

Organizational Change in the Banking Sector - A Comparative Study

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Abstract: *The nature of business is dynamic and organizations are bound to experience some change at certain point in time. To sum up, the most of the contemporary organizations experience the conditions of a changing business environment. Those organizations which adapt to learning and change will thrive and grow whereas those organizations that do not adapt and learn will be eliminated. Currently existing frame work s of a number of traditional banks do not incorporate elements of customer centricity. Banking channels are still separated, but if they re-position themselves and re-organize their structure and processes in a way that revolves around the customer, then banking can adapt fast the organizational change. The objective of this paper is to establish the different ways through which organizational change impacts the employees of the Commercial Banks. The research work was carried out in comparative nature where the change dimensions of Canara bank and HDFC Bank were examined. The data were collected from 240 respondents including the employees working in both the banks and questionnaires were used to get the data. The following is an assessment of the impact's Simple Regression of the two sets of data: It is evident from the results of the study that the application of Change dimensions on Organizational Change is much better apprehended by both the banks. So, it can be proposed that the banking sector needs to come up with a number of training programmes and discussions in order to increase the level of change-readiness among the employees in the banks to be able to grasp those changes and reap the benefits coming with such changes.*

Keywords: Results, nature of business, analytical comparison, selected banks and transformation

1. Introduction

Some have predicted that the traditional bank model will be dismantled by these new entrants who will capture share by delivering an improved customer experience from new products and delivery points. Nevertheless, most of the scenary will undergo a metamorphosis depending on the active forces influencing it including the customers, regulations, technology, demography, new entrants and cost structures. Specifically business that are in operation require to decide on the course that they have to take when it comes to dealing with this change and this means that banks have to decide whether to shape the future, follow the change at a faster rate, or to defend and delay the change. Most of the players are gradually evolving and are continuously venturing into new product and delivery systems, as well as analytics. The industry for change has, in the past been characterized by slow transformation – incremental change. Big forces that are now affecting the structure of the global retail banking market. Every aspect of sales still appears to be growing at an astoundingly gradual pace and controlling costs seems even more difficult. The response of regulation to disruptors is altering forms and economics in trade. The application of technology used to be a costly issue but it is slowly becoming a force multiplier that shapes customer satisfaction and company success. New entrants have risen and taken the traditional strategies head on in the front with customer focus. There are new kids in the block as far as the provision of services is concerned. The customers' expectations of higher service and added value seem to be unceasingly growing. In order to ensure successful Change, it is necessary to create readiness among the personnel towards Change, which means that there should be high degree of perceptions regarding Change.

Probably, the most critical aspect that defines the level of initial support of the employees is readiness at the beginning of the change.

2. Literature Review

Burnes (2000) indicated that change is cross organizational, multi level chaotic and over time unveiling of incompetence and defined change as a series of projects. He also included organizational change management as a process of learning through experimentation and adaptation in an organization with the objective of aligning an organization's competencies with the developments the environment offers. Armenakis Harris, Mossholder & Chonko (2002) Organizational readiness for change has been pointed out to be a cognitive antecedent to both change reactions that are negative and positive amongst employees. Change, according to Struckman and Yammarino (2003), can be defined as change process or an activity. Organizational change is described by them as a managed system, process and/or behavioral response over a period of time to a specific act or event. According to Vakola and Nikolaou (2005), organizational change is the alteration of the way, things get done in an organization whereby, people feel at variance with the existing conditions and stress regarding the possible failure of coping with the new set situation. This particular folk belief is handled in Bareil (2007) by assessing the level of felt discomfort among 321 employees of the same company confronting 3 Organizational Changes: structural reorganization, relocation and change in technology. The outcome of each change shows that they produce varying degree of discomfort. Cinite et al, (2009) Organizational Readiness for Change (PORC) should index the perception that employees have regarding organizational

practices that would facilitate change and effective change.

Objectives of the study:

- 1) The aim of this study is to get to know the score in the various dimensions of organizational change among the Canara Bank and HDFC bank employees.
- 2) To analyze the scores of the several dimensions of organizational change in the context of Canara Bank & HDFC bank employees.
- 3) To examine the various dimensions of the organizational change on the employees of the Canara Bank and HDFC bank.

Hypothesis:

It is also found that there exists no relationship between different dimensions of organizational change with the Canara bank and HDFC bank employees.

