

The Impact of Digitalization on Employee Performance In Banking Sector

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Abstract:

The purpose of this study is to examine the impact of digitalization on employee performance in banking sector. Methodology: This paper was completed with the assistance of intensive literature on technological advancement (Digitalization) and worker performance on the market on the databases and websites. Primary knowledge has been utilized in this paper to examine the impact of digitization advancement on worker performance. It absolutely was worked out that digitalization Like cloud computing, digitalized payment and assortment system, cyber system, knowledge analytics etc.. Greatly escalates the productivity of workers in conjunction with time saving. It greatly affects the work on workers and ensures management over mistakes and frauds. Fast access to data and simple use of that data permits the bank workers in downside resolution, to deliver quality service and improve ability. And conjointly it's evident that technical problems like network downside scale back the productivity and performance. However, the Banks that implement new technology ought to give correct coaching to its employees; it'll increase their performance and skills. Findings: Total of one hundred fifty questionnaires has been distributed among totally different banks workers and out of that one hundred were get completed and came back. Once analyzing the info terribly expeditiously, As digitalization and performance cares, we discover that there's important relationship among them. And it's conjointly noted that there is would like of coaching and motivation to beat the challenges because of digitalization in banking system. The calculable multiple correlation analyses establish important impact of digitalization on employee Performance. Analysis limitations / Implications: additional analysis are needed on this theory "The impact of digitalization on employee performance in banking sector "

Keywords: Digitalization, Digitalized Payment and collection system, Cyber system, cloud computing, data analytics, employee Performance.

Introduction:

Digital transformation is understood as improved business processes through digital technology. It means that higher collaboration between employees, economical collaboration with

customers, stronger and additional productive relationships with partners, and exaggerated potential by ever-changing work designs. The digital geographical point includes all digital technologies and services individuals use to induce add today's workplace both that exist

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already and ones to be enforced. It ranges from unit of time applications and core business applications to e-mail, instant electronic communication, and enterprise social media tools and virtual meeting tools. Today, individuals have day-and-night access to banks thanks to on-line banking. Managing giant amounts of money has additionally become easier. Digitalization has additionally benefited customers by facilitating cashless transactions. Customers needn't store money any longer and might build transactions at anyplace and time. Digitalization additionally plays a vital role to boost staff Morale within the Bank and additionally the performance by reducing the employment, minimizing the error, fraud, mistakes and so helps to extend the productivity and perform the task with efficiency and effectively.

1.1 Need for Study

Technological development, Say Digitalization always comes with both positive and negative impact on banking business. However, absorbing these technological changes is mandatory sometimes, because banks have to survive under competitive pressure. Adoption of new technologies such as block chain, artificial intelligence, cyber security, cloud computing, digitalized payment and deposit system etc... Helps to manage the business process and facilitate business development. At the outset, it also creates challenges in other areas like strategic, financial, operational and workforce. Managing a workforce and enhance their performance through making them highly productive is the fundamental requirement for any organization to handle other functional challenges successfully. Solving any critical problem requires human intervention. The most prominent problem faced by banks is an issue of technology and human interface. Banks need to find ways to effectively balance the two in order to leverage the benefits of technology. Therefore

there arises a need to identify various human-related challenges, and Digitalization factors that impact Employee performance. And thereby the need and design Training and Motivation is important. Employee Performance (EP) is undoubtedly one of the most important assessments to any organization to evaluate the success and effectiveness of any technological implementation (digitalization). To evaluate the performance of employees is thus a most important task in organization.

1.2 Objectives

- a) To review the impact of digitalization on employee Performance.
- b) To review the positive aspects and negative aspects of digitalization on employee performance.

1.3. Research Design

Descriptive Research: Through Survey technique
Statistical tools: Multivariate analysis, analysis of variance table (ANOVA)

Sample size: The sample size during this study is 100 (100).

Sampling technique: The sampling technique used is simple random sampling.

Sample description: The manager level workers operating with Nationalized Banks.

1.4 Data Collection techniques

Primary data:

It absolutely was collected by in person interviewing the employee with the assistance of the form (questionnaire) created for the aim.

Secondary data:

It absolutely was collected from newspapers, magazines journals, on-line resources etc.

1.5 Hypothesis:

H1: There's vital relationship between employee performance and digitalization of banking practices.

H0: There's no vital relationship between employee performance and digitalization of banking practices.

1.6 Limitations

This study involves the responses from staff who had work assigned to them and so weren't willing to waste their time on respondent queries concerning their work. It had been additionally tough to form them perceive the connectedness of the study, there's invariably some scope for a few interpretation of the questionnaires given to be stuffed from staff of varied Banks. Though the questionnaires had been pretested and feedback of various individuals had been taken into thought, there's invariably some scope that the statements within the form might not are understood by some individuals within the sense during which it had been meant.

