

**The Impact of Change Management on  
Organizational Performance - a Case Study  
of a Medium-sized Organization in the  
Information Technology Sector in Sub-  
Saharan Africa**

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### Abstract

The study gives in-depth information on how change management impacts organizational performance. While undertaking change in an organization, it is important to have a clear thought process and a clear desired outcome. The focus of this research was on change in organizational culture and human capital development. The matrices of measuring organizational performance are market penetration and financial performance.

How do organizations communicate change? How do they prepare their employees for change? Do they factor in the concerns of the employees and other stakeholders fully? What are the types of change? What forms of change do organizations undertake? What is organizational culture? How does change in organizational culture affect its performance? How sustainable are the change measures? What is the employees' recommendation on how the organization can improve its performance?

To answer the questions, a questionnaire was distributed electronically to the respondents who are the employees of the organization. Since change takes time to reflect, only employees that have been in the organization since 2020 were selected. This is when the change measures implementation started. A total of 106 employees were targeted. Out of 106, only 96 were available to respond. The others were not reachable as they have since exited the organization while some were on their annual vacation during the study period and hence unreachable via mail. A total of 72 respondents responded. The data was then analyzed using inferential and descriptive statistics

The results showed that change in organizational culture is a significant predictor of organizational performance while change in human capital development is not a significant predictor. When assessed jointly, both have a significant effect on the firm's organizational performance. To resolve the missing link between the organizational changes and its performance, the firm needs to better its communication on the reasons for change, take into consideration the staff concerns on changes, reduce bottlenecks, improve its staff welfare and retain key staff, expand its products and ensure that the training that the staff undertake are specific to their daily tasks, not generic.

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Language: English

Key Words: Change, Organizational Change, Change Management, Culture, Human Capital, Performance

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# 1 Introduction

Change is inevitable. Organizational change refers to the actions in which a company or business alters a major component of its organization such as its culture, the underlying technologies or infrastructure it uses to operate, or its internal processes. Organizational change management is the process of guiding organizational change to a successful resolution, and it typically includes three major phases: preparation, implementation, and follow-through (Tim Stobierski, 2020). The current business environment is very dynamic. This means that an organization should always be watchful of the trends in the sector it is operating in so as not to remain unfit for the market demands.

Organizational change is triggered by several factors in the business setup. Currently, the business environment is very dynamic and firms will only be competitive if it is dynamic, that is, they can adopt and adapt to change. The key people at the helm of leadership should steer the organization in the right direction to maintain relevance in the industry at all times. Managers are influenced by several factors before change happens. Some of the factors include; new leadership at the helm of the organization, a shift in the organizational team structure, the implementation of new technology, and the adoption of a new business model. In this thesis, the organization in question has undergone changes triggered by the decision made by the shareholders. The shareholders have many companies that focus on different areas of information technology, that is, payments systems, software development, computer hardware, data center hardware, and money lending microfinance institution. These organizations have previously had some functions like finance, admin, and human resources shared across the group. Part of the changes that were effected was the termination of shared resources. Every entity now has its staff across all functions. The structure of reporting also changed among others. The aim is to promote the independence of every entity, improve its performance and also weigh the strength when the entity is operating on its own without its related parties.

Organizational change can be a tough nut to crack. It is not easy as changes in an organization happen almost throughout the organization's life. Approaches to change differ from one entity to another but the main fundamentals will remain the same (Mark Vandeneijnde, 2021). People don't like change, they like consistency. A change can be good

or detrimental. It can be a way to stay current and competitive in the business world. They are many types of organizational changes and they include strategic transformational change, structural change, remedial change, and people-centric organizational change.

This master's thesis focused on a case organization that has been in operation for the last 30 years. The firm is in the information technology sector and has been changing for some time.

## **1.1 Background**

The case organization is an information technology company that has been in operation since 1993. It has been undergoing several changes since 2008 with the recent one being the 5-year strategic plan which is running until 2025. The thesis focused on the changes that were put into effect in 2019/2020 before rolling out the new strategic plan. The firm has registered, fully operational offices in 5 countries in Africa, related parties in 8 countries, and clients in 13 countries across Africa. Its headquarters is in Port Louis, Mauritius. Over the years, the firm has grown in terms of revenue, employee count, customer count, and also relationship health with customers and other stakeholders. The business environment can be harsh and it is worth noting that the firm has lost some clients along the way as well.

There is a shift in the company structure, culture, people, leadership, and business process which has ultimately impacted the organizational performance. The focus of this thesis was to assess the impact that changes in culture and human capital development has on organizational performance. The results and recommendations will be useful to the management and staff since they will be able to understand how effective the change has been in terms of company performance. This thesis was also inspired by the author's supervisor at the organization. The supervisor and part of the management team have always aired some concerns on how some of the change aspects are impacting the day-to-day operations of the staff. Historically, no research has been done on any change that has happened in the organization since its inception. With the right support from the organization and the collaboration with the staff to assess this, the author then sought to put the right energy into action and work on the research.

## 1.2 Justification of the Study

The key purpose of this research was to understand the performance of the organization and how change has impacted it. Change management is inevitable, especially in an environment where technological advancement is taking place every dawn. The agents of change, either within or outside an organization fight against the effectiveness, efficiency, and productivity of an organization. Change management may not yield good results if not properly planned and thorough organizational learning is undertaken. The stakeholders who are involved in change may not be easy since some of their perceptions pre-empt that change will not favor them. In this regard, they may not effectively participate in the change and even do everything they can to resist change.

Organizations change every dawn. They are speedily embracing change management strategies in anticipation of a positive change in their performance which will subsequently lead to the achievement of organizational goals (Amegalishe – Viglo, 2014). Wachira and Ayieni (2015) conducted a study on the effect of change management practices on the Teachers Service Commission of Kenya. It was revealed that communication has a significant effect on the performance of the commission. The recommendation was that the commission should put in place better communication systems within its structures.

Dr. Olajide Olubaye Thomas (2014) did a study on change management and its effects on the organizational performance of Nigerian Telecoms Industries, empirical insight from Airtel Nigeria. He concluded that for change to succeed, the human aspect of change management must be successfully addressed to avoid resistance. Human capital is one of the greatest capital in any organization. He concluded by noting that for successful change implementation, employees should be properly trained on change programs and be educated on the reasons for change. To avoid resistance to change, appropriate change strategies should be put in place by change managers, the participative strategy is recommended for change managers. Also, organizations should employ the service of internal change managers to work hand-in-hand with such experts employed externally to facilitate growth in performance and smooth change implementation.

Tim Stobierski (2020) noted that every organization at whichever stage of business or growth undergoes change or transition for it to remain viable and on the right scale. The changes could be onboarding new employees to expand the organization's capacity,

expanding the scope of a department's duties, and merging and acquisition of another entity. All these forms of change can either uplift the firm's business position or pull it down. The process of change itself may not be very flexible and easy to adapt to. The staff may feel intimidated. It is the role of the managers to ensure that they guide employees on what to expect and what the process feels like. It is also good to communicate clearly to the employees what the organization hopes to achieve in the long run and how the change in the various aspects will also affect the employees' welfare.

The case organization of this thesis has been undergoing transformational change. The change cuts from the structure, the people, and the process which will ultimately affect the overall performance of the firm. In 2014-2020, the company shifted in terms of structure and human capital. The organization was operating as a group where some units such as finance, admin and human resource were shared resources among all the related parties. Over the 6 years, the firm separated some of its entities to be self-reliant, and therefore the sharing of human capital ceased to exist in early 2020. Thereafter, a new strategy running from 2021-2025 was rolled out at the end of the year 2020. Amidst these changes, the firm has grown in terms of employees, market segment occupancy, and also revenue. The management of the case organization wanted to get an in-depth view of its culture and human capital development and how it has generally impacted its performance.

In this thesis, the author focused on bridging the knowledge gap by assessing the impact of change management on organizational performance with the case organization by focusing on the culture of an organization and human capital development. This is because these two aspects of change have been the key changes. The outcome of this research will be used by the management and staff of the organization to understand better the impact that changes in its human capital development and organizational culture has on organizational performance.

### **1.3 Purpose of Research, Research Question, and Objectives of the Study**

#### **1.3.1 Purpose of Research**

There is a lot of uncertainty in business. Each day brings forth new challenges, ideas, and even solutions to existing problems. Being flexible and adaptive to any situation the

business is exposed to is an added advantage to a firm. Change management plays a key role in this process. The main purpose of this research was to understand change management regarding human capital development and organizational culture and how these changes have affected organizational performance at the case organization.

### **1.3.2 Research Question**

The main purpose of this research was to get an in-depth understanding of the impact of change management on organizational performance in a case organization. The main research question for this thesis was:

- i) What impact does change management has on organizational performance?

Many changes have happened in the organization. However, this thesis will focus on the changes that have happened in the organizational culture, human capital development, and organizational performance. This is because they are the key changes that are loud in the whole process and the aim is to improve the organizational performance. This, therefore, gives the following objectives.

### **1.3.3 Objectives**

The objectives of this thesis were:

- i) To assess the impact of change in organizational culture on the organizational performance of the case organization.
- ii) To assess the impact of change in the development of human capital on the organizational performance of the case organization.
- iii) To assess the change in organizational performance over the change period

## 2 Supporting Literature for the Study

### 2.1 The Concept of Change Management

Companies that are most likely to be successful in making change work to their advantage are the ones that no longer view change as a discrete event to be managed but as a constant opportunity to evolve the business (Naveed Saif, et al., 2013). According to Korir et al. (2012), change management is the effective management of a business change in which managers, leaders, and frontline employees work concretely to implement the needed technology, process, or changes successfully. Companies must be able to successfully manage the change to survive and remain competitive in today's highly uncertain business environment.

Different scholars and academicians have different reflections on change management. However, there are two important issues that the scholars agree on. Firstly, change happens by internal or external factors and comes in all forms, shapes, and sizes. Irrespective of the agent of change or the magnitude, an organization has to be ready to face it and make the best out of it. Secondly, the pace of change is great in the current business environment. This is according to Balogun, Hope-Hailey (2004), Carnall (2003), Burner (2004), Moran Brighton (2001), and Luecke (2003). Some of the key areas that should be looked into to properly manage change management include leadership style, time, organizational development, and two-way communication.

According to Terry, Carey, and Callan (2001), organizational change may create job insecurity in individual self-esteem. The first step of adaptive change managers in dealing with change should center on understanding its effect on individuals. Buono, Bowditch, and Lewis (1985) noted that subjective impressions of individuals involved should be the primary focus in studies of organizational culture and the changes that occur in business.

According to UNDP (2006), several factors trigger a change in an organization and these factors affect the organization either directly or indirectly. The factor can be internal or external. Internal factors that may trigger a change to occur include business operations, technology, internal policies and laws, expedited push for modernization, privatization of a government institution, and board resolutions for change among others. The changes in the case organization in this thesis are a result of internal triggers from the board and the

shareholders. Some of the external factors that influence the occurrence of changes in an organization include a shift in demand for globalization from the external market, change in government regulatory policies and laws, competition from other entities in the same industry, political and social conditions, and occurrences of nature.

