

Implementing organizational ethics as a change process in banks: A case study Bank for Business



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ABSTRACT

This paper aims to address the effects of the organizational change as one of the key issues in management ethics today. The paper is based on the deductive and inductive approaches. The comparability analysis of the data was done with the application software for statistical analysis SPSS as a tool for data entry, organizing the entry of received data through which the similarities and differences between the different variables in relation to the purpose of the research are applied. This paper highlights that organizational ethics comprises of the guidelines on how an organization responds to the external environment. The main implications of the paper: (i) Cultural changes are the factor that is usually not taken seriously during the changes that occur in the Bank, therefore the organizational structure created in the institution has determined the need for that culture to change in accordance with new changes so that the staff of the organization is in line with those changes; (ii) better change management skills are not only desirable, but they are also necessary for achieving vital improvements in the Bank; (iii) Ensuring that all staff members are informed of what changes will be made by management is a kind of "selling" of the changes through good and regular communication to the audience within the Bank

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Introduction

Change is considered an important element of success in today's business world. To remain competitive in the market, which more and more is becoming more aggressive, you have to have a positive approach to change. Taking a proactive approach, in a process of change, it is the only option for the future, both for organizations and for individuals. Whether an organization will survive in the market depends largely on the fact that the direction in which that organization is based, said in other words, the fate of the organization depends solely on changing its strategy. There is no doubt that for an organization change is the way, perhaps the only, to remain competitive with growth and development prerequisites. As for the possibility of giving individuals the changes it can be used for improvement and advancement in career and his personal life individual. Change is inevitable in a rapidly expanding world. It occurs for many reasons including increases or decreases in funding; employing new technology; better cost management, offering improved services for clients, becoming competitive in the market, or just responding to the external environment and factors.

Therefore, a key "managerial challenge is how to transform the organizational culture to promote organizational change in order to survive the turbulent economic environment and implement successful strategies to adapt to the new market demands" (Szamosi et al., 2005, p.167). The financial institution we are going to consider in this paper has undergone the process of change too, and it managed modify its structure and processes. In the initial phase the bank has identified the main difficulties that the management considered were hindering the work of the organization. During the years business environment became competitive, thus imposing the need of reviewing the business models, the decision-making processes, the interdepartmental or branches cooperation in order o increase the efficiency and meet client's expectations. The results from different sources including external focus groups, internal

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questionnaires, customer satisfactions surveys, proved that the bank was in many aspects too centralized, relatively rigid and bureaucratic. The need to transform such a structure is recapped by Marques (2007,p.33) who notes that organizations with a hierarchical and rigid culture exclude learning possibilities.

Moreover because of the vertical structure of the organization, silo thinking was governing the work, and cooperation and the team spirit was lacking. According to Piderit (2000, p783) organizations by “adopting flatter, more agile structures and more empowering, team-oriented cultures” should respond to the change. In order to change this environment, the bank initiated the organizational change program aiming to reach three main goals: increase staff loyalty and performance, empower and delegate decision making authority to front line staff and increase cooperation within the organization. Through analyzing literature on organizational change, reactions to change i.e., resistance and communication as the most powerful tool in driving change forward, this essay will strive to critically look at the implemented processes in the bank. In the same measure should be careful that new change impacts, such as: technological innovations, new competitors, and other factors affecting the market, to harmonize with the strategy of achieving the mission and vision of the organization.

Each organization will face the challenge of change; therefore, it all depends on how much are we prepared to make the changes planned or they will do it ad hoc. “I’m not interested in maintaining the status quo, I want to overthrow it,” has rightly stated Niccolo Machiaveli. Changes often are disturbing and bring obstacles getting paid time and energy and material and human resources. Given these consequences it often happens to people to avoid changes. This part will specifically elaborate on resistance to change, its concept and meaning, factors associated with it and the role of the change agent in addressing resistance. The last decade of the twentieth century and subsequent years, are otherwise qualified as “era of chaos”, “decades of technology”, “the time of surprises” or even “era of uncertainty.” (Llaci; 2009, p.5). These surprises and uncertainties include globalization, the rapid pace of technological innovation, continuous change of roles and activities in organizations. This period brought the end of employment for life, and other economic changes, political, social different sides of the globe. Therefore, to survive these major changes taking place, organizations should make the planning of change, as a proactive approach, trying to predict the future, all this in order for the organization to adapt to changes possible and to be effective. It is also a pivotal moment of making the amendment of those individuals, managers and leaders who have the necessary authority to implement them. But in such cases, of course, that the main task falls on the managers who must feel the need for these changes essential and inevitable, acting strongly in their realism.

Ethics can be considered as the organization’s culture. Edgar Schein, an influential thinker around organizational culture defined culture as “a pattern of basic assumptions that a given group has invented, discovered or developed in learning to cope with its problems of external adaptation and internal integration, and that have worked well enough to be considered valid and, therefore, to be taught to new members as correct way to perceive, think and feel in relation to these problems.” (*Schien, 2004, cited by Jackson & Parry, 2010*). Considering Ethics as an organizational behavior, it comprises of principles and values of individuals in the organizational context with a focus on individual and group processes and actions. A business organization consists of individuals from different geographical region with different cultural background. Every individual has personality as a specific characteristic which may be open or hidden and which may determine either commonality or differences in behavior in an organization (*Ewen, 1988 cited by Brook 2011, pg. 42*). An Individual’s behavior can be seen as an open entity of his/her personality.