Sampling Procedure:

Concerning the technique used to select the samples for this study, the one implemented is the purposive sampling. In the present study settings, the target respondents are all those employees that belong to the two levels of management of each branch of the Canara Bank and HDFC bank in Guntur District. Managerial and non-managerial employees were sampled from all branches of both the banks. For the purpose of survey, all together 300 employees have been considered. Among the total respondents 300, only 240 respondents have answered the questionnaire at usable level. It was observed that total 240 employees participated in the

survey of which 130 employees was of Canara Bank and 110 employees was of HDFC Bank. The questionnaire concerns the type of internal organization changes that may be occurring in the organization: this question was adapted from the instrument 'Organizational Change Questionnaire' by Mishra (2007). The questionnaire consists of 26 statements grouped under 5 Type of Changes: The Technological Dimension, Management Support Dimension, Structural Dimension, Change Efficacy Dimension, and Human Dimension.

Table 1: Selection of sample and its justification

S. No	Type of Bank	Number of Employees	Percentage
1	Canara Bank	130	54.16
2	HDFC Bank	110	45.84
	Total	240	100

Results and Discussion: Technological dimension and its reliability:

For this study the arithmetic mean of the variables has been calculated with reference specifically to employees in the Canara bank and the HDFC bank. The t-statistics has been used to compare the difference of opinion employees of the Canara bank and HDFC Bank regarding the variables in Technological dimensions. Besides, it leads to the reliability of the variables Every variable in the course of analysis is bound to reliability. The related analysis is shown in table 2 below.

Table 2: Technological dimensions and its reliability

S. No	Variables in technological dimensions	Mean score among Employees in		t-Statistic	Reliability
		Canara Bank	HDFC Bank		
1	The application of the Sophisticated technology	3.32	2.75	3.063	0.719
2	The ability to acquire new skills that will enable people to continue using the said technology	3.36	3.00	1.830	
3	Periodic technology up gradation	3.24	3.05	1.002	
4	Other teaching the technology to subordinates	3.46	3.24	1.095	

The mean score of the variables in technological dimension have been provided in the table below with reference to the employees of Canara bank and HDFC bank. For the overall mental attitude, the response of the employees of Canara bank are as follows the variables are implementation of the advanced technology=3.32, learning news skills to use the technology=3.36, the current periodic technology up gradation = 3. 24 and the variable of teaching the technology to subordinates by the superiors = 3. 46. Among the employees of HDFC Bank variables show that how they implemented the advanced technology is 2.75, learning new skills to use the advanced technology is 3.00, how often they upgrade the technology is 3. 05 and how the technology is trained to subordinates is 3. 24. From the above, it is clear that technological dimensions has got a positive rating from

employees in as much as concerns the variable. The reliability test of the variables in the technological changes had a coefficient alpha of 0. 719 which is higher than the minimum cut off score of 0. 70.

Management Support and its reliability:

The mean score of the variables between the two groups of employees, employees of Canara bank and HDFC bank has also has been computed. T- test statistics has been conducted to assess the difference between the employees of the Canara bank and HDFC bank and particularly their perception on the variables of Management Support. Besides, it leads to reliability of the variables. The related analysis is shown in table 3 below.

Table 3: Below shows the reliability of the results obtained from the measurement of the management support variable.

S. No	Variables in Management Support	Mean score among Employees in		t-Statistic	Reliability
		Canara Bank	HDFC Bank		
1	Our senior leaders have encouraged all of us to embrace this change	3.42	3.12	2.875	0.734
2	Our organization stop decision makers have put all their support behind this change effort.	3.25	2.56	3.234	
3	Every senior manager has stressed the importance of this change	3.42	2.86	1.045	
4	This organization's most senior leader is committed to this change.	3.45	3.14	1.064	

5	I think we have to spend a lot of time on this change since our senior managers also wants it to be implemented.	3.25	3.12	1.005
6	Management has sent a clear signal this organization is going to change	3.34	3.23	1.735

The mean score of the variables of the study in management support among the employees of Canara bank and HDFC bank reported in table number 3. The variables among the employees of Canara bank are as following We have been encouraged to implement this change by the senior leaders (3.42), Our organization stop decision makers have backed this change effort (3. 25), Every senior manager has stressed that this change is important (3. 42), The most senior leader of this organization is backing this change (3.45), Lot of time must be spent on this change because even management wants it the variables between the employees of HDFC Bank are as follows: Our senior leaders have urged all of us to adopt this change (3. 12), Management decision makers of this organization have fully supported this change initiative (2.56), Every senior manager has emphasized on this change(2.86),This organization's most senior leader is on board this change(3.14), I believe we

have lots of time to spend on this change as our senior As noted from the above, the variable Management Support has received positive perceived values from the employees in all the aspects. For the Management Support, there liability test of all the variables is 0. 734 which in fact is above the certain limit of 0. 70.