Dr. Olajide Olubayo Thomas (2014) researched change management and its effects on the organizational performance of Nigerian telecommunication industries. Over the years, the telecommunication industry has advanced in various forms, technology is the main change aspect. Upon reaching out to about 300 staff members out of 1000 working in the telecommunication industry, he noted that successful change management in technological advancement is critical and may result in the long-term success of the organization as well as the sustainability of strategy to manage change. He also noted that organizations should take cognizance of the environmental factors surrounding them by regularly scanning their environs to reduce the pressure and magnitude of change that they should undertake. To avoid resistance to change, the employees of the organization should be trained on the change process and the reasons for the change. The participative strategy also comes in handy, especially for change managers.

Kamarck (2004) conducted a research that revealed that there is a positive relationship between organizational changes and the objectives of the organization. He stressed the significance of diligent planning to assure the achievement of the organizational objectives while at the time ably achieving its competitive advantage. He noted that implementation of change management requires synergism by all agents and members which should be in sync with the objectives of an organization.

Dr. Revenio (2016) researched the impact of change and change management in achieving corporate goals and objectives. The research was conducted from an organizational perspective. The research specifically looked into the factors that impact change, the types of change and organizational change, and the concept and application of change management with the aid of the different change models. The research further looked into how change management can be effectively implemented and the benefits that change management can contribute to the success of the organizations.

Several models are useful in the change process. Some of them include; McKinsey's 7s Model which comprises 7 S areas, Lewin's Change Model, and Kotter's 8-Step Model. Lewin's Change Model which can be traced back to 1951 focused on planned change that

relates to group decisions, implementation, and social change. The model has three phases; unfreezing, moving (changing), and refreezing. Unfreezing is the business state whereby an organization unleashes the current system and points out the call for change. The moving process is moving from an old system to a new system. Refreezing is the institutionalization of the changes. The changes are incorporated into an understandable objective for the organization. The other two models are discussed further in the theoretical section of this chapter. Dr. Revenio shared some of the effective ways of managing change to ensure its success. It is important to identify the problem, envision the desired future position of the organization, systematically implement change, effectively manage any resistance, and manage the change process proactively to maximize the flexibility to adapt to the new way of doing business. He concluded by saying that organizational change enables organizations to come up with ways of implementing change management effectively using different change models. Change management provides several benefits that an organization receives as long as the changes are in sync with the goals and objectives of the organization.

### **2.1.1 Common Types of Change**

Ackerman (1997) defined three types of change, that is developmental, transitional, and transformational change. Developmental change is either planned for or unplanned for and redresses existing aspects of an organization by revamping skills and processes. According to Costello (2004), it is an improvement in the way of operations to do better. Some of the activities that fall in this category of change include problem-solving, training of human resources to improve their skills, improvement in the communication processes, and improvement in customer feedback intake among others. In the simplest form, it is a change that aims at improving the processes and levels in an entity. The transitional change aims at achieving a known goal dissimilar to the existing one. It occurs when a decision is made to change what currently exists and implement something new. According to Citi UK (2021), transitional change leads to a replacement of what already exists with something that is regarded as new by the parties involved. In such an occurrence, people have to let go of the old practices and embrace the new ways of operations put in place by the organization. The outcome of this type of change is visualized by the managers of change way before the implementation is done. Change occurrences that fall in this category are re-organizations of corporate structure, simple acquisitions, the creation of new products

and services that replace the existing ones, and technological changes that do away with the existing ones.

Transformational change on the other side refers to a stringent approach to change that deviates from the assumptions made by the organization in terms of structure, culture, processes, or strategies. It consists of radical and fundamental changes that may arise from the change in organizational structure and culture following a vertical hierarchical structure to an approach that needs an enormous amount of self-directing teams (Beer and Nohria, 2000). This type of change is challenging compared to the other two and is always slow such that some staff may not notice the changes. The outcome of this change cannot be visualized clearly at the beginning of the change as most of its results are determined by the evolutions, trial and error, new boundaries' setting, and integration of new interactions. It mostly deals with ambiguity and unfolding a tranche at a time. Examples of the changes under this category are complex mergers and acquisitions, complex splits of a conglomerate of companies, a shift from traditional business channels to virtually and electronically mediated business channels, and radical corporate rebranding. The case organization is undergoing this form of change. There has been a split in the initial conglomerate of companies and a change in the structure of the now independent entities. The way of doing things has changed with the focus being more on centralization of reporting and management irrespective of the country of operation.

These types of changes happen in different forms, that is, the source of the trigger or the reason why change has to happen be it transformational, transitional, or developmental. There are four main forms of change, that is, radical, incremental, reactive, and proactive. According to Nadler and Tushman (2000), radical change is a change that has an impact on the entire system of the organization and meaningfully redefines what the organization is. It changes the organization's basic framework such as strategy, structure, people, processes, and values. Johnson, Scholes, and Whittington (2008) noted that radical change is a change that is used to address nucleus problems such as after a period of instability or an unexpected swift change in the business environment.

Incremental change is another form of change that refers to changes that happen continuously in organizations. Changes in organization structure, technology, and human capital are all large and significant changes, but they usually occur within the incremental change definition and frame of reference of the organization. An incremental approach to

change is more common and is commonly used to maximize short-term performance. The practicality behind this form of change is that the business environment is constantly changing and incremental change being a continuous process is the only way to secure the future of the organization and consequently improve organizational performance. From these definitions, it can be said that the case organization is undergoing an incremental form of change.

Reactive change is a change implemented in response to some external event and or serious internal operational and managerial problems. According to Bennis and Thomas (2002), reactive change is a change in the organizational policies which is implemented in response to the occurrence of an event. This form of change is initiated due to the pressures of external forces. It is made in response to a situation and is unplanned. The decision-makers make changes to deal with the problem swiftly and routinely since they do not have the luxury of time to analyze the situation and prepare a well-articulated response plan. Environmental events, business threats and notices, and opportunities are responded to immediately.

Proactive change is a change that happens when the company is not experiencing any serious problems but the firm anticipates the need for change to put the company in a better position. Though this anticipatory approach to change is generally preferred, most companies tend to take a reactive approach, usually as a consequence of the commonly held view that there is no need for change if current performance is satisfactory. Therefore, the majority of organizations do not trigger this form of change.

## **2.2 Organizational Culture**

Silversweig and Allen (1976) defined organizational culture as a set of expected behaviors that are generally supported within the group. It is an important determinant of climate and elements of a successive organization. It is an internal environment aspect that can lead to organizational success or failure. Ul Mujeeb Ehtesham et al. (2011) noted that organizational culture comprises a range of complex social phenomena which is multi-layered and can be divided into layers according to the phenomena's observability and accessibility. According to Mumford, Scott, Gaddis, and Strange, 2002, culture represents collective social construction over which leaders have substantial control. A study done on

the organizational culture of Greek banking institutions by Belias and Koustelios (2013) showed that the dominant culture of the institutions was hierarchical while the employees preferred the clan type.

Joseph and Kibera (2019) researched the organizational culture and performance focusing on the microfinance institutions in Kenya. Their findings indicated that the culture of an organization has a quantifiable influence on non-market performance. They added that the market culture is inversely associated with the debt/equity ratio. To conclude, they noted that culture has an influence on the financial dependence and sustainability of the firm and is a major source of sustainable competitive advantage in the microfinance industry in Kenya.

Organizational culture and strategy implementation has a direct relationship. Peter (2016) cited McKinsey's 7s framework argument that effective organizational change is the relationship between the 7s, that is, strategy, structure, systems, style, skills, staff, and shared values. Notably, strategy implementation does not happen in space but in an organization. The link between culture and organizational performance is evidenced in Hawthorne Studies. The studies discovered the presence of an informal social system and shared beliefs amongst the employees which is considered a culture though it was not referred to as culture during the studies.

The need for proper alignment between cultural norms and behaviors in strategy implementation is unmeasurable. Fortado & Fadil (2014) noted that if they are not aligned properly, it may become a stumbling block to the realization of the desired results. A straightforward and tight culture provides a clear path on the "how we do things around here" narrative. It yields a significant influence to conform to the norms accepted in the organization. This in turn promotes a firm employee identification and a sense of belonging to the firm with a commitment to an organization's vision, performance objectives, and strategies.

Ehteshan, Tabir, and Shakil (2011) researched to determine the relationship between organizational culture and performance practices, a case study of the University of Pakistan. The results of this exploratory research indicated that involvement is highly correlated with consistency and adaptability. All dimensions of organizational culture have a positive significant relationship with performance management practices. They noted

that human resource management practices affect organizational culture which in turn affects the firm's performance.

Boyce Gillespie et al (2015) did a study to know which comes first between organizational culture and performance, a publication in the Journal of Organizational Behaviour. The study was conducted over 6 years from 95 franchise automobile dealerships. They focused on longitudinal "culture-performance" interactions to determine which of the two had causal priority. The outcome of this study was that a positive culture boosts organizational performance but organizational performance alone does not create a positive culture.

Rajgopal, Jillian Popadak, John Graham, and Campbell Harvey (2015) did research for over 13 months' period on Executives' opinions about culture performance. They surveyed almost 2,000 CEOs and CFOs around the globe. They also additionally interviewed executives at nearly two dozen mostly large firms with average sales of \$50 billion. Executives overwhelmingly indicate that an effective corporate culture is essential for a company to thrive in the modern business world. More than 90 percent of executives said culture was important at their firms, and 78 percent said culture is among the top five things that make their company valuable. More than 50 percent of executives said corporate culture influences productivity, creativity, profitability, firm value, and growth rates. Only 15 percent said their own corporate culture was exactly where it needed to be while 92 percent said they believed improving their firm's corporate culture would improve the value of the company. This means that organizations are yet to be where they want to be in regards to corporate culture hence change is inevitable to wheel the organizations to the right direction and position. The researchers claim the study provides systematic evidence that companies with effective corporate cultures are less likely to be associated with unethical behavior, short-termism, or using real earnings management to pad quarterly earnings.

The assessment of organizational culture is essential as it affects employees' job satisfaction, performance, and organizational change. Cabrera, Cabrera, and Barajas (2001) noted that the assessment of the organizational culture may help in establishing the changes either structural or technological. Through assessment, managers can detect the mismatches between the present organizational culture and the culture they desire to establish.