This paper aims to address the effects on the organizational change as one of the key issues in management ethics today. The paper is based on the deductive and inductive approach: a) deductive in the review of secondary sources and b) inductive in the review and processing of primary information provided by a survey and interviews conducted with company managers.

This paper is organized as follows: following the introduction part, a second part is a literature review with theoretical and empirical studies that shed a light on linkage between theory and practice. The third part introduces the background information on research and methodology. After analysis and findings of the study, authors provide discussions and implications. Finally, this paper concludes with key points, recommendations, future research directions and limitations.

Literature Review

Theoretical and Conceptual Background

organizational change has been a topic for discussion over decades. Various authors have studied the issue aiming to provide for a comprehensive picture of the need for change in today’s world. Many of them refer to change as a part of our daily life, something that is unavoidable and influences all individuals and organizations (Ollerhead, 2008; Chonko et al., 2006; Szamosi and Duxbury, 2002, p.33). The question arises what organizational change is and why it is needed. Ford et al (2008) utilize the Mintzeberg and Waters (1985, p.363) to describe change as a situation that “interrupts normal patterns of organization and calls for participants to enact new patterns, involving an interplay of emergent processes that can be highly ambiguous”. Several sources cite Lewin’s definition who notes that: “change consists of three stages: unfreezing (creating a felt need for change), changing (attitudinal and behaviour changes) and refreezing (institutionalizing and reinforcing the attitudinal and behavioural changes) (Mathews, 2009; Chew and Choo, 2008, p.12). Other writers including Marino (2007, p.10), Bedingham (2004, p.27), Mento et al. (2002, p.46), indicate that change is transforming the current state and they talk about change thus summarizing that organizational change encompasses management of the new business processes or old but reformed ones, organization of the internal structure to support implementation and cultural changes within an organization. Even if no study questions the need for change, all authors stress its challenging nature

and recognize its demanding characteristics. Piderit (2000, p.789) highlights that the need for change has become essential in the past decade even though it is a timeless challenge. Perry (2007, p.15) outlines change as a tough activity which has a good end goal, but as a process it brings interruption and disorder. And we can stress that this is the least desired outcome, as changes are usually driven to what employees might even consciously agree are a good means to move things forward in the business. Needless to express is the fact that organizations are faced with the contest of successful implementation of required changes.

Therefore, it is not just the question of initiating change, what matters is effective management of change (Chew and Choo, 2008, p.111). Chew and Choo observe that if organization change is not implemented properly its consequences are high, not for individuals but for the organization itself. Not only change is a part of environment we live and work, so is resistance to change. Organizations trying to implement a change, should expect to encounter some resistance from within the organization. Resistance to change is a normal reaction from people who were used to certain way of doing things. Authors discussing challenges of organizational change, agree that the key problem is resistance to it (Chonko et al., 2006, p.45; Szamosi and Duxbury, 2005, p.29; Piderit, 2000, p.785). They elaborate on resistance from several perspectives. Piderit (2000, p.785) stresses Davidson (1993) who argues that "resistance has come to include anything and everything that workers do which managers do not want them to do, and that workers do not do those managers wish them to do". This interesting view is matched by Stebel (1996), cited in Szamosi and Duxbury (2005, p.27) who suggests different way of looking at the change by the managers and employees, as the first view change to strengthen the business and progress in career whereas the latter see change as disturbing, interfering and upsetting the balance.

The point of the employees is elaborated by Yemm (2007, p.41) who reinforces the thought that the difficulty in change process is the fact that change is perceived as a threat and negative outcome by "people further down the organization". Hence no matter the nature of the business of the company or its size, the main challenge in change is the fear of people, their resistance, reaction, and sabotage. Chonko et al. (2006, p.44) by providing thoughts from Waldron (2005), Dent and Goldberg (1999), Kaplan (1997), observe that resistance is linked with the lack of knowledge of people, lack of believes in change processes, concern for job security and perceived loss of pay. From people's perspective O'Brien (2008, p.138) points that the "change is a bad thing, something to be avoided--even feared". He notes that the underestimation of the people's reaction to change by the executives can impede completion of the project. During organizational change employees are often in turmoil, fearing loss of employment security and loss of loyalty to seemingly uncaring employers. In today's business environment there is only one constant permanence of these changes. One of the main postulates in the organization shows that, if you stay, lose ".

Static models are management almost impossible and destined to failure because, if the organization does not change then, without any doubt, it eliminates its competition. Hence there of organization required to constantly make changes, select the form that best suits her own. (Krasniqi, S., PhD, 2013, p.13). Sherman and Garland (2007) analyse resistance from three points: as a cognitive, emotional, and behavioural state. Through looking at various authors they conclude that these three states co-exist and affect each other. On the other hand, Szamosi and Duxbury (2005.p.199) point to the three factors associated with resistance to change: psychological, sociological, and organizational. They consider studies of Rowe (1996) and spot that resistance is a defensive strategy which is used by people as part of protection. Further they consider Judson (1993, p.23) explanations that resistance is the underlying tension" between organization's need for change and an employee's personal need for maintaining a sense of security and structure noting that when these basic needs are threatened by a change, feelings may become negative, and resistance may occur". Nevertheless, analyses and studies on resistance also provide advice on how to overcome it.

