

CHANGE MANAGEMENT IN BANKING SECTOR: A STUDY ON COMMERCIAL BANKS IN TRIVANDRUM

AKHIL W S

Assistant Professor, St. Joseph Academy of Higher Education and Research, Idukki,
Kerala, India
DUNIYA V S

MPhil Research Scholar, University of Kerala, Thiruvananthapuram, Kerala, India

Abstract - Banking sector is an important area which is too much related with common people financial activities as well as the business activities of industries. To make the banking practices simple and to compete in the industry, changes are essential. So it is necessary to adopt various strategies to manage the changes. Change management has a great role in banking sector. Banking sector shows a great growth in last few years, especially in the case of scheduled commercial banks in Trivandrum. So a study about change management in banking sector has a great relevance in this scenario. The basic aim of this work is to examine how the changes are managed in the scheduled commercial banks in Trivandrum with special reference on Federal bank in last five years. The opinion and attitude of employees, both managerial and clerical level will be collected and analyzed and the scope of study is limited only among the Federal bank branches in Trivandrum.

Key variables: Organizational Structure, Technology, Communication, Leadership

I. INTRODUCTION

To keep pace with a constantly evolving business world, organization often finds it necessary to implement major enterprise-wide changes affecting their processes, products and people. Change is a continuous process and it's too difficult to manage the change. Lots of strategies and actions were commonly adopted to manage the change in a successful manner. The primary goal of change management is to successfully implement new processes, products and business strategies while minimizing negative outcomes. Banks need to handle big changes caused by innovations and disruptions in social communication, mobile banking and internet technologies. As customer self service options increase, escalating the need for always on banking. Now banking is expected to deliver compliance, consistency, continuity and security while changing the way banking is done. Banking sector plays a key role in balancing the economic conditions of a country. It also experiencing a lot of innovations and changes in its day today activities. Each and every change in this sector can make a great impact among the public as well as the bank employees. Here the role of change management has a great importance to handle the changes in a successful manner.

II. REVIEW OF LITERATURE

DR. RAMI ALASADI & DR. SAEED ASKARY (2014) carry out a study about “Employee Involvement and the Barriers to Organizational Change” and it focused on employees as a potential source to resistance to change and their role in reducing resistance if managed effectively. In the empirical research, our assumption about involving employees in the change process can reduce resistance to change has been supported by our investigation of participants who underwent a change process. According to the results of this paper, managers need to pay attention to the employee’s needs when undergoing a change process. When it comes to implementing the change, managers should help employees witness the change as it takes place and emphasize positive aspects of change so they can increase the commitment of employees to implementing the change. For the change process to be successful, employees should be empowered to varying degrees as this can meet some of their motivational needs and also make them feel that their role in the change process is crucial. **MICU & ALEXANDRA (2014)** in their article entitled “The Financial Crisis and the Management of Change in the Banking Sector” says that, after a significant period of growth and wellbeing, the economy has faced a sudden and severe crisis. The main effect of the economic downturn implied a sharp decrease in the economic activity overall, and in the banking sector in particular, which led to millions of people losing their jobs. The article focuses on this heavily affected branch of the economy, and looks into the most efficient change management methods and turnaround strategies that enabled select organizations to remain competitive and overcome the multiple difficulties caused by the financial crisis. **MUGOS (2014)** in his study entitled “Change management practices and employee performance of Kenya revenue Authority” observed that management should be competent in change management, so that it can help employees to be able to embrace the changes quickly and improve efficiency therefore improving performance. This study used a case study method which is qualitative in nature. **STYRE (2013)** in his case study entitled “Factors influencing change management practices at CFC Stanbic Bank” states that change management practices have benefited the bank, as change management practices have helped the bank to develop a competitor focus through widespread use of competitive intelligence, this provide employees with skills they need to work effectively. **GIBBERT (2012)** in his study entitled “Effects of change in organizational structure on employee performance” using random sampling technique, he argued that the broader the change, the more employees exposed to change and the more their performance is affected. Broader and more extensive changes could generate greater feedback effects as well as feelings of unfairness and injustice, which are harder to overcome for both employees and organizations. The broader the change, the more significant the perception of change is likely to be and hence the greater the impact on employee performance. **MABOKO (2008)** in his study entitled “Relationship between strategic change management and employee performance” observed that changes in management of operation have resulted in motivational impact and gives employees a corporate challenge and goal worthy of commitment.