## 2.3 Human Capital Development

According to Rajabifard and Williamson (2014), human capital development is the development of skills, knowledge, and attitudes in individuals and groups of people relevant to the design, management, maintenance, and development of operational and institutional infrastructures and processes that are meaningful. An organization is as good as its people. A report by McKinsey & Company (2022) titled 'Human capital at work: The value of experience' noted that the most important resource in any economy or organization is its human capital. The collective knowledge, attributes, skills, experience, and health of the workforce are very essential. To maintain a competitive advantage in today's ever-changing business environment, understanding the value of human capital is essential. The capacity of the human capital needs to be continuously developed for the business to thrive.

According to Andrews & Boyne (2010), the greatest asset of an organization is human resources. Organizations spend material resources on empowering their human resources and bettering their skills. This is done to achieve organizational objectives as these objectives can only be propelled and attained by having the human resources put their efforts and skills to work. Yamoah (2014) noted that human resource development is related to education, training, and motivation. By making sure that the human resources are rightfully skilled, an organization can acquire a significant competitive advantage and face market turbulence with confidence. This also means that innovations will be continuous in the organization hence business sustainability.

Crook, T. R. et al (2011) did a meta-analysis of 66 research assignments that investigated the relationship between human capital and firm performance. They investigated three moderators suggested by the resource-based theory. They noted that theory on both micro and macro levels predicts that investment in human capital generates better organizational performance. However, the development of human capital takes up resources such as time and funds to develop and acquire which ultimately offsets its positive benefits. This theory should not stop organizations from investing in their human capital development. This research team found that human capital relates strongly to performance, especially when the human capital in question is not readily tradable in labor markets and when researchers use operational performance measures that are not subject to profit appropriation. Their

findings suggest that managers should invest in programs that increase and retain firm-specific human capital.

Marimuthu et al (2009) researched the impact of human capital development on firm performance, evidenced by developmental economics. They noted that developed and developing countries put emphasis on more human capital development towards accelerating economic growth by devoting necessary time and effort. If firms are to play in an international arena, human capital development is inevitably a fundamental solution that should be focused on. The study explored the literature in place on human capital and its impact on the organization's performance. Their findings indicate that there is very significant strong evidence that shows that human capital development in organizations promotes innovativeness and greater firm performance. The majority of the studies substantiate that the financial performance of an organization is positively impacted by the consideration of human capital. This research concluded that understanding firm performance about human capital should not only be regarded as an avenue to increment profits. The organization should focus on transforming the entire workforce as "valuable assets" to pave an avenue for greater accomplishments through innovation and creativity. Organizations should therefore have effective plans for investing in various aspects of human capital. This not only directs firms to attain greater performance but also ensures that firms remain at a competitive position in their market hence long-term survival.

## **2.4 Organizational Performance**

Gabriel Onuche (2021) defined organizational performance as a multi-dimensional construct whose measurement varies depending on several factors. It is an important aspect for every organization whether it is a profit-making or a non-profit-making entity. It is the extent to which an organization as a social system with the resources and means at its disposal fulfills its objectives without incapacitating its means and resources and without placing undue strain upon its members.

Ndahiro, Shukla, and Oduor (2015) noted that organizational performance is positively impacted by the presence of change management practices, change management tends to create a significant contribution to organizational competencies, and in turn, becomes a great advance for further enhancing innovativeness. Performance may be measured using

different matrices such as revenue, profitability, customer count, staff counts, market segment occupancy, and even sales volume. Irrespective of the matrix being used, several factors influence the level of performance.

## **2.5 Models and Theory Relating to the Concepts**

### **2.5.1 Kotter's Model**

John Paul Kotter (1995) published the book '*Leading Change*' which details eight strategies that would result in successful change. The book talks about a leader who is focused on success. Such a leader deploys a sense of exigency by creating ephemeral goals in response to the changing culture. He noted that failure in business is catalyzed by a lack of skills in individuals in certain fields which makes it difficult to gauge when change is required, the timing of the change, and the necessary steps to lay in the process of change. This model explains that the change process goes through a set of phases and each phase lasts for a certain amount of time. Mistakes in any phase may impact the success of the change. This model will be useful as it captures the essentials of change management in an organization.

### **2.5.2 McKinsey 7S Model**

The McKinsey 7S model is a framework that was invented by Tom Peters and Robert Waterman in the earlier years of 1980. The model has been used to study and examine the internal changes within an organization. The model comprises structure, strategy, systems, skills, style, staff, and shared values. For a company to operate effectively, there has to be a mutual understanding and interconnection between the 7 constituents. This model applies to all types of changes in an organization. The model considers structure, strategy, and systems as 'hard S' while skills, style, staff, and shared values as 'soft S'. From looking into the structure, strategy, and systems of the organization to the skills, style, staff, and shared values, the model serves right for this research as it encompasses the matrices being looked at.

### 2.5.3 Human Capital Theory

Schultz (1993) noted that this theory is rooted in macroeconomic development theory. Classical book by Gary Becker (1993), *Human Capital: A Theoretical and Empirical Analysis* illustrates this domain well. There are different kinds of capital such as schooling, computer training, medical schemes, and flexible work schedules among others. Spending on these items is considered an investment in human capital in an organization. This investment has valuable returns that can be calculated. Other aspects that can be considered as part of human capital development include; instilling the virtues of punctuality, honesty, and transparency in the workplace, and even avenues for sharing ideas and feedback and putting them into consideration while on the decision-making table. The most valuable of all capital is investment in humans. There is a difference between firm-specific humans from general-purpose humans.

The figure below shows the key relations in human capital theory and the assumptions underlying these relationships according to Swanson (2001).

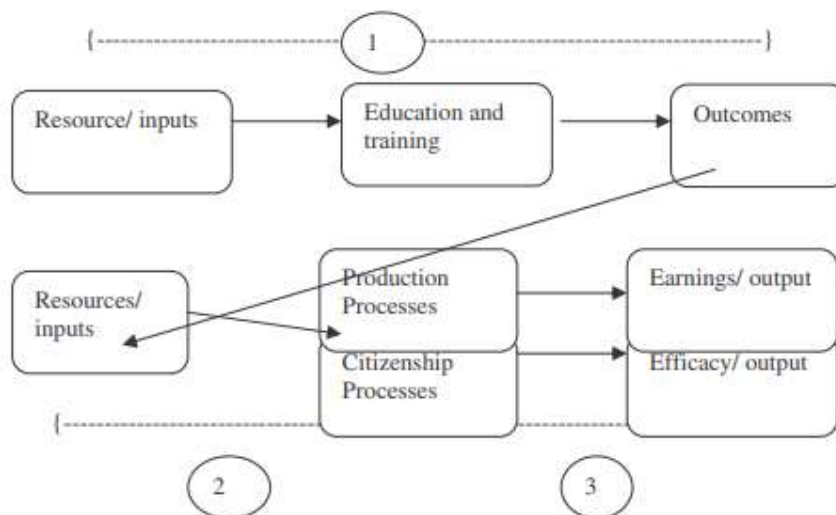


Figure 1: A Model of Human Capital Theory (Swanson, 2001: 110)

#### Fig 1: A Model of Human Capital Theory

Relationship 1 represents the concept of production functions as applied to education and training, 2 represents the human capital relationship between learning and increased productivity and 3 represents the human capital relationship between increased productivity and increased wages and business earnings. This continuum is assessed using a return on investment analysis or cost-benefit analysis. The theory is a significant agent

for boosting firm performance. One of the elements looked into in this research is human capital development. The case organization is developing its human capital by engaging the employees in various training with the focus of improving their skills and productivity. Relationship 1 shown in the figure above captures what the organization has been doing. The outcome of this continuous training is improved productivity of staff which will ultimately lead to improved earnings as shown in relationship 3 in the figure above. This model is relatable to a key variable in this research hence relevant as part of the theoretical literature. This research will therefore borrow the insinuation of this theory for arguing that human capital is indeed an element in firm performance.

## **2.6 Summary of Theory**

In this chapter, I have presented the relevant concepts, models, and theories that support my quest for research. In this sub-topic of summary of theory, I will summarize the relevant concepts before looking into the data collection, and analysis method.

The case organization has been undergoing significant changes since 2008. The organization was part of an initially large group of companies owned by the same people and sharing resources in some departments such as administration, finance, and human resources. The changes that happened recently were in 2019/2020 which resulted in a new strategic plan being laid for the year 2021-2025. These recent changes are the basis of this research and specifically focused on human capital development and organizational culture.

Change is inevitable, it is the only constant thing in existence both at an individual level and also an organizational level. Amegalishe – Viglo, 2014, noted that organizations speedily embrace change management strategies in anticipation of a positive change in their performance which will subsequently lead to the achievement of organizational goals. It is important to be clear on the reasons for the changes and constantly communicate with the staff to avoid resistance. Communication also ensures that the team is at par in terms of implementation and therefore less friction in the process. Research done by Wachira and Ayieni (2015) concluded that communication has a significant effect on the performance of the Teachers Service Commission in Kenya. Dr. Olajide Olubaye Thomas (2014) did a study on change management and its effects on the organizational performance of Nigerian

Telecoms Industries in Nigeria. He concluded by noting that for successful change implementation, employees should be properly trained on change programs and be educated on the reasons for change. To avoid resistance to change, appropriate change strategies should be put in place by change managers, the participative strategy is recommended for change managers. This finding relates to what Wachira noted on the essence of communication in change.

Change happens in different types and forms. It could be transformational, developmental, or transitional. These three are the most types of change. Developmental looks into efficiency in an existing practice. Transitional looks into switching to a new way of doing things. Transformational change on the other side looks into changing the way things are being done. It is a stringent approach to change that deviates from the assumptions made by the organization in terms of structure, culture, processes, or strategies. According to Beer and Nohria (2000), it consists of radical and fundamental changes that may arise from a change in organizational structure and culture following a vertical hierarchical structure to an approach that needs an enormous amount of self-directing teams.

These types of change happen in various forms. It could be radical, incremental, reactive, or proactive. According to Nadler and Tushman (2000), radical change is a change that has an impact on the entire system of the organization and meaningfully redefines what the organization is. It changes the organization's basic framework such as strategy, structure, people, processes, and values. It mostly happens after an occurrence of instability in the business environment. Incremental change refers to changes that happen continuously in organizations. Changes in organization structure, technology, and human capital are all large and significant changes, but they usually occur within the incremental change definition and frame of reference of the organization. Reactive change is a change implemented in response to some external event and or serious internal operational and managerial problems. According to Bennis and Thomas (2002), reactive change is a change in the organizational policies which is implemented in response to the occurrence of an event. Proactive change is a change that happens when the company is not experiencing any serious problems but the firm anticipates the need for change to put the company in a better position.

Organizational culture is a set of expected behaviors that are generally supported within the group (Sillersweig and Allen, 1976). It is an important determinant of the climate and

elements of a successive organization. It is an internal environment aspect that can lead to organizational success or failure. Human capital is the people working in an organization. According to Rajabifard and Williamson (2014), human capital development is the development of skills, knowledge, and attitude in individuals and groups of people relevant to the design, management, maintenance, and development of operational and institutional infrastructures and processes that are meaningful.

