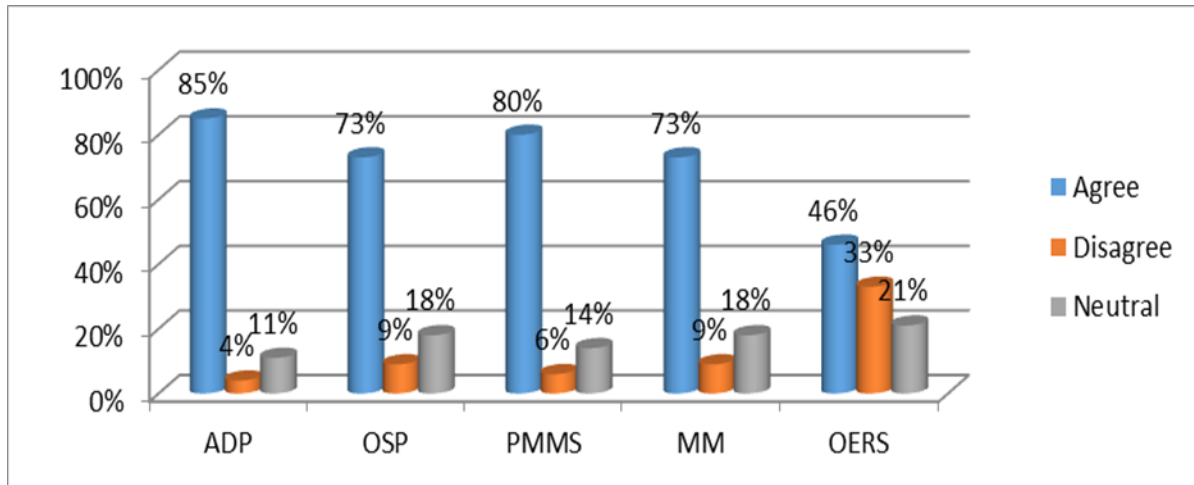


Figure 4.5: OC prevailing at DARA

Source: Own computation, (2019).

As presented in Figure 4.5, results of the analysis revealed that DARA has high respective scores on ADP (85%), OSP (73%), PMMS (80%) and MM (73%). Nonetheless, DARA's score on the OERS (46%) dimensions relatively low. DARA is relatively characterized by external focus, continuous learning about dynamics of its business environment, communicating that new information throughout the organization via double loop route, understanding the need for change and make changes based on that need (Parker & Stacy, 2007, Beats, 2006, Argyris & Schon, 1978). By doing so, it strives to meet stakeholders' needs and provide customer centered service. These findings confirm that DARA's OC assumes to characteristics of the NPM driven market culture.

On the contrary, Figure 4.6 depicts that LDMB has moderately low scores in OERS (49%), ADP (46%) and PMMS (46%). The result on the remaining two dimensions namely OSP (25%) and MM (20%) shows very low practices of these dimensions of an NPM driven OC. This shows that LDMB is more internally focused on controlling internal process matters, lack emphasis on learning, change initiatives are taken by superior authorities, mostly single loop communication is used backed up by consideration of the organization as self-contained closed system (Parker & Stacy, 2007, Cameron & Quinn, 2006, Henry, 1995). This reflects that the organizational structure is still hierarchical and rigid; while managers are using bureaucratic management styles with definite lines of decision making, strict adherence to standardized procedural rules and control (Cameron & Quinn, 2006).

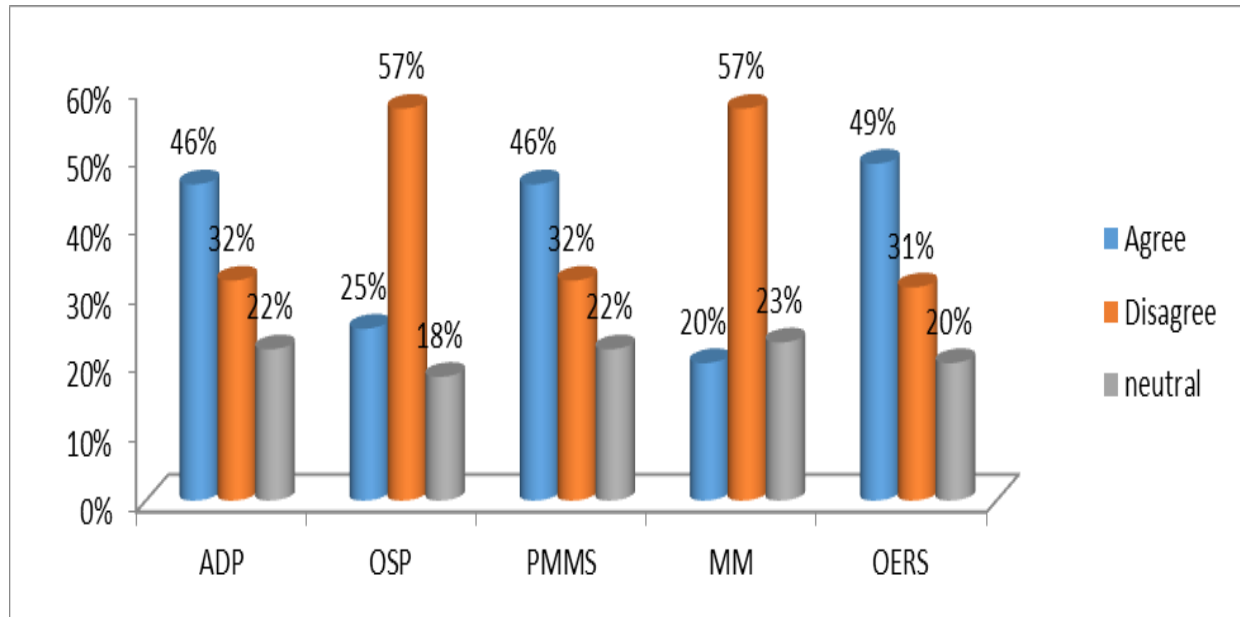


Figure 4.6: OC prevailing at LDMB

Source: Own computation, (2019).

