Business Process Re-engineering Challenges and Opportunities in Ethiopian Telecommunication Corporation- Special Attention on Management Contracting

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Abstract

Undertaking constructive changes have become a matter of great interest to any kind of organization. The basic & real essence behind undertaking fruitful changes in an organization is quite enormous and sometimes it may be very general to describe these reactions in a very specific terms and scenarios. New Public Management (NPM) reforms have also been globalized by change agents. These include large international management consultants, accountancy firms and international financial institutions, all of which have been instrumental in the increasing importation of new management techniques from the private into the public sector. The study intends to investigate the prospect and challenges of BPR (Business Process Re-engineering) in line with management contracting in south west ETC (Ethiopian Telecommunication Corporation) branches. To carry out this study structured questionnaire and interview have been used to gather data from respondents. Therefore, 125 subjects were involved as a sample for the questionnaire survey. Besides, a stratified sampling technique has been used to distribute the sample proportionally to the two strata (groups). That is, the management and non-management employees of ETC at southwest Ethiopia. After the data is collected, it is edited, coded and finally, analyzed by using SPSS (statistical package for social scientists) software. Though Ethio-telecom has launched the development of more enterprise specific products and made tremendous achievement in accessibility, but gaps like raising the level of employees' awareness, lack of quality telecom services, and giving less emphasis to employees' job security are some of the bottlenecks in implementing the new management system. Therefore it is advisable for the organization to raise the level of employees' awareness through continuous training and installing advanced technologies in order to alleviate the quality of telecom services.
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CHAPTER ONE

1. INTRODUCTION

1.1 Background: The Development and Concept of Business Process Reengineering

Undertaking constructive changes have become a matter of great interest to any kind of organization. The basic & real essence behind undertaking fruitful changes in an organization is quite enormous and sometimes it may be very general to describe these reactions in a very specific terms and scenarios.

New public management (NPM), management techniques and practices drawn mainly from the private sector, is increasingly seen as a global phenomenon. New public management (NPM) reforms shift the emphasis from traditional public administration to public management. Key elements include various forms of decentralizing management within public services (e.g., the creation of autonomous agencies and devolution of budgets and financial control), increasing use of markets and competition in the provision of public services (e.g., contracting out and other market-type mechanisms), and increasing emphasis on performance, outputs and customer orientation.

New public management (NPM) reforms have been driven by a combination of economic, social, political and technological factors. A common feature of countries going down the New public management (NPM) route has been the experience of economic and fiscal crises, which triggered the quest for efficiency and for ways to cut the cost of delivering public services. The crisis of the welfare state led to questions about the role and institutional character of the state. In the case of most developing countries, reforms in public administration and management have been
driven more by external pressures and have taken place in the context of structural adjustment programmes. Other drivers of NPM-type reforms include the ascendency of neoliberal ideas from the late 1970s, the development of information technology, and the growth and use of international management consultants as advisors on reforms. Additional factors, in the case of developing countries, include lending conditional ties and the increasing emphasis on good governance (George, 1999).

The components of New public management (NPM) have evolved over the years. However, as Moore et al. (1994) point out, "The central feature of New public management (NPM) is the attempt to introduce or simulate, within those sections of the public service that are not privatized, the performance incentives and the disciplines that exist in a market environment. The assumption is that there are benefits in terms of efficiency and effectiveness in exposing public sector activities to market pressures and in using markets to serve public purposes, and that government can learn from the private sector despite contextual differences (Metcalfe and Richards, 1990). Some observers have argued that there are convergent trends (Kickert and Beck Jørgensen, 1995:501) or "diffusion of reforms. (Halligan, 1997) or a "globalization. of public sector management (Flynn, 1997) as an increasing number of crisis and non-crisis states in Africa, Asia and Latin America are also embracing elements of the new public management approach. A noticeable trend in public sector reforms, in the context of economic crisis and structural adjustment, is that a wider range of administrative functions and the delivery of public services are being subjected to the approach (Bienefeld, 1990; Mukandala, 1992).

New public management (NPM) reforms have also been "globalized by change agents. These include large international management consultants, accountancy firms and international
financial institutions, all of which have been instrumental in the increasing importation of new management techniques from the private into the public sector. They have played an important role in packaging, selling and implementing NPM techniques (Greer, 1994), as state agencies contemplating institutional change or strengthening often enlist the services of expert consultants to clarify available options and recommend courses of action (Bevan, 1997).

Accounts of administrative reform in developing countries in sub-Saharan Africa are relatively scarce, and Ethiopia is no exception. However, within the wider context of administrative reform in Africa, the reform of public bureaucracies is central to the modernization of public service delivery. In Africa, governance is largely typified by expansion, patronage, and authoritarian rule. Bureaucratic rationality is also compromised by the high degree of centralization in decision making within the political executive (Bratton and van de Walle, 1997: 249 cited by Getachew H.M and Richard C. 2006). However, by the end of the 1980s, a new breed of civil servant began to emerge within a changing political context that included greater demands for public sector efficiency, institutional capacity and wider democratization. Therefore, with a view to realize comprehensive 'state transformation' and 'total system overhaul' and in line with recommendations forwarded by the World Bank, as in the case of African countries in general, the Ethiopian government has embarked on multiple public administration reforms from the early 1990s. Moreover, in 2001, extensive government reorganization was undertaken along with the launch of a National Capacity Building Program (NCBP), which gave new impetus to the Civil Service Reform Program (CSRP).

In 1996, the Ethiopian government introduced the Civil Service Reform Program (CSRP) to disentangle the intricacies of the old bureaucratic system, and to build a fair, responsible,
efficient, ethical and transparent civil service that accelerates and sustains the economic development of the country. However, lack of competent personnel, prevalence of attitudinal problems and absence of a strong institutional framework constrained the success of the reform. To reinvigorate the CSRP, the Ethiopian government has been implementing BPR in public organizations since 2004. In this regard, there are claims and counter-claims on the effectiveness of BPR implementation in improving the performance of public organizations, Tesfaye D. and Atkilt H.(2006)

A plan for Business Process Re-engineering (BPR) was approved by the Council of Ministers and initiated at both federal and regional levels to restructure and improve public sector performance and deliver services more efficiently. BPR is well underway in 20 federal institutions, and in the more advanced regions - Oromia, Amhara, Tigray, and SNNP. Some municipalities and federal agencies were restructured and introduced One Stop Shop Centers to improve the transparency, responsiveness and efficiency of service delivery to citizens by providing a wide range of services under one roof. There are a number of success stories in federal ministries, Oromia, Tigray and Amhara regions where the one-stop shop center concept was introduced and led to significant change in performance and service delivery ,Mid-term Review Aide Memoire,(2008)

BPR has delivered significant gains in efficiency and service delivery in key processes, mainly by reducing waiting times or the number of required processes. There is considerable evidence of motivation and an appetite for change amongst staff who have been introduced to BPR. Many of the front line staffs demonstrate a commitment and dedication to service delivery that is exemplary. However, the opportunity for such significant improvement will decline as more processes are redesigned. There is therefore a risk that the improvement program might stall if
the issue of medium/longer term improvement strategies is not addressed. These are likely to include a strong focus on qualitative rather than quantitative improvement and understanding customer issues. These service delivery elements of the Civil Service Reform program need to be taken forward as part of a cohesive package. In particular, linkages with other initiatives such as service delivery standards and citizens charters, human resource management and pay reform, and performance management systems/balanced score card need to be developed.

Another key trend in the new public management approach in crisis states is the increasing resort to performance contracting as an instrument to reform state-owned enterprises. A performance contract is defined here as a written or negotiated agreement between government or its representative agency and the management of public enterprises and other autonomous units directly delivering public services, or between government and private managers of state assets, wherein quantifiable targets are explicitly specified for a given period and performance is measured against targets at the end of the period (World Bank, 1995). As part of the performance-orientation in government, the common purposes of performance contracting are to clarify the objectives of service organizations and their relationship with government, and to facilitate performance evaluation based on results instead of conformity with bureaucratic rules and regulations (Mallon, 1994; Islam, 1993).