Kotter's model developed by John Kotter focused on strategies that would lead to successful change. He authored the book titled 'Leading Change'. He noted that failure in business is catalyzed by a lack of skills in individuals in certain fields which makes it difficult to gauge when change is required, the timing of the change, and the necessary steps to lay in the process of change. The model also explains that the change process occurs in phases and failure in one phase may affect the performance of the other phase.

McKinsey's 7s model talks about the 7s that are essential in an organization. The s include structure, systems, strategy, skills, style, staff, and shared values. The model considers structure, strategy, and systems as 'hard S' while skills, style, staff, and shared values as 'soft S'. It served as relevant to the research as the components of the research are part of the 7s. The skills, staff, shared values, and structure are what make human capital and organizational culture which are the focus of the paper.

Human capital theory by Gary Becker explains that there are different kinds of capital such as schooling, computer training, medical schemes, and flexible work schedules among others that the organization should focus on. The most valuable of all capital is investment in humans. The figure below shows the various relationships and returns expected from each relationship.

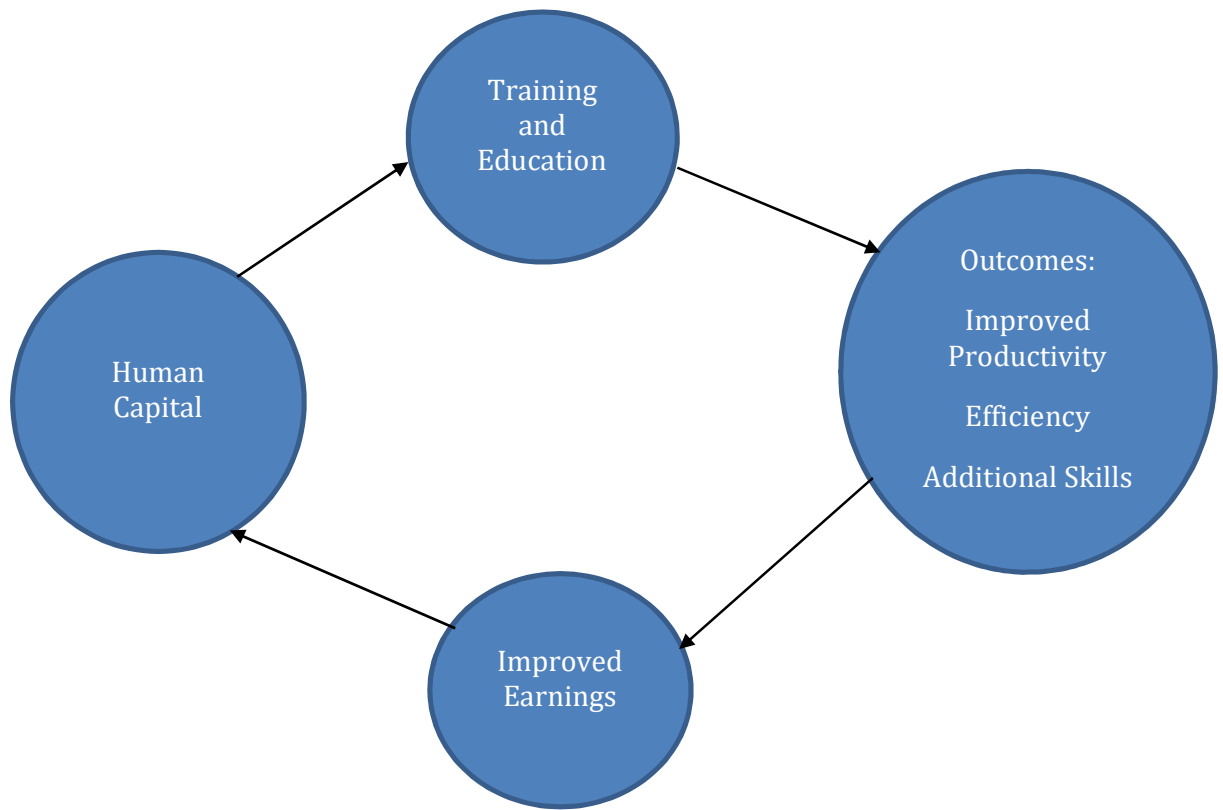


Fig 2: Simplified Model of Human Capital Theory

### **3 Research Methodology**

Kothari (1985) defined research as the process of seeking knowledge to establish a command and understanding of a subject of interest. This chapter presents the methodology of the research and the reasons for the choice. The author has been working for the case organization since 2018 and has contact with every member of staff from those at the entry level to the CEO. It is important to note that those who have since exited the organization and seem valuable to this research exercise are accessible as well. This research will focus on the assessment of change management and the impact it has on organizational performance.

#### **3.1 Research Design**

Cooper & Schindler (2014) noted that research design is the framework that can be used in gathering and analyzing data to respond to the research questions or objectives guiding the study. This research used descriptive research design because it promotes the collection of both qualitative and quantitative data without influencing the study environment. According to Rashid (2015), a descriptive research design is a scientific method of observing and describing the behavior of a subject without influencing it in any way. It aims to accurately and systematically describe the population. It also allows the researcher to use a wide variety of quantitative and qualitative methods to assess the variables.

#### **3.2 Population and Sampling Frame, Technique & Size**

##### **3.2.1 Population**

According to Creswell (2014), a population is a group of similar existing objects or items of interest for an experiment or certain investigation. For this research, the target population was 106 members of staff working for the case organization at the end of the year 2020.

### **3.2.2 Sampling Frame**

LewisBeck, Bryman, & Liao (2014) defined a sampling frame as a set of items from which the researcher can select a sample of the target population of interest. A sample frame provides evidence that a sample is truly representative of the target population since it specifies the desired characteristics. The sampling frame will be obtained from the Human Resource and Admin Department.

### **3.2.3 Sample Size**

Kombo and Tromp (2009) noted that a sample is a subset of a population that has been selected to reflect or represent characteristics of a population. Given the size of the population is slightly over a hundred, the entire population will be targeted as data will be collected electronically.

## **3.3 Data Collection Method**

Data collection refers to the process of gathering data from the respondents forming the target population of the study in a well-established systematic manner to address the research questions or objectives accordingly (Cooper & Schindler, 2014). The study used primary data. Mugenda and Mugenda (2003) said that primary data is data collected directly from the experience, free from processing or any other type of manipulation. The research instrument that was used was questionnaires which were designed to tap information from the respondents. The questions were structured on a scale of 5 measurements where 5 means the respondent strongly agrees with the statement, 4 agrees, 3 is neutral, 2 disagrees and 1 means the respondent strongly disagrees with the statement.

According to Kothari (2004), a questionnaire is an efficient method of obtaining information, particularly from a large group of respondents. It is beneficial as it is relatively easy to analyze, and a large sample of the given population can be contacted at a relatively low cost. The format is familiar to most respondents and it has a set of standardized questions which follow a fixed scheme therefore enabling the researcher to collect data on one or more specific topics. Questionnaires will be supplemented by interviews.

### 3.4 Data Collection Procedure

Upon approval by the thesis supervisor, the author then informed the Human Resources and Admin Manager to communicate to the staff the essence of the research. As this is research that was requested by the management of the company, the questionnaire was then distributed to the staff electronically with a period of 10 days given to respond. Since the author was in contact with all the members of staff, the author did personal follow-up and further expound the need for the research to staff members needing further explanation. On collection, the author checked the filled-in questionnaires to ensure that it was filled in as intended. The responses were then analyzed.

### 3.5 Data Analysis Method and Presentation

Data analysis is defined as a process of cleaning, transforming, and modeling data to discover useful information for business decision-making. Its purpose is to extract useful information from data and taking a decision based on the data analysis (Daniel Johnson, 2022). Creswell (2006) noted that the procedure of data analysis comprises packaging the collected information, putting it in order, and arranging its main contents in a way that the findings can be effectively and easily communicated. The data was analyzed using inferential and descriptive statistics. Inferential statistics analyzed correlation and regression to ascertain the relationship among the study variables while descriptive statistics will analyze frequencies and percentages. The findings were then presented in tables and figures. The hypothetical model below was used in the analysis and interpretation of the data:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \epsilon$$

Where:

**Y** = Organizational Performance

**X<sub>1</sub>** = Human Capital Development

**X<sub>2</sub>** = Organizational Culture

**β<sub>0</sub>** = Constant term

$\beta_1$ = regression coefficients for  $X_1$

$\beta_2$ = regression coefficients for  $X_2$

$\varepsilon$  = Error term

## **4 Empirical Data and Findings**

The research data was collected in April 2023 using an online questionnaire sent directly as a link to the respondent's email address. All the respondents are employees of the case organization. About 5 of them are former employees who had been working at the organization but exited last year but they willingly accepted the author's request to respond to the questionnaire.

### **4.1 Descriptive Statistics**

#### **4.1.1 Demographic Report of the Respondents**

The data for this research was collected from 96 employees of the case organization. As of the end of the year 2020, the organization had 106 employees. Efforts to reach some employees who have since left the organization were futile. Out of the 96 who were reached, 72 of them responded to the questionnaire, which translates to a 75% response rate. The data was exported from the online platform used to collect the responses, Microsoft Forms, to Microsoft Excel. It was then exported to STATA Version 17.0 for data cleaning, management, and analysis. Descriptive and inferential statistics were analyzed.

The majority of the respondents were male,  $n=54$ . This translates to 75% of the respondents while the female respondents constituted 25% of the respondents,  $n=18$ . In terms of the age bracket of the respondents, the majority are within the productive age of 26-35 years,  $n=40$ , translating to 55.5%. Only 4.17% of the respondents are below the age of 26 years,  $n=3$ , while 40.21% are above 35 years,  $n=29$ . 68% of the respondents,  $n=49$ , have worked in the organization for more than 5 years which means that they are well aware of the organization's operations, strengths, and even weaknesses. The education level of the respondents was captured as well. 73.61% of the respondents have a bachelor's

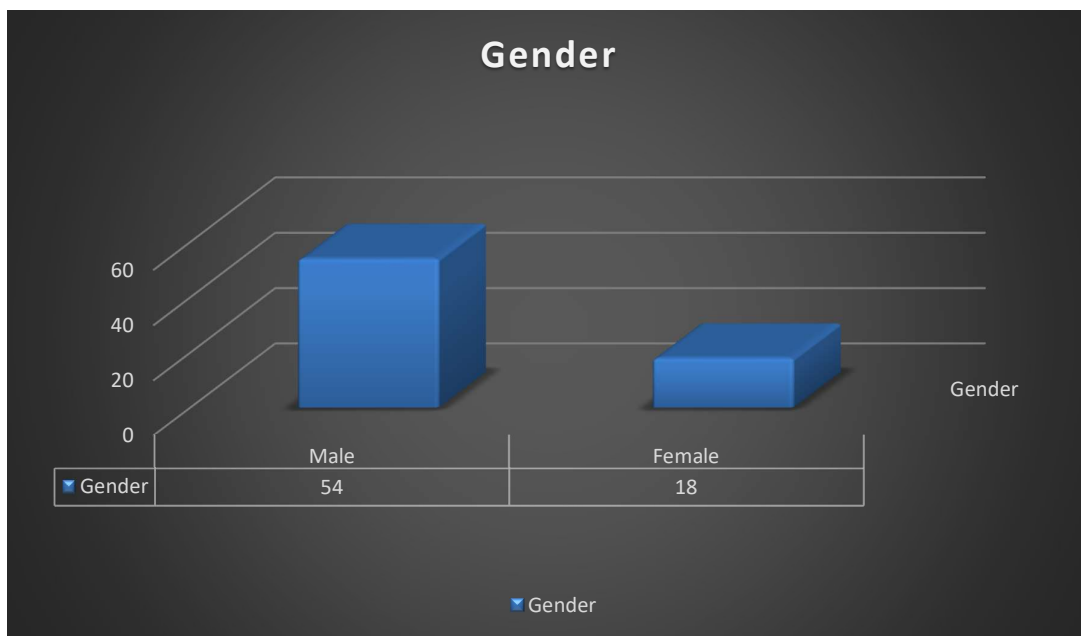
degree, n=53, while 15.28% have a master's degree, n=11. Only 11.11% have a diploma qualification, n=8. This is a clear indication of the competence level of the employees.