Hence, the organization's objective to satisfy stakeholders' needs and providing service in a customer centered manner is just running at a rhetoric level (Polidano, 1999). However, even though DARA is better than LDMB in terms of its levels of ADP, OSP, PMMS, and MM; they have similar status regarding the OERS dimension. This is due to the NPM driven reforms' unsympathetic focus on the human element of the organization (Westrover, 2014, Diefenbach, 2009).

## 5. Conclusion

The objective of this study was to answer the question 'whether reform management has influenced the level of OC change at DARA and at LDMB. Findings revealed that the way reform was managed has affected the level of OC change. That was why, at DARA, the intended type of OC is relatively realized due to better adherence to Kotter's planned change management model. Besides, at DARA, OC change was corroborated by vital bedrocks viz prevalence of leadership autonomy, availability of resources, existence of felt need for change, existence of leadership competence in change management and alignment of organizational and staff objectives. On the contrary, at LDMB, OC change is not realized due to haphazard implementation of Kotter's change management model and absence of the upholding bedrocks.

It is widely acknowledged that Kotter's planned change management model is the best of its kind. Nonetheless, according to findings of this study, the model needs modification on its claim that "culture change comes at the end of the process not at the beginning". It is true that OC change is the end goal of any organizational transformation program. Once the need for change is realized, leaders should create sense of urgency and set the guiding coalition. But, the first task of the Coalition should not be developing vision and strategy (DVS) but deciphering the existing culture (DEC) as depicted by Figure 7. At this stage, artifacts, values and underlying philosophies should be uncovered with involvement of all organization members and



stakeholders. Once the functional and dysfunctional aspects of the old OC are determined, other components of the model should run sequentially.

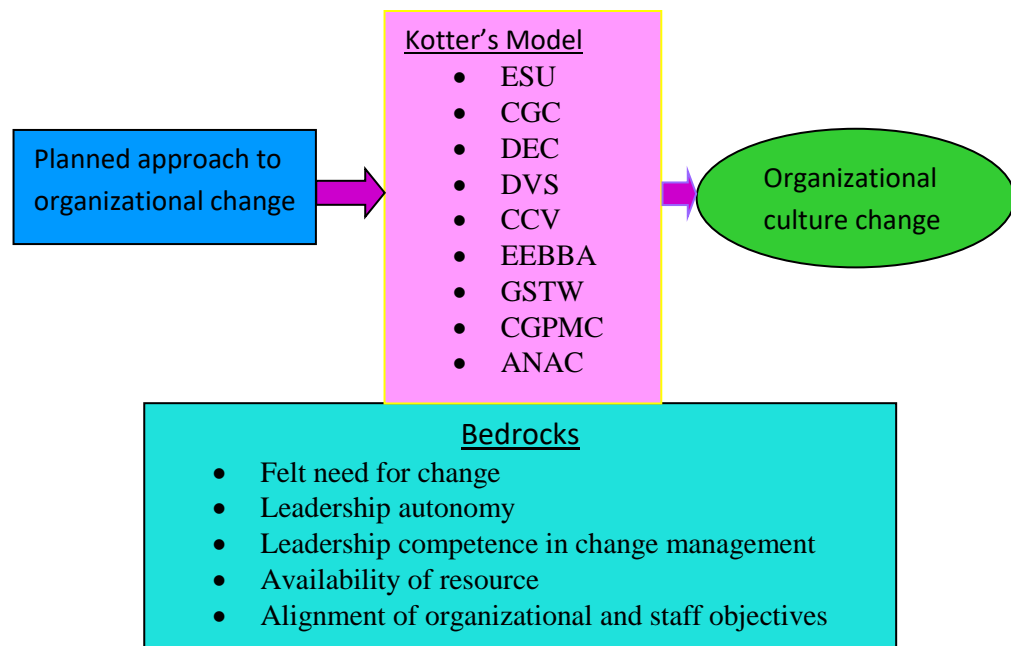


Figure 7: The comprehensive model of planned change.

Source: Researcher's design based on literature and findings of the study, (2019).

Subsequently, at the ANAC stage, the organization should come up dressed with new underlying assumptions, values and artifacts. All what is exhibited at this stage became “the new way of doing business in the organization”. Thus, what would be done throughout implementation of the modified version of Kotter's model is culture change that needs to have adequate and appropriate techniques of anchor and maintenance at the ANAC stage. However, managing change by applying this nine steps comprehensive change management model could not, as of right, guarantee success of the journey in creating a new OC. Rather, it needs to be corroborated with some deeply in built and applied bedrocks.

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