Contracting out represents more explicit efforts to emulate the market in the management and delivery of public services, especially where outright privatization, i.e., change of ownership, has not been possible. The rationale for contracting out is to stimulate competition between service-providing agencies in the belief that competition will promote cost-saving, efficiency, flexibility and responsiveness in the delivery of services (Savas, 1989). It also reduces the areas of discretionary behaviour for individuals and groups in an organization and imposes discipline that
results in improved performance (Israel, 1987:97). Thus, as Metcalfe and Richards (1990) have pointed out, contracting out puts competitive market forces directly at the service of government. Contracting out may take the form of management contracts where government transfers to private providers the responsibility for managing an operation. That is, buying in management. Under this arrangement, assets are retained by the government, but the responsibility for managing and operating these assets is contracted out to a private firm. This would increase the autonomy of management and minimize the risk of political interference in the day-to-day operations of the public organization (World Bank, 1994).

1.2 Background of the Study Area

The Ethiopian Telecommunications Corporation (ETC) was, until December 2010, the sole telecommunication service provider in Ethiopia. Based in Addis Ababa, it was the second-largest state-owned company in Ethiopia, the largest being Ethiopian Airlines.

It was replaced by Ethio Telecom on December 2, 2010. The new company is also fully owned by the state, but management is outsourced to France Télécom for two years. The government said it outsourced the management as ETC was not able to meet the demands of the fast growing country. It also said that telecom services would not be privatized, at least not in the near future.

Originally a division of the Ministry of Post, Telephone and Telegraph, what would become the ETC was established as the Imperial Board of Telecommunications of Ethiopia (IBTE) by proclamation No. 131/52 in 1952. Under the Derg Regime, the IBTE was reorganized as the Ethiopian Telecommunications Service on October 1975, which was in turn reorganized on January 1981 as the Ethiopian Telecommunications Authority. On November 1996, the Ethiopian Telecommunications Authority became ETC(Ethiopian Telecommunication...
Corporation) by Council of Ministers regulation No. 10/1996. The subsequent Proclamation 49/1996 expanded the ETC's duties and responsibilities. For its international traffic links and communication services, ETC mainly uses its earth station at Sululta which transmits and receives to both Indian Ocean and the Atlantic Ocean satellites.

In late 2006, the ETC signed an agreement worth US$1.5 billion with three Chinese companies, ZTE Corporation, Huawei Technologies and the Chinese International Telecommunication Construction Corporation, to upgrade and expand Ethiopian telecommunications services. This agreement will increase the number of mobile services from 1.5 million to 7 million, land line telephone services from 1 million to 4 million, and expansion of the fiber optic network, from the present 4,000 kilometers to 10,000 by 2010. It is part of a larger US$ 2.4 billion plan by the Ethiopian government to improve the country's telecommunications infrastructure. (http://www.Ethio telecom.et)

1.3 Statement of the Problem

It is a hard and dried fact that the way organizations are undertaking their operational activities are getting change from time to time and studies conducted in this part reveals that change is an inevitable event in any organization and the basic reasons to undergo changes definitely include the need to provide promote services, reduce time, energy, cost & delay at work places.

Change is an inevitable event in the history of any organization. Organizations that do not change or keep pace with the changing environment suffer from entropy and soon become defunct. Organizations have an internal environment, but exist is an external environment. The internal environment is in terms of the task, structure technology, & social (people), while the
external environment is made up of political, economical, social, natural, technological and cultural environment.

To function effectively, organizations have to achieve an equilibrium within the internal variables is active interactions with each other and also with the external environment. However, the equilibrium is not static but dynamic. Therefore; every organization has to modify & change to adapt to the changing internal & external environment.

Business Process reengineering (BPR) was introduced in 2003 and applied across public organizations in Ethiopia as part of the civil service reform program (AH consulting, 2010). According to AH consulting report 2010, cited by Adebabay, 2011) 82% of institutions at Federal and Regional levels are engaged in BPR change initiative.

According to Hammer & Champy business process reengineering is “the fundamental rethinking and radical redesign of business process, in order to achieve dramatic improvement in critical contemporary measures of performance such as cost, quality, service and speed.” (Hammer & Champy, 1996). Later, Hammer strongly emphasizes that the main purpose of BPR is to create process – based organization which has many manifestations among all customer satisfaction, outcome orientation, team building. According to AH consulting BPR as change initiative was selected by the Government of Ethiopia in order to improve the capacity of civil service organizations to deliver national priorities, including economic development, poverty reduction and improving service delivery to citizens (AH consulting, 2010). In AH’s survey 82% of civil service institutions were either implementing and or designing phase of their business processes. Of course, nowadays Ethiopian Telecommunication Corporation is one of those institutions which undergone the Business Process Reengineering. Furthermore the Telecom is undertaking management contracting, that is, buying in management. Under this arrangement,
assets are retained by the government, but the responsibility for managing and operating these assets is contracted out to a private firm. This would increase the autonomy of management and minimize the risk of political interference in the day-to-day operations of the public organization (World Bank, 1994) Although contracting out is not new to management in government, what is new is the extension of the practice to activities that have traditionally been carried out by in-house bureaucratic arrangements. As contracting out becomes more widespread in public sector organizations in developing countries, the difficulty of managing a network of contracts and subcontracts becomes more apparent. The expected improvement of performance in contracting out will depend, first, on the appropriate choice of form of contract, and then on effective management of contractual relationships (Metcalfe and Richards, 1990). It is possible that many of the managerial problems that contracting out is supposed to eliminate or minimize through sloughing off the employment relationship would recur in an inter-organizational context in contract management, and these may be more acute in developing countries, another possible barrier to successful contracting out is the fear that in-house staff may lose their positions and competence, becoming de-motivated and resisting change.

Despite the changes that were taken place in the corporation, still there are some chaos both in the side of employees and customers, which definitely will open a room of desperate.

Therefore, taking into account changes introduced by Ethiopian Telecommunication Corporation especially in line with management contracting, the researchers want to respond to the following basic research questions:

a. What are the most important factors that instigate the Ethio-telecom to undertake changes especially in line with management contracting?

b. What are the opportunities and challenges the Ethio-telecom encounters being undertaking changes?
c. Do the actual outcomes observed are really in line with the set and desired outcomes behind implementing the change?

d. What resistances that the organization faces while implementing the changes and how did it solve it?

1.4 Objective of the Study

The objectives of the study were divided into general and specific.

1.4.1 General Objectives of the Study

The general objective of this research was to investigate out the prospects and challenges of “Business Process Reengineering (BPR)” in line with management contracting in some selected South West District of Ethio-telecom branch organizations.

1.4.2 Specific Objectives of the Study

The specific objectives of the study were:

1. To figure out driving forces/factors behind undertaking changes
2. To identify challenges and opportunities of changes that have been introduced in the Telecom
3. To examine the outcomes achieved after introducing changes
4. To examine roles, and competencies of role agents

1.5 Scope of the Study

The specific focus of this study was delimited to analysis of “Business Process Reengineering (BPR)” - needs for and outcomes in line with management contracting and resistance that the corporation encounters while implementing changes some selected South West District of Ethio-telecom branch organizations.
1.6 Significances of the Study

In service giving organizations like Ethio-Telecom, undertaking managerial changes, be it in terms of offering services at low cost, better technology and limited time and competent employees, is one of the key and mandatory managerial functions and without undertaking changes, it would become difficult for organizations not only to adapt to the environment in which they operate but also even to survive.

The findings of this study were believed to serve Ethio-Telecom as insight about whether the needs for implementing the changes were genuine or not, what types of managerial changes that it has to undertake, and also how the corporation would best solve out resistances made by employees against the implemented changes.

It gives a hint about how its existing management is serving its customers and other stakeholders in terms of time flexibility, technology, and cost.

Moreover, the findings of the study were expected to realize whether the implemented change has brought about the desired result or not and then provide feasible solutions.

Lastly, the findings of the study were expected to provide packages of information for other policy makers, researchers in this field of study and similar organizations which undertake changes so far.

1.7 Organization Of The Paper

This research was organized in the following way.

Chapter One: This chapter describes background of the study, background of Ethio Telecom, statements of the problem, objectives of the study, significances of the study and lastly limitations of the study.
Chapter Two: This part of the paper explains the theoretical background and the reviewed literatures on the previous studies on the needs for, outcomes and resistances to be made against business process reengineering in line with management contracting.

Chapter Three: This chapter comprises of and explains about the study area, location of the total population, sample size, sampling technique used, types of data, sources of data, methods of collecting, presenting, analyzing and interpreting the collected data.

Chapter Four: In this chapter, the findings and results of the study were presented, analyzed and interpreted accordingly. Moreover, based on the responses forwarded by sample respondents, the needs for, outcomes and resistances made against the implemented business process reengineering (BPR) were also discussed.

