

## **IMPACT OF DIGITAL TECHNOLOGY ON BANK EMPLOYEE PERFORMANCE**

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### **ABSTRACT**

**Purpose:** *The purpose of this study is to check the impact of digital technology on employee performance in banking sector.*

**Methodology:** *This paper was finalised with the help of extensive literature on technological advancement and employee performance available on the databases, books, journals and websites.*

**Findings:** *After analyzing the data very efficiently, found that technological advancement has significant impact on motivation and training of employees. Motivation has significant impact on employee performance but training has no significant impact on employee performance. Moreover as the concerned for technological advancement and employee performance, there is significant relationship among them. Research limitations / Implications: More research would be required on this theory "impact of digital technology on bank employee performance".*

### **KEYWORDS**

**Bank, Digital Technology, Employee Performance, Technological Advancement, Technology in Banking Sector etc.**

### **I. INTRODUCTION**

The new emerging technologies like internet of things, big data analytics, and robotic systems are posing challenges for the organizations to manage and deal with these technologies. There is going to be a change in the way the strategic capabilities and emerging trends will force the employees and the stakeholders to engage with each other. Further, for the modern organizations increasing market pressures and competition from the competitors make the organizational change an unavoidable and significant process.

The process of organizational change may also bring in an uncertain, anxious, stressful and resistant behavior in the minds of the employees. These factors decide whether the organization will be able to transform into a new structure or fail to sail through the troubled waters.

During the process of change management, the employees may develop positive or negative attitudes, beliefs and intentions depending upon their level of engagement. The development of employee attitudes towards behaviors such that they are receptive towards organizational change is a topic of debate amongst the practitioners and researchers on the development of employee attitudes. Along with this area the topic of employee readiness for organizational change has also been attracting many researchers to study the antecedents related on external organizational pressures, internal context enablers and personal characteristics.

The available literature identifies the dependency of the employees on themselves for maintaining, sustenance and accomplishment of successful organizational change. Hence, the literature suggests that for successful organizational change to take place the assessment of employee attitudes and behaviors is useful which can bring together dissimilar yet related circumstantial drivers. It is beneficial to conceptualize the employees' insights with attitudinal and behavioral aspects towards the organization. The employees' insights are believed to be based on numerous influencing factors that are both internal and external to the organization.

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Eby et al. (2000) recognize the role of employee attitudes and behaviors in managing the organizational change, Elias (2009). It is also reflected in the studies, that the nature of work change is also linked to the employee's behavior (Williams, 2001).

In the present study, we propose that the employee's expectations with respect to their employment situation generate variety and voluminous amount of organizational and non-organizational data, which may develop the employee attitudes, and behaviors that influence the organizational change. Although there are many studies that empirically analyses the employee readiness for organizational change (Cinite et al., 2009; Eby et al., 2000; Holt et al., 2007; Madsen et al., 2005; Rafferty et al., 2013), the empirical validations for the relationships between the employee attitudes and behaviors towards organizational change through job satisfaction is not explored much.

In the proposed study, we plan to investigate the changing relationships between the above mentioned factors in selected public sector banks in Indian context. There are many changes happening in the IT domain of the banks with new technologies being implemented at an increased pace.

## **2. ABOUT INDIAN BANKING SECTOR**

As per the Reserve Bank of India (RBI), India's banking sector is sufficiently capitalized and well-regulated. The financial and economic conditions in the country are far superior to any other country in the world. Credit, market and liquidity risk studies suggest that Indian banks are generally resilient and have withstood the global downturn well. Indian banking industry has recently witnessed the roll-out of innovative banking models like payments and small finance banks. RBI's new measures may go a long way in helping the restructuring of the domestic banking industry. The digital payments system in India has evolved the most among 25 countries with India's Immediate Payment Service (IMPS) being the only system at level 5 in the Faster Payments Innovation Index (FPII).

The Indian banking system consists of 27 public sector banks, 26 private sector banks, 46 foreign banks, 56 regional rural banks, 1,574 urban cooperative banks and 93,913 rural cooperative banks, in addition to cooperative credit institutions. Public-sector banks control more than 70 per cent of the banking system assets, thereby leaving a comparatively smaller share for its private peers. Banks are also encouraging their customers to manage their finances using mobile phones.