2. Review of literature:

The development of data and communication technology (ICT) has undeniably vied a key role within the evolution of HRM (Thite & Kavanagh, 2009). ICT has affected the role of time unit in multiple ways that. Besides sanctioning financially simpler HR work, it primarily frees up time and resources required for participating in additional strategic work (Thite & Kavanagh, 2009). ICT systems have therefore been an important tool within the development of HRM. In step with Roehling et al. (2005), the impact of

HR technology progressively results in activities antecedently performed by HR professionals currently being done by managers. This can be potential as all the data relating to worker statistics, costs, performances et cetera is accessible on the managers desktop. As a results of the growing involvement of managers and alternative departments like communication and IT within the delivery of HR work, the authors state that this development is blurring the definition of the HR role and therefore the boundaries for the time unit operate (Roehling et al., 2005). Thus, HR practices these days aren't solely conducted by ancient HR professionals.

Employees square measure the interior customers and a crucial resource for banks. It's been established that favorable worker perceptions of service square measure very important for up service performance (Kelley, 1992; Reyierse and Hasker, 1992). Heskett et al. (1997), for example, define the service profit chain as' involving direct and sturdy relationships between profit; growth; client loyalty; client satisfaction; the price of merchandise and services delivered to customers; and worker capability, satisfaction, loyalty and productivity. As will be seen from the model reproduced the start line is that the HR facet (Ostroff and Bowen (2000)

Role of digitization in banking:-

Banks aren't simply a section of our lives; however have a major role in our daily lives. For many, day won't finish while not a minimum of one money dealings. Therefore banks perpetually try and adopt latest technologies to reinforce client expertise. Digitization isn't associate choice for banking system, rather it's inevitable as a result of each business is being digitized and banking sector is not any exception. Mobile banking is increasing at a quick pace over on-line banking.

Advantages of digitization in banking:

The main advantage noted is improved client expertise. Reduction of prices for banks and customers in addition by mistreatment ATMs, cashless transactions etc. With a lot of digital knowledge accessible with banks, they will take data-driven dynamic selections by mistreatment digital analytics. This advantages each customers and banks. Technology is non-discriminatory. Everybody are going to be treated same at banks. Variety of consumers is going to be more for banks, thanks to the technology - for convenience of banking. Digitalization reduces human error. Want of handling giant amounts of money are going to be reduced. Gap and maintaining bank accounts square measure ne'er had been this easier. Repetitive tasks are going to be eliminated by automation. Rural and concrete gap are going to be eliminated. With the increasing cashless transactions, faux currency threats are going to be reduced. Productivity is going to be high. This really brings satisfaction to the employee.

Impact of Digitalization on Employee performance

Digital workplaces might support changes in operating designs enabling staff to figure additional transparently and higher use social networks. Unify offline and on-line communications by keeping staff connected through their mobile devices to produce anyplace, anytime access to tools and company data. Concentrate on worker expertise by providing them with user expertise they need outside the firewall. They supply alternative, flexibility, and personalization. Support virtual work environments that permit staff to remain connected in distributed and virtualized work locations whereas equalization client privacy and operational risk. Minimize disbursal and enhance productivity by providing staff with the proper

tools and right data at the proper time.

Performance is that the accomplishment of a given task measured against planned glorious standards of accuracy, completeness, cost, and speed. Use of technology at intervals the moral limits undoubtedly edges the organization, along side improvisation in individual and cluster performance. On one hand, worker work reduces through technological advancement; on the opposite range of staff to perform a task is additionally reduced, so reducing job opportunities. Firms use advanced technologies to examine and measure staff performance via Human resource management department. To drive productivity and manage human capital, unit of time department leverages rising technology to stay up with the market trend. Current technology trends impacting unit of time area unit Outsourcing and concentrate on worth that unit of time brings to the organization. The demand for higher service performance has driven a technological trend towards additional powerful, integrated and ascendible system elements.

3. Data Analysis:**Multiple Regression Analysis: Performance of Employees and Digitalization of Banking Practices**

Multiple regression analysis is used to measure the significant influence of digitalization of banking practices on employee performance. To test the hypothesis, two set of questions were developed on a 5- point Likert rating scale. The first set of questions comprised a set of statements corresponding to each attribute contributing to digitalization of banking practices. The second set of questions attempted to gain the employee performance.

H0: There is no significant relationship between employee performance and digitalization of banking practices.

Table 3. A performance of employee and digitalization of banking practices
Model Summary: Performance of Employees and Digitalization of Banking Practices

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.793a	.630	.625	2.47439

a. Predictors: (Constant), Digital Payment and Deposit System , Cloud Computing System, Cyber Security System, Data Analytics

Source: Survey Data

The above table shows that the value of R Square equals .630, indicating that 63 % of the variations in the employee performance towards digitalization of banking practices are explained by the four independent variables (Digital Payment and Deposit System , Cloud Computing System, Cyber Security System and Data Analytics). So 63 per cent of the variation in the employee performance towards digitalization of banking practices can be explained by four

independent variables in the study. Further use of adjusted R² led to a revised estimation that 62.5% of variability in employee performance in the study which is explained by four independent variables. The R² value of employee performance towards digitalization of banking practices is significant as indicated by the p value (0.000 < 0.05) of F statistic as given in ANOVA table