As elaborated below the successful implementation of organization changes can only occur through ensuring support of employers. Many companies chose instead to develop strategies of managing resistance rather than aim to gain the support of work force. However, understanding the conditions encouraging individual readiness for organizational change, instead of focusing on resistance to change, can be useful for designing and implementing effective interventions. Szamosi and Duxbury (2002, p.185) provide analysis of authors who have contributed to the change literature and point that all of them "have placed great importance on human factors as being critical to the ultimate success of an organization's change efforts" (p.184). Human asset in the change literature is labelled as change agent. Chonko et al. (2006, p.52) gives this definition: "a change agent is a person who generates a change initiative by researching, planning, finding a champion and carefully seeking volunteers to be part of the team".

This picture is completed by the Chew and Choo (2008, p.101) observe that the central role of change agents is in organizing human resources, earning, and maintaining respect of management and people. Thus the role of the change agents can be highlighted as fundamental, especially because organizations are aware that they "tend to be very good at planning and orchestrating the technical and structural aspects of change, but poor at guiding and supporting the human side – the personal reorientation associated with change" (Demers et al,1996, cited in Bennett and Durkin, 2000, p.129) Managing change is a difficult task management, the aggravating factor is the fact that these changes should be completed in a shorter term within the framework of preliminary data. In these types of processes, we encounter cases of resistance of managers creating lower level, mainly those who do not possess the skills required to perform specific tasks.

Studies show that almost 70% of change initiatives fail. (Kotter, 1996, Beer & Nohra: 2000). Resistance to change is defined as employees, response to treatment they receive in the process of change, and to control the managers ", (Coetzee & Stanza: 2007, p.76) People do not resist change as much as the resist the fact that they are excluded from the process of change. To build an effective plan to change managers need to know and understand better what the reasons that people oppose changes are. The most common

ways that managers use to abating the people's resistance changes are: (1) Education and communication, (2) Participation and inclusion, (3) Facilitate and support, (4) Negotiation, (5) manipulation and co-optation, (6) tightening or liabilities (open and hidden) (Luecke, 2013, p.5). But care should be taken during the change to be realized careful, planned, coordinated, and not be frequent, because, as much as things change, they remain the same, " said Renaissance philosophy, N. Machiavelli. (Mislav A.Omazic, 2005, f.99) Piderit (2000p.789) gives a very good conclusion related to resistance that should be taken into consideration by managers who want to successfully work with the resistance, when she says that managers need to conceptualize "employees' responses to proposed organizational changes as multidimensional attitudes", as in this way they would be able to have a "richer view of the ways in which employees may respond to change".

Therefore, we can point that successful management of organizational change means that managers and leaders should understand how to best deal with the individuals within the institution undergoing change (Szamosi and Duxbury, 2005, p.189). Georgeta (2008, p.624) emphasis that imposed changes are always looked with fear and distrust, but successful change leaders understand the people who are affected by change and their needs. Steps managers can take to overcome resistance are elaborated by Kirkpatrick (1985), cited in Sherman and Garland (2007, p.55) who note that managers should take "actions to address the emotional, cognitive, and behavioural states, and provide for empathy and support to those engaged in the change, communicate the reason for the change as part of reducing fears and limit rumours, and involve in the planning all those affected by change".

Literature captures best practices that can help to overcome resistance to changes including regular communication with employees through employing various channels, such as detailed explanations to everyone to understand how the new way of working will make their own jobs better or easier; provide trainings and/or seminars, workshops, team building exercises etc. Lines (2004, p.199) research the effect of staff participation in the strategic change management process. In this journal he investigates whether employee participation in strategic change management has positive consequences for decision quality, affective responses to change and the success of strategic change implementation. The findings of Lines (2004, p.213) research show a strong positive relationship between participation, goal achievement and organizational commitment. He concludes that employee participation is an important factor when striving for a successful strategic organizational change. His analysis is reinforced by Chonko et al. (2006, p.59) and Piderit (2000, p.788). The first notes that successful organizational adaptation is increasingly reliant on generating employee support and enthusiasm for proposed changes, rather than merely overcoming resistance. Whereas the later agree that when people are involved in the process change is a successful story and resistance becomes a minor problem.

Increased competition in the markets, globalization, the reduction of barriers to entry in some markets because of the internet and electronic business, the need to respond quickly to customer needs, mergers and acquisitions, technological innovation, reorganization, or half sales fall market etc. are some of the factors that promote change. (Victor & Franckeiss: 2002; Cao etc.: 2003 Clegg & Walsh's, 2004, Stanleigh, 2008) Victor & Franckeiss, (2002, p.36) defines change management as "a process through the cycle of the desired future can be defined and achieved by leaving enough freedom and flexibility to respond to the circumstances of the case when they occur ". All these writing prove that the greater employee involvement in the strategic change process increases the overall organizational trust between management and employee. It makes sense that the greater involvement results in a decrease in resistance by employee, an increase in commitment, and a greater likelihood of achieving a successful strategic organizational change. Sherman and Garland (2007) suggest that resistance to change could be reduced if through effectively communicating the need for change. Hence apart from employee involvement, communication is another curial tool that is mentioned in the literature.

Communicating with people who will be affected to inform them what is happening and why is paramount and is a way of reducing resistance. Resistance may be reduced by talking with employees, explaining in depth reasons for change and asking for their support. This way of communication raises awareness of change and support for it, thus even unpopular changes will be implemented (Petrescu, 2010, p.83). By considering different authors, Szamosi and Duxbury (2005, p.22) give a complete picture on utilizing communication as a tool to manage resistance. They remark that effective communication is critical to the success of all organization initiatives, and that the use of personal level communication decreases resistance. They further underline that qualitative and quantitative information and tailored messages should be developed in communicating information on change. Their observation is enriched by Perry (2007, p.13) stating: "change is seldom easy, but managers can make a difference by communicating reasons, respecting values, attending to emotions, and providing as much information as possible". Georgeta (2008, p.623) adds the element of capacity building in suggesting "combining communication and training". An interesting suggestion is linked with the idea that open communications results in growth of individuals and their excitement for change (Christian, 2010, p.498).

