

# Strategic Framework for Managing Transformational Change Towards Sustainability in Ethiopian Banking Industry

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**Abstract** – The study aims at developing strategic framework for managing transformational change towards sustainability in Ethiopian banking industry. The study was guided by five critical research questions so that it can be aligned to the core points of the study. To make it representative, the researcher made an attempt to include three private commercial banks in Ethiopia that entered to the industry in various periods. The samples were taken from the selected banks, most importantly, the senior executive leadership, middle level management and senior experts in the area. Following the development of the framework using the environmental, social and economic dimensions of sustainability, it was validated with fifteen professionals who have over 20 years of work experience in Ethiopia banking industry. Questionnaires and interview methodologies were employed in the study and it is recommended as sustainability shall be understood in a more holistic perspective having the three dimensions (environmental, economic and social) in to consideration. Besides, continuous training shall be conducted on the concept of sustainability in relation to banking business, performance management in that regard shall also be conducted, and the Bank’s community shall clearly know that where can they contribute towards the management of change initiatives towards sustainability.

**Key Words** – Transformation, Sustainability, Change, Leadership, Framework

## I. INTRODUCTION

In today’s fast-moving business world stability and continuity is seen as problematic and not possible [1]. That is why nowadays change and successful management of same is becoming a top priority of all types of the organization. In relation to managing change, organizations can succeed only if they are genuinely value led and adopt a holistic rather than a silo approach to social, economic and environmental issues. Every single pressing social and global issue of our time is a business opportunity and it can be renowned that organizations which will succeed are those that successfully embrace the sustainability agenda and integrate into their daily operations. [2.Sustainable development or sustainability is defined as a development that meets present needs without compromising the ability of future generations to meet their own needs [3]. Sustainability suggests change and improvement that is compatible with environmental, social and other limits [4].

In Ethiopia the private banking sector has about 25 years of experience which was commenced after a government change and economic reform at the time which led the country from command economy to liberal economic system of the then government Ethiopian People

Revolutionary Democratic Front (EPRDF) who took power from the military regime (Dergue) in May 1991.

Accordingly, this study identifies the most appropriate ways to instigate change in order to transform them to achieve sustainability. The study will also focus on the measures to be taken to increase greater employee engagement in order to build successful transformational strategies, given that employees are the most important asset of the organization. The research will also seek to identify obstacles that hinder implementation to ensure that change is successful. And most importantly develop a strategic framework which helps the Ethiopian Private Banks to manage transformational change towards sustainability of their business.

## II. STATEMENT OF THE PROBLEM

A successful organization is one that can adapt and integrate to the changing circumstances which at the same time keeping the focus on the business vision. An organization’s vision has the full mandate of identifying the need for change or that which maintains the status quo [5]. To characterize an organization as being successful, it must have several features in the ability of an entity to adopt to new processes [6].

Acknowledging that change management is a fundamental building block for an organization's success, this study will therefore explore change from diverse angles. To effectively achieve this, a series of objectives have been designed. As the Banks under study have devised their new strategies in recent years, the study will sort out ways which are appropriate to initiate change towards transforming them and make them able to achieve intended growth and profitability in a sustainable manner. Employees are the most valuable assets of an organization and as to the Banks under study, concerned the study will assess measures to be taken to enable them increase their engagement so that successful transformational strategies can be built.

Most change projects of different organizations usually fail very often. [7] argue that significant change, however, is a disruption in the expectations of the future which is viewed as a loss of control. [8] also argue that people are not likely to change the way they have been working, especially when it is not clear what the goal of the whole operation is and who will benefit from the changes. To this end, the study will also identify barriers that hinder implementation to ensure that change is successful.

In intent to manage transformational changes towards sustainability in Ethiopian Banking industry would it be important to have a framework. Does managing transformational change need strategic look? And it is in a bid to unravel this puzzle that a study of this nature becomes necessary.