The tables and graphs below show the demographical information of the respondents and the feedback received.

**Table 1. Demographic Information of the Respondents**

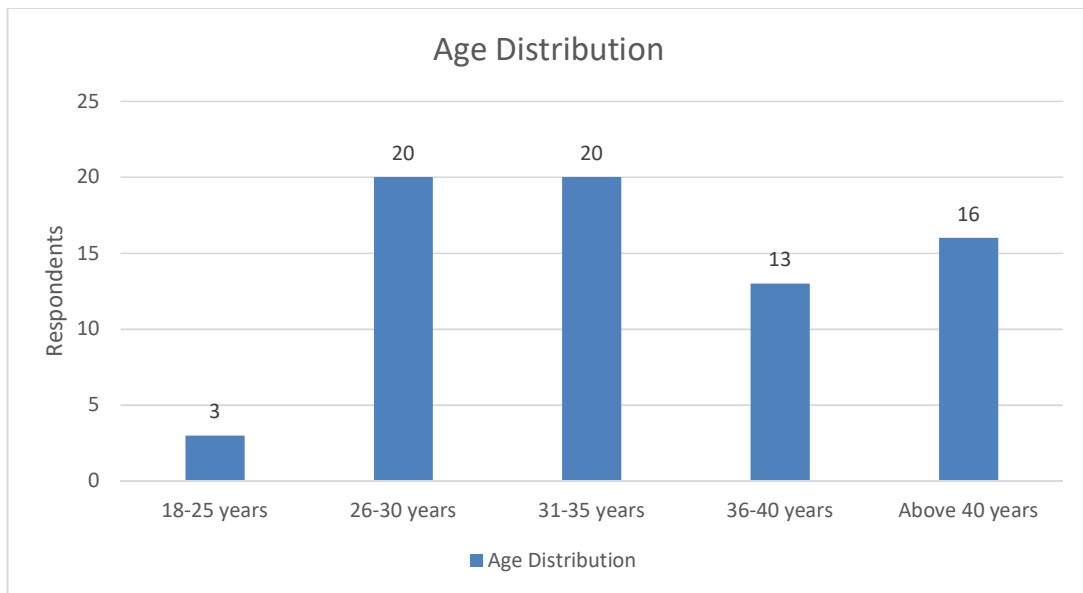
	Number (n)	Percentage (%)
<b>Gender</b>		
Male	54	75
Female	18	25
Total	72	100
<b>Age</b>		
18-25 years	3	4.17
26-30 years	20	27.78
31-35 years	20	27.78
36-40 years	13	18.06
Above 40years	16	22.22
Total	72	100
<b>Years worked at Fintech</b>		
2 - 4 years	23	31.94
5 – 7 years	19	26.39
8 -10 years	12	16.67
Above 10 years	18	25
Total	72	100
<b>The department the participant is working at</b>		
Business Development & Marketing	8	11.11
Exco	4	5.56
Finance	6	8.33
HR & Admin	7	9.72
Operations	24	33.33
Software Development	23	31.94

Total	72	100
<b>Highest level of education</b>		
Diploma	8	11.11
Bachelor's Degree	53	73.61
Master's Degree	11	15.28
Total	72	100



**Fig 3. The gender distribution of the respondents**

From the data above, the majority of the employees are male. This may be argued that technology-related fields or careers are dominated by men hence the higher number of male employees. It may also point to a preference of the company's hiring process where they prefer hiring more male employees.



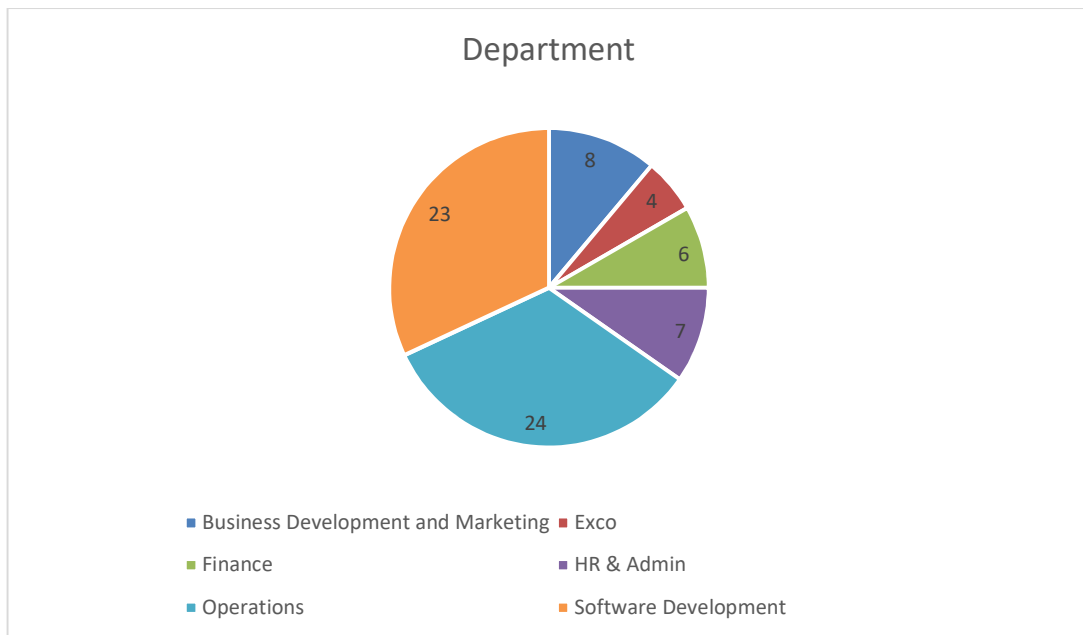
**Fig 4. The age distribution of the respondents**

The age distribution of the employees indicates that the majority are those aged between 26 to 30 years. A significant number of employees are also aged between 36 years and above. This shows the maturity levels of the employees and their sense of responsibility in their daily operations. It may also be an indication of the number of years that the employees have been in the industry. Few employees under the age of 25 years indicate the kind of target respondents that were being targeted. The target respondents were the employees who have been in the organization since the year 2020 backward. In terms of employment, the organization hires individuals that have a bachelor's degree qualification. The average graduation age in the country is 21-23 years. This explains that an individual hired in 2020 who was fresh from the university had already hit the age of 25 years when the data was being collected.



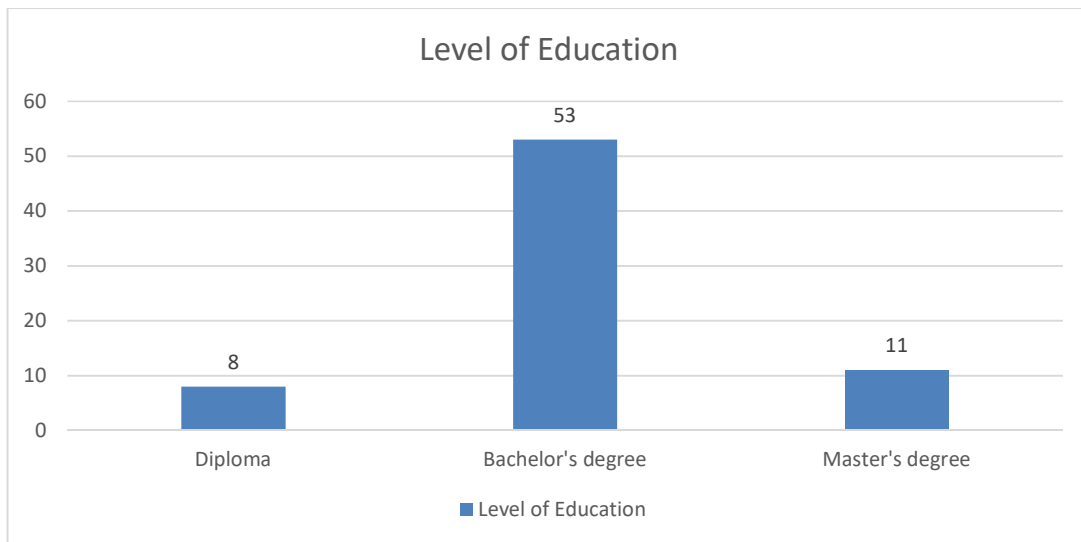
**Fig 5. Number of years of experience of the respondents in the organization**

The statistics on the years of experience in the organization tell a lot about the organization and the employees as well. Out of the 72 respondents, 49 have been in the organization for 5 years and above. It infers that the employees find stability in the organization. The age of 36 years and below is said to be an exploratory stage where people exhaust each dream before moving to the next (CNBC, 2022). This is the period where individuals take risks and push themselves beyond their comfort zone. In this aspect, it means that the employees of the organization find it relevant to continue working with the organization for a long period. It may also be an indication of the stability of the organization in terms of operation and going concern. No individual wishes to work for an organization that seems unstable or hops into the ship of irrelevance in the market.



**Fig 6. Department of the Respondents in the Organization**

The data above shows that the majority of the respondents, 40, are from software development and operations departments. This tells the core business of the organization, that is, software development and implementation. The people in the operations team are responsible for implementing the software developed by the software development team at the various client sites. The implementation is done remotely or onsite based on the version of the software that the client has purchased, web-based or on-premise software. The Exco members, which comprises the CEO, COO, GM, Group HR Manager & Executive Director, who responded are 4. This tells that the executive committee of the organization is ideal to steer the organization's operations. The composition is diverse and this gives room for different opinions and ideas that contribute to the growth of the company. The team is also manageable in terms of decision-making and consultation. Sometimes, a big team may be too difficult to handle especially when something needs everyone's attention. It may take too long and at times be very bureaucratic which slows the speed of operation in the organization.