Structural dimensions and its reliability: Structural dimensions and its reliability:

Canara bank and HDFC bank employees mean score of the variables has also been calculated here separately. The t-statistics has been performed to examine the hypotheses of the Canara bank and HDFC Bank employees and their perception on the variables in Structural dimension. In addition, it leads to reliability of the variables. This related analysis is shown in table 4 below.

Table 4: Structural dimension and its reliability

S. No	Variables in Structural dimension	Mean & SD score among Employees in		t-statistic	Reliability
		Public sector banks	Private sector banks		
1	Changes, in the top management administration	3.91	2.73	6.357	0.963
2	Changes in the number of members controlled by one superior	3.75	2.53	6.729	
3	Changes occurring in the delegation of work assignments	3.92	2.70	7.410	
4	Concentration of power in the top management	3.70	2.74	5.102	
5	Concentration of power dispersed toward all the levels of management	3.87	2.70	6.346	

Table 4 gives the mean score of the variables in structural dimension of the employees of Canara bank and HDFC Bank. The variables, as perceived by the employees of Canara bank are: Changes in the top management administration: 3. 91 Changes in the number of members controlled by one superior :3. 75 Changes occurring in the delegation of work assignments: 3. 92 Concentration of power in the top management : 3. 70 Concentration of power dispersed toward all the levels of management: 3. 87 The variables among the employees of HDFC bank signifies that the perceived level of Changes, in the top managementadministration=2.73,theperceivedlevelofChange sinthenumberofmemberscontrolled by one superior =2. 53, the perceived level of Changes occurring in the delegation of work assignments =2. 70, the perceived level of Concentration of power in the top management =2. 74 and

the perceived from the above we get that for the variable structural dimension all the employees have rated it positively. The Reliability test of the variables in the structural dimension is 0. 963 which is higher than the minimum acceptable level of '0.70.

Change Efficacy and its reliability: From the entire study it can be seen that the mean score of the variables has been computed for the employees of the Canara bank and HDFC bank. Consequently, t- statistics has been carried out to test the significance difference of the employees of the Canara bank and HDFC Bank on the variables of Change Efficacy dimension of Change management. But that in turn leads to reliability of the variables. The related analysis is shown in Table 5 below.

Table 5: Change Efficacy and its reliability

S. No	Variables in Change Efficacy	Mean score among Employees in		t-statistic	Reliability
		Canara Bank	HDFC Bank		
1	I do not think I will find any difficulty to undergo the work that I will be having once this change is implemented	2.15	2.02	1.412	0.753
2	There are some activities which will be needed when going for change that I believe I can accomplish well.	2.26	2.19	0.785	
3	When it is implemented as this change, the researcher feels that he or she is in a position to manage it easily	2.18	2.04	1.443	
4	I just think I have the skills that require to make this change a success.	2.22	2.04	2.110	
5	I just think I have the skills that require to make this change a success.	1.92	1.84	1.225	
6	My past experiences make me confident that I will be able to perform successfully after this change is made	2.15	2.04	1.120	

Table 5 shows the mean score of the variables in Change Efficacy among the employees of the Canara bank and HDFC bank. The variables among the employees of Canara bank shows that I do not anticipate any problem adjusting to the work I will have when This change is adopted (2.15), There are some tasks that will be required when we go for a change that I think I can do well (2.26), When we implement this change, I feel I can handle it with ease (2.18), I have the skills that are needed to make this change work (2.22), When I set my mind to it, I can learn Everything that will be required when this change is adopted (1.92) and My past experiences make me confident that I will be able to perform successfully after this change is made (2.15). The variables among the employees of HDFC Bank reveals that that I do not anticipate any problem adjusting to the work I will have when This change is adopted (2.02), There are some tasks that will be required when we go for a change that I think I can do well (2.19), When it is implemented the change, The researcher can

handle it with ease (2.04), I the skills that are needed to make this change work (2.04), it is set in his mind to it, the researcher can learn Everything that will be required when this change is adopted (1.84) and His past experiences make me confident that one will be able to perform successfully after this change is made (2.04). From the above the variable Change Efficacy has got positive rating from the employees in all aspects. The reliability test of the variables in the Management Support is 0.753 which is greater than them in imam threshold of 0.70.