Table. 3 B

ANOVA: Performance of Employees and Digitalization of Banking Practices

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3226.698	4	806.675	131.753	.000a
	Residual	1898.013	310	6.123		
	Total	5124.711	314			

a. Predictors: (Constant), Digital Payment and Deposit System , Cloud Computing System, Cyber Security System, Data Analytics

b. Dependent Variable: Employee Performance

Source: Survey Data

Table. 3 C
Coefficients: Performance of Employees and Digitalization of Banking Practices

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	8.666	1.710		5.069	.000
	Digital Payment and Deposit System	.505	.171	.282	2.946	.003
	Cloud Computing System	1.028	.195	.493	5.272	.000
	Cyber Security System	1.274	.097	.917	13.181	.000
	Data Analytics	.150	.142	.051	1.056	.002

a. Dependent Variable: Employee Performance

Source: Survey Data

The above coefficients table 3 C indicated that digital payment and deposit system, cloud computing system, cyber security system and data analytics are positively related to the employee performance. It can also be seen that cyber security system (0.917) has a higher influence on employee performance comparing with the standardized coefficients of other variables. The results indicate that the digital payment and deposit system, cloud computing system, cyber security system and data analytics are significantly influences the employee performance as the p values for their coefficients is 0.000.

4. Findings:

Most of the respondents agreed with improved skills because of digitalization. Most of the employees felt that their Work load has reduced drastically. And Digitalization has simplified the procedures and thus its user friendly. As because of Cyber system, Security to the information enhanced the reliability. Most of the employees agreed that cross check has become effective as of cloud computing, thus mistakes and frauds reduced to greater extent. Majority of respondents agreed that Data analytics has made better reporting and processing which led to easy decision making and problem solving. It is also

noted that most of the respondents reported network issues effect the performance badly, due to which transaction time Increased which reduced the speed of performance .It is also very clear from the analysis that Digitalization has greater impact in the performance along with cost saving. In brief It is noted that from the study, the performance has drastically increased due to digitalization on the contrary it is also noted that due to digitalization few performance challenges like transaction error ,network issue, transaction lag and Speed adversely effect the performance Of the employee. Employee productivity has increased through online social networks. Employee satisfaction seems to be higher by installing and using social media tools internally. Employee retention Noted to be more stable when employee engagement increased.

5. Suggestions:

It is necessary to adopt the correct tools for workers to try and to do their jobs. The digital work tool box may be outlined in classes to support the ways that during which to communicate, collaborate, connect, and deliver day-after-day services for simple understanding and access, usually the event of digital tools doesn't follow a digital work strategy wherever the business focus is clearly outlined.

Organization culture ought to be conjointly thought-about.

Hire candidates having digital skills, Candidates UN agency will analyze information, write AI program or just suppose & act digital can gain advantage over others. Encourage innovation in coaching and in stigmatization, Banks have to be compelled to create tiny progressive changes in everyday practices to encourage full scale conversion and supply facilities, coaching and motivation to machine up the staff to face digitalization challenges. As we tend to noted few negative impacts like network issue, dealings error, dealings time etc. coaching is vital to enhance and educate skills required to figure in Technology, guarantee workers have access to coaching to be ready to own blessings of digital developments. Additionally to technical coaching, workers would like policy coaching similarly .Motivation is required to encourage and create worker a competent person to figure and productive. This could facilitate the banks to face the digitalization Challenges in industry, effectively and expeditiously. Worker coaching and motivation of workers that shows a robust positive relationship with worker performance. It shows that bank is active a talent management program to accomplish their current and future desires that facilitate them to vie with speedy changes in operating atmosphere.it is conjointly required to satisfy the subsequent for enhancing the performance, 1. How a corporation may bridges its digital skills and confidence gaps, 2.how a corporation may encourages individuals to require responsibility for his or her own continuous learning, 3. How a corporation challenges and supports its senior individuals to become digital leaders.

6. Conclusion:

Digital work strategy will be understood because the dynamic alignment of associate degree organizations work patterns inside the digital work setting to alter peak performance and scale back prices. As every work strategy, a digital one supports to meet business objectives like reducing prices, and rising business performance.

The study examined the impact of digitalization on the performance of workers in industry .The analysis proven that digitalization contains an important impact on workers performance. The performance has measured in many ways like it reduces the work load, increase the satisfaction, improve the motivation, scale back the absence of workers, save price and increase the workers skills. The study finished that digitalization has positive impact with the performance of workers. The results show that, digitalization (information analytics) helps in drawback determination of workers also as reduce (cyber system) the error rate and fraud.

7. Future Scope of work:

This study is confined to the identification of employees performance associated with digitalization. The scope of the study is proscribed to nationalized banks. Any studies are often undertaken to check the impact of digitalization on non-public, little and medium-size banks, Regional rural banks and cooperative banks. Additionally individual studies are often performed to see technology disruptions impacts on strategic, operational and money impacts on banking business.

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