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# IMPACT OF STRATEGIC CHANGE MANAGEMENT ON THE PERFORMANCE OF PUBLIC TRANSPORT IN OSUN STATE, NIGERIA.

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## ABSTRACT

*This paper examines the impact of strategic change management on the performances of public transport in Osun State, Nigeria.*

*It aimed at determining the role of leadership style in strategic change management; identify in factors that are influencing change process and actual performance of an organisation.*

*The study was carried out in the administrative seat of Osun State, Nigeria where, a sample size of 87 respondents was selected using multi-stage random sampling technique. The result of the study showed that, an effective strategic change process leads to a higher level of corporate performance; a strategic change process informed by effective leadership has positive effect on corporate performance and actual performance of an organization and the relationship is significant at 0.01 level.*

## INTRODUCTION

Strategic management of change is a persistent challenge, which must be met in order to promote progressive organizational performance. It is a management skill, which involves the whole range of management functions.

Organizational change has become a way of corporate life; thus integration, takeovers, redundancies, deregulation, cutting staff, introduction of new technology and increased competition are daily occurrences. Hence, a change is any deviation from existing situation. And every organisation is in a continuous state of change. Change was equally defined as any alteration of status quo in an organization that has an impact on both the work and work environment operations, (Oribabor, 1996).

In discussing strategic change as a change in strategic content, this paper focuses on shifts in both corporate and business level strategy. Change in business level strategy define strategic change as alterations in competitive market environment within particular product market domain that is, alterations in price or quality associated with a product or service, (Rumelt, 1974).

Whereas, in discussing strategic change as a change in strategy-making process, researchers

have focused on shifts in formal management systems and structures as well as transformations of organizational cultures (Ansoff, 1979, Tushman and Romanelli, 1985).

There are a number of forces that encourage change, and a variety of different change situations. Like other kinds of organizational changes, shifts in strategy occur when forces creating the pressure for change overcome forces that create resistance to change, (Bigleo, 1982 and Lindbergh, 1984).

However, change in strategy primarily reflects the decisions of general managers to respond to changes in environmental threats and opportunities. These decisions may result either from intentional, rational or mimetic processes, (Signal House And Tucker, 1986). The relationship between pressures for and resistance to changes in strategy is a function of general managers' continual need to minimize two kinds of costs those of being mismatched with the mismatch (Miller and Friesian, 1984). Hence, the appropriate nature of change can only be decided with reference to a particular set of internal and external conditions that determine the outcomes of decision making processes (Frieson and Miller, 1986).



Thus, change management is regarded as a process by which changes that occur in a system or organisation is rationally prosecuted to maximize achievements of organizational goal or to minimize losses to the organization. Change may occur to an organisation from "outside" that is, the change is externally imposed. It may be generated from "inside" that is, the change is internally induced, (Dary, 1994).

The most common reaction to change is resistance. There could be resistance by manager or these team leader as well as workers. Strebel (1996) ascertains that, managers and employees view change differently. That is, top level managers see change as an opportunity to strengthen the business by aligning operation with strategy, to take on new professional challenges and risks and to advance their careers. For many employees however, including middle managers, "change is neither sought after or welcome. It is disruptive and intrusive and it upsets the balance.

Akinnusi (1992) opined that, the reason why organizations or individuals resist change has to do with the protection and enlargement of their self-interest. However resistance to change can be just as stubborn in a white-collar. It is no respecter of type of dress or job.

Similar findings of Elves (1980) established that virtually all people, who are affected by change, experience some emotional turmoil. Even changes that appear positive, such as promotion, involve stress and uncertainty. Nevertheless for various reasons, individuals or group react very differently to change from passively resisting it, to aggressively trying to undermine it, to sincerely enforcing it.

Perhaps, people resist change when they do not understand its implication and perceive that it might cost them much more than they will gain. Elves stressed further that, such situation often occurs when trust is lacking between the person initiating the change and the people subject to the change. Moreover people, sometimes resist organizational change to save face; because of the fear that they will not be able to develop the new skills and behaviour that will be required.

## PUBLIC TRANSPORT OPERATIONS IN NIGERIA

Public Transport Operations in Nigeria is at this moment, the joint responsibility of public sector and private sector operators. However, this paper focuses on strategic change management that exists in public transport.

The Federal Urban Mass Transit Agency was established in 1988 as Government's response. To the mobility crisis arising from the gross inadequacy of the various modes public transportation in virtually all the urban centres in the country, Nigeria.

With the adoption of Structural Adjustment Programme in 1986. Deregulation of petroleum products in 2004 and restriction of the categories of vehicles that can be imported in year, 2004, most of the state owned mass transit companies are now operating far below capacity or at loss, partly because many of their fleets have broken down and spare parts are in short supply. Added to these are the problems of misappropriation of funds, overstaff, undue political interference, and financial viability of the firm among others.

Arising from this Osun State Government deviated from adequate funding of State-Owned Mass Transit Agency to procurement of (18 seater) buses on interest free loan for the Transport Union Associations such as NURTW, NARTO among others to ease public transportation in all the local governments, (Oyinlola, 2004).

## METHODOLOGY

The sampling method adopted in this study was the use of multistage stratified random sampling technique. The study was carried out in Osun State, Nigeria where the study area was stratified into cell as delineated by the ministry of works and transport. Cross-sectional data were obtained from 106 respondents using well-structures questionnaires. A total of 87 questionnaires (that is, 82 percent response rate) were completed and analyzable.

The statistical techniques of multiple linear regression analysis using the 'least square' fitting process which is then applied to estimate the values of the regression



coefficients  $b_1$  to  $b_n$  and the constant  $a_0$  which best fit the given data.