III. STATEMENT OF THE PROBLEM

Change is a continuous process. Banking sector experiences a lot of changes. Organizations want to adopt various strategies to manage changes and to keep the employees in the right track with respect to the change. This study aims to determine the major changes that happened in the scheduled commercial banks in Trivandrum on last five years and to understand the various strategies which were adopted to manage the changes. Also, it is worthwhile to know the opinion of bank employees about the impact of adopted strategies. The basic aim of this work is to examine how the changes are managed in the scheduled commercial banks in Trivandrum with special reference on Federal bank in last five years. The opinion and attitude of employees, both managerial and clerical level will be collected and analyzed and the scope of study is limited only among the Federal bank branches in Trivandrum. The report entitled "*Change Management in Banking Sector: a Study on Scheduled Commercial Banks in Trivandrum*" gaining insight in major organizational changes and the positive outcomes by the involvement of change management programmes and activities.

IV. OBJECTIVES

1. To portray the major changes in banking sector over last five years.
2. To examine the change management strategies adopted by scheduled commercial banks.
3. To assess the opinion of managerial and clerical staff on the change management strategies

V. RESEARCH METHODOLOGY

Descriptive research design is used for this study. While looking on the number of branches for scheduled commercial banks in Trivandrum. Federal bank has the highest number of branches (32). So the study will mainly base on the data from the managerial and clerical employees who were working in the branches of Federal bank in Trivandrum district. For this study both primary as well as secondary sources of data are necessary and it will be collected. Primary data will be collected through direct interviews, schedules and by the help of questionnaires. A structured questionnaire will be designed to collect data from the sample. The population of the study was the employees who are working in Federal Bank at various branches in Trivandrum. In the total 32 branches of Federal bank in Trivandrum, there are 178 managerial staffs and 116 clerical staffs. Here managerial staffs include managers, Assistant managers and probationary officers. Random sampling method will be used to select sample from the universe. Here the universe of the study is Federal bank employees who were working in Trivandrum. The data will be randomly collected from the employees who are working in the various branches of Federal bank in Trivandrum. From the 294 employees in Trivandrum branches a 100 number of samples will be collected. Descriptive analysis, Graphical analysis, Percentage analysis, Correlation, tabulation method, Chi-square test is used to analyze the formulated hypothesis.

VI. HYPOTHESIS

1. H₀ – There is significant relation between gender and fear about performance due to change.
2. H₀ – There is no impact on education of employees and resistance to change happens due to employee perception about change
3. H₀ – There is no significant relation between designation and their opinion on changes can be managed using suitable strategies.
4. H₀ – Experience of employees has no impact in fear about performance due to change leads to resistance of change.

VII. ANALYSIS OF DATA

Table No 1. RBI Regulation triggers changes in banking sector

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	42	26	64.62	74.29
Agree	14	7	21.54	20.00
Neither agree nor disagree	9	2	13.85	5.71
Disagree	0	0	0.00	0.00
Strongly disagree	0	0	0.00	0.00
Total	65	35	100	100

Source: Primary data

INFERENCE; In the case of RBI regulation trigger changes in banking sector, 64.62% managerial staffs and 74.29% clerical staffs strongly agree with that. About 21.54% managerial employees and 20% clerical staffs agree with that. 13.85% managerial staffs and 5.71% came under neither agree nor disagree. There were no employees stand with disagree an strongly disagree.

Table No 2. Competition from NBFC makes changes in scheduled banks

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	0	2	0.00	5.71
Agree	4	2	6.15	5.71
Neither agree nor disagree	38	19	58.46	54.29
Disagree	17	9	26.15	25.71

Strongly disagree	6	3	9.23	8.57
Total	65	35	100	100

Source: Primary data

INFERENCE: From the above table, it is inferred that 58.46% managerial staffs and 54.29% clerical staffs didn't show a clear cut opinion in this regard. Only 5.71% clerical staffs strongly agree about it. 6.15% managerial staffs and 5.71% clerical employees agree with it. 26.15% managerial staffs and 25.71% clerical staffs show disagreement. Also 9.23% managerial staffs and 8.57% clerical staffs strongly disagree with this.

Table No 3. Government Policies Impart Changes in Banking Sector

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	39	22	60.00	62.86
Agree	16	9	24.62	25.71
Neither agree nor disagree	10	4	15.38	11.43
Disagree	0	0	0.00	0.00
Strongly disagree	0	0	0.00	0.00
Total	65	35	100	100

Source: Primary data

INFERENCE: The data shows that 60% managerial staffs and 62.86% clerical staffs strongly agree in this regard. 24% managerial staffs and 25% clerical staffs agree with this. About 15.38% managerial employees and 11.43% clerical employees neither agree nor disagree with this. At the same time there were no employee shows disagreement or strongly disagreement.