### III. LITERATURE REVIEW

#### 1. Organizational Change

In the current climate of economic pressure and evolving political priorities, organizational change within organizations is becoming an increasing priority [9]. It is of high importance that the people are managed well when an organization is changing. Because those well managed people can more efficiently manage the intended change [10]. The organizational life is much more uncertain today compared with the situation a couple of years ago.

The differences are that the pace of change is quicker and the future becomes more unpredictable. Furthermore, this development is predicted to continue and the organizational world will change at a fast rate. To have the ability to follow this fast rate of change, it is important that the organizational managers and decision makers understand and are aware of the factors that trigger the organizational change [11]. Changes in organizations affects strategies, processes, culture, procedures and technologies in which the tools and resources for its implementation are being crafted in the organizational change management process. Organizational change

management is activity-oriented and helps the change implementers to focus finding an approach to implement the change [44].

#### 2. Drivers of Organizational Change

Factors which influence the organization can be sorted into four different groups; political, economic, technological and socio-cultural factors. These factors influence the organizations strategies, structures and means of operation [12].

The forces for change driving organizations of all types and sizes are ever present in and around today's dynamic work settings. Drivers of change are found in the organization – environment relationship, mergers, strategic alliances, and divestitures are among the examples of organizational attempts to redefine their relationships with challenging social and political environments [14].

#### 3. Resistant to Organizational Change

Resistance is a natural part of the change process and is to be expected [13], [14] & [15]. Resistance occurs because change involves going from the known to the unknown [13], [14], [43] & [42]. Typically, individuals seek a comfortable level of arousal and stimulation and try to maintain that state [42] & [15]. Individuals differ in terms of their ability and Willingness to adapt to organizational change [17]. This is because individuals experience changes in different ways [18]. Some people tend to move through the change process rather quickly, while others may become stuck or experience multiple transitions [13].

In some organizations, resistance to change which concerns thought of the implications about change appears to be any attitude or behaviour indicating willingness to support or make a desired change [18] & [19]. In fact, resistance to change is a resistance to loss of something that is valuable or loss of the known by moving to the unknown. Sometimes, people resist the imposition of change that is accepted as a universal truth [20]. Nonetheless, resistance can be passive resignation or deliberate sabotage [21].

#### 4. Organizational Sustainability

Literature on sustainability bemoans the fact that the concept is broad and lacks a broad consensus; usually this is followed by individuals own preferred definitions, which add to the lack of consensus. There are three pillars of sustainable development: economic, environmental and social sustainability [26]. The concept of sustainable development is widely applied in different sectors worldwide [27]. It is interesting to note, that there are various types of definitions for sustainable development depending on the perspective of the definers [29].

Due to various pressures from the wider environment, there has been drastic shifts in thinking and changes in priorities been made and ideas presented. However, there is still little or no guarantee, that organizations will take effective steps to integrate the new thinking within their organizations [23]. In other words, there is doubt to what extent organizational behaviour will actually change. Actual change in terms of organizational behaviour in itself will not be an easy task, and in a stark statement [30], say that collective progress is not yet evidenced and the negative impacts of business activity continue to grow. [28] correspond and add that there is a relatively fewer amount of field studies carried out on how organizations can actually implement the academic findings in this particular area or within a business agenda.

Corporate or organizational sustainability, is often referred to as managing the organization's corporate social responsibility, or triple bottom line [31]. However, this approach is only focusing on selected parts of sustainability such as environmental and social aspects and it does not capture the all-important wider strategic and operational issues [37]. Implementation and change management are crucial for organizations if sustainability is to be created and maintained [32].

To that end, leadership plays a crucial role to this as it is leadership that changes existing structures and highlights the need for employees and managers to implement new strategies [33]. To build a sustainable business, it is imperative that the organization has leaders that are responsible and responsive to both internal and external stakeholder needs. Leaders need to be aware of their social and environmental responsibilities as well as their financial ones [34].