**Fig 7. Level of education of the respondents in the Organization**

#### 4.1.2 Data Analysis on Objectives

Objective 1: To assess the impact of change in organizational culture on the organizational performance of the case organization.

**Table 2. Data Collection on Organizational Culture**

Organizational Culture	Strongly agree (%)	Agree (%)	Neutral (%)	Disagree (%)	Strongly disagree (%)
Organizational culture significantly impacts the organizational performance	40 (55.6)	26 (36.1)	5 (7.0)	1 (1.40)	
Change in organizational culture is essential in creating a focused work environment	43 (59.7)	25 (34.7)	4 (5.6)		
Adaptability culture is essential in implementing change in FTG	26 (36.1)	38 (52.8)	8 (11.1)		
Change in FTG's culture has boosted the competitiveness of the organization	14 (19.4)	30 (41.7)	22 (30.6)	4 (5.6)	2 (2.8)

FTG's mission culture has given clear direction to the organization's stakeholders	16 (22.2)	21 (29.2)	29 (40.3)	3 (4.2)	3 (4.2)
One Fintech culture has improved the staff teamwork and delivery timeframes	15 (20.8)	28 (38.9)	23 (31.9)	3 (4.2)	3 (4.2)
One Fintech culture is in line with the ongoing 2021-2025 strategic plan of FTG	21 (29.2)	33 (45.8)	16 (22.2)	1 (1.4)	1 (1.4)

From the results shown in the table above, the majority of the employees agreed that organizational culture significantly impacts organizational performance, n=66, 91.67%. Only 5 employees were neutral while 1 disagreed. 94.4% also agreed that change in organizational culture is essential in creating a focused work environment.

According to Deal J. et al. (2003), cultural adaptability is the willingness and ability to recognize, understand, and work effectively across cultures. This may be said to be an essential competency measure for a manager especially when dealing with a global market with multifaceted cultures. In the research findings, 88.9% of the employees agreed that adaptability culture is essential in implementing change in the organization.

Research done by Do Ben-Roy et al (2016) on the relationship among human resource flexibility, organizational innovation, and adaptability culture found that adaptability culture has a direct impact on process innovation and an indirect impact on product innovation through process innovation. The human resource flexibility that was looked into in Do's research was employee skill flexibility, employee behavior flexibility, and human resource practice flexibility. The findings relate to the response from the data collection done by the case organization.

The results also indicate that 40.3% were neutral on the clarity of direction that the mission culture of the organization has given to its stakeholders. A further 8.4% of the respondents disagreed also. Slightly more than half of the respondents, 51.4%, agreed with the statement. This means that the organization's mission culture needs improvement to give a clear path to its stakeholders.

Objective 2: To assess the impact of change in the development of human capital on the organizational performance of the case organization.

**Table 3. Data Collection on Human Capital Development**

<b>Human Capital Development</b>	<b>Strongly agree (%)</b>	<b>Agree (%)</b>	<b>Neutral (%)</b>	<b>Disagree (%)</b>	<b>Strongly disagree (%)</b>
FTG human capital development change strategies support organizational development	11 (15.3)	40 (55.6)	16 (22.2)	3 (4.2)	2 (2.8)
Human capital development change strategies have boosted your delivery	22 (30.6)	36 (50)	7 (9.7)	2 (2.8)	5 (6.94)
Continuous training programs have enhanced individual capacity growth among the staff	19 (26.4)	36 (50)	12 (16.7)	3 (4.2)	2 (2.8)
Continuous training has enhanced organizational efficiency in terms of delivery	13 (18.1)	20 (27.8)	33 (45.8)	4 (5.6)	2 (2.8)
Continuous training measures have enhanced the uptake of responsibilities by staff	11 (15.3)	29 (40.3)	27 (37.5)	4 (5.6)	1 (1.4)
Continuous training has boosted staff morale and teamwork and work autonomy at FTG	13 (18.1)	23 (31.9)	27 (37.5)	7 (9.7)	2 (2.8)
Human capital development change strategies have created a more conducive environment	11 (15.3)	20 (27.8)	33 (45.8)	6 (8.3)	2 (2.8)

The results show diverse feedback regarding human capital development. 70.9% of the respondents, n=51, agreed that the human capital development change strategies support organizational development. 80.6% agreed that the change strategies have boosted the

individual delivery of their responsibilities. 76.4% also agreed that the training programs have enhanced their growth. Contrary to the higher percentages noted above, only 45.9%, n=33, agreed that the delivery of the organization has grown due to the continuous training programs. Another 45.8% were neutral to this statement while 8.4% disagreed. It can be noted also that exactly 50% of the respondents agreed that training has boosted the morale and teamwork among the staff while the other 50% either were neutral or disagreed. On the creation of a conducive environment, only 43.1%, agreed while 45.8% disagreed. 11.1% disagreed with the statement. These findings show that there is a missing link between the continuous training being undertaken by the staff and the general output of the organization. The organization needs to bridge this gap.

Objective 3: To assess the change in organizational performance over the change period

**Table 4. Data Collection on Human Capital Development**

<b>Organizational Performance</b>	<b>Strongly agree (%)</b>	<b>Agree (%)</b>	<b>Neutral (%)</b>	<b>Disagree (%)</b>	<b>Strongly disagree (%)</b>
The mission culture at FTG has enhanced organizational performance	9 (12.5)	37 (51.4)	20 (27.8)	4 (5.6)	2 (2.8)
Change to one Fintech culture has enhanced team delivery and boosted organizational performance	12 (16.7)	36 (50.0)	17 (23.6)	4 (5.6)	3 (4.2)
Human capital development measures have improved employee engagement and organizational performance	11 (15.3)	32 (44.4)	23 (31.9)	4 (5.6)	2 (2.8)
Change measures have significantly enhanced organizational financial performance	11 (15.3)	29 (40.3)	26 (36.1)	4 (5.6)	2 (2.8)

Change measures have significantly enhanced organizational market penetration	19 (26.39)	20 (27.78)	25 (34.72)	6 (8.33)	2 (2.8)
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The results above show the combined view of the culture and human capital development impact on organizational performance. 63.9 % of the respondents, n=46, agreed that mission culture has impacted organizational performance. 27.8% were neutral to this statement while 8.4% disagreed. 66.7% of the respondents agreed that One Fintech culture has boosted organizational performance. 59.7% agreed that human capital development measures have improved engagement. 55.6% agreed that change measures have significantly enhanced the financial performance of the organization while 54.17% agreed that change measures have significantly enhanced market penetration.

## 4.2 Inferential Statistics

After descriptive findings, the relationship between the variables was studied using model summary, analysis of variance (ANOVA), and regression analysis.

### 4.2.1 Analysis of Variance

Analysis of variance (ANOVA) of the regression model was carried out to understand the significance level of the correlation between predictor (independent) variables and the dependent variable or the study outcome.

**Table 5. ANOVA Table**

SOURCE	SS	DF	MS	
Model	702.6074	2	351.3037	The Number of obs. = 72
Residual	363.1704	69	5.2633	F (2, 69) = 66.75
Total	1065.778	71	15.0110	Prob > F = 0.000
				R-squared = 0.6592
				Adj. R-squared. = 0.6494
				Root MSE = 2.2942

From the model summary, the coefficient of determination, R Squared, was 0.6592. This implies that a 65.92% variation in the dependent variable was a result of the study's predictor variables. Changes in organizational culture and changes in human capital development can explain up to 65.92% of variations in organizational performance. The remaining 34.08% can be explained using other variables which were not used by the author in this research.

From the ANOVA output ( $P < 0.05$ ), it was found to be statistically significant at 0.05. The model was therefore fit in explaining the variations of the dependent variable with the independent variable.

#### 4.2.2 Regression Analysis

After establishing that there was a correlation between the dependent and independent variables, it was necessary to test the combined effect of the independent variables with the dependent variable. A regression analysis was done and the results are presented in the table below.

**Table 6. Regression Analysis**

Performance	Coefficient	Std. err.	t	P>t	[95% conf. interval]
Human Capital Development	0.1966	0.1039	1.89	0.063	(-0.0107, 0.4039)
Organization Culture	0.5671	0.1238	4.58	0.000	(0.3202, 0.8140)

The regression output  $Y = \beta_0 + \beta_1 * X_1 + \beta_2 * X_2 + \varepsilon$

From the regression output, human capital development is not significant, with no effect on organizational performance ( $P=0.063$ , 95% CI: -0.0107, 0.4039).

Organizational culture is a significant predictor of organizational performance ( $P < 0.05$ , 95% CI: 0.3202, 0.8140).

Taking into consideration the combined effect of organizational culture and human capital development, both contribute to organizational performance ( $P=0.000$ ,) in the ANOVA test.

### 4.2.3 Additional Data from Open Question on Sustainability

At the end of the questionnaire was an open question on how sustainable are the change measures in the organization. A screenshot below shows the keywords captured by the online data collection tool.



**Fig 8: Keywords on Sustainability Question from the Respondents**

Below are some of the comments received on sustainability classified based on similarity.

#### **Sustainable**

*“The measures are sustainable in terms of building people's skills and equipping staff to change in the market trends especially being in the IT sector”*

*“The five-year plan is sustainable as it is leaning towards the current trends in the Information Technology field.”*

*“They have sustained the growth of the company”*

*“The changes are sustainable because there is a clear separation of duties and the number of sites as a support and Implementation engineer I'm supposed to support. There is also the incorporation of CRM which makes tracking of issues seamless.”*

*“Change is inevitable and so it must be impressed. I believe the organization change was a well thought process and the way it's being introduced is more sustainable since it's gradual.”*

*“They are in synchronization with the current business market”*

*“The measures are sustainable. Going forward, there is a need for more clarity in communication of changes”*

*“They are sustainable though more measures are required to aid staff retention.”*

*“They are sustainable. We need to put more effort into troublesome projects and products to save on costs and time.”*

*“The measures of change that have been put in place are sustainable, critical is continuous monitoring and evaluation, including the provision of status updates to key stakeholders”*

*“Good. However, there may be a need to review.”*

From the above comments, it can be noted that these members of staff agree with the changes happening. The respondents noted that the changes are sustainable as they are building people’s skills and equipping the staff with the trends in the industry. The use of CRM has also made it possible for clarity in terms of sites that a support and implementation engineer has to attend to. It has further assisted in tracking the projects which are time-saving and reliable. Some respondents fully agree that the changes are sustainable but there is a need for clarity in communication and also measures to curb staff turnover. The troublesome projects and products also have to be attended to save on costs and time. Lastly, it is important to do monitoring and evaluation of the changes and correct them where necessary.