On a final note, the negative of the lack of communication is pointed by Marques (2007, p.33) whose work focuses on the denied of information and its impact to people's realization for their work purpose. He confirms what we will observe below in terms of not proper communication and its impact in the implementation of the change program in the bank. The organization's decision to undertake changes is highly confirmed by the above review. As we can take notice of the above literature the ability to successfully act in response to change – both as individuals and organizations – marks the ability to ensure that we or the company stay abreast in the world we live in or competitive for the latter case (Perry, 2007, p.16). Despite the question marks related to this decision and the timing for the change program, this essay confirms that change is necessary and mandatory for organizations if they want to grow. Or to put it better straightforwardly by make use of the great Charles Darwin who once said, "It isn't the strongest of the species that survive, nor the most intelligent, but the one most responsive to change"(Darwin, cited in Ollerhead, 2008, p.32). Major challenge faced by the ethics champions in carrying out their assigned duty is the resistance to changes on the side of employees. Ravi (2009)

analyzed the employees' attitude to change and came up with the conclusion that supposing people have been used to looking at things in a certain manner, then if they are required to change then it takes a longer time as they have been successfully doing it in the old ways before now. This is regarded as a resistance to that change as it commonly exhibited by the people who have been long enough in the organization. This is not only applicable to ethics, but it is common to all manner of changes in the organizations. Ollerhead, (2008, p.32).

Methodology

Data

Data processing design (on the role and importance of Change Process in Banks) is in line with established international standards with a focus on data published by local and international organizations and institutions, using methods deductive, comparing research data synthetically and analytically with direct access to literature, scientific journals, official reports published domestically and abroad. The results of the whole search have been collected and analyzed.

The information resulting from the use of different research methods and approaches has been triangulated in order to analyze them and draw conclusions and recommendations of this paper. The results from the primary and secondary data, which were derived from the use of the search method, were identified. An exposition of some final data of the work has been made, in tabular form, mainly data summary, the research results have been reflected, the transformation of quantitative data into narrative data has been done. And finally the interpretation of the results found in relation to the conceptual framework of the research is done.

Approach

The paper is based on the deductive and inductive approach: a) deductive in the review of secondary sources and b) inductive in the review and processing of primary information provided by a survey and interviews conducted with company managers.

The comparability analysis of the data was done with the application software for statistical analysis SPSS (Statistical Package for Social Sciences) as a tool for data entry, organizing the entry of received data through which the similarities and differences between the different variables in relation to the purpose of the research are applied. For the sake of clarity, I have presented the statistical data both through diagrams and tables, so that the number of respondents and other data with percentages are as transparent as possible. The data were then converted into numerical codes, which were statistically processed.

Empirical data and analysis

Bank for Business (BPB) is a local commercial bank licensed by the CBK (Central Bank of Kosovo), which has been operating in Kosovo since 2001. The Bank was established by 16 domestic and international companies, including Banca Popolare di Cividale in Italy, European Bank for Reconstruction and Development (EBRD) etc.

The Bank consists of 7 main branches and 19 sub-branches throughout Kosovo and with 366 employees ready to serve their customers. Of this number of employees, 182 are staff engaged in branches, while 116 are staff working in the Head Office, with an average age of 34 years, of which 74% of the total number of employees are with higher education (76 with high school, 217 with BA, 21 with MA and 1 with doctorate). BPB closed 2020 with 366 employees, compared to 2018 where the total number of employees was 339. Of this number, 49% are female and 51% are male. The average age of staff for 2020 is 35 years old, an indicator which shows that the Bank has a relatively new human capital. BPB undertook new initiatives and projects with the aim of further advancing ethical practices for managing continuous change to be the Bank of choice for operation and development. The Bank continuously pays attention to the training and development of its staff because it considers it as a key element in achieving its goals and maintaining long-term relationships with customers.

Results from various sources including external focus groups, internal questionnaires, customer satisfaction surveys, proved that the bank was in many respects highly centralized, with relatively rigid and bureaucratic actions. Some employees of the Bank after the changes have been in a bad position emotionally thinking that they will be victims of the changes made.

This "victimization" of them created problems in their self-confidence and in the required ability to be at the level of duty. The bank's managers have used their full potential by managing the situation in the gentlest way by offering innovative solutions with new ideas which have been acceptable to the staff. Employees who have been in a situation of stress and anxiety about the possibility of losing their jobs have been explained the form of their participation in these changes (Ozel & Hacıoglu, 2021, Ozel & Hacıoglu, 2021b). The Bank has taken steps to close some unprofitable points the staff is oriented in describing the new tasks by encouraging them with flexibility in the given offer.

Given that most of them have worked in teams, therefore the selection was made in the framework of the proposal to reduce the income and benefits of Bank members in favor of the resettlement of employees who have now lost their jobs. This has been well received by the bank's employees given the negative consequences that occur with this part of the staff who has had difficult engagements in new tasks. Regular meetings of employees even after working hours have influenced the understanding of what it is like to be part of a team and what we can do for others to achieve common goals.