In the notion of sustainability, from a corporate perspective, the most prominent view is the link that organizations use their capabilities to add value to their business model by using these capabilities in a proactive way and by demonstrating appropriate abilities or the ability to realize the benefits of a distinctive capability for the benefit of the firm and so achieve a sustainable competitive advantage [35] [36].

### 5. Transformational Leadership in Managing Change

Transformational leaders influence their followers by setting goals, clarifying desired outcomes, providing feedback, and exchanging rewards for accomplishments, whereas transactional leaders use the passive form of leadership, "after standards have not been met or problems have arisen" [24].

Transformational leaders operate from a personal value system that transcends their agendas and loyalties. Their hallmark is their capacity to take a perspective on interpersonal relationships and to achieve a self-

determined sense of identity. The relationship between transformational leadership and various ethical behaviours may not be straight forward but could be moderated by situational factors like nature of the industry [25].

### 6. Banking in Ethiopia

As per a report from National Bank of Ethiopia [45], it was 1905 where Ethiopian banking has got the chance to experience with Banking Business. As a passage of time, after the overthrow of the Dergue regime, in 1991 the Transitional Government of Ethiopia was established and the New Economic Policy for the period of transition was issued. This new economic policy replaced centrally planned economic system with the market-oriented system and ushered in the private sector. Several Banks were established after that and at present there are 16 private Banks (also two government owned Banks) which operate in the Ethiopian Banking industry and there are additional private banks which are under formation stages as well [46].

## IV. RESEARCH DESIGN AND METHODOLOGY

This study employs mixed approach, by which both qualitative and quantitative methodology are used, which means that both numerical and non-numerical data gathered from the senior leadership, middle level managers and senior experts working in the selected private commercial Banks is used. The major reason the researcher has only included private banks is that, they operate under the same environment and have the same motive. From the sixteen private Banks three of them are selected purposively based on their entry to the industry and are those Banks who have crafted a strategic plan for their institutions. Moreover, there entry level has five years differences (Bank 1-1994G.C; Bank 2-1999G.C; Bank 3-2004G.C;).

Samples were selected from each Bank, most importantly the senior leadership, middle-level management and senior experts in the area and other believed to have the information on the future intention of the issue as well. In doing so we come to note that the three Banks have a total of 1087 branch offices, as of September 2020, which are being managed by respective branch managers, which are management staff of all banks. In addition to this there are top level managers, Chief Executive Officer and Deputy Chief Officers, Middle and lower-level management staff at their respective Head Offices.

A sample of 378 employees is included in the study [44]. It is believed that this sample population represents the total population. Using each bank as a stratum the number of respondents from each bank was determined by the ratio of the number of management employees at each

bank in the sample frame to the number of total sampling frame. The sample procedure was applied at Bank level. Bank 1, Bank 2, and Bank 3 have 475, 421 and 318 branches, respectively. And according to the above formula from the total of 25,189 staff 378 samples were taken with a confidence level of 95%. Moreover, the percentage share according to the total number of staff is computed and 41.25% from Bank 1, 34.01% from Bank 2 and 24.74% from Bank 3 are selected.

The questionnaire was distributed and gathered by the researcher himself. However, there were three individuals who were assigned from each bank that assisted the researcher to facilitate the questionnaire collection activity. On the other hand, the 30-management staff are selected from all selected banks and interview was conducted by the researcher himself using recorder to minimize loss of data.

The collected data was analyzed by using descriptive statistics. The numerical data in the study is analyzed with the use of statistical software SPSS version 20. In line with it, percentages are computed; tabulation and graphical presentations are also used. The ethical issues, informed consent and issues of confidentiality, are considered in the study.