#### **Sustainable but to a Limited Extent**

*“The measures are sustainable to a limited extent. We need to invest more in marketing and improving the tech skills”*

*“I believe they can be highly sustainable. However, this will only be achieved with regular reviews and continuous deliberate improvements to current implementations.”*

*“The measures of change will be gradually sustainable. Take off has been slow due to non-inclusiveness of key team leads during the introduction of the changes.”*

*“The changes are sustainable in the long-term as long as they are underpinned by objective human resource management that inspires enthusiasm, great sense of togetherness & achievement”*

*"It is sustainable but the company needs to expand its services to grow further"*

*"Sustainable but not well laid out to rip maximum benefits".*

These comments indicate that there are gaps in the change process. Some respondents noted that the organization needs to invest more in marketing and improving the tech skills among the staff. This means that there is a gap in the training being undertaken in the organization. Others mentioned that the take-off of the changes has been slow due to the non-inclusiveness of key team leads during the introduction stage. This points out to communication of changes and relates to the research done by Wachira and Ayieni in 2015 who concluded that communication has a significant effect on change management and organizational performance. Other respondents also noted that there is a need for the expansion of services offered by the organization

### **Not Sustainable**

*"The measures are sustainable if only the employees are involved in the change process."*

*"Some measures may not take root."*

*"There's the effort needed to assist employees to align to the measures laid down for a seamless cooperation and integration to achieve sustainability."*

*"The measures are only sustainable when both FTG departments work towards achieving a similar target and goal which is ensuring production of solutions that satisfy the customer needs"*

*"They are not so equitable and inclusive. For example, do they not consider the needs and perspectives of all stakeholders."*

*"How sustainable the measures will be, depending on how faithful the whole FTG fraternity is to them. The discipline and dedication to follow and apply them is key especially since the rewards of these measures are to be reaped in the long term."*

This category of respondents does not agree on the sustainability of the changes in place. One of the respondents mentioned that the changes are only sustainable if employees are involved in the change process. There is a need to guide the employees to align the change measures for seamless cooperation. Another respondent also said that the change

measures will only be sustainable when the departments work towards a common goal. This means that there is some clarity missing on the intended goal and that the departments do not cooperate amongst themselves. The organization needs to address these gaps to realize the benefit of the change measures in place.

#### 4.2.4 Additional Data from Open Question on How the Organization Can Improve

After the sustainability question, an additional question was posed to the respondents to give their recommendations on how the company can improve its performance in the future. The screenshot below shows the keywords of their responses.



**Fig 9: Keywords on Organizational Performance Question from the Respondents.**

The responses below are samples from the total received on how the organization can improve its performance. The responses have been grouped based on the topic it addresses

##### **Staff Welfare and Benefits**

*“The company should improve on staff welfare especially medical cover limits to retain staff, check the salary with the market, and have a robust hybrid work environment.”*

*“Improve employee pay to try and keep resourceful employees”*

*“Get quality staff to reduce time leakage through lengthy training periods, better employee benefits, and a hybrid working environment”*

*“The organization can improve its performance by paying attention to how it invests in the human capital. I.e. the compensation should be within the market range. This would avoid the high staff turnover.”*

*“Incentivize Sales team based on Commissions. Adjust the salary packages to match the market prices Hire developers for the role of support and Implementation Communicate the strategy constantly to the teams internally. Clearly define roles between Sales Executives and Business Development Managers.”*

*“Increasing employee compensation can have a significant impact on organizational performance. When employees are fairly compensated for their work, they are more likely to be motivated and engaged in their job, which can lead to increased productivity, improved job satisfaction, and reduced turnover.”*

*“Right placement/positioning of talents and abilities, motivation of the talents through freedom of talent use in their way to achieving results among other ways, maintaining staff with high capacity to deliver.”*

*“Better staff benefits to retain great talents”*

*“Fine-tune the FTG products offered to customers to a world-class, try to retain experienced personnel leaving FTG, and work out a way of motivating FTG staff members especially those who do well in their field.”*

From the comments above, there is a need to improve the staff benefits in the organization. The way the organization invests in human capital needs to be looked into to mitigate the high staff turnover. The hiring process also can contribute to the improvement of organizational performance by ensuring that the candidates selected are skilled enough to minimize on-time leakage through training. The skilled talent hired should be well compensated according to the market rates to mitigate incidences of staff exit. There is a need to rightfully place the workforce based on their expertise. There is also a need to incentivize the business development team to do the right placement of the talents based on their capabilities.

### **Democracy, Flexibility, and Collaboration**

*“Ensuring democracy will help implement sustainable measures.”*

*“The organization can improve its performance by all the employees genuinely accepting and supporting the change and strategy implementation.”*

*“Through collaboration within all departments. By constantly reviewing processes and policies to ensure they foster efficiency and not hinder everyone's performance and productivity.”*

*“Transparency across all levels of the hierarchy”*

*“Data democracy and data-driven decision making.”*

*“An organization can improve its performance by ensuring the adopt to new changes in technology easily, able to pay well their employees to ensure quality delivery of service and availability at any time when need be”*

*“The company needs to restructure. A lot of changes have been made recently but I seriously doubt any of them had employees' welfare in mind. Plus, the high turnovers have hugely impacted morale in the company.”*

*“Put more emphasis on staff concerns to avert high staff turnover especially.”*

*“Staff motivation, business diversification, and hybrid work environment”*

*“Every change must be an all-inclusive exercise to be appreciated by the employees. Proper thought process be given due attention and most importantly, the exercise be conducted by a neutral expert without bias.”*

*“I believe workers have the power to positively contribute to an organization by positively adapting to changes and not being rigid”*

*“I think the organization can improve its performance if we can stick to the timelines we give our clients as far as the resolution of issues is concerned.”*

*“Change management should be participatory.”*

These respondents gave feedback that touches on transparency, inclusivity, and flexibility. The organization needs to ensure that the changes put in place are all-inclusive of the employee's concerns. Some respondents also mentioned that the staff needs to be flexible, positive about change, avoid being rigid at all costs, and be quick to adopt the new way of doing things. There is also a need for collaboration among all the staff members to ensure that the timelines for delivering projects are adhered to. Some respondents mentioned that the organization can improve its performance by making data-driven decisions, and ensuring that there is transparency across all levels of hierarchy.

## **Expansion of Services and Work Environment**

*“The organization can improve its performance through the enhancement of products and having more ISEs at client sites”*

*“Staff motivation, business diversification, and hybrid work environment”*

*“Foster a positive workplace culture, encourage feedback and open communication to ensure that everyone feels heard and valued.”*

*“Identify and remove internal roadblocks such as understanding employee challenges to improve organizational performance.”*

*“More learning and development strategies”*

*“Actuation. Development of Standard Operating Procedures that will ensure adherence to whatever measures have been put in place. Follow-up is key.”*

*“Services expansion and strengthening 3rd party cooperation e.g Microsoft”*

*“Enhance the stability of some core products like those under payment products”*

*“Improve on the communication of changes necessary to upscale the company”*

*“Focus on training directly improving the delivery, have a working hybrid work environment.”*

*“Get rid of bottlenecks”*

*“Reduce bureaucracy and lengthy processes”*

Notably, respondents mentioned that improvement can occur by constantly reviewing the processes and policies to foster efficiency. The organization should also expand and strengthen 3<sup>rd</sup> party cooperation to expand its market segment which in return will earn more revenue to the organization. There is a need to have a robust hybrid work environment that is trackable. This will further keep the staff in check. The majority of organizations in the technology sector have embraced remote working and employees seem to prefer that work approach thus the need for the company to have a workable plan around it.

#### 4.2.5 Additional Information from an Interview

Further to the questionnaire, an interview was done with the finance manager to ascertain if there is any growth in performance in terms of market penetration and financial performance of the organization.

Below is the percentage growth of the firm's financial performance and market penetration for the last 3 years.

**Table 7: Organizational Performance from 2020 to 2023**

Description	2020	2021	2022	2023
Market Penetration (No. of Countries)	12	12	13	13
Financial performance (% growth)	-34.72	89.95	9.36	

The drop in revenue in 2020 was mainly due to some of the projects stalling because of the pandemic. With restrictions in movement and lock-downs, the projects stalled hence no revenue was generated from the stalled projects. The projects however resumed after the restrictions were lifted and the Covid-19 situation contained. That explains the massive growth in revenue in the year 2021. It can be noted that the organization also entered a new market in the year 2022. Additionally, some existing customers bought additional products from the organization which can be considered internal growth in the existing market segment.

## 5 Discussion and Conclusion

### 5.1 Key Findings

The research process was a great learning experience. The literature around this topic is continuously being researched by different scholars around the world despite the

numerous research findings that have been done before. It can be noted that change is never ending hence the research around how to manage change shall also keep evolving to ensure that stakeholders have access to up-to-date literature on the matter.

### **5.1.1 Findings on Change in Organizational Culture**

The findings from the organization showed that some of the aspects of change are not beneficial to the organizational performance while some of them are of great significance on the same. From the descriptive statistics, about 91.7% of the respondents agreed that organizational culture significantly impacts organizational performance. 94.4% of the respondents agreed that change in organizational culture is essential in creating a more focused work environment. 88.9% agreed that adaptability culture is essential in implementing change in the organization. 61.1% agreed that change in the organization's culture has boosted the competitiveness of the organization. 51.4% agreed that the case organization's culture gives a clear direction to the organization's stakeholders. 59.7% agreed that the 'One Fintech' culture has improved the staff teamwork and delivery timeframes. 75% agreed that the culture is in line with the ongoing 2021-2025 strategic plan for the organization. Based on the responses that were received, the company still has several factors to improve on, especially those that have less than 70% acceptance rate.

From the regression output shared in Table 6, organization culture is a significant predictor of organizational performance ( $P < 0.05$ , 95% CI: 0.3202, 0.8140). The culture of an organization has a direct impact on its performance. These results show that employees give a lot of importance to the culture of an organization.

The findings relate to what the previous scholars found in other sectors of the economy on the same concept of culture. Joseph and Kibera, 2019, indicated in their findings that the culture of an organization has a quantifiable influence on the non-market performance of microfinance institutions in Kenya. Ehteshan, Tabir, and Shakil (2011), in their exploratory research, indicated that the involvement between culture and organizational performance is highly correlated with consistency and adaptability. All dimensions of organizational culture have a positive significant relationship with performance management practices.

### **5.1.2 Findings on Change in Human Capital Development**

From the descriptive statistics, 70.9% of the respondents agreed that the organizations' human capital development change strategies supported organizational development. 80.6% of the respondents also agreed that human capital development measures have boosted their delivery. 76.4% agreed that continuous training programs have enhanced individual capacity growth among the staff. 45.9% agreed that continuous training has enhanced organizational efficiency in terms of delivery. 55.6% agreed that continuous training measures have enhanced the uptake of responsibilities by staff. 50% of the respondents agreed that continuous training has boosted staff morale, teamwork, and work autonomy at the organization. 43.1% agreed that human capital development change strategies have created a more conducive environment.