Chapter Five: Based on the findings of the research which were presented, analyzed and interpreted in the four chapter, related conclusions and recommendations on the needs for, outcomes and resistances made against the implemented business process reengineering (BPR) were forwarded.
CHAPTER TWO

REVIEW OF RELATED LITERATURES
CHAPTER TWO

2. REVIEW OF RELATED LITERATURES

2.1 Business Process Reengineering: Definitions and Key Concepts

The Business Process Reengineering method (BPR) is described by Hammer and Champy as ‘the fundamental reconsideration and the radical redesign of organizational processes, in order to achieve drastic improvement of current performance in cost, services and speed'. Rather than organizing a firm into functional specialties (like production, accounting, marketing, etc.) and to look at the tasks that each function performs, Hammer and Champy recommend that we should look at complete processes. From materials acquisition, towards production, towards marketing and distribution, one should rebuild the firm into a series of processes. (Value creation for the customer is the leading factor for BPR and information technology often plays an important enabling role (Hammer & Champy, 1996). In a series of books including Reengineering the Corporation, Reengineering Management, and The Agenda, the main proponents of re-engineering were Michael Hammer and James Champy argue that far too much time is wasted, passing on tasks from one department to another; claiming that it is far more efficient to appoint a team who perform all the tasks in the process. While it has been hailed for its ability to increase efficiency and efficacy in companies and public services, nevertheless, BPR is not without its critiques. The most frequent and harsh critique against BPR concerns the strict focus on efficiency and technology and the disregard of people in the organization that is subjected to a reengineering initiative. Very often, "the label BPR was used for major workforce reductions.

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Unlike, continuous improvement (Kaizen in Japanese language) which is people oriented with gradual changes and easier to implement, BPR is process and technology-oriented that calls for radical changes by totally disregarding the status quo. Moreover some also criticize BPR as culturally biased towards the west, particularly to the US way of doing business ,BT Costantinos (2008)

Business systems are made up of processes. Processes are what businesses do. And when processes become old and inefficient and can’t deliver results that they were originally designed to deliver, or they can’t cope up with the business dynamics in the environment in which they operate, they must be redesigned or replaced. Business Process Reengineering (BPR) is a process-based management tool that can deliver both, either redesign or replace inefficient processes, as required, with a breakthrough result. As such it can be applied to a single process, a group of processes, or the entire processes comprising the organization. And it is this feature of BPR; tackling processes individually or collectively and provide breakthrough solution that makes it a useful management tool. Getachew, Mersha(2008)

Since the post industrial era, esp. this day (21st century), business companies, government organizations, public enterprises all of them regardless of their size or nature have been facing very challenging business environment that determine their existence, success or failure. Unlike relatively stable environment of industrial era, the knowledge age economy emerged with being tough environment for those organizations working by old industrials model of doing business. There are critical factors exist that are radically changing the way organizations have to do business. These are driving forces for the new economy. They are called 3cs; customer, competition and change, Belete Negesso (2008).
Customer

The 21st century is the customer economy where customers have dominant role in the market relationship. The dominant force in the seller-customer relationship has shifted from seller to customer. The industrial thought of mass market no longer exists in real term today. Customers have upper hand; because: They have many options, Information technology allows them to access information, Customers (business customers and individual consumers) know what they want, know what they want to pay for it, how to get it as their needs and preferences and in today’s world success lies on those who are working according to the customer needs and preference. This demands organization to build customer orientation system that enable them to customer focus.

Fierce Competition

The phenomenon of mass marketing has broken. The traditional competitive strategies: lower price and highest quality, and best service become standard for almost all competitors. The shift in customer-seller relationship and the technology changes the nature of competition. In today’s world the organizations need to build working system that helps them flexible and responsive to this fierce competition. The traditional hierarchical and bureaucratic paradigm does not allow organization to be flexible and responsible in this tough market, Belete Negesso (2008).

Change

Today the nature of change is changed. Unlike the industrial of relatively stable environment, today the pace and the nature of change itself has been changing. The nature of change becomes fast, flexible Today nothing is constant or predictable - the customer demand, the technology, the
competition. Organizations living under traditional hierarchical and rigid bureaucratic paradigm does not fit with an environment where a lot of flexibility and responsiveness to continuously changing customer need, change and competition. The traditional way of doing business organizes work around task based which is the notion of Adam smith’s division of labor and specialization. This has faced serious challenge in today’s customer economy. It does not work in today’s fast changing environment. (Ibid)

2.2 Contract Management: Definitions and Key Concepts

According to Lawrie (2002), contract management is agreement between investors or owners of a project, and a management company hired for coordinating and overseeing a contract. It spells out the conditions and duration of the agreement, and the method of computing management fees. Contract management or contract administration is the management of contracts made with customers, vendors, partners, or employees. Contract management includes negotiating the terms and conditions in contracts and ensuring compliance with the terms and conditions, as well as documenting and agreeing on any changes or amendments that may arise during its implementation or execution. It can be summarized as the process of systematically and efficiently managing contract creation, execution, and analysis for the purpose of maximizing financial and operational performance and minimizing risk. (Smith, 2002) As part of the efforts reconfigure state-market relations in order to give more prominence to markets and the private sector, contracting out of the provision of public services is increasingly advocated in crisis states. Contracting out refers to the out-sourcing or buying in of goods and services (e.g., information technology and management services) from external sources instead of providing such services in-house (Walsh, 1995; OECD, 1993a). It involves legal agreement, but this is for the supply of goods or the provision of services by other actors. Contracting may be between a
public organization and a private sector firm or between one public organization and another or, as in competitive tendering in the United Kingdom, between management and an internal work force who bid to provide such services in-house (Paddon, 1993; Sneath, 1993). The responsibility of the public organization is to specify what is wanted and let the private or voluntary sector provide it.

Contracting out represents more explicit efforts to emulate the market in the management and delivery of public services, especially where outright privatization, i.e., change of ownership, has not been possible. The rationale for contracting out is to stimulate competition between service-providing agencies in the belief that competition will promote cost-saving, efficiency, flexibility and responsiveness in the delivery of services (Savas, 1989). It also reduces the areas of discretionary behavior for individuals and groups in an organization and imposes discipline that results in improved performance (Israel, 1987). Thus, as Metcalfe and Richards (1990) have pointed out, contracting out puts competitive market forces directly at the service of government.

Contracting out is regarded as the most common market-type mechanism (MTM) (Walsh, 1995), and it is the best documented of the MTMs (OECD, 1993a). While contracting out is not fundamentally new to the public sector, there have been considerable efforts, in recent years, to extend the scope of its application to a wider range of public organizations and activities than before in both developed and developing countries. In the United Kingdom, for example, the Competing for Quality. (Market Testing) Initiative (1991) required agencies to open up many of their functions to competition from the private sector or other public sector contractors. In sub-Saharan African countries undergoing structural adjustment, policy prescriptions have included outright privatization, contracting out, deregulation to allow private sector participation, decontrol of prices and liberalization of trade.
Globalization has brought new opportunities for companies to identify and engage with suppliers in previously untapped markets. For contract management professionals, the globalization of the supply base has led to an increase in the volume of business relationships and contracts that companies are engaging in across geographies. Effective contract management is now integral to an organization's global expansion and cannot be underestimated. Maisel (2000)

2.3 Contract Management: Challenges and Solutions

Smith (2002) suggest that contract management is the administration of a legally-binding agreement between two or more parties. The contract manager develops the contract document from a written request for offers, vendor responses and negotiations with bidders. After the contract is signed, the contract manager's job is to ensure compliance with what is written in the contract. A clear, comprehensive and enforceable contract is essential in order to successfully remedy any problems that occur during execution of the contract, including the common contract management challenges that are discussed here as under.

2.3.1 Work Is Not What Is Expected

The best way to avoid the challenge of work not being what is expected is to clearly define your expectations in your contract. Business requirements are usually documented in a Statement of Work. Involve people at all levels of the business in establishing requirements and writing the Statement of Work, including end users. Do not use jargon. Define all business terms and acronyms. (Ibid.)
2.3.2 Budget or Timeline Is Exceeded

In your contract, clearly define the scope of the project. Ensure that the negotiated budget and timeline are realistic. Establish a method by which to track the budget and timeline to ensure that you are on target. In this way, you can monitor the budget and timeline constantly throughout the project. (Ibid.)