## V. FINDINGS

### 1. Understanding Sustainability in Ethiopian Banking

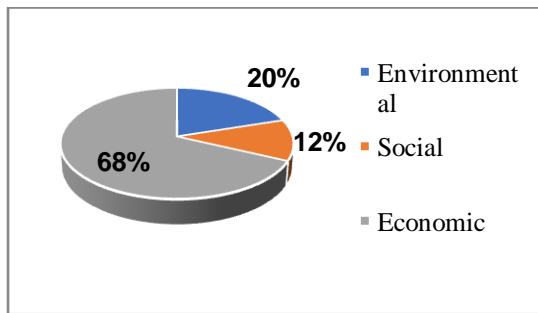


Fig 1 Understanding Sustainability Dimensions

Source: Questionnaire Survey, 2020

Of the respondents 68% replied as they feel sustainability is more aligned with economic dimension. Whereas the environmental dimension come second (20%) and the social dimension (12%) gets third and the least noted by respondents to be aligned with sustainability.

Even during interview, respondents have much more focused on the economic dimension than others. As to the respondents, the economic dimensions are related with deposit amount, foreign currency generation, profit amount gained, Return on Asset (ROA), Return on Equity (ROE), and market share. Such financial indicators are

those which have got much emphasis and majority of the participants of this study are tempted to such responses. During the interview respondents have raised that they are aware of sustainability and feels as the bank's sustainability is aligned with meeting its purpose, which is maximization of shareholders interest (dividend which is mainly mentioned by the respondents).

In relation to the social dimension interviewees mentioned as corporate image and reputation of the banks matters on the profitability of the banks. In addition to the image, the accessibility of banks through their branches or agents is the other thing which has an impact on the sustainability of banks. As they get more accessible to the population, they will have the chance to have a greater number of customers.

The other thing which is raised is the employment opportunity which the banks have created. Especially in connection with the branch expansions which had been instructed by the National Bank of Ethiopia and the then revision of their respective strategies, the banks have created an employment opportunity to those citizens who fit for the post. This has contributed a lot to the reduction of unemployment rate of the nation, Ethiopia.

As to the environmental dimension, especially the interviewees have mentioned recent contribution of banks to the green initiative which is being launched by the Prime Minister of Ethiopia (Abiy Ahmed, PhD). As the case has got much emphasis, they have been engaging via planting seeds and other trees so that the banks can contribute to the future generations.

### 2. Sustainability and Change Initiatives

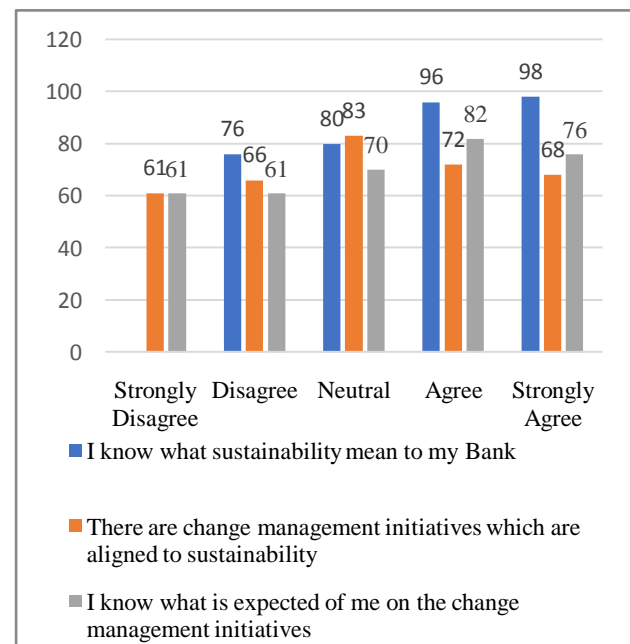


Fig.2 Sustainability & Change Initiatives



Source: Questionnaire Survey, 2020

As to the respondents feeling the shareholders remain in the business if they get dividend for their respective investments if not it will be a challenge even to continue in the market. In current times shareholders expect high rate of dividend than earlier times since the population size of the country is increasing and the public awareness, as a passage of time, is increasing. Moreover, the banks are expanding their physical branch outlets in the rural areas of the country as well. This and other initiatives are being changing the shareholders interest in an increased dividend.