From the regression output, human capital development is not significant and has no effect independently on organizational performance ( $P=0.063$ , 95% CI: -0.0107, 0.4039). This could either be that some of the development measures kept in place are too strenuous for the staff or the staff finds them not relatable to organizational performance.

The findings in this paper are contrary to a number of the previous findings scholars noted earlier. Marimuthu et al (2009) indicated in their findings that there is very significant strong evidence that shows that human capital development in organizations promotes innovativeness and greater firm performance. The findings agree with the meta-analysis done by Crook, T. R. et al, (2011). They concluded that the development of human capital takes up resources such as time and funds to develop and acquire which ultimately offsets its positive benefits. They noted that the organization should only invest in human capital that is viable especially when the capital in question is not readily tradable in labor markets and when researchers use operational performance measures that are not subject to profit appropriation. Their findings suggest that managers should invest in programs that increase and retain firm-specific human capital, not generic programs.

### **5.1.3 Findings on Change in Organizational Performance**

Organizational performance can be measured in so many ways. Some of them can be quantifiable while some ways cannot be quantified. In this research, the author sought to get responses from the respondents on quantifiable measures, that is market penetration

and the organization's financial performance. It is prudent to note that some of the employees may not be aware of the actual financial performance of the organization since the organization is a private limited company hence no publishing of the organization's financial statements. However, in terms of market penetration, every employee understands the magnitude since in the way of their daily duties, they can know if the client they are dealing with is new or existing and if the product that they are handling for the client is new or existing. Therefore, the author found these two measures understandable to the employees. The key thing was also to weigh how the two aspects of change, culture, and human capital development, jointly impact organizational performance.

From the descriptive statistics, 63.9% of the respondents agreed that mission culture has enhanced organizational performance. 66.7% agreed that change to a 'One Fintech' culture has enhanced team delivery and boosted organizational performance. 59.7% agreed that human capital development measures have improved employee engagement and organizational performance. 55.6% of the respondents agreed that change measures have significantly enhanced organizational financial performance. 54.17% agreed that change measures have significantly enhanced organizational market penetration.

From the additional report from the interview, it is evident that the organization has grown over the last three years. The growth is both in terms of financial performance and also market penetration. The firm has expanded to one more country and also existing clients have bought additional products from the organization. The firm's financial performance has also grown. The credit cannot be given exclusively to these two factors but the statistics prove that they jointly have an impact on organizational performance.

From the rankings in the percentages above, it is evident that culture is of more importance and significantly affects organizational performance. The percentage relating to the culture is high compared to percentages relating to human capital development.

The regression output  $Y = \beta_0 + \beta_1 * X_1 + \beta_2 * X_2 + \varepsilon$

As noted in Tables 5 and 6, from the regression output, human capital development is not significant and does not affect organizational performance (P=0.063, 95% CI: -0.0107, 0.4039). However, the organization's culture is a significant predictor of organizational performance (P<0.05, 95% CI: 0.3202, 0.8140). Taking into consideration the combined

effect of organizational culture and human capital development, both contribute to organizational performance ( $P=0.000$ .) in the ANOVA test.

The findings in this paper relate to the research done by Ndahiro, Shukla, and Oduor, in 2015. They noted that organizational performance is positively impacted by the presence of change management practices, change management tends to create a significant contribution to organizational competencies, and in turn, becomes a great advance for further enhancing innovativeness.

## **5.2 Recommendations to the Organization**

From the descriptive statistics, it is evident based on the percentages how the employees view the various changes that have been happening. From Table 2, it is evident that more than 90% of the employees agree that organizational culture significantly impacts organizational performance and that change in organizational culture is essential in creating a focused work environment. 88.9% also agree that adaptability culture is essential in implementing change in the organization. Notably, not many employees agree that the change has boosted the performance to a greater extent, nor has it given clear direction to the stakeholder, 61.1% and 51.4% respectively. The regression results confirm that culture is a significant predictor of organizational performance. It also confirms that the change in the organization's culture is agreeable to the employees and is significantly impacting its performance positively. The organization needs to communicate the changes in the culture well so that the employees and other stakeholders can see the direction that the company is taking clearly. This will boost the morale of the employees and consequently improve the output of the firm.

The human capital of the organization is very important as they are the ones putting the company's mission and vision into a reality. From the statistics collected from the respondents, 70.9% agreed that human capital change strategies support organizational development. 80.6% agreed that the continuous change measures have boosted their delivery in their respective roles. 76.4% agreed that continuous training programs have enhanced the growth of staff. In contrast to the above percentages, only 45.9% agreed that the continuous training has enhanced organizational efficiency and delivery of the projects while 43.1% agreed that the change strategies in human capital development have created

a more conducive environment. From the regression results, change in human capital development is not a significant predictor of organizational performance independently. This means that there is a missing link between organizational performance and the continuous training being undertaken. The organization needs to reflect further on the kind of training that they take the employees through. The training should be relevant and applicable to the employees' roles. The training should not be too strenuous to the extent of affecting the productivity of the employees.

The regression analysis proved that change in organizational culture and human capital development jointly have an impact on organizational performance. This means that the organization can better improve the performance of the organization by looking into the recommendations in paragraphs 1 and 2 above for better results in the future.

### **5.3 Suggestions for Further Studies**

The author only looked into two components of change in the organization. In business, organizations go through various forms of change. The author recommends that more research should be done on other forms of change and how they impact organizational performance. Forms of change such as technological advancement, change in business processes, and even the leadership of the organization are significant in an organization and should be assessed. This thesis also focused on a specific medium-sized company in the technology sector. The same forms of change should be assessed in other sectors as well to ascertain if the outcome will be the same.

### **5.4 Limitations of the Study**

The time frame for the study was a bit limited. Being a master thesis project, the research was done within 4 months. Regardless of the situation, more time was spent on the project work, engaging employees of the organization and reiterating to them the essence of the research assignment, analyzing the responses carefully, and writing the report. The supervisor was also of great assistance in reviewing the author's progress and guiding her on every step. Some of the respondents were never reached also. The organization had 106 employees at the end of the year 2020. However, the author only managed to reach 96 of them. Some of those who were unavailable were mostly those who already left the

organization and those who were on their annual vacation during the response period. The duration in which the changes have taken place since its implementation started is only two years. The organization's strategic plan runs for five years. Much cannot be pre-concluded at the moment though some of the indicators may not change in the long run.

The measures of change being adopted in the organization are unique based on its business model. The findings may not apply to an organization of similar size and industry of operation. This, therefore, means that readers of this thesis should not directly apply the findings to changes in other organizations but do thorough research and maybe, compare the findings.

## **5.5 Conclusion**

In conclusion, the changes that have taken place in the organization have impacted financial performance to some degree. The organization needs to look into the gaps identified through this research and bridge them efficiently. As the results indicated, the change in the organizational culture is a great predictor of organizational performance. The changes in human capital development however are not a significant predictor and the organization should look into the gaps so as not to spend resources on something that is not giving the firm gainful benefits. The two variables, evidently, jointly have an impact on the financial performance of the organization.

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## 7 Appendices

### 7.1 Introduction Letter

Dear Colleague,

I am conducting a research on the impact of change management on organizational performance. As you are aware, the organization has been going through a number of changes for the last three years. The organizational performance matrices being measured in this research are; customer count (market penetration) and financial performance. I would also be pleased to have your honest feedback on how sustainable the change measures are and what can be done differently for the organization to thrive. The research exercise is in partial fulfilment of my Master's Degree in Digital Business and Management at Novia University of Applied Sciences, Finland. The responses are anonymous and shall strictly be utilized for academic purposes whilst giving the organization recommendations on how they should manage change in the future. The questionnaire takes only 4 minutes to read and answer. I would appreciate if I can get your response by Tuesday 25<sup>th</sup> April 2023. In case of any clarification, kindly reach out via the following mails; [jcheruto@fintech-group.com](mailto:jcheruto@fintech-group.com) or [cheruto.june@edu.novia.fi](mailto:cheruto.june@edu.novia.fi). Thank you.

Yours sincerely,

Cheruto June,

Management Accountant,

Fintech Group.

## 7.2 Questionnaire

### Section 1: General Info

This segment contains general information. Please answer with utmost knowledge

1. Kindly indicate your gender

Male ( )                  Female ( )      Other ( )

2. Kindly indicate your age bracket

18-25 years ( )

26-30 years ( )

31-35 years ( )

36-40 years ( )

Above 40 years ( )

3. Please indicate the number of years you have worked for FTG

2-4 Years ( )

5-7 Years ( )

8-10 Years ( )

Above 10 years ( )

4. Kindly indicate the department that you work at

HR & Admin ( )

Finance ( )

Business Development & Marketing ( )

Software Development ( )

Operations ( )

Exco ( )

5. Please indicate your highest level of education

Diploma ( )

Bachelor's Degree ( )

Master's Degree ( )

Doctorate Degree ( )

## **Section 2: Organizational Culture and Organizational Performance**

Please answer the following questions to your level best. The Likert scale degree is as follows; 1-strongly disagree, 2-disagree, 3-neutral, 4-agree, 5-strongly agree

6. Organizational culture significantly impacts the organizational performance of FTG

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

7. Change in organizational culture is essential in creating of a more focused work environment for FTG

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

8. Adaptability culture is essential in implementing change in FTG

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

9. Change in FTG's culture has boosted the competitiveness of the organization

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

10. FTG's mission culture has given clear direction to the organizational stakeholders

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

11. One Fintech culture has improved the staff teamwork and delivery timeframes

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

12. One Fintech culture is in line with the ongoing 2021-2025 strategic plan of FTG

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

### **Section 3: Human Capital Development and Organizational Performance**

13. FTG human capital development change strategies support organizational development and transformation

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

14. Human capital development change strategies has boosted your individual delivery in your current role

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

15. Continuous training programs has enhanced individual capacity growth among the staff

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

16. Continuous training has enhanced organizational efficiency in terms of delivery of projects

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

17. Continuous training measures has enhanced uptake of responsibilities by staff

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

18. Continuous training has boosted staff morale & teamwork and general work autonomy

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

19. Human capital development change strategies has created a more conducive work environment in FTG

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

#### Section 4: Organizational Performance

20. Mission culture at FTG has enhanced organizational performance

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

21. Change to 'One Fintech' culture has enhanced team delivery and boosted organizational performance

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

22. Human capital development measures has improved employee engagement and organizational performance

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

23. Change measures has significantly enhanced organizational financial performance.

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

24. Change measures has significantly enhanced organizational market penetration.

1 ( ) 2 ( ) 3 ( ) 4 ( ) 5 ( )

#### Bonus Questions

In your own words, how sustainable are the measures of change that have been put in place by FTG?

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Please share additional comments on how the organization can improve its performance.

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