2.3.3 Lack of Resources with the Right Skills

It is essential to name a project team on both sides of the contract who are empowered to carry out the work. An Organizational Plan should be included as part of the contract requirements. In the contract, define titles, if not individuals, to work on the project and state skills or certifications that may be required. The Organizational Plan will expand on this, including an organizational chart of all project team members. (Ibid.)

2.3.4 Project Status Is Unknown

State in the contract that a Communications Plan will be put into place. This plan should include what is required in terms of status updates and routine meetings, as well as address how communication will occur with other parts of the organization, especially those people working on dependent projects. (Ibid.)

2.3.5 Change Occurs

Structuring the contract to ensure that risks are identified and reviewed weekly by the team is the best way to prepare for change. The contract should include requirements to assess risk and
identify solutions to mitigate risk. In addition, a formal change control process should be included in your contract. (Ibid.)

2.3.6 Payment Is Disputed

Define methods and processes in your contract to reward/penalize based on compliance with the contract. Define methods to measure progress. Set exact acceptance criteria. This clarity in the contract will ensure that both parties understand what is expected for acceptance and payment.

2.3.6 Responsibility

If you own more than one business, you may benefit from hiring a contract management company to handle the day-to-day details of your company, leaving you time to focus on the big picture. Responsibilities you can turn over to the management team include recruiting, hiring and training your staff. Terminations also can be turned over to the outsiders. Instead of relying on an in-house manager, you'll be bringing on the expertise of an entire management team that usually brings to the table experience in a number of management areas, such as employee tax codes, marketing and accounting. (Ibid.)

2.3.8 Privacy

You do give up some of your privacy and may enter into confidentiality disputes when you hand over management of your company to a third party. Agreements made with vendors necessarily become open to the managers for a number of uses, ranging from ordering to price negotiations and inventory control. Employee records, including pay, insurance and personal information, become part of the management team's responsibility. Your own financial information also
becomes accessible to the outsiders, leaving you potentially vulnerable to fraud, ethical breaches and public exposure. (Ibid.)

2.3.9 Continuity

While managers may come and go, leaving you without a consistent team in place to run your operations, a management contract firm can change the players without affecting the continuity of your business model. The contract company may experience employee turnover, but it won't affect your business as much because of the contract you have in place that specifies how your business is to be managed. The contractor must maintain a level of accuracy and efficiency as spelled out in your contract that usually is backed up by an experienced home office. (Ibid.)

2.4 Reasons for Contract Management Service

Managing contracts can be time-consuming and frustrating for small business owners. You've got to comply with details in your contracts that can severely impact your work. Deadlines, payment schedules and legal compliance issues must be recognized and appropriately addressed to fulfill your obligations. Using a third-party management service may cut into your profits, but it also may prove to be worth the investment in the final analysis. (Malmi, 2000)

2.4.1 Time

Many contracts, especially those you receive from government entities, require extensive time to make regular reports, keep up with the different deadlines and honor all the work you've agreed to provide. (Ibid.)
2.4.2 Costs

Contract managers can keep you updated on important deadlines and payment schedules when they link to your own communications systems. Finally, you save administrative costs incurred when your employees must deal with change-orders, payment schedules and reporting requirements. (Ibid.)

2.4.3 Missed Opportunities

A contract manager maintains your records so that you have easy access to the data and can make accurate business projections. Negotiations are based on real-time projections that take into account the current status of your workload and obligations so that you don't miss any opportunities because you didn't have an accurate view of your company's position. By automating your contract processes, you always know where you stand on your ongoing contracts so that your crews stay busy and productive. (Ibid.)

2.4.4 Relationships

A contract manager is always available to your client when changes need to be made, further enhancing your image as a reliable and responsive service provider. With various supervisors and team leaders providing progress reports, the information is turned into a consistent reporting format that provides another layer of comfort and understanding for your contract clients. (Ibid.)
2.5 Benefits of Contract Management

Contract Management, which can be defined as the execution and monitoring of a contract for the purpose of maximizing financial and operational performance and minimizing risks, involves tracking purchases against contracts to insure preferred suppliers are used, rates adhered to, and discounts and rebates collected. Contract Management is important, because, as mundane as it sounds, it is another part of the sourcing process that can bring a number of benefits to the organization. (Lawrie, 2002)

2.5.1 Standardized-Processes-and-Procedures

This helps to decrease maverick buying and decrease supply risk while increasing spend leverage. The net effect is that buys as a whole become less costly and more valuable and a much greater percentage of negotiated savings are captured by the business. (Ibid.)

2.5.2 Spend-Visibility

Probably the most valuable benefit of a contract management system – which lets you know if you are buying from the suppliers you’re supposed to be buying from at the right times, quantities and prices – it can also help an organization standardize on consistent contract terms and conditions. Furthermore, it also allows for easy identification of contracts with suppliers in high risk zones due to natural disasters, political unrest, or economic uncertainty, which is critical to the development of appropriate organizational risk management strategies. (Ibid.)
2.5.3. Improved-Compliance

According to Aberdeen (Practical Approaches to Contract Management Deployment) compliance management is improved 55% with a contract management system. (Ibid.)

2.5.4. Solid Foundation for Spend and Performance Analysis

With all of the contract conditions and negotiated prices and fees in a central location, it's a lot easier to compare actual purchases against contracted buys. This allows policy or regulation violations to be caught and dealt with immediately and insures that all spend is known and available to be appropriately leveraged in sourcing projects. (Ibid.)

2.5.5. Rebate Management

Contract Management systems make it easy to track rebates and insures that all of the savings negotiated in a sourcing cycle are captured. (Ibid.)

2.5.6. Reduced Maverick Spending

With a contract management system, a buyer can immediately determine if a contract exists, who the contracted suppliers are, and what the contracted prices are. No longer is "I didn’t know we had a contract" or "I didn’t know I wasn’t supposed to do that" a valid excuse! (Ibid.)

2.5.7. Evergreen Contract Elimination

Without a contract management system to automatically alert a buyer of contracts coming up for automatic renewal, many auto-renewing contracts are likely to go unnoticed and automatically renew, locking the buyer in for another buying cycle. With a system in place, the buyer can be
alerted weeks or months in advance, depending on how long a sourcing cycle normally takes for that commodity or service, and take appropriate action. (Ibid.)

2.6 Performance Contracting and Reforms in Public Enterprises

Nowadays the issue of performance monitoring has given a prime concern. An examination of the new public management trends suggests that performance monitoring is emerging as a common policy issue (Mayne and Zapico-Goñi, 1997; Shirley and Xu, 1997). Performance contracting is central to this trend, especially in crisis states that are undergoing structural adjustment programmes. SAPs in particular have given attention to the problems of SOEs, especially loss-making ones that continuously require government subsidies to survive and are thus a significant burden on national budgets and a drain of scarce resources (World Bank, 1995). Two (not mutually exclusive) strategies have been used to address the problems of State Owned Enterprises (SOEs): divestiture or complete privatization, and restructuring without change of ownership (Mallon, 1994).

While the divestiture of relatively small and purely commercial public enterprises seems to be relatively easy, a recent review of experience in some countries suggests that for large, strategic SOEs performing both policy and commercial functions, divestiture or privatization is proving more difficult and slow (World Bank, 1995). There has been more rhetoric than action.

Four explanations emerge from the literature for the slow progress in divestiture (Mallon, 1994; Islam, 1993; World Bank, 1995). First, for large and strategic SOEs (e.g., railways, water and electricity) there are usually formidable political obstacles to divestiture, including opposition by powerful labour unions and other key stakeholders. Second, political wrangling over enabling legislation, in the case of open democratic systems, may be very intense and prolonged over several years. Third, large SOEs, particularly utilities, tend to enjoy non-competitive market
power derived from natural monopoly rights, especially in small countries, due to either economies of scale or artificial barriers to competition, in some cases both. Fourth, in crisis states where regulatory capacities are weak or undeveloped, divestiture is not an easy option for reforming large and politically sensitive public enterprises.
CHAPTER THREE

THE RESEARCH METHODOLOGY
CHAPTER THREE

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3.1 Study Area

Given the allotted time and financial and other resources, this research which was cited 'Prospects and challenges of “Business Process Reengineering (BPR)” in line with management contracting’, was carried out in some selected South West Districts of Ethio-Telecom. Moreover, the selected branches, which are currently included under the South West Districts of Ethio-Telecom, were those found in Jimma and those branches which are there around one hundred eighty kilo meters away from Jimma. The reason to consider only some selected branches offering services under the South West Districts of Ethio-Telecom was that it would be too difficult—be it in terms of time and financial resources—to collect the required information from all branches which are there under the South West Districts of Ethio-Telecom.