Here it shall be noted that it is National Bank of Ethiopia (NBE) that have set the direction for the banks to expand in line with the Growth and Transformation Plan of Ethiopia. Actually, NBE didn't issued directives in this regard, however, it was recommended for the banks to expand their branch outlets on average 30% and of which 2/3<sup>rd</sup> was recommended to be opened in the rural areas and 1/3<sup>rd</sup> only to be opened in city. This had been directed by the regulatory organ with an intention to reach the population with financial institutions and, besides, enhance the awareness of banking to the large majority of the citizens which are mainly agrarian. 55% of the respondents have said that they know what sustainability mean to their respective banks, which counted about 194. What really admires is that about 21.7% of the respondents said they don't know about the sustainability 's meaning to their bank. Moreover, 80 respondents are indifferent on the raised question, "I know what sustainability means to my Bank".

As it is well noted here that still 23.7% of the respondents are neutral if there are change management initiatives which are aligned to sustainability or not. On the other hand, 40% of the respondents agreed and strongly agreed on the existence of the change management initiatives which are aligned with sustainability. In contrary 36% of the respondents disagree and strongly disagree about the presence of the change management initiative. This can be further be seen with the responses which were given by the respondents.

During the interview session interviewees have raised an issue which is attached to sustainability is highly related with organizational system of the banks. The products and services which are being rendered by the banks are noted well and most of the tasks being performed are defined enough. In this regard, however, culture of the specific banks matters on how tasks are being worked and monitored towards sustainability. The most important thing, some staff, feel crucial is to clean up their table and do not remain with some tasks.

### 3. Attitude to Change & Communication

Most of the respondents of the questionnaires have agreed and strongly agreed as the change will be beneficial to them. However, even if there is not disagreement about 106 respondents are neutral to these questions. This is significant number since it is about 1/3<sup>rd</sup> of the total respondents. This shows that these portions of employees are not sure if a change is going to benefit them or not. This might have been related to their previous experience or any other reason can be taken to justify these issues.

However, in the interview session, interviewees have raised issues of such cases in relation to the staff's expectation which is much more exaggerated towards the benefit aspect whenever change happens in the banks. Unless and otherwise the benefits mostly through monetary terms, including promotion to a higher job grade, given, employees get to be somehow dissatisfied by the change happened.

This can also be supported by the number of respondents that believe the change will benefit the Bank. To this question, 104 respondents have responded as they are neutral to such question. This in turn has an implication that they are not sure if a change benefits the bank or not. This is almost the same number with the earlier question which is related to the benefits which they are going to get if change happens in the bank. So, such indifferent views from the respondents shows that there needs to be a clear communication on the change aspects of the banks and clarifications shall be made on areas which may benefit the employees due to the change to happen.

In relation to the communication aspect, questions were set on the questionnaire designed for this study. As it is well stipulated in the following chart almost 1/3<sup>rd</sup> of the respondents is not in agreement with the communication aspects of the change initiatives in the Bank. This has a significant and considerable impact in bringing about sustainability in the banks.

From the above table it can easily be noted that only less than half of the respondents are in agreement with the statement which says "the communication I have received so far about the change have been useful". If so, the majority of the respondents, about 58%, are either disagree or are neutral about the usefulness of communications which have been made by the banks. This signifies that there is a gap on the communication aspect of the banks. As it is well noted by many scholars of the area, communication is the major tool to manage resistance to change.