Table No 4. Change in Leadership Results Change in Banking Sector

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	21	8	32.31	22.86
Agree	26	20	40.00	57.14
Neither agree nor disagree	7	2	10.77	5.71
Disagree	9	4	13.85	11.43
Strongly disagree	2	1	3.08	2.86

Total	65	35	100	100
-------	----	----	-----	-----

Source: Primary data

INFERENCE: The above table shows that 32.31% managers and 22.86% clerks strongly agree with this. 40% managers and 57.14% clerks agree with this. 10.77% managers and 5.71% clerks neither agree nor disagree on this. At the same time 13.85% managers and 11.43% clerks have a disagreement. More over 3.08% managers and 2.86% clerks strongly disagree with this.

TABLE NO 5. Change in Organizational Structure Results Changes in Banking Sector

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	5	7	7.69	20.00
Agree	22	14	33.85	40.00
Neither agree nor disagree	26	13	40.00	37.14
Disagree	12	1	18.46	2.86
Strongly disagree	0	0	0.00	0.00
Total	65	35	100	100

Source: Primary data

INFERENCE: The above data says that 7.69% managers and 20% clerks strongly agree on this. 33.85% managers and 40% clerks agree. 40% managers and 37.14% clerks neither agree nor disagree on this. 18.46% managers and 2.86% clerks have disagreement. No employees show strongly disagreement.

Table No 6. Change in Banking Technologies is Manageable

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	22	8	33.85	22.86
Agree	26	18	40.00	51.43
Neither agree nor disagree	4	2	6.15	5.71
Disagree	8	4	12.31	11.43
Strongly disagree	5	3	7.69	8.57
Total	65	35	100	100

Source: Primary data

INFERENCE: From the table, it shows that about 33.85% managers and 22.86% clerks strongly agree with this. 40% managers and 51.43% clerks agree with it. 6.15% managers and 5.71% clerks neither agree nor

disagree. 12.31% managers and 11.43% clerks have disagreement. 7.69% managers and 8.57% clerks have a strong disagreement.

Table No 7. Information technology triggers changes in banking technology

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	22	21	33.85	60.00
Agree	28	11	43.08	31.43
Neither agree nor disagree	3	1	4.62	2.86
Disagree	11	2	16.92	5.71
Strongly disagree	1	0	1.54	0.00
Total	65	35	100.00	100.00

Source: Primary data

INFERENCE: From the above data, it can be inferred that 33.85% managers and 60% clerks strongly agree, 43.08% managers and 31.43% clerks agree with this. 4.62% managers and 2.86% clerks neither agree nor disagree with this. 16.92% Managers and 5.71% clerks disagree with this. 1.54% managers have a strong disagreement.

Table No 8. Regular communication about the vision of change may leads to adopt changes smoothly

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	6	4	9.23	11.43
Agree	26	16	40.00	45.71
Neither agree nor disagree	19	8	29.23	22.86
Disagree	12	6	18.46	17.14
Strongly disagree	2	1	3.08	2.86
Total	65	35	100.00	100.00

Source: Primary data

INFERENCE: The data reveals that 9.23% managers and 11.43% clerks strongly agree with this. 40% managerial staffs and 45.71% clerical staffs agree on it. 29.23% managerial staffs and 22.86% clerical staffs neither agree nor disagree. 18.46% managerial staffs and 17.14% clerical staffs disagree with this. 3.08% managerial staffs and 2.86% clerical staffs shows their strong disagreement.

Table No 9. Making awareness about changes helps to manage changes

Opinion	Numbers		Percentage	
	Managers	Clerks	Managers	Clerks
Strongly agree	18	4	27.69	11.43
Agree	24	10	36.92	28.57
Neither agree nor disagree	12	14	18.46	40.00
Disagree	9	6	13.85	17.14
Strongly disagree	2	1	3.08	2.86
Total	65	35	100.00	100.00

Source: Primary data

INFERENCE: From the table, it shows that about 27.69% managers and 11.43% clerks strongly agree with this. 36.92% managers and 28.57% clerks agree with it. 18.46% managers and 40% clerks neither agree nor disagree. 13.85% managers and 17.14% clerks have disagreement. 3.08% managers and 2.86% clerks have a strong disagreement.

VIII. ANALYSIS OF HYPOTHESIS

A. CHI-SQUARE ANALYSIS

H₀: There is significant relation between gender and fear about performance due to change.