3.2 Location of the Population

All employees, who are currently serving at the various managerial position of the South West Districts of Ethio-Telecom, were considered while evaluating and gathering the required information on the prospects and challenges of “Business Process Reengineering (BPR)” in line with management contracting. Therefore, all of the afore said employees were considered as sampling frame for this research purpose.
3.3 Sample Size and Sample Size Determination

A sample is an item or respondents that are selected from a population of interest that can represent the total population from which it is selected in order to meet a mini mature cross-section (C.R. Kothari, 2004).

Therefore, with a view to seeking information and meeting the main objective of the study, which is to evaluate the prospects and challenges of business process reengineering (BPR) in line with management contracting in some selected South West Districts of Ethio-Telecom, sample employees were considered and contacted accordingly. The reason to consider sample rather than the whole of the existing employees was that it would become too difficult, given the allocated time and financial resources, to access all employees. On top of this, Gay (1981 cited by Getachew H.M and Richard C. 2006) points out that the minimum number of subjects that means respondents who are believed to be acceptable for a study depends upon the type of the research work involved. For descriptive survey research, a sample of 10% of the population is considered minimum; for a smaller population 20% may be required. Therefore, 20% of subjects have been considered as a sample for the questionnaire survey. Accordingly, 130 respondents were chosen.

3.4 Sampling Technique

Sampling technique is one of the important factors to be considered while carrying out research.

While seeking the relevant information needed to carry out this research, sample employees, who were believed to represent the entire employees serving currently under all branches of the South West District Of Ethio-Telecom, will be selected through a process called sampling technique (Kothari, 2004).
For this study, a stratified sampling technique was used. The foremost reason to consider and use stratified sampling technique for this study was it lets to divide the total employees in to specific strata so that it would become easier to look for and contact them, thereby minimizing, if possible avoiding, the ambiguity that data collects might face while looking for these sample employees. The second reason is that it gives enumerates the chance to select and contact sample employees based on the specified strata, thereby saving the energy that data collectors spend in getting these sample employees of the organization. And the third reason to make use of stratified sampling technique for this study was that as it involves selecting, grouping and contacting sample respondent employees, this technique was expected to save the time and costs that data enumerators might incur while seeking data from the aforesaid sample respondent employees.

3.5 Types and Sources of Data

In this study both primary and secondary data were used. Primary data, which were fresh and collected for the first time by enumerators on the prospects and challenges of business process reengineering (BPR) in line with management contract in some selected South West District Of Ethio-Telecom, were used. Secondary data, which were compiled by the organization and which highlight and give insights on the research under consideration were used accordingly. On top of this, secondary data were used as supplementary data and support as references not only to start the study in evaluating the prospects and challenges of the implemented business process reengineering in line with management contracting but also to fill in the information gap which is not supplied by the primary data.
The sources of primary data for this research were sample respondent employees, who in turn represent those employees at the managerial and non managerial positions of the aforesaid branches of the district. Moreover, these sample respondent employees, who were there at the time of conducting this research study, at some selected branches existing under the South West District Of Ethio-Telecom, were taken as sample respondent employees for the primary data sources.

Sources for secondary data included any relevant data originally generated for some purpose other than the present study and these sources were the report of the organization on the prospects and challenges of business process reengineering (BPR) in line with management contracting.

Moreover, published and unpublished documents, journals, related published books on the research under consideration were used as sources for secondary data.

3.7 Methods of Data Collection

Primary data collection methods: In order to collect primary data, a questionnaire and interview were used. And to do so, a closed ended questionnaire, which was designed to illicit information on the prospects and challenges of the implemented changes was prepared, scheduled and collected accordingly from sample respondent employees and among others, the researchers stress the fact that the reasons to use closed ended questionnaire was:

- It provides wide coverage of data,
- It is simple to administer and less expensive,
- It is easy and quick to complete,
- It provides opportunity to direct responses,
- It gives a stable, consistent and uniform data,
• It is filled in at the respondent’s convenience, and can quickly tap responses of large sample.

More over, to facilitate data grouping, translation, encoding, presentation and analysis the questionnaire was prepared in English language.

For the sake of gathering pertinent information on the research under consideration, unstructured interview with sample respondent employees who were serving at the management position of the organization was used. And the reasons to use unstructured questionnaire as primary data collection method was that it is used to fill in the information gap which is not supplied by the questionnaire. (Lewis and Thornhill, 2007)

3.8 Methods of Data Presentations

According to Zickmund (1997), tables are the most widely means of presenting numerical information and hence, after grouping, editing and coding the collected data, they were presented using tables. And more over, clarity, consistency and simplicity are among some other factors that paves the way for tables to be used while presenting findings of this research study.

3.9 Methods of Data Analysis And Interpretations

After grouping, editing, coding and presenting the collected raw data, descriptive analysis method was employed to transform these data in to meaningful and reliable ones so that it would become easy for readers to understand, analyze and interpret and also to grasp the key findings and results of the research under consideration. Besides, depending on the nature and type of questions being forwarded to sample respondent employees, SPSS, percentages and frequency tables were employed to facilitate the data analysis and interpretations.
CHAPTER FOUR

RESULTS AND DISCUSSIONS
CHAPTER FOUR

4. RESULTS AND DISCUSSIONS

As mentioned in the first chapter of this paper, the results of the study is to be presented, analyzed and interpreted in this chapter. And to elicit the required data on the prospects and challenges ‘of “Business Process Reengineering(BPR)” in line with management contracting’, in case of some selected branches which are offering services under the south West District of Ethio-Telecom, closed ended questionnaires were prepared, dispatched and collected from 130 sample respondent employees, out of which only 104 of them were returned back, indicating the fact that the usable questionnaires (Sample size) are 130, which is 80% response rate out of the total sample size of 130 sample respondent employees and the remaining 26(20% non-response rate) questionnaires were not returned back and the real findings and results of this research study would be made while taking in to account responses made by 104 sample respondent employees. And also to facilitate the attainment of the ultimate objectives of this study, unstructured interviews, with sample respondent employees who were serving at the managerial positions of sample branches of the organization, were conducted.

4.1 Drivers of Change

Now a days, it has become the order of the day for organizations to undertake changes, however, the drivers of change which in turn stands for needs for undertaking changes can not be ascribed to a single reason or objective, and in line with this issues, it is need less to emphasis on the detail that change management is about moving from one state to another, specifically, from the problem state to the solved state (Jung, 2001). But, the organizational terminology for change management can be varied and ‘change’ may be used under different terms. Example, when a
company talks about re-engineering, restructuring, promoting cultural transformation, or keeping pace with the industry, then it is talking about change. Lewin, 1951, conceptualized that change can occur at three levels: Change in the individuals who work in the organization – that is their skills, values, attributes, and eventually behavior. Leaders have to make sure that such individual behavioral change is always regarded as instrumental to organizational change; Change in the organizational structures and systems – reward systems, reporting relationships, work design and so on and a direct change in the organization climate or interpersonal style – dealing with people relationships, conflict management and the process of decision making. (Leonard et al., 2003, cited in Mabey & Mayon-White (2003))

Accordingly, a pool of enquiries was forwarded to the respondents to assess why Ethio -Telecom has been introduced change. Hence their responses is analyzed in the following fashion. Here it is worth to notice that the mean result greater or equal to 2.50(>2.50) depicts high favorable, 2.0-2.49 depicts favorable and less than two (<2.0) is unfavorable.

**Table 1 Analysis on Drivers of Change**

In this section, sample respondent employees responses on the drivers of change that is needs for undertaking changes in Ethio-Telecom South West District –some selected braches are presented, analyzed and interpreted.