For the period of the last six years (2015-2020), the bank has managed to increase its performance significantly - Total assets have increased from 133 million euros to 335 million euros

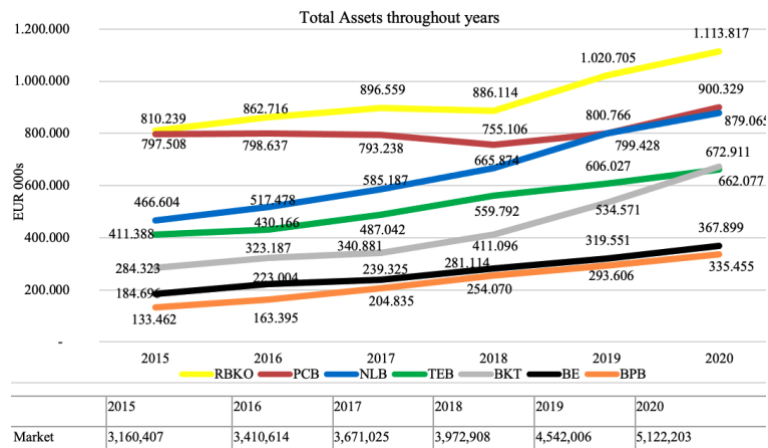


Figure 1: Total Assets throughout years Source: Annual Report 2021 Bank for Business (BPB)

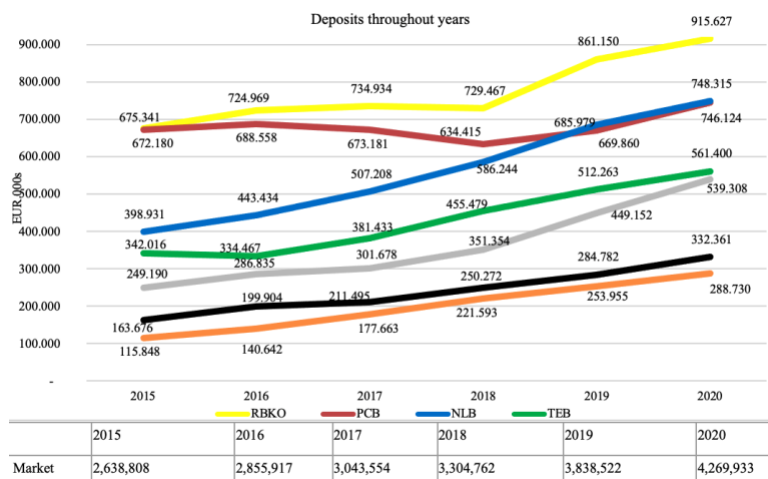


Figure 2: Deposits throughout years Source: Source: Annual Report 2021 Bank for Business (BPB)

Analyzing from some data of key indicators for the position in the financial market of GDP in relation to the analyzed period we have conclude that the return on average assets (ROAA) is defined as an indicator used to assess the profitability of assets of a bank. Making it simple, this return on average assets shows what a company can do with what it owns. The other indicator for the bank is the ROAE indicator. Return on Equity (ROAE) is an adjusted version of the return on equity (ROE) of a company's profit, in which the denominator, equity, is changed to the average equity of the shareholders.

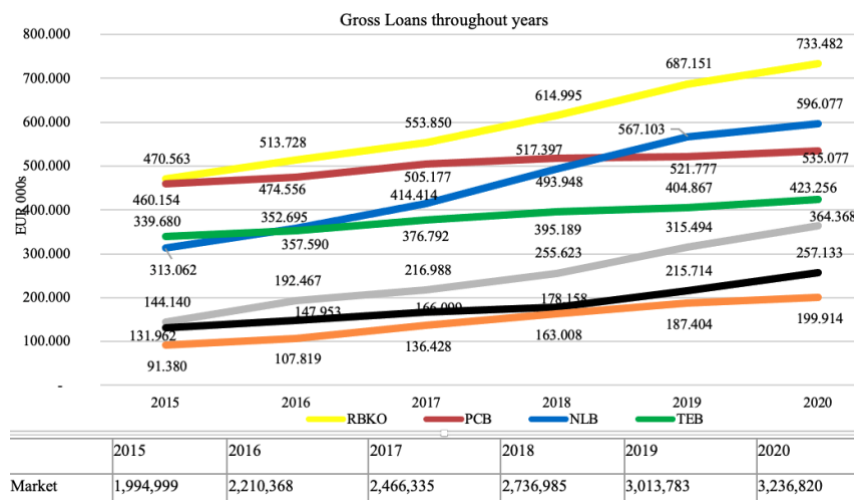


Figure 3: Gross Loans throughout years; Source: Annual Report 2021 Bank for Business (BPB)