Table No 10 – Relation between gender and fear about performance due to change

	Male		Female		Total
	Observed frequency	Expected frequency	Observed frequency	Expected frequency	
Strongly agree	12	14.56	16	13.44	28
Agree	21	20.8	19	19.2	40
Neither agree nor disagree	12	10.4	8	9.6	20
Disagree	6	4.68	3	4.32	9
Strongly disagree	1	1.56	2	1.44	3
Total	52	52	48	48	100

Source: Primary data

Table No.11 chi-square calculation

O	E	(O-E)	(O-E) ²	(O-E) ² /E
12	14.56	-2.56	6.55	0.45
16	13.44	2.56	6.55	0.488
21	20.8	0.2	0.04	0.002
19	19.2	-0.2	0.04	0.002
12	10.4	1.6	2.56	0.246
8	9.6	-1.6	2.56	0.267
6	4.6	1.4	1.96	0.426
3	4.32	-1.32	1.74	0.403
1	1.56	-0.56	0.31	0.201
2	1.44	0.56	0.31	0.218
Total	99.92	0.08	22.64	2.703

INFERENCE: Chi-square obtained value= 2.703, degree of freedom=4, significant level=0.05, P value=0.618. Since P value is greater than significant level null hypothesis can be accepted.i.e. There is a significant relation between gender and fear about performance of change.

H0: There is no impact on education of employees and resistance to change happens due to employee perception about change.

Table No.12 -Education of employees and resistance to change happens due to employee perception about change.

	HSE		UG		PG		OTHER PROFESSIONAL COURSES		TOTAL
	OF	EF	OF	EF	OF	EF	OF	EF	
Strongly agree	0	0.54	1	4.59	20	18.09	6	3.78	27
Agree	0	0.86	8	7.31	31	28.81	4	6.02	43
Neither agree nor disagree	1	0.34	2	2.89	12	11.39	2	2.38	17
Disagree	0	0.2	5	1.7	4	6.7	1	1.4	10
Strongly disagree	1	0.06	1	0.51	0	2.01	1	0.42	3

Total	2	2	17	17	67	67	14	14	100
-------	---	---	----	----	----	----	----	----	-----

Source: Primary data

Table No.13 chi-square calculation

O	E	(O-E)	(O-E) ²	(O-E) ² /E
0	0.54	-0.54	0.29	0.540
0	0.86	-0.86	0.74	0.860
1	0.34	0.66	0.44	1.281
0	0.2	-0.2	0.04	0.200
1	0.06	0.94	0.88	14.727
1	4.59	-3.59	12.89	2.808
8	7.31	0.69	0.48	0.065
2	2.89	-0.89	0.79	0.274
5	1.7	3.3	10.89	6.406
1	0.51	0.49	0.24	0.471
20	18.09	1.91	3.65	0.202
31	28.81	2.19	4.80	0.166
12	11.39	0.61	0.37	0.033
4	6.7	-2.7	7.29	1.088
0	2.01	-2.01	4.04	2.010
6	3.78	2.22	4.3	1.304
4	6.02	-2.02	4.08	0.678
2	2.38	-0.38	0.14	0.061
1	1.4	-0.4	0.16	0.114
1	0.42	0.58	0.34	0.801
Total	100	1.78	57.47	34.088

INFERENCE: Chi-square value obtained= 34.088, degree of freedom=12, level of significance=0.05, P value=0.001. Hence P value is less than significance level; the null hypothesis will be rejected i.e. there is an impact on education of employees and resistance to change happens due to employee perception about change.

B. CORRELATION TEST FOR HYPOTHESIS

H0- Significant relation between designation and their opinion on changes can be managed using suitable strategies.

Correlation - Significant relation between designation and their opinion on changes can be managed using suitable strategies

		Designation of respondents	Opinion on change can be managed using strategies
Designation of respondents	Pearson correlation	1	-0.015
	Sig. (2-tailed)		.879
	N	100	100
Opinion on change can be managed using strategies	Pearson correlation	-0.015	1
	Sig. (2-tailed)	.879	
	N	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

INFERENCE: Since the Pearson Correlation value is negative (-0.015), the null hypothesis can be accepted. Hence there is no significant relation between designation and their opinion on changes can be managed using suitable strategies

H0: Experience of employees has no impact in fear about performance due to change leads to resistance of change

Correlation - Experience of employees and their fear about performance due to change leads to resistance of change

		Experience of employees	Opinion
Experience of employees	Pearson correlation	1	.081
	Sig. (2-tailed)		.424
	N	100	100
Opinion	Pearson correlation	.081	1
	Sig. (2-tailed)	.424	

		Experience of employees	Opinion
Experience of employees	Pearson correlation	1	.081
	Sig. (2-tailed)		.424
	N	100	100
Opinion	Pearson correlation	.081	1
	Sig. (2-tailed)	.424	
	N	100	100

*. Correlation is significant at the 0.05 level (2-tailed).