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Complaints of customers</td>
<td>2.23</td>
<td>.803</td>
</tr>
<tr>
<td>Advancement in technology</td>
<td>2.65</td>
<td>.679</td>
</tr>
<tr>
<td>Reducing cost of offering services</td>
<td>2.02</td>
<td>.914</td>
</tr>
<tr>
<td>The need to generate more profit</td>
<td>2.62</td>
<td>.741</td>
</tr>
<tr>
<td>The need to use resources effectively and efficiently</td>
<td>2.52</td>
<td>.776</td>
</tr>
</tbody>
</table>

36
As per the above table, items such as advancement in technology, the need to generate more profit and the need to use resources effectively and efficiently which endow a mean score of 2.65, 2.62 and 2.52 respectively, that depict high drivers to introduce change in Ethio-telecom. In addition to this, the focus group discussions held along with officials illustrates that the need to fulfill customers requirements is the other pressure that obliges the organization to introduce changes. Of course, it is possible to conclude that coping upping the dynamism of the day is a function of introducing changes in organizations. In line with this, different researches depict that: Change is mostly driven by circumstances and always takes place with a particular goal in mind. Some of the common drivers of change are, to keep pace with the changing environment, to beat competition, technological changes to improve process efficiency etc. No matter what the driver for change is, the goal of the whole process is to lead the organisation into a future state which is different from the current state under which the organisation operates. (Nicols, 2006) The scope and scale of change can vary. Eg. Change can be limited to a particular department (operations, marketing etc) or it might effect the whole organisation, it might relate to only a group of people or might effect every employee in the organisation.

Hatch (2000) suggests that the implementation of any change process often flounders because it is improperly framed by top management. The key to choosing the right approach to change is thus to keep in mind how organizations function. As social systems comprising work, people, formal and informal systems, organizations are inherently resistant to change and designed to neutralize the impact of attempts at change (Chemers, 2001). Leaders play a critical role in selecting and planning appropriate change.
4.2 The Ultimate Financial Targets Behind Introducing Changes

It is need less to say the fact that there is one single ultimate financial targets behind introducing changes, and hence, from financial points of view, the targets behind undertaking changes may be the need to maximize revenues, or market share. Therefore, the question about the ultimate financial targets behind introducing changes were raised and forwarded to sample respondent employees and the results is shown in table 2 below.

Table 2  Analysis on the Financial Benefits of Undertaking Changes

Based on the response of respondents, the following table illustrates the financial benefits that the organization endows being introducing changes.

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving return on spending</td>
<td>2.62</td>
<td>.741</td>
</tr>
<tr>
<td>Reducing cost of offering telecom services</td>
<td>2.77</td>
<td>.423</td>
</tr>
<tr>
<td>Increasing revenues</td>
<td>2.69</td>
<td>.609</td>
</tr>
<tr>
<td>Reducing risks of operating business</td>
<td>2.38</td>
<td>.840</td>
</tr>
<tr>
<td>Creating and maintaining relationships with customers</td>
<td>2.87</td>
<td>.343</td>
</tr>
</tbody>
</table>

Accordingly, creating and maintaining relationships with customers (establishing good will), reducing cost of offering of telecom services, increasing revenues and improving return on spending endow a mean score of 2.87, 2.77, 2.69 and 2.62 respectively that the organization intended to deserve being introducing change. As per focus group discussions made along with employees there are some discomfort by the ongoing changes as the organization focuses only on increasing revenues being ignoring its veterans (employees with long
experience). Hence form the above responses, it is possible to infer that the intention to increase financial benefits by the organization could be sustainable if it embraces its veterans that could result in better of position to diversify technologies to meet the ongoing demands of the customers.

4.3 The Key Strategies that Lead to or Ensure Success of Changes that the Organization Implemented

As a part of the strategy, a feasibility analysis needs to be done to assess whether the change the organization is looking forward to bring about is feasible considering the present state of the organization (Huy, 2002). Organizational configurations need to be assessed before deciding on the proper change management strategy.

It is the general fact that there should be a sound strategy that let the organization achieve its end results. In line with this light, respondents have been requested the key strategies that the organization sets in order to enhance the ongoing changes. The following table summarizes their responses.
Table 3 Analysis on the Key Organizational Strategies

As per the responses of sample respondent employees, the key strategies that lead to or ensure success of changes that the organization implemented here as under:

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing on attractive telecom markets</td>
<td>2.54</td>
<td>.800</td>
</tr>
<tr>
<td>Improving telecom’s current service quality</td>
<td>2.54</td>
<td>.800</td>
</tr>
<tr>
<td>Introducing and implementing up to date technology</td>
<td>2.31</td>
<td>.915</td>
</tr>
<tr>
<td>Offering up to date related training for workers (employees)</td>
<td>2.85</td>
<td>.536</td>
</tr>
<tr>
<td>Improving operating efficiency (in terms of time &amp; cost)</td>
<td>2.15</td>
<td>.911</td>
</tr>
</tbody>
</table>

The above table depicts the key strategies that ensure success of changes that have been introduced by the organization. Accordingly, offering up-to-date related training for employees, focusing on attractive telecom markets, improving telecom’s current service quality have endowed a mean score of 2.85, 2.54 and 2.54 respectively. In additions introducing and implementing up-to-date technology is the other area of focus, of course, these are justified by the interview discussions made with officials. Hence it is possible to infer that the organization has set strategies by which customer requirements could be fulfilled. Furthermore, implementations of those strategies could let the customers to rely on the services that have been rendered by the organization. As per the officials responses, the rationale behind management contracting of Ethio-telecom is up grading the service rendering system and imparting of
knowledge to employees. Accordingly, most researches depict that, firm’s strategy for gaining access to external knowledge through partnering and/or contracting is important, but so is the broader organizational context of the firm because it shapes the attitudes and behaviors of people toward knowledge acquisition and development. The argument that openness to new ideas will enhance R&D performance builds on a dominant logic (Prahalad & Bettis, 1986, cited by Fey & Barkinshaw, 2005) or industry recipe (Spender, 1989) perspective, whereby the greater the level of conformity and allegiance to traditional ways of thinking, the more difficult it is for individuals in the firm to accept new or challenging ideas from the outside. To be clear, there is enormous value to the firm in having a strong dominant logic, especially in terms of the speed of decision making, the efficiency of internal processes, and the level of social cohesion in the firm; however, at the same time, this dominant logic creates a tight constraint around the ability of individuals in the firm to gain access to, and make use of, external knowledge.

4.4. Changes in the Major Functions

Organizational change management is a continuous process of experiment and adaptation aimed at matching an organization’s capabilities to the needs and dictates of a volatile environment (Burnes, 2000). It is widely believed that the way an organization adapts to change is fundamental to its success. In an ever increasing competitive environment, change is ubiquitous (everywhere) and the way employees respond to change (resistance/acceptance) has been identified to play a vital role in the change management process. Managing organizational change requires more than reengineering and restructuring systems and processes. It requires managing the human responses that accompany any organizational change (Darwin et al., 2002). For its smooth implementation, the change (Simon & Newell, 2006). Factors such as organization culture, structure of the organization, bureaucracy, employee attitudes, business model etc also
management process has to be carefully planned and the onus (responsibility) is on the leader to ensure a hassle-free implementation through effective and sensible planning, confident and effective decision-making, and regular, complete and timely communication with the employees play their part in implementing change. When an organization introduces changes no doubt that there are some changes in the major function. The following table illustrates the changes made in the major functional areas of the organization.

Table 4 Analysis on Changes observed in the Major Function

While taking into account responses forwarded by sample employees, changes observed in the major functions of the organization is presented as follow:

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automation</td>
<td>2.92</td>
<td>.268</td>
</tr>
<tr>
<td>Service expansion in the region</td>
<td>2.38</td>
<td>.840</td>
</tr>
<tr>
<td>Employees’ perception on newly introduced management system</td>
<td>1.77</td>
<td>.895</td>
</tr>
<tr>
<td>Degree of delegation in decision making</td>
<td>1.75</td>
<td>.879</td>
</tr>
<tr>
<td>Perception towards the new structure</td>
<td>2.04</td>
<td>.762</td>
</tr>
</tbody>
</table>

In line with the above results there is a favorable responses in the area of automation and service expansion in the region. Whereas there are some gaps (unfavorable responses) in the areas of raising the awareness of employees towards on newly introduced management system.
and degree of delegation in decision-making. Of course, it is justified by the focus group discussion made.

There, despite the introduction of new technologies and services by the organization, still there is a gap in employees’ perception on newly introduced management system and degree of employees’ delegation in decision-making. Hence this in turn results in lack of mutual understanding in between management and employees. Therefore; if no consensus is made in between them, it is difficult for the organization to enhance changes. Hence it is advisable for the organization to raise the level of awareness of its employees. According to Lewis (2000b)’s research findings, the most frequently noted categories of problem encountered by the company in transition are “communicating vision” and “negative attitudes.” If an organization’s management does not consider which communication behaviors it wishes to foster for its success, the signals it sends to employees may be inconsistent or counterproductive. Thus, managers should consider conveying clear communication-behavior expectations as a fundamental element of strategy. In doing so, firms might pursue communication audits which involve ethnographic analysis, including observation and interviewing, to learn exactly what organizational policies are operating (Gilsdorf, 1998). Moreover, Gilsdorf moves on to argue that analysis of organizational culture should be conducted in order to help determine the communication strategy used to solve the problem.
4.5 Extent of Utilization Of Change

During the change implementation process, the leader should play a key role, firstly, in the identification of the changes necessary to produce the required outcomes and then to put an implementation process in place to bring about those changes. Champy (2005) believes that the leader is the one responsible for the how, what and why of the change process. It is the leader who should be responsible for identifying how the changes can be effectively implemented with least resistance from employees by taking into consideration the organization structure and culture. Communication should also form a part of the change management strategy. The change initiator and implementer have to play the role of an effective communicator to inform the employees of the reasons behind the changes.