Table 3 Communication

Description	Type of Data	SD <sup>1</sup>	D <sup>2</sup>	N <sup>3</sup>	A <sup>4</sup>	S <sub>A</sub> <sup>5</sup>
Communications I received have been useful	Percentage	18 %	18 %	22 %	22 %	20 %
	Frequency	62	63	78	77	70
Communications I received have been well-timed	Percentage	18 %	19 %	24 %	20 %	19 %
	Frequency	63	66	83	70	68
I know how I can provide feedback	Percentage	18 %	20 %	23 %	20 %	20 %
	Frequency	63	69	79	69	70
I think there is enough consultation with staff	Percentage	19 %	21 %	22 %	18 %	20 %
	Frequency	66	75	76	62	71

Source: Questionnaire Survey, 2020

The term communication was mentioned repeatedly by interviewees also as an essential element for involving employees in the change process, building up trust among the bank's community, enhance the change management and bringing about overall success in that regard. The time for communication on change is also another issue which interviewees also raised. As per interviewees change needs readiness in different platform, mentally, physically and even resource wise organizations shall think of their readiness.

Most importantly employees who are working in the banks shall prepare themselves to cope with the change which happens in their respective banks. Hence, they recommended as the change communication shall be clear, understandable and logical which will at the same time connected to the employees and other concerned organs daily work. Moreover, apart from being timely the communication on change is recommended by most of the interviewees to be constant. However, few of the

- 1 Strongly Disagree
- 2 Disagree
- 3 Neutral
- 4 Agree
- 5 Strongly Agree

interviewees were raised as the communication shall be made at the starting period only and once all is communicated, it is up him/her to be abided to pass by through the change management process. Basically, most of the respondents which have recommended to be consistent has raised that the timeliness of the change communication will be addressed and will benefit the banks if it is constant by its nature and in the meantime the feedbacks from different stakeholders can be incorporated in the change communication on time for any issues which needs communication to the stakeholders.

At this point, interestingly, participants of the study have mentioned about the openness, honesty and culture of transparency to smoothen the change communication related facts of the banks better positioned.

There are some interviewees who raised their worries on the level of openness as well. They further elaborated that the level of openness in the change communication shall be well monitored. All concerned organs of the bank shall get relevant information only to their end. Apart from that there may be a need for informal communications which will help to get ideas of employees which they might not be able to raise it in the formal channel of communication. Such inputs can be used as feedback on how should the change communication aspect is conducted.

#### 4. Drivers of Managing Transformational Change Towards Sustainability

There are different drivers which have forced the banks to manage the change towards sustainability which are mentioned by the respondents. Of the drivers which most of the respondents have mentioned are the issues of accountability in leading the banks. Most of the leaders need to show their courage and good performance for their shareholders and the public at large so that they can best fit in the industry and perceived as better leaders so that they are shouldering their responsibilities to the expected level. This is going to be proved if the shareholders have got their dividend at the end of the period.

Moreover, the employees of each bank expected to get better earning and bonuses at the end of the period. The issues which mostly relates to economic benefits are attached to the efficiency of the banks. In this regard, cost reductions are the one which has risen. This can also be brought to the banks by identifying those areas which brings about extra expenses and moderate them to be optimal and also shall eliminate non-value adding processes in their internal business processes. The other most important issue mentioned is the culture of the banks which is a driver for the management of the change. As it is well noted culture is the most important aspect of an

organization and by virtue of their existence banks do have their culture which varies from one another. However, if the banks are not going to set a culture which best suit to their organizational set up, then the culture itself will be set by the bank's community. Hence, considering the importance of the mentioned concept, sustainability, culture is raised as an important driver.

The work force which is employed in the banks is another driver raised. Actually, this point has been attached to the size of the banks in the industry. As it is well noted by many scholars "manpower is the most valuable asset". This shows that employees are of the paramount important for an organization's success or failure. So, the banks need work on enhance the capacity of their employees so that they can have efficient and effective processes. As to most of the interview participants has raised that the competitive advantage for Ethiopian banks is their human capital. Taking the current market in to consideration, most of the banks provide the same products and service. More or less, they provide almost the same interest rate and charges for the service which they provide (even if there is somehow minimal difference in the pricing). Hence, the respondents argue that the banks manpower is a driver for the bank's sustainability.