INFERENCE: Since the Pearson Correlation value is positive (-0.081), the null hypothesis can be rejected. Hence experience of employees has an impact in fear about performance due to change leads to resistance of change.

IX. FINDINGS

- Almost all the employees have an opinion that RBI regulations trigger changes in banking sector.
- NBFC produce less competition to the scheduled commercial banks in Trivandrum. Majority of the respondents opinioned that Government policies impart changes in banking sector.
- Change in leadership can also produce changes in banking sector. Most of the respondents opinioned that change in organizational structure can produce changes in banking sector.
- Most of the respondents opinioned that information technology trigger changes in banking technology. Most of the respondents opinioned that the changes in the banking technologies formed by information technology are manageable.
- It found that political and cultural factors can make fewer changes in banking sector. Employee unions can also formulate several changes in banking sector.
- Resistance to change may happen due to employee perception and fear about change. Majority of the respondents opinioned that changes can be managed by involving the employees in decision making process.
- Regular communication about the vision of the changes is a strategy to adopt the changes smoothly. The involvement and support from top level management will helps to manage the changes easily
- Effective awareness about change will helps to handle the changes in a positive manner. Conducting in-house trainings and open forums will helps to manage the technological changes

effectively. There is a significant relation between gender and fear about performance due to change.

- There is an impact on education of employees and resistance to change happens due to employee perception about change. There is no significant relation between designation and their opinion on changes can be managed using suitable strategies. Experience of employees has an impact in fear about performance due to change leads to resistance of change

X. CONCLUSION

This study examines the various planned and unplanned changes experienced by the scheduled commercial banks in Trivandrum. Also the various strategies adopted to manage the changes and the opinion of both managerial and clerical staffs about the adopted strategies were examined.

This study concludes that usage of proper change management strategy will helps to manage the changes easily. Also the important factor which leads the employees to resist the change was the employee perception about change and the fear about their performance.

However, the organization would be well-advised to measure the success of their change management initiatives in promoting long-term adoption of the changes among employees, identifying the strategies that worked well in accomplishing the change management goals and developing a systematic approach to change management that can be adapted for future changes within banking sector.

REFERENCE

- C R KOTHARI, Research Methodology: Methods and Techniques, third edition, New age publications
- KOTTER, JOHN P and DAN S. COHEN (2202). The Heart of Change, Massachusetts: Harvard Business School Press, Boston
- KOTTER, JOHN P (1996) Leading Change, Massachusetts: Harvard Business School Press, Boston
- KANTER, ROSABETH MOSS (2001) Evolve! Succeeding in the Digital Culture of Tomorrow, Harvard Business School Press, Boston
- DR. S A MUNSHI (2014) “An Analytical Study on Change Management and Organisation Development in Banking Sector”, Paripex - Indian Journal of Research, volume 3, march 2014
- LJILJANA KONTIC and JOVAN KONTIC (2013), “Sustainability and Readiness for Change: Insights from a Banking Case Study in Serbia”, Amfiteatru Economic, Vol. 14, No. 32, June 2013

- STYRE (2013) “Factors influencing change management practices at CFC Stanbic Bank”, Asian journal of management cases, Vol. 21, August 2013
- DOREEN KENDI KINOTI (2013), “Effects of change management on employee performance in Co-operative bank of Kenya limited”, PHD Thesis, School of Business, University of Nairobi
- GIBBERT (2012), “Effects of change in organizational structure on employee performance”, Journal of management inquiry, Volume 15, PP: 124 – 131
- STACEY, RALPH D (1996), Complexity and Creativity in Organizations, Berrett-Koehler Publishers, San Francisco, California

AUTHOR’S PROFILE

AKHIL W S, MBA MPhil, Assistant Professor, St. Joseph Academy of Higher Education and Research, Idukki, Kerala, India Contact info: awsakhil@gmail.com

(M) 9895555295

DUNIYA V S, MBA MSW, MPhil Research Scholar, University of Kerala, Thiruvananthapuram, Kerala, India