Table -5: Analysis on the Extent Of Utilization of Change

It goes without saying that simply introducing changes does not make sense unless and otherwise making use of it. That is, it is actualizations (implementation) of the introduced changes that can make difference to maintain operating efficiency and realization of effectiveness. The following table illustrates the case.

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of multi-functional teams</td>
<td>2.00</td>
<td>.836</td>
</tr>
<tr>
<td>Use of new procedures, rules and regulations</td>
<td>2.54</td>
<td>.847</td>
</tr>
<tr>
<td>Use of new IT (Information)</td>
<td>2.81</td>
<td>.396</td>
</tr>
</tbody>
</table>
technology, systems to support the new processes

| Support scheme to staff speaking out when ethics, standards, or codes of practice are violated | 2.27 | .815 |
| Performance related pay scheme | 1.85 | .868 |
| Old rituals and routines were ended and new ones established | 2.23 | .850 |
| Advisory staffs are actively involved in the newly introduced management system | 2.27 | .862 |

As it is seen in the above tables there are favorable responses such as use of new IT system, utilization of new procedures, rules and regulations, involvement of advisory staffs and to some extent getting rid off old rituals. But the pay system is not performance related. The focus group discussion justifies that the payment of employees is somewhat retarded in the newly introduced changes. That is, employees' salary and wages do not get increments. This even desperate them to withstand the inflation of the day. Hence it is possible to conclude that, though payment does not mean an end by itself to motivate employees, it might be a means to end. Therefore it is advantageous for the organization to install performance related pay to its employees to energize their competitiveness. Bringing about major change in a large and complex organization is a difficult task. Policies, procedures and structures need to be altered. Individuals and groups have to be motivated to continue perform in the face of major turbulence. It is not surprising,
therefore, that the process of effectively implementing organizational change has long been a topic that both managers and researchers have pondered (Nadler, cited in Mabey and Mayon-White, 2003).

Adequate pay is a key component in improving and sustaining the motivation, performance and integrity of public servants. Thus, the development of a pay policy is an integral part of strategic HRM in the public sector. The goal of such a policy should be to pay public servants enough to attract and retain competent people while providing sufficient incentives for staff to maintain a high level of performance over a sustained period. In a political environment, a delicate balancing act must also be performed by juggling key priorities and interests of stakeholders as well as motivation and equity of staff and the ability of governments to pay when developing a remuneration policy. In short, equitable pay is difficult to achieve without a “right sized” and professional public service. One favorite approach of NPM-advocates has been performance-related pay. Evidence on performance-related pay, however, is inconclusive and ambiguous. Assessing “performance” according to measures of efficiency alone is rather hard to achieve. A single-minded focus on material incentives also downgrades other reward and incentive measures that may be just as important, (World Public Sector Report, 2005)

Beer et al. (2003) believe that most change programs do not work because they are guided by a theory of change that is fundamentally flawed (imperfect). The problem with most company-wide change programs is that they address only one or two the crucial factors (coordination, teamwork, commitment, structure of the organization culture)
4.6 Benefits that employees get from the change already Implemented

Whenever change is introduced, it is worth to think of employees benefit in order to maintain their morale. Therefore respondents were requested the benefit they deserve from the ongoing changes, accordingly their responses is summarized as follows.

Table – 6: Analysis on Employees’ Benefit

Changes to be introduced by an organization are expected to bring packages of benefits to organizational employees, therefore, based on the feedback obtained from sample respondent employees, the following table presents benefits that they got from the organization that they are serving currently.

<table>
<thead>
<tr>
<th>Items</th>
<th>Mean</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career advancement</td>
<td>2.12</td>
<td>.851</td>
</tr>
<tr>
<td>Improved prospect</td>
<td>2.08</td>
<td>.962</td>
</tr>
<tr>
<td>Job-security</td>
<td>1.95</td>
<td>.944</td>
</tr>
<tr>
<td>Increased job satisfaction</td>
<td>2.08</td>
<td>1.002</td>
</tr>
<tr>
<td>Respect and recognition</td>
<td>2.00</td>
<td>1.005</td>
</tr>
</tbody>
</table>

Accordingly, the above table depicts that there is some career advancement and to some extent improved prospect. But deviation is there on job-security. In line with this focus group discussion is made along with employees. Therefore, they argue that job security is endangered; for example, some traditional staffs have been laid off. Hence, it is possible to conclude that the management of the organization is expected to go furthest distance to maintain the morale of its
employees. This in turn results in better achievement of objective accomplishment as human element is the most valuable resource in one's organization.

Job satisfaction is thought to explain various behaviors of employees and can be defined in terms of their “emotional state resulting from perceived work environment” (Nystedt et al., 1999, p. 49). If employees feel badly treated or unhappy in the workplace they are more likely to reveal their discontent to subjects outside the organization. This can have a devastating effect on organizations' reputation. Dissatisfaction increases the possibility that employees will negatively adjust the quantity and quality of their inputs (Ichniowski, 1986, p. 80). Research has also shown that employees who believe management is unsupportive of quality and customer service are likely to be less satisfied with their organization (Walsh & Deery, 2006, p. 575).

Low levels of job satisfaction affect employee turnover. Low levels of job satisfaction, combined with high turnover, can act to weaken relationships with other organizations and customers. Consequently, high employee turnover has been correlated to high customer turnover (Heskett et al., 1997). The inability to build a stable workforce can deprive an organization of accumulated knowledge (Batt, 2002, pp. 594–596). As Batt (2002, p. 588) describes: “customer-contact employees manage the boundary between the firm and its customers”. Therefore creating and sustaining employee satisfaction within organizations is central to areas of job design. Maintaining job satisfaction should be an indistinguishable part of this design. When employees are given an opportunity to advance within their occupation, stable work environments will ideally lead to job satisfaction (Curry, 2003, pp. 567–568). However, research does suggest that employees that perceive themselves as having moderate to great levels of intergroup permeability show greater levels of job satisfaction (Terry et al., 2001, pp. 272–273). This would
indicate, contrary to conventional opinion, that job satisfaction involves having a stable work environment but at the same time demands to perform in intergroup environments.

4.6 Resisting Changes

Since Ethio- telecom has introduced changes in its management system some individuals were seen resisting the ongoing changes. Accordingly, respondents were requested to describe why individuals are resisting changes. Therefore majority of them have responded the following:

People resist changes because of: Increased workload, loss of belongingness, lack of information, fear of uncertainties, the need to maintain recognition and fear of facilities etc. Of course, the aforementioned factors are the major causes to resist changes.

The other question that is raised to respondents is the way to overcome resistance to changes hence majority of them responded that: Continuous training and education, holding discussions communications and participations are some of the means to overcome resistance to changes; of course, reaching consensus is a function of having mutual understandings. That is; raising the level of awareness of employees results in better maintaining of industrial peace.

Authors like Nadler and Thies (2001) have stressed on the importance of problem solving within the change management process and argue that change can only be effectively implemented by good problem solvers. Managing change is seen as a matter of moving from one state to another, specifically, from the problem state to the solved state therefore diagnosis of problems at each stage and coming out with a solution to those problems plays a big part in the change management process (Champy, 2005).
Researchers have focused on the importance of effective communication with employees during change (e.g., Bordia, Hobman, Jones, Gallois, & Callan, 2004; Schweiger & DeNisi, 1991). Empirical research has demonstrated that high-quality change communication increases acceptance, openness, and commitment to change. Furthermore, the failure to provide sufficient information or providing poor-quality information can result in a number of problems, including cynicism about change (Reichers, Wanous, & Austin, 1997; Wanous, Reichers, & Austin, 2000) and widespread rumors, which often exaggerate the negative aspects of change (Bordia et al., 2004). In addition, research on transformational leadership suggests that leaders influence employees’ change attitudes, including employee support for change (e.g., Herold et al., 2008) and cynicism about change (Bommer, Rich, & Rubin, 2005). Overall, research suggests that implementing effective change management processes is associated with positive change attitudes.