### **2.1 Why Banks Selected for Studying Organizational Change?**

Enhanced spending on infrastructure, speedy implementation of projects and continuation of reforms are expected to provide further impetus to growth. All these factors suggest that India's banking sector is also poised for robust growth, as the rapidly growing business would turn to banks for their credit needs. However, the Indian banking is grappling with challenges that test its strength and resilience. The advancements in technology have brought the mobile and internet banking services to the fore. The banking sector is laying greater emphasis on providing improved services to their clients and upgrading their technology infrastructure, in order to enhance the customer's overall experience as well as give banks a competitive edge.

It has often been said that the most important asset of any business is its employees. Indeed, people and the management of people are increasingly seen as key elements of competitive advantage (Allen, & Wright, 2007; Boxall, & Purell, 2003; Pfeffer, 1998). Unlike traditional views on competitive advantage which emphasized such barrier to entry as economies of scale, access to capital, and regulated competition, more recent views have highlighted an organization's strategic management of its human resources as a source of competitive advantage (Bamberger, & Meshoulam, 2002), which cannot easily be acquired or imitated. The importance of people management as a critical source of competitive advantage has been highlighted because of the increasingly competitive global marketplace facing organizations, and the ease with which other sources of competitive advantage such as technology, manufacturing processes, structure, and business strategy, can easily be acquired or imitated. Organizations are therefore seeking to understand how their human resources can be managed for sustainable competitive advantage (Dyer, & Reeves, 1995).

### **3.0 LITERATURE REVIEW**

Alterations and modifications in the organizations structure, policy, strategy, approach and culture is required to be taken by the organizations as remedial actions for managing the change, which is inevitable because of the market and other unforeseen pressures. The organizational changes may be planned or unplanned and is related with the conversion or movement from one point to another (Barnett and Carroll, 1995; Conway and Monks, 2008; Raineri, 2011).

The human resources in the organizations are the medium through which the changes are implemented. The success of change implementation will depend upon to what extent the employees have altered their working practices (Chang, 1999; Elias, 2009; Porras and Robertson, 1992; Raineri, 2011).

The organizations should be able to understand the capability of their human resources or else the change implementation projects may lead to failure. The literature views change with different perspectives. Few researchers view change from the perspective of change content, context, process and criteria issues relating to a macro-level system orientation (Armenakis and Bedeian, 1999) whereas, some of them like Choi and Ruona (2011) and Greenhalgh et al. (2004) focus on the micro-level perspectives of change due to the sensitivity approach because of failures and/or not able to meet the desired level of change. Porras and Robertson (1992) view change from the perspective of change in the individual organizational member's behavior.

As mentioned earlier the success of bringing in the organizational change is highly dependent on the human resources of the organization and therefore, it becomes mandatory for the organizations to consider employee readiness factors while implementing organizational change (Tetenbaum, 1998 and Cunningham et al., 2002). The readiness level of an employee is defined as "as a belief, intention, and attitude regarding the extent to which change is needed". (Armenakis et al., 1993; Rafferty and Simons, 2006; Susanto, 2008).

The concept of employee readiness aims to classify the employees as supportive or being resistive towards the change. This concept focuses on the individual's behavioral aspects of change. In the past, the literature supports the fact that the employees adopt a supportive role. It is reported that there exists a supportive relationship of employee openness with job knowledge and skills, social relationships in the workplace, organizational culture, management leadership relationships and demographic variables (Hanpachern, Morgan, and Griego, 1998).

Further, it is reported in the literature that the workers who are more ready for the change are the people who have an active approach to solving job problems with higher job change self-efficacy (Cunningham et al., 2002). In addition, the active jobs that excels higher demands and provide greater decision-making scope also exhibits more readiness for organizational change. The other variables that have a significant impact on the employee readiness for change include; management and leadership relationships, job knowledge and skills, job demands, employee beliefs of self-efficacy, appropriateness, management support, and personal valence (Holt et al., 2007 and Miller et al., 2006).

A list of factors reflecting the human attitudes, intentions and beliefs are summarized from the literature and presented in table 1.