Human dimension and its reliability: The mean score of the variables among employees of the Canara bank and HDFC bank has been computed below. t-statistics has been performed to test the difference if any, between the employees of the Canara bank and HDFC Bank regarding the variables in Human dimension. Moreover, it leads to the improvement of reliability of the variables. The related analysis is shown in Table 6 below.

Table 6: Human dimension and its reliability

S. No	Variables in Human dimension	Mean score among Employees in		t-statistic	Reliability
		Canara Bank	HDFC Bank		
1	Investing on collaboration to achieve practices of team work	3.76	2.90	4.617	0.932
2	Engaging in social club and employee related events	3.71	2.73	5.420	
3	To socialize with the members of the Organization	3.84	2.70	6.916	
4	To socialize with the members of the Organization	3.70	2.80	4.843	
5	Pressurizing individuals into practicing in the organizational activities	3.80	2.75	5.720	

The following Table also shows the mean score of human dimension to measure the employees

Of the Canara bank and HDFC bank. The variables among the employees of Canara bank differentiates that the importance of team work to achieve goal is very high (3.76), the participation in social club and employee get-together (3.71), socializing with the members of the organization (3.84), to communicate with all the members as a formal team (3.70) and encouraging the members for taking part in organizational activities (3.80). Among the employees of HDFC bank variables depicts that, how much they are

concern about the team work to achieve their goal, % say that 'Yes' their organization show concern on team work to achieve goals = 90% (2.90); socializing through different social club and employee get-together = 73% (2.73); socializing with all the members of the Organization = 70% (2.70). From the above it is clear that the variable 'human dimension' have got positive response from the employees in as far as the ratings goes. As for the reliability test of the variables in the human dimension the result is 0.932 and it is significantly higher than the deciding factor minimum which is 0.70.

Table 7: Overall type of changes among the employees

S. No	Overall type of changes	Canara Bank	HDFC Bank	t - statistic	Significance
1	Technological Dimension	3.83	2.68	23.67*	0.000
2	Management Support Dimension	3.34	3.01	3.866	0.031
3	Structural Dimension	3.76	2.77	19.503*	0.000
4	Change Efficacy Dimension	3.45	3.13	3.793	0.019
5	Human Dimension	3.75	2.76	21.137*	0.000

Overall Type of Changes is determined by the mean score of Technological Dimension, Management Support Dimension, Structural Dimension, Change Efficacy Dimension and Human Dimension of the type of Changes. The overall Type of Changes is, therefore, is used as the measure of the OC in the present study. In the present study, t-statistic has been used in order to determine the difference among the employees of Canara bank and HDFC bank on each dimension of the Type of Changes has been done. Hypothesis testing performed for Technological Dimension of the two Sample companies, Structural dimension of the two sample companies and the Human dimension of the two sample companies have revealed that there is a significant difference between the two groups and hence 't' statistics is

also significant at five per cent level. A prominent and probable finding is that the views of the employees of the Canara bank towards the Technological Dimension, Structural Dimension and Human Dimension are positive. The attitude towards the Overall Type of implementation Among the employees of Canara bank, is positive.

3. Conclusion

In balance sheet it is seen that the total no. of employees in CANARA BANK is little higher than the HDFC BANK. Responses of the employees of Canara bank towards the Technological Dimension, Structural Dimension and Human Dimension are positive. As seen from the points of view of

the employees of the HDFC bank, the Management Support and Change Efficacy measures are positive. The employees of the Canara bank have a favourable attitude towards the Overall Type of Changes. In as much as to enhance the level of acceptance of the type of changes and their readiness toward change among the employees in the Canara bank and HDFC bank, a number of Organizational Change interventions to be undertaken by change agents as follows; The employees of the HDFC bank should be able to adapt to change so as to embrace the Technological Dimension, Structural Dimension and Human Dimension.

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