In mathematical form, it is simply expressed as follows:

$$Y = a_0 + b_1X_1 + b_2X_2 + \dots + b_nX_n$$

+ e.....Eqn (i)

Where

$Y$  = dependent variable- Impact of strategic change management

$X_1, \dots, X_n$  = independent variables- performances of public transporters

$a_0$  = linear regression constant;

$b_1, \dots, b_n$  = partial regression coefficient

$e$  = error term or residuals.

#### LIST OF EXPLANATORY VARIABLES

- (1) Leadership has a directional effect - (LEDEFF)
- (2) The performance of public transporters is measure in term of market share and output growth - (OUTPUT).
- (3) Current change encourage new ideas and new innovations and ensure improved - (NEINNOVA)
- (4) Change introduced has been adequate enough to ameliorate transportation crisis- (CHINADE)
- (5) Current change facilitates corporate performance - (CUCHAF).

#### FINDINGS AND DISCUSSION

For the analysis of impact of strategic change management on the performance of public transport operation. Seven explanatory variables were identified and the step-wise method of the linear multiple regression model was applied. The simple bivariate (correlation) results between the explanatory variables for all the 87 respondents are succinctly represented in Table 1. Dummy variables of performance in market share and output growth, moving forward strategy, adequate change of solving transportation crisis and effect of leadership style on performance of public transporters were use in the analysis.

In attempt to satisfy the basic assumptions of multiple regression models, it became necessary to transform the data used. All the variables became normal in their log transformation, following a skewness and kurtosis analysis of different data sets that show violation of normality assumption. The matrix of zero-order correlation coefficients between the independent variables in Table 1

shows, that the correlation coefficients are relatively low, the highest being 0.639 between leadership style and performance. In this wise, by a rule of thumb (Lewis Back, 1980) there is no serious multi-colinearity occurring between the independent variables therefore, the interpretations of this study in respect of the regression equation may not be adversely affected.

The regression coefficients, the order of importance and relative contributions of the explanatory variables on the impact of strategic change management on performance of public transporters are as shown in Table 2. The most significant public transporters, current changes has solved public transportation crisis. This is determined by the value of 't' as depicted in the last column of Table 2.

The relative significant contribution of each independent variable is expressed by the level of explanation column in Table 2 below. The four (earlier identified) out of the seven explanatory variables accounted for about 48.0 percent of the level of explanation. Leadership style alone accounted for 20.36 percent for the variation in impact of strategic change management on performance of transporters.

TABLE 1: CORRELATION COEFFICIENTS BETWEEN THE DEPENDENT AND INDEPENDENT VARIABLES:

OUTPUT LEDEFF	STREMP	STRACHAP	CHINADE	CUCHAF	NEIN
1.000 0.619	0.001	0.003	0.126	0.083	0.091
STREMP 0.182	1.000	0.061	0.203	0.179	0.120
STRACHAP 0.411		1.000	0.069	0.328	0.186
CHINADE 0.461			1.000	0.354	0.262
CUCHAF 0.381				1.000	0.368
NEINNOVA 0.126					1.000
LEDEFF 1.000					

TABLE 2: REGRESSION COEFFICIENTS AND ORDER OF IMPORTANCE OF INDEPENDENT VARIABLES:

INDEPENDENT VARIABLES					R square	
Order	Ind	F-value	T-value	error		
			coeff	% multiple R		
			explanation			
1	Leadership	11.39	0.98	0.12	20.36	0.5615
				240.13**	13.67**	
2	Output	3.04	1.25	0.21	14.21	0.6357
				201.24**	8.71**	
3	Innovation	5.17	1.13	0.11	5.88	0.6776
				185.51**	6.13**	
4	Change	1.55	1.04	0.06	5.15	0.6882
				109.14**	1.48**	
5	Strategy	0.96	0.92	0.03	0.03	0.6978
				99.65**	0.23**	
6	Culture	0.63	1.01	0.01	0.01	0.6993
				75.9**	0.09	
7	Structure	0.59	1.06	0.00	0.00	0.7104
				65.50**	0.04	
Constant = 37.317						

Constant = 37.317

No of Respondent = 87

\*\* Significant at 0.01 level

Source: Computer print – out of SPSS (2005).

In terms of the order of importance of the independent variables in explaining the variation in the criterion, the beta coefficients in Table 2 shows that, the measurement unit of the independent was the most important while, the previous strategic change in the management of public transport (that is, state-owned transit in the study area) was the least.

The signs of partial regression coefficients for the significant variables were all positive, this implies, improvement in the performance of public transport as a result of current strategy of procuring buses for Transport Union Associations in the study area.

## CONCLUSION

The results of regression analysis shown in Table 2 also reveal that the coefficient of determination (R- Squared) was 0.699 (approximately 0.70) when the seven variables are in the equation and almost the same with the four significant variables. The analysis of variance (ANOVA) tests, as indicated by the F- distribution values, further show that a very high level of significance could be placed on the results. At all levels the F-value was significant at 0.01 level of significance. The linear multiple regression models obtained for the study was in equation (ii) below that is,

$$Y = 37.32 + 11.39 X_1 + 8.04 X_2 + 6.17 X_3 + 3.55 X_4$$

Eqn (ii)

Strategic Change Management (Y) = 37.32 + 11.39 (Leadership styles) + 8.04 (Performance Output of Public Transport) + 6.17 (Current changes that encourage new ideas) + 3.55

(Changes has been adequate enough to solve transport crisis).

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