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Article in *Journal of Information and Optimization Sciences* · January 2023

DOI: 10.47974/JIOS-1305

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The impact of digital transformation on workforce engagement in Indian banking sector

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Abstract

The banking business is undergoing a massive digital shift. To stay ahead of the curve in a market that is always shifting and developing, firms must priorities components of

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transformation as a top priority. Changes are happening that are both basic and descriptive, but they are also very dynamic. Organizations will use digital transformation techniques to improve their own performance, hence improving the likelihood of their operations being viable for extended periods of time. In order to get an understanding of how digital innovation affects workforce engagement, a primary research approach is employed to gain the viewpoint of the people.

Subject Classification: 68U01, 68V30.

Keywords: Digital transformation, Banking industry, Workforce engagement, Indian banking sector.

1. Introduction

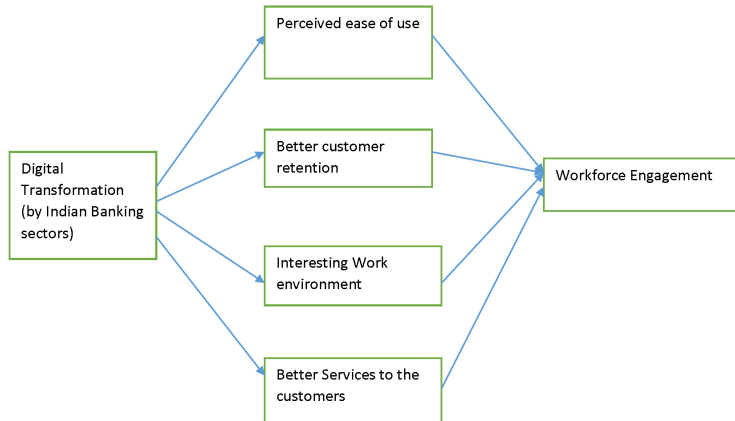
The Impact of Digital Transformation on Workforce engagement

Workforce satisfaction and commitment are critical if a company expects its employees to provide high-quality service to its consumers. This is true for all workers in the sector. Radical change has been happening due to digital advancements, which will not only affect many job processes but also work environments and organizational structures.

Workforce engagement Statistics in the banking industry

- The banking industry has a retention risk of 35 percent. Over a third of the staff is at danger of resigning from a typical bank. However, the likelihood of workforce turnover lowers to only 24% in companies that have been named as Best Place to Work.
- Only half of banking staff are extremely engaged. In the appropriate environment, 50% of your team may be more content, effective, and successful. More than six out of ten banking workers are highly engaged at Best Places to Work.
- In the banking industry, senior executives are the primary source of workforce engagement. In this business, senior executives have a significant effect on workforce engagement.
- Only 35% of banking workers think that senior leadership is guiding their firm in the proper direction. There are only 32% of bank workers that feel like they can follow in their immediate supervisor's footsteps.

Conceptual Framework



Literature Review

One of the most significant agent in the banking business of numerous fields is digital transformation, according to (Shinta Winasis, 2020). Around 25 indicators were employed in this research, and the findings demonstrate that stress has a detrimental influence on employee engagement. These indicators were used to generate each of the latent variables.

Digitalization has had a significant impact on the employee engagement in the banking business of Sweden, according to (Dos Santos, 2020) this research also has a term to identify which sorts of studies are being used by managers in order to successfully engage their staff. Employees and management participated in semi structured interviews by phone, which were carried out using qualitative research methods.

(Fotis Kitsios, 2021) mentioned that the digital transformation of the banking industry is a continuous process that will have an impact on both internal and external environments of the sector via the re-design of existing procedures and systems. Digital innovation is taking place for a variety of reasons, including the ability to service distant locations without any physical branches, which is extremely distinct from all of the rivals, or a decrease in operating tools.

(Marous, 2021) stated that in addition to the great majority of financial institutions identifying the digital banking transformation as the top priority, staff are also confronting some of the issues in the norms and viewpoint that they have served them well for so many decades. If

workers refuse to face these kinds of difficulties, the digital transformation will fail, and they will be left behind.

According to (Shah, 2022), digital transformation is the improvement of an existing process or the introduction of new techniques for doing particular business operations through digital technology that will improve the customer's experience and lead to a high conversion rate for the organization.

According to (Juneja, 2018) the degree of involvement and performance of service industry employees who endure stress till burnout if not treated effectively would decrease. Worker stress is exacerbated when duties are ambiguous; instructions overlap; time tabs clash; and performance is extensively monitored, according to Norbert (2015, p. 1).

According to (Hickey S. M., 2018), the banking sector has the possibility to grow income through the introduction of innovation, which results in new products/services or enhancements to already existing services, in order to succeed digitally. Cross-selling is predicted to grow as a result of the ease with which digital data can be processed, and this data may be utilized to generate master data that can be used for this purpose.