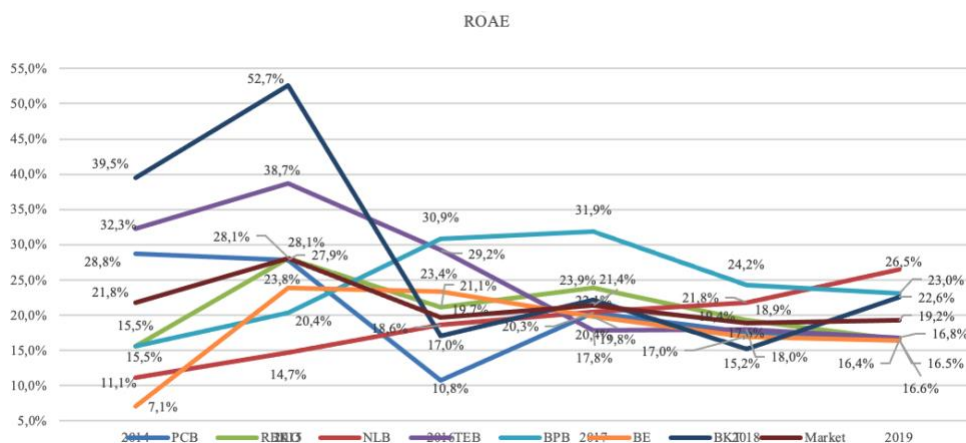


Figure 4: ROAE Source: Annual Report 2021 Bank for Business (BPB)

Table 1: Paired Samples Statistic for ROE variables in BPB compered period 2008-14

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	ROE	-,040961811280797	5	,164801654715395	,073701540549670
	ROEpas	,215401056827262	5	,055000178149462	,024596827423414

At the same time, we have collected the Bank's financial data by comparing it with the financial market data of other banks operating in the Kosovo market.

The variables used in this paper are Return on Assets (ROA) and Return on Equity (ROE). ROA and ROE, a comparison of these variables was made between the years 2008 -2014 when there was a conventional management and a comparison with the years 2015-2020 when the approach of continuous changes in the management of GDP was made! Therefore, based on statistical analysis through SPSS we have concluded that Return on Assets (ROA) which refers to a financial ration that indicates how profitable a company is in relation to its total asset has significant differences between two periods compared between management of the years 2008-2104 and managerial changes that have occurred in the period 2015-20. Corporate management, analysts, and investors can use ROA to determine how efficiently a company uses its assets to generate a profit.

The metric is commonly expressed as a percentage by using a company's net income and its average assets. A higher ROA means a company is more efficient and productive at managing its balance sheet to generate profits while a lower ROA indicates there is room for improvement.

The other variable compared is Return on Equity (ROE) which a measure of financial performance calculated by dividing net income by shareholders' equity. Because shareholders' equity is equal to a company's assets minus its debt, ROE is considered the return on net assets. ROE is considered a gauge of a corporation's profitability and hoë efficient it is in generating profits. Compared between the years 2008-14 and the years 2015-20 in which it shows the results achieved by the management when applying change management in this Bank.

Table 2: Paired Samples Test for ROA variables in BPB compered period 2008-14

Paired Samples Test							t	df	Sig. (2-tailed)
		Paired Differences		Std. Error Mean	95% Confidence Interval of the Difference				
		Mean	Std. Deviation		Lower	Upper			
Pair 1	ROA - ROA pas	-,0241512	,0158629	,0070941	-,0438477	-,0044548	-3,40	4	,027

Both ROA and return on equity (ROE) measure how well a company utilizes its resources. But one of the key differences between the two is how they each treat a company's debt. ROA factors in how leveraged a company is or how much debt it carries. After all, its total assets include any capital it borrows to run its operations. On the other hand, ROE only measures the return on a company's equity, which leaves out its liabilities. Thus, ROA accounts for a company's debt and ROE does not. The more leverage

and debt a company takes on, the higher ROE will be relative to ROA. Thus, as a company takes on more debt, its ROE would be higher than its ROA. Assuming returns are constant, assets are now higher than equity and the denominator of the return on assets calculation is higher because assets are higher. This means that a company's ROA falls while its ROE stays at its previous level. The common ROA formula jumbles things up by comparing returns to equity investors (net income) with assets funded by both debt and equity investors (total assets).

Table 3: Paired Samples Statistic for ROE variables in BPB compered period 2015-20

Paired Samples Statistics					
		Mean	N	Std. Deviation	Std. Error Mean
Pair 1	ROA	-,00230528	5	,01213065	,0054249
	ROA _{pas}	,021845991	5	,00510962	,00228509

Table 4: Paired Samples Test for ROA variables in BPB compered period 2015-20

Pair	ROA - ROA _{pas}	Paired Differences					t	df	Sig. (2-tailed)
		Mean	Std. Deviation	Std. Error Mean	95% Confidence Interval of the Difference				
					Lower	Upper			
1		-,0241512	,0158629	,0070941	-,0438477	-,0044548	-3,404	4	,027

The main actions have been taken in the development of the business conceived with the process of transformation and reorganization 2015-2020.

Therefore, the management of changes in GDP is realized through transformation and reorganization, repositioning the bank with a defined customer profile becoming the implementation of performance culture (clear definition of objectives and their measurement), raising the quality of staff such as capacity building of staff with long banking experience, reorganization of branches, renovation, relocation and opening of new branches, reorganization of business departments (implementation of the agro concept), diversification of the customer base (75% of the loan portfolio up to Eur 100,000), diversification of the depositors' portfolio, the highest interest margin in the market, orientation of transactions through alternative distribution channels (52% of -channels), definition and categorization of clients and branches as well as continuous improvement of port quality NPL credit rating from 5% to 2.7%.

In 2020, a net profit of 4.5 million euros was achieved, thus increasing the equity of shareholders from 31.1 million euros as it was in 2019, to 35.6 million euros at the end of 2020. The return to average equity ratio was 13.6% this year and 22.8 % in the previous year. Capital adequacy ratios were kept stable, where the total capital on risk-weighted assets was 17.76%, while for 2019 it was 15.73%.