The importance of communication for change is not only informing, motivating and coordinating but also managing employee expectations (Heracleous and Langham, 1996). Covin and Kilmann (1990) suggest that it is critical to communicating information (e.g., mission statements and goal achievement status) during change. They find that “failure to share information or to inform people adequately of what changes are necessary and why they are necessary viewed as having a highly negative impact.” Feedback gathering from employees, which is pertinent to implementation issues, serves a significant evaluative function for organizational leaders. Additionally, it may be radical for managers to provide channels and opportunities for employees to gather feedback about their own participation in change programs (Lewis, 2000).
4.7 Opportunities and Challenges of Management Contracting

4.7.1 Opportunities

Ethio-Telecom has shown good achievements in the development of new products and tariffs, trouble ticket resolutions and expansion of customer base to around twenty million in just few years. For enterprise customers Ethio-Telecom has launched the development of more enterprise specific products and services like business mobile services which are more suited to the needs of enterprise customers, business mobile machine to machine business solution and other updated products have been come in to being. Furthermore, the company has undertaken the recruitment of several sales executives in the regional offices to serve the enterprise customers more closely. Also, training and capacity building programs were offered to sales staffs to improve customers handling and service provisioning. In terms of accessibility the company has been made tremendous achievements, that is, improvement is made from eight percent (8%) to twenty five percent (25%), (http://www.Ethio telecom.et)

4.7.2 Challenges

On the other, the company has also faced bottlenecks. These are: existing quality problems, that desperate its customers, less degree of employees participation in decision-making, employees' resistance to change due to lower level of awareness about the on going changes,

Currently in some areas the company is facing congestion, lack of coverage, lack of bandwidth availability, which requires quick solutions.

Hence from the above paragraphs, it is possible to conclude that the company is doing its level best to increase accessibility though there is a gap in maintaining quality services. Furthermore,
the existence of communication gaps in between management and employees results in lack of mutual understanding in between them, hence tackles the company from achieving its goals.
CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS
CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 CONCLUSIONS

Management contract is the execution and monitoring of the purpose of maximizing financial and operational performance and minimizing risks. It is another part of the sourcing process that can bring a number of benefits to the organization, such as saving a considerable amount of time minimizing costs. Hence introducing management contract in Ethio-telecom was aiming at in fulfilling customer requirements, advancement in technology, maintaining efficiency and effectiveness. Furthermore, focusing on attractive telecom markets, improving current service quality are some of the strategies that ensure success of change. Accordingly, Ethio-telecom has shown good achievements in the development of new products and tariffs, trouble ticket resolutions and expansion of customer base to around twenty million in just few years. The company has undertaken the recruitment of several sales executives in the regional offices to serve the enterprise customers more closely. Also, training and capacity building programs were offered to sales staffs to improve customers handling and service provisioning. Despite all these, still there are some gaps in raising the level of employees awareness, problems in participating employees in decision-making, fail to pay adequate salary to employees, and giving less emphasis to employees job security are some of the bottlenecks in implementing the new management system. Currently in some areas the company is facing congestion, lack of coverage, lack of bandwidth availability, which requires quick solutions.
5.2 RECOMMENDATIONS

Based on responses made by sample employees of the organization on the prospects and challenges of business process reengineering (BPR) in line with management contracting, the following recommendations were made.

The common drivers of change are to keep pace with the changing environment to beat competition, technological change, to improve process efficiency, etc. Hence it is advisable for the organization to revise the way it renders its services to customers.

Maximizing revenue could be sustainable if and only if consensus is reached in between management and employees. That is advocating the so called 'mental revolution. Therefore, it is advisable for the organization to raise the level of awareness of its employees.

Change is mostly driven by circumstances and always takes place with a particular goal in mind. Hence Ethio-Telecom has introduced mainly the need to use resources effectively and efficiently in order to cope up the dynamism of the day. Hence it is advisable for the company to maintain the morale of its employees through paying adequate salary, let them participate in decision-making etc. so that conducive organizational climate is going to be established.

Rendering quality telecom services demands inducement of better bandwidth and improving the network coverage etc. Therefore it is advisable for the company to invest more capitals in order to upgrade its services.
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APPENDICES
Appendix A

Jimma University

College of Business and Economics

Department of Management

Questionnaire to Employees of the Organization

Dear respondents, this questionnaire is prepared and used to elicit relevant information on the prospects and challenges of business process reengineering (BPR) in line with management contracting in some selected branches of South West District of Ethio-Telecom.

Please indicate your genuine responses in the space provided.

1 Drivers of change

<table>
<thead>
<tr>
<th>How do you see the drivers of change in terms of</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reducing Complaints of customers</td>
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<tr>
<td>Advancement in technology</td>
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<tr>
<td>Reducing cost of offering services</td>
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<tr>
<td>The need to generate more profit</td>
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<tr>
<td>The need to use resources effectively and efficiently</td>
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</tbody>
</table>
### 2 Financial Benefits

<table>
<thead>
<tr>
<th>How do you recognize the changes made so far in terms of</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Improving return on spending</td>
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<tr>
<td>Reducing cost of offering telecom services</td>
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<tr>
<td>Increasing revenues</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>Reducing risks of operating business</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Creating and maintaining relationships with customers</td>
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<td></td>
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</tr>
</tbody>
</table>

### 3 The Key Organizational Strategies

<table>
<thead>
<tr>
<th>How do you perceive the implemented change in terms of</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Focusing on attractive telecom markets</td>
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<tr>
<td>Improving telecom’s current service quality</td>
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<tr>
<td>Introducing and implementing up to date technology</td>
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<tr>
<td>Offering up to date related training for workers</td>
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<tr>
<td>Improving operating efficiency</td>
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</table>
terms of time & cost)

<table>
<thead>
<tr>
<th>4 Changes in the Major Function</th>
</tr>
</thead>
<tbody>
<tr>
<td>How do you make out the implemented change in terms of</td>
</tr>
<tr>
<td>Bringing the desired automation</td>
</tr>
<tr>
<td>Service expansion in the region</td>
</tr>
<tr>
<td>Employees' perception on newly introduced management system</td>
</tr>
<tr>
<td>Degree of delegation in decision making</td>
</tr>
<tr>
<td>Perception towards the new structure</td>
</tr>
</tbody>
</table>

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5. Employees' Benefit

<table>
<thead>
<tr>
<th>How do you judge the benefits that the changes brought to you in terms of ensuring</th>
<th>Strongly agree</th>
<th>Agree</th>
<th>Neutral</th>
<th>Disagree</th>
<th>Strongly disagree</th>
</tr>
</thead>
<tbody>
<tr>
<td>Career advancement</td>
<td></td>
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<td></td>
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<tr>
<td>Improved prospect</td>
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<tr>
<td>Job-security</td>
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<tr>
<td>Increased job satisfaction</td>
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<tr>
<td>Respect and recognition</td>
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</tbody>
</table>

6. Extent Of Utilization Of Change

<table>
<thead>
<tr>
<th>How do you observe the changes introduced so far in terms of the</th>
<th>Extremely high</th>
<th>high</th>
<th>moderate</th>
<th>Little</th>
<th>Very little</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use of multi-functional teams</td>
<td></td>
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<tr>
<td>Use of new procedures, rules and regulations</td>
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<tr>
<td>Use of new IT (Information technology, systems to support the new processes)</td>
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<tr>
<td>Support scheme to staff speaking out when ethics, standards, or codes of practice are violated</td>
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<tr>
<td>Performance related pay scheme</td>
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<tr>
<td>Old rituals and routines were ended and new ones established</td>
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<tr>
<td>Advisory staffs are actively involved in the newly introduced management system</td>
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</tbody>
</table>
Appendix B

Jimma University

College Of Business And Economics

Interview made with management employees

1. Why did you initiate changes in the corporation?
2. What happened as a result of changes?
3. Would you brief the reaction of employees?
4. What do you think the prospect of change that has been initiated in the corporation?
5. What are the potential challenges that you encounter while initiating changes in the corporation?
6. Will you specify packages of benefits that your employees receive as a result of the change introduced?
7. In your opinion, what are the core targets/objectives behind introducing changes in your organization?
8. Will you specify burdens you face as a result of the change introduced?