Objectives of the Study

- To study the aspects that how digital innovation in the banking industry has been leading towards the perceived ease of use and Customer retention & Workforce Engagement is being affected by the digitalization of an organization.
- To study the factors of digital innovations which gives rise to better services to the consumer and interesting work environment.

Research Methodology

The questionnaire method will be taken into consideration for addressing the issues in relation to the retention of workforce engagement strategies for engaging the employees into the organization. The research methodology will be on the basis of the questionnaire. Random sampling method has been taken into consideration with sample size 204. The workforce of the company have also been contacted for knowing, how this institution is adapting digitization process to be successful in the market.

Data Analysis and Interpretation

Chi-square test of analysis

- H_0 : There is no significance level between workforce engagement as an important concept for the organization and workforce feels more engaged to the banking sector when it comes through the digital.
- H_1 : There is a significance level between workforce engagement as an important concept for the organization and workforce feels more engaged to the banking sector when it comes through the digital.

Table 1

Chi-Square between workforce engagement as an important concept for the organization and workforce feels more engaged to the banking sector when it comes through the digital

Workforce engagement is an important concept for the organizations to consider * workforce feels more engaged to the banking sector when it comes through the digital aspects Cross tabulation							
Count							
Strongly agree		Workforce feels more engaged to the banking sector when it comes through the digital aspects					Total
		Agree	Neutral	Disagree	Strongly disagree		
Workforce engagement is an important concept for the organizations to consider	Strongly agree	12	12	4	2	5	35
	Agree	8	17	5	1	0	31
	Neutral	7	5	7	7	3	29
	Disagree	10	7	4	8	3	32
	Strongly disagree	9	4	2	3	4	22
Total		46	45	22	21	15	149

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	28.295 ^a	16	.029
Likelihood Ratio	31.011	16	.013
Linear-by-Linear Association	1.852	1	.174
N of Valid Cases	149		

a. 14 cells (56.0%) have expected count less than 5. The minimum expected count is 2.21.

Result: The value for Chi-square of analysis for workforce engagement depicted in Table 1, is an important concept for the organization and workforce feels more engaged to the banking sector when it comes through the digital at 0.01 level, ($\chi^2 = 28.295$, $p = 0.03$). Since the value of $p < 0.05$, it is clear that the null hypothesis is rejected and the alternate hypothesis is accepted.

Correlation Test of Analysis

Table 2
Correlation between important role of digital transformation in Banking Industry and its impact on workforce engagement

Correlations			
		Digital transformation has currently become a very important agenda in the Banking Industry	Digital innovations have been playing a very essential component in engaging the workforce
Digital transformation has currently become a very important agenda in the Banking Industry	Pearson Correlation	1	.272**
	Sig. (2-tailed)		.001
	N	149	149
Digital innovations have been playing a very essential component in engaging the workforce	Pearson Correlation	.272**	1
	Sig. (2-tailed)	.001	
	N	149	149
**. Correlation is significant at the 0.01 level (2-tailed).			

Result: The correlational value being ($r = 0.272$, $p = 0.001$) is shown in Table 2. This states a high positive correlation between both. Since the value of p in correlation coefficient between achievement of results and valuation of work development at workplace is $p < 0.05$ therefore, we will reject the null hypothesis as well as accept the alternative hypothesis.

Regression Test of Analysis

Table 3
Regression between factors employed with digital innovation with workforce engagement and digital transformation of operation of banking sector

ANOVA ^a						
	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.973	1	.973	.857	.356 ^b
	Residual	166.826	147	1.135		
	Total	167.799	148			
a. Dependent Variable: Factors employed with digital innovation with workforce engagement b. Predictors: (Constant), "Digital transformation in the banking sector has fundamentally changed how banks operate and how they service their customers."						

Result: The regression value for the regression between factors employed with digital innovation with workforce engagement and digital transformation of operation of banking sector is 0.073 at 0.36 level with factors employed with digital innovation with workforce engagement as a dependent variable and digital transformation of operation of banking sector highlighted in Table 3. As significance value (p)<0.05, null hypothesis is rejected, therefore, there is a negative effect of factors employed with digital innovation with workforce engagement on impact on digital transformation of operation of banking sector.

Discussion & Conclusion

The performance of a firm may be greatly influenced by the level of workforce engagement, which is based on obvious correlations between work satisfaction and staff morale. In the infrastructure of banking technology, there is a tent for operating a big, centralized platform for transactions that has high-security mechanisms in place since the 1970s, as well as a co-habitant with a distributed system that appeared in the 1990s with the introduction of the internet. Automatic teller machines (ATMs) were adopted extensively in Indonesian banking in the 1980s and quickly became an alternate method of conducting financial transactions. Although certain Indian banks continued to use semi-manual recordkeeping and rely heavily on cash transactions until the late 1980s, this is no longer the case. Digitization can be used in very helpful manner for the analysis

of the aspects and performing the activities which will be engaging the employees towards the organization.

The banking industry can be making use of various elements related to the digital aspects and digitization of the country to make it better towards the workforce and engage them in the organization.

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