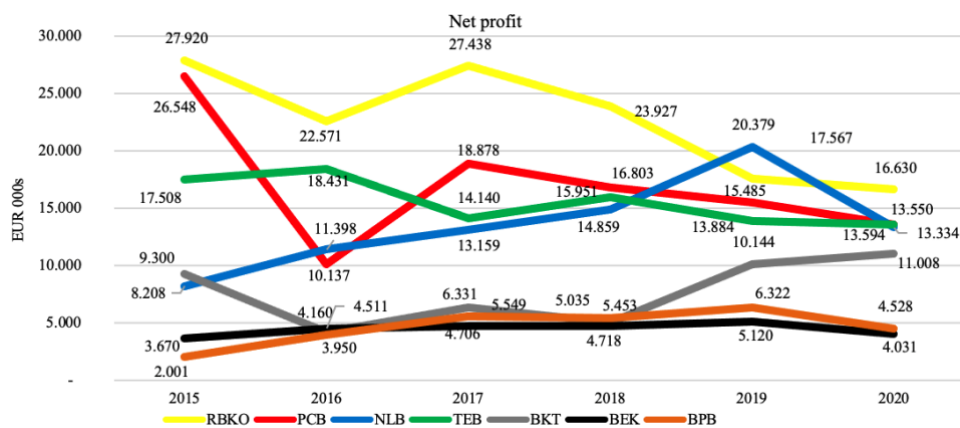


Figure 5: Net Profit of BPB Source: Annual Report 2021 Bank for Business (BPB)

The change initiative is focused on reviewing operations processes that include new technological changes to reduce the gap to change with competition by making the process more efficient, process automation, and optimization (Aksoy and Hacıoglu, 2021). Focus on involving the largest number of staff involved in these processes, optimizing costs and increasing the profitability of the final product.

In recent years, the bank has focused on several key areas:

- i. Risk management
- ii. Centralized decision-making process, updating and improving current practices, advancing operational risk activities.
- iii. Cost optimization - negotiation and improvement of contracts, relying on outsourcing support activities, optimization of the branch network.
- iv. Customer segmentation
- v. Specifically addressing customer needs with customer relationship officers, product packages tailor-made to meet their specific needs.
- vi. Strengthening relations with international financial institutions such as IFC, EBRD, EFSE, etc. through which the Bank has benefited from relations with these institutions by obtaining credit lines for financing specific projects such as energy efficiency and SME development in rural areas.

The Bank has a significant number of branches and sub-branches spread throughout the territory where customers can be served. The current number of branches enables customers quick and easy access to all banking products (Gorener et al., 2013; Dincer et al., 2016). Bank for Business (BPB) operates in a highly competitive and dynamic environment, it is an urgent need for organizations to strengthen the spirit of continuous change, encourage staff, work tirelessly to improve processes, raise service levels and stimulate and innovative ideas (Dincer et al., 2017) The management of the bank chose the KAIZEN¹ Methodology (continuous improvement) is a platform that aims to force modeling in the bank, so that staff can create and suggest changes when they deem it reasonable, proposals that should be considered and applied when ensure that the changes will bring benefits to the institution.

The key role in implementing the changes in the Bank for Business (BPB) is played by the Bank's leaders, as they are ready to face the consequences, ie know how to run the bank in the new operating conditions by expressing readiness to take action, not very well received, in order to achieve the objectives and clarify the vision. The obligation of the bank leaders is to ensure transparency, proper communication, consistency in implementation and sincerity in the way of addressing any planned change. During the implementation of the changes, the motivation has an important role, ie the identification of the benefits and the benefits that the bank staff will have after the implementation of the changes. The Bank's management considers that if the changes will have negative consequences for a category of staff, then it should be ensured that the information is good by enabling communication with the staff regarding the need for change, set objectives, changes that should occur, involvement required of them as well as the bank's plans. In these circumstances, the main reason is for the staff to make sure that they have a future in the bank and that this future is also in line with their personal objectives.

Motivation to engage in change in the organization can be achieved if: Information is provided about the goals of the changes, considering their expectations from these changes, how the realization of these changes can be in line with the goals of the employees. Creating team spirit, when each team member is ready to help their colleagues, inclined to joint successes. The Bank is focused on undertaking change-related initiatives by reviewing operations processes. Due to the past and the fulfillment of internal and market needs, the processes tend to be complicated to increase the cost of operation.

One of the things that has had the greatest effect on achieving the objectives of the Bank, during the implementation of changes, is the review of the organization's processes, their change in accordance with the new situation, the creation of new more efficient processes, process automation optimizing the number of staff involved in those processes, wherever possible, optimizes costs and increases the profitability of the final product. This has imposed the needs of business model review, decision making and coordination between departments or business units to increase efficiency by focusing on meeting customer expectations. The need to make such a transformation in structure was also concluded by Marques (2007), who stressed that: "organizations with a rigid hierarchy and culture exclude the possibility of learning." Results from various sources including external focus groups, internal questionnaires, customer satisfaction surveys, proved that the bank was in many respects highly centralized, with relatively rigid and bureaucratic actions.

Change Management Process / steps BPB has consistently aimed to cultivate a culture of adoption with change thus ensuring a consistency and continuity of business in a fierce competition. This is achieved by doing the right planning, even considering the unplanned risks, involving all stakeholders in the planning process, sharing responsibilities, and setting critical points in time for their implementation ("milestones") to assess progress within the set deadlines.