The issue of manpower of the banks has many attached arguments raised by the respondents, like attraction and retention of the talented employees will enable the banks to get an increased competitive advantage which will lead it to be the most preferred one by its customers. Sustainability is one of the issues which most recently all the banking people are using but more inclined to the economic aspect only. Even in this respect, communication is believed to be one of the important issues by the interview participants as it will reduce information asymmetry. If the communication is not managed well, it might distort the intention of the banks and lead to resistance. Even if resistance cannot be avoided, it can fairly be managed. In managing such resistance communication plays an important role in clarifying what the change has for them and why does the change shall happen to the best interest of the bank and themselves. Of the issues raised by the interview participants the competitive environment which Ethiopian banks are engaged in is also a driver to manage the changes. In this respective the regulatory organ's (National Bank of Ethiopia) directives and issued instructions are also one of the drivers for the management of change. Such issues are being managed in intent to make the banks sustainable and keep on going to the future state of their vision. By doing so, banks try to work on setting their plan in a way that will make them sustainable enough in the industry. In this regard, setting targets by assessing the internal and external factors is mainly being performed by the banks as respondents have stated during the interview sessions.

Profit, as repeatedly mentioned by the respondents, is the critical factor or driver for sustainability and to make the banking business run in a way that will make the shareholders comfortable and the regulatory organ's intent of having better competition in the financial sector.

## 5. Appraise Change Management Activities

It is well said by all respondents that change is something which they experience in their respective banks. As change is not about maintaining the status-quo and the sustainability requires being adoptive to what is happening in the banking business environment. As things change frequently in Ethiopian banking industry, tomorrow seems to be uncertain.

However, it is mentioned that most of the banks are not that much well to add up on what they have and rather they tend to check on the experiences of other banks in the industry and follow on. In this regard, the respondents have mentioned as most of the banks feel safest by doing things late to grasp the late comer advantage. Besides, at present some banks are bring about a leading mentality and this is inspiring other as well.

The management of change is felt by the respondents to be made consciously as it needs its own resources to be deployed on time. Time also matters in implementation change initiatives as the timely actions help banks to get best out of the change initiatives. Most of the changes which are being implemented in Ethiopian banks is planned as most of the respondents have mentioned. This has somehow made the banks to be not respondent with immediate effect to unplanned changes unless and otherwise which are directives from the National Bank of Ethiopia, the regulatory organ.

## 6. Contribution of Change Initiatives Towards Sustainability & Competitiveness

As the banks have developed their corporate strategies in recent years, they do have different change initiatives which are believed to bring about them towards sustainability and competitiveness.

In this regard, of the major pillars of the mentioned banks profitable growth and sustainability is one which has been mostly mentioned issues even by the Chief Executive Officers of the respective banks. To do so, manpower aspect of the banks needs to be motivated and engaged in a way that will fit for the intended mission and vision accomplishment. Even if there are change initiatives, the banks mainly lack the implementation of change initiatives and bringing about the change implementations through change agents or change champions. And in the implementation of change initiatives most of the

respondents raise the resistance they face from employees. The resistance is mainly raised as recurring.

## V. PROPOSED STRATEGIC FRAMEWORK

According to [39], a framework acts as the underpinning of the general theory. Where there is an absence of theory, a framework is useful in organizing a particular subject, by identifying the connections between various component parts and recognizing areas where further development is required [40]; [41]. Furthermore, a framework is useful for theory generation as they assist in organizing inquiry. [38] noted that one of the key reasons for failure of any change initiatives is due to lack of integrated framework for understanding change. Therefore, it requires a framework that allows executives to identify emerging sustainability issues, assess the impact of the company's ties on all its key stakeholders, measure the business value of relevant sustainability initiatives implementation process brought to light the interconnected nature between the activities within the process phases and influence factors that affect the success of these activities. The lack of attention given to fulfilling all the activities within the phases and effectively managing the influence factor was observed to bring about poor or sub-par levels of achievements in terms of sustainability objectives.

