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Analyzing the Potential Impact of Change Management on Employee Performance in Banking Industry in Kerala

M. Dhanabhakym¹, Fahad K.P^{2*}

Bharathiar University, Coimbatore-Tamil Nadu

Corresponding Author: Fahad K.P fahadmaddiax@gmail.com

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ABSTRACT

The dynamic business landscape necessitates Change Management across industries, notably in the Banking Sector, a significant contributor to India's GDP. This study in Kerala's Banking Industry, featuring major banks like State Bank of India, Canara Bank, Federal Bank, South Indian Bank, ESAF Bank, and Catholic Syrian Bank, employed a convenient sampling method with 100 employees. Findings revealed a significant impact of Change Management on Employee Performance. Recommendations highlight the crucial role of Change Management for organizational competitiveness and employee well-being in the banking sector

INTRODUCTION

Change Management is crucial for planning, executing, and controlling organizational changes, ensuring they benefit organizations. The widespread involvement of stakeholders, especially employees is vital for the process. human resources are treated as valuable assets for successful Change Management and they are involved in preparing for shifts, leading to improved communication, productivity, reduced stress, enhanced decision-making and a positive work environment. Employee performance is a critical component for the survival of Indian Banking industry, since it is a major employer of the economy. The previous studies on Change Management were narrowly focused on Change Communication, Implementation and Employee Involvement. The present study aims to evaluate the broader impact of Change Management on Employee Performance, by addressing these limitations.

Statement of the Problem:

India's banking sector, undergoing rapid changes in the economic, political, and technological landscape, witnessed a major consolidation in April 2020 with the merger of 10 public sector banks into

four. Beyond this, shifts like digital transformation, legal amendments, and customer-centric strategies impact banking employees, influencing their job performance. Previous research emphasizes Change Management's significant role in influencing Employee Performance, affecting qualitative aspects such as job satisfaction and organizational readiness. This study in Kerala's banking industry delves into how diverse dimensions of Change Management impact Employee Performance, shedding light on their relevance and the sector's contribution to employee outcomes.

METHODS

The study employs a Descriptive Research Design with a Cross-Sectional approach, focusing on employees in various banks across Kerala. Using Convenient Sampling, 100 clerical and junior managerial level employees from both private and public sector banks were selected. The researcher used questionnaires and a self-constructed scale for primary data collection, with questions presented on a five-point scale. Statistical tools, including Correlation and Regression Analysis, were employed to examine the relationship between Change Management and Employee Performance in the selected banks.

Table 1. Sample Size of the Respondents

Name of the Bank	Number of respondents	
State Bank of India	23	
Canara Bank	21	
TOTAL		44
Federal Bank	18	
South Indian Bank	20	
Catholic Syrian Bank	10	
ESAF Bank	8	
TOTAL		56
GRAND TOTAL		100

Source: Primary Data

RESULTS AND DISCUSSION

a) Level of Agreement towards Change Management

The level of agreement towards Change Management among the bank employees is based on the Mean Score. A mean score above 3 indicates the agreement of employees towards Change Management and a score below 3 indicates the disagreement.

Table 2 shows the 15 statements of Change Management and the level of employees' agreement

towards each statement. The Average Mean Score of 3.047 shows the agreement of banking employees towards Change Management in their organizations. However, disagreement towards Change Management is shown by the employees for statements like 'Future changes are presented as an opportunity for learning', 'Changes motivate for reward and recognition' 'Provides updated information about changes', 'Feedback for change related decisions' and 'Establishment of Change Management Committee in the organization'.

Table 2. Level of Agreement Towards Change Management by the Respondents

Statements	Minimum Mean Score	Maximum Mean Score	Mean Score Obtained	Level of Agreement
There is clear communication of upcoming changes	1	5	3.59	Agree
Future changes are presented as an opportunity for learning	1	5	2.92	Disagree
Changes motivate for reward and recognition	1	5	2.93	Disagree
Changes are implemented at the right time in the place	1	5	3.36	Agree
Ideas and opinions of employees are duly considered for change related decisions	1	5	3.15	Agree
Training programmes are provided for employees for better change acceptance	1	5	3.15	Agree
Initial participation of employees in change related decisions	1	5	3.39	Agree
Reasons, expected outcomes and benefits of changes are clearly communicated	1	5	3.45	Agree
Provides updated information about changes	1	5	2.65	Disagree
Whole employee participation for changes in specific areas	1	5	3.13	Agree
Feedback for change related decisions	1	5	2.96	Disagree
Adequate trust in the change competency of the direct boss	1	5	3.16	Agree
Persuasive communication of changes is followed	1	5	3.01	Agree

Establishment of Change Management Committee in the organization	1	5	2.88	Disagree
AVERAGE MEAN SCORE			3.143	Agree

Source: SPSS Output File

- b) Hypothesis testing- Independent Sample t-test H01: There is no significant difference in Change Management between Public Sector Banks and Private Sector Banks in Kerala.