It is a known fact that "individuals bring prior orientations and experiences to their jobs that may affect their expectations of or predisposition to their work" (Metle, 2001) and therefore in our study we propose to focus on sets of expectation that can affect employee job satisfaction during change situations. Poor job satisfaction is considered to be one of the triggering factor for increased employee turnover and absenteeism (Abbas et al., 2014; Hartmann et al., 2014; Khowaja et al., 2005; Miller, Rutherford, and Kolodinsky's, 2008), procedural justice and on job training (Halepota and Shah, 2011; Shah, 2011) and intention to stay, organizational commitment and trust (Schreurs et al., 2015; Sourdif, 2004; Top et al., 2015) and therefore needs more attention by the practitioners. The individual employee attitude towards the job is an outcome of their level of job satisfaction (Alegre et al., 2016; Oliver, 1990; Randall et al., 1999; Spector, 1997) the quality of life and overall happiness may be impacted (Frey and Stutzer, 2010).

**Table-1: Factors Reflecting the Human Attitudes, Intentions and Beliefs**

Category	Factor(s)	Author(s)
Workplace Factors	Active and Passive Job	Cunningham et al. (2002), Miller et al. (2006)
	Appropriateness	Armenakis and Harris (2002), Holt et al. (2007), Weber and Weber (2001)
	Change Efficacy	Armenakis and Harris (2002), Holt et al. (2007), Lehman et al. (2002)
	Communication	Armenakis and Fredenberger (1997), Holt et al. (2007), Wanberg and Banas (2000)
	Decision Latitude	Cunningham et al. (2002)
	Discrepancy	Armenakis and Harris (2002), Armenakis et al. (1993)
	Flexible Policies and Procedures	Eby et al. (2000), Rafferty and Simons (2006)
	Job Demands	Cunningham et al. (2002), Hanpachern et al. (1998), Miller et al. (2006)
	Job Knowledge and Skills	Cunningham et al. (2002), Hanpachern et al. (1998), Miller et al. (2006)
	Logistic and System Support	Eby et al. (2000), Chung, Du, and Choi (2013), Rafferty and Simons (2006)
	Management and Leadership Relationships	Hanpachern et al. (1998), Miller et al. (2006)
	Organizational Commitment	Drzensky et al., (2012), Elias (2009), Fuchs and Edwards (2012), Madsen et al. (2005)
	Organizational Culture	Hanpachern et al. (1998), Lehman et al. (2002), McNabb and Sepic (1995)
	Perceived Organizational Support	Eby et al. (2000), Holt et al. (2007), Rafferty and Simons (2006)
	Personal Valence	Armenakis and Harris (2002), Holt et al. (2007)
	Social Relations in the Workplace	Hanpachern et al. (1998), Madsen et al. (2005)
	Social Support	Cunningham et al. (2002), Madsen (2003), Wanberg and Banas (2000)
	Wellness	Shah (2011), Fuchs and Edwards (2012)
	Justice	Fuchs and Edwards (2012)
Individual Factors	Adaptability	Lehman et al. (2002)
	Autonomy	Weber and Weber (2001)
	Beliefs	Peach et al. (2005)
	Demography	Hanpachern et al. (1998), Holt et al. (2007), Madsen et al. (2005), Wanberg and Banas (2000), Weber and Weber (2001)
	Depression	Cunningham et al. (2002)
	Emotional Exhaustion	Holt et al. (2007)
	General Attitude	Katsaros and Tsirikas, and Bani (2014)
	Job Related Attitude	Katsaros and Tsirikas, and Bani (2014)
	Intention to Quit	Wanberg and Banas (2000)
	Self-Efficacy	Armenakis and Bedeian (1999), Cunningham et al. (2002), Eby et al. (2000), Lehman et al. (2002), Rafferty and Simons (2006), Wanberg and Banas (2000)
	Job Satisfaction	Abbas et al. (2014), Rayton and Yalabik (2014), Wanberg and Banas (2000)
	Participation	Armenakis and Fredenberger (1997), Cunningham et al. (2002), Eby et al. (2000), Rafferty and Simons (2006), Wanberg and Banas (2000), Weber and Weber (2001)
	Personal Resilience	Holt et al. (2007)