Continuous communication in increasing the effect of change, potential barriers, individual and collective performance is essential in achieving the desired success. Regular and transparent communication avoids the possibility of misunderstandings, prevents possible obstacles by ensuring that all parties are properly informed about the progress achieved. In the Bank for Business (BPB) another factor is the motivation of the staff, the need for the adoption with the changes to be as easy and acceptable for them. This has been achieved by building a benefit scheme, which is directly related to the Bank's successes, namely the expectations from the change initiative. During these changes in the Bank, it has been proven that when the expectations of individuals are in line with the expectations of the bank, success has not been lacking. The Bank has built performance measurement schemes, where on the one hand good performance has been valued and stimulated, on the other hand appropriate steps have been taken to reduce the impact of

¹ Japanese term, continuous improvement. There is never an end, to be better. An organization gets better through change. Staying in one place allows competitors to move forward.

individuals with poor performance (Hacioglu and Aksoy, 2021). One of the key factors that made the changes successful or not, is the human factor. Human nature tends to adapt to routine, where immutability is part of the nature of many employees.

In principle, people are reluctant to change the way they achieve the processes by which they achieve their goals. Employees who have been in a situation of stress and anxiety about the possibility of losing their jobs have been explained the form of their participation in these changes. Regular meetings of employees even after working hours have influenced the understanding of what it is like to be part of a team and what we can do for others to achieve common goals. During the changes in the Bank, fear was noticed, respectively the uncertainty of the staff about the manner of realization of these changes as the communication and transmission of the need for changes was not fully realized through the formal communication system. Lower-level managers have tried to convey to staff the reasons for the various by obtaining the opinion of the relevant staff to modify or adopt these changes in accordance with the new circumstances. Strengthening senior management staff and delegating responsibilities has made these changes easier to accept.

Resistance to change has been evident in the Bank, but by identifying in time the resilient parts and addressing these problems it has been achieved to minimize their effect. The ways managers have used to minimize people's resistance to change in BPB are education and communication, participation and involvement, facilitation and support, and negotiation where necessary.

Cultural changes are the factor that is usually not taken seriously during the changes that occur in the Bank, therefore the organizational structure created in the institution has determined the need for that culture to change in accordance with new changes so that the staff of the organization is in line with those changes. Given the resistance to these changes, which are evident especially in the old and experienced staff within the Bank, are actions to increase the level of communication, timely involvement in the change processes, as well as the identification of key people who will realize these changes. The coordination of these actions is done in such a way that the whole process does not encounter difficulties, i.e., obstacles during implementation.

Consistent communication / purpose of all organizational departments: Organizational leaders engaged in regular communication through regular monthly meetings, internal leaflets, brochures, and newsletters. Ensuring that all affected staff members are informed is what organizational change management is all about. It is about 'selling' change through communication to the affected audience within the organization. Furthermore, throughout the project, messages should be based on key achievements and moments as part of shared success.

Consultation / staff involvement in the process: Senior management has played an active role in ensuring staff involvement from all levels in the process. Persons directly involved in providing services to customers have been actively involved in implementing the changes. Furthermore, they made sure their voice was heard and their suggestions were taken on board. Undoubtedly implementing the changes is a rather complex action.

As described above, better change management skills are not only desirable, but they are also necessary for achieving vital improvements in the Bank. If the Bank wants to provide high quality services to customers, it must be ensured that changes are an integral part of it. To be a successful change there must be a compelling and enduring reason why this is happening. Therefore, this requires a clear vision for the common future coherently with a communication plan of how the bank will get there. Involving all stakeholders in the path of change is an imperative. The communication aims to involve all departments in the Bank. Bank leaders need to engage in quality communication through regular monthly meetings, internal leaflets, brochures, and newsletters. Ensuring that all staff members are informed of what changes will be made by management is a kind of "selling" of the changes through good and regular communication to the audience within the Bank. Consultation-involving staff in the process, experienced leadership should play a role in ensuring staff in its involvement at all levels within the process. People involved in providing customer service should be actively involved in implementing the changes. Furthermore, they need to ensure that their voice is heard and that their suggestions are accepted by other levels of management.

Conclusion

No doubt that the implementation of changes is a very complex operation. Just as we done during the review of the literature description, change management skills better not only desirable, but they are also necessary to achieve vital improvements of Bank. If the Bank wants to offer high level services to clients, it must ensure that the changes are part of it. To be a successful change must have a compelling and sustainable reason why this is happening. Therefore, it requires a clear vision for the future of a coherent shared with a communication plan how the bank will get there. Including all very interested parties on the path of change is an imperative.

Organizational leaders must engage in regular communication through regular monthly meetings, internal leaflets, brochures, and newsletter. Ensuring that all affected staff members are informed is what organizational change management is all about. It is about 'selling' the change through communication to the affected audience within the organization. Moreover, throughout the project, messages should be based upon achievements and key milestones as part of jointly celebrating successes. Senior leadership must play an active role in ensuring staff involvement from all levels into the process. People involved directly in providing services to clients must participate actively in implementing change. Moreover, they need to be ensured that their voice is heard, and their

suggestions taken on board. Capacity building/Change must be institutionalized by providing staff with the capabilities and opportunities to grow and built their carriers within the institution.

Organizations and specifically management should create a sustainable foundation for implementing change by focusing attention in the capacity building of the human resources. This needs to entail not only training changes that will be implemented in the organization but also targeted programs where new skills they need to carry out their roles. This approach will eliminate the "fear" from new responsibilities

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