In this study during the interview, interviewees were asked the need for a strategic framework for managing transformational change towards sustainability. All of the respondents and interviewees stated the need for holistic and comprehensive framework for addressing the issues relating to both the uptake and implementation of change management initiatives towards sustainability. Many interviewees noted that there are executives who are familiar with managing traditional financial values, whether in terms of economic value added or other measures driving share price performance. However, their executives are less knowledgeable about developing, deploying and managing and measuring social and environmental issues and values.

Considering the above discussions, it is clear that there exists a need for developing a holistic, comprehensive strategic framework for managing transformational change towards sustainability. Such a framework should be clear and easily understood by variety of stakeholders with diverse backgrounds, who are involved in the different phases of the implementation process. The framework should also have a means of aligning and integrating the organization level objectives and actions.

The framework consists of three stages: inputs, process and outputs. The inputs of the framework include the key drivers for implementing sustainability initiatives. These inputs guide decisions of managers and the processes that

the organization undertakes to improve its sustainability performance. After evaluating the inputs and likely effects on sustainability performance managers, can develop the appropriate processes to address sustainability initiatives. The policy, structure, reward systems, training program, sustainability-related activities and performance reporting are key success factors for successful implementation of sustainability initiatives.

The effective implementation of sustainability initiatives can lead to improved environmental, social and economic value. Also included in the framework are continual feedback loops that decision makers can use to evaluate and improve organization sustainability strategy. The proposed strategic framework for managing transformational change towards sustainability in Ethiopian Banking Industry is attached at last. The developed framework uses environmental, social and economic dimensions of sustainability as its foundation. The framework was validated with 15 professionals. The professionals had over 20 years of work experience in the Banking Industry. The professionals had been informed about the objectives of the study and ultimate aim of the framework via face-to-face discussion. Due to COVID-19 protocols set by government the next two meetings were held via virtual platform, ZOOM.

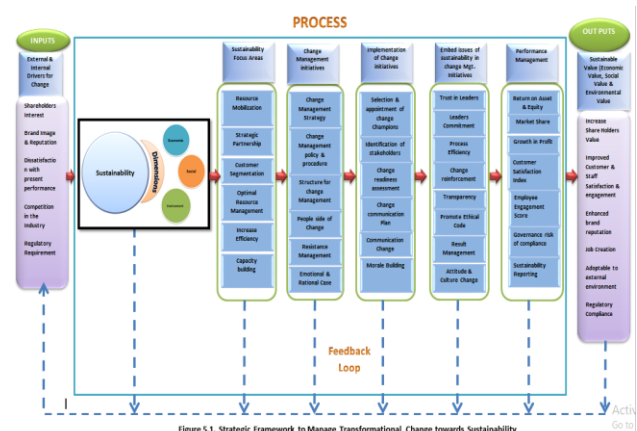


Figure 5.1. Strategic Framework to Manage Transformational Change towards Sustainability

Fig 3 Virtual platform, ZOOM.

## VI. CONCLUSION

Adaptability and being flexible by the banks are one of the most important facts which will enable them to be agile and improve their areas of weakness so that the changes in this regard will be managed. The management of change in Ethiopian banks lacks its concern as it is expected to be which will have an adverse impact towards sustainability of the banks. That is why a strategic framework is needed to manage the change initiatives which will transform the banks towards sustainability. The framework is believed to be a guideline to make the banks be able to embed the concepts of sustainability in each and every aspect of change management. This will in



turn lead the banks to be able to manage transformational change management initiatives in a better way so that sustainability can be achieved by the banks.

This research work is centered on developing a strategic framework for managing transformational change towards sustainability in Ethiopian Banking Industry. Therefore, further research should be carried out in other industries or countries beyond. Hence, additional research to further explore the issues in relation to the management of change and sustainability are called for.

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