Category	Factor(s)	Author(s)
	Rebelliousness	Eby et al. (2000)
	Skills Variety	Weber and Weber (2001)
	Supervisory Support	Eby et al. (2000)
	Teamwork	Eby et al. (2000), Rafferty and Simons (2006), Weber and Weber (2001)
	Trust (in Peers; Management; Senior Leaders)	Wanberg and Banas (2000)
	Turnover	Wanberg and Banas (2000)
	Work Irritation	Elias (2009)
	Affective Commitment	Elias (2009)
	Personality	Caldwell and Liu (2011)
	Training	Halepota and Shah (2011)

Based on the above discussions we may posit that the employees' positive attitudes and feelings towards their job lead to acceptance of organizational change (Oliver, 1990; Mullins, 1999; Randall et al., 1999). Further, the employee job satisfaction is related to employee sense of attachment to the organization's actions (Oliver, 1990) that includes the salary/wages, rewards, tenure, promotion or any other financial benefits.

#### 4.0 TRAINING AND EMPLOYEE PERFORMANCE

Training helps to overcome gaps between employees and senior level management. It enables employee to participate in decision-making and provide active output in decision-making. Employee coordination with peer, subordinates and with its senior officers increases after training. These types of steps create better image in front of those think tanks who are working for value maximization of organization. Most important for the organization employee performance increases after training. Organizations, which are working around the globe. These organizations are more concerned about their employees. These type of organizations launch different type of training programs for value creation into their employees. Global organizations train their employees in aspect of working field. Training not only develop employees mental ability but also after training employees can take benefit physically such as active participation in decision making can release it mental disturbance (Farooq & Khan, 2011).

Employees performance is also relate with commitment of employees with organization. High commitment leads to high performance and low commitment leads toward low commitment. Therefore, in simple when employees are so committed with organization we will determine from that employee's performance is good. Training improves employee's commitment with organization. Commitment can be defined as employees work for organization for long period. Training improves skills of employees that thing insist organization to improve benefits and pay of employees. Scholars and researchers accept that training increase commitment of employees with organization but training produce desired out comes only in that situation when employees also accept that training program. It means that training is effective only in that when from both sides cooperation occurred. Employees enter in training program with lot of expectations when these expectations are not fulfilled; it comes in result of employee's low commitment and high turnover. Because in case of low commitment whenever they got opportunity, they will prefer to leave organization (BRUM, 2007).

Training has bigger impact on the performance of employees but training is not only single factor which effect the performance of employees other factors are also here which effect performance of employees. Other factors are employee skills, employee knowledge, motivation and reward. Trained employees are more efficient in-group work because they are well known about the expectation of other workers. Employees who take regular training programs are easily accepting changes in organization. Whenever organization launch innovative programs they resistance from those employees who do not attend regular training programs. Trained employees help organization to reduce training cost of other employees. Because when one employee is full trained, he will be capable to train other untrained employees in the organization. Training helps the employees to achieve different task of the organization and vice versa. Training is systematic approach of behaviours that enables employees to change their behaviours according to the norms and values of the organization (Jagero & Komba, 2012).



Training is used to fill gap between current performance and desired performance after training. Training can be given through different methods such as coaching and mentoring, cooperation between peers. These team works encourage employees to work more for organization. Training is not only useful for employees but it also valuable for organization. It develops competitive edge for organization in the market. Training develops in the employee's self-efficacy, which is helpful for superior performance (Elnaga & Imran, 2013).

## 5.0 CONCLUSION

The major contribution of this study is identifying the effects and interrelationships among the impact of technological innovation, satisfaction level of technological innovation, and employee productivity. Academically, this contributes to the ongoing debate of sources of sustainable competitive advantage relative to the effects of specific resources in an industry.

For practitioners, this could be beneficial to managers of banking institutions. These managers are provided with more reliable and actionable insights to focus on and delve more deeply into innovation strategies to embark on innovation activities that would improve the competence, operational efficiency, and productivity of their employees. This in turn could result in service offering responsiveness and customer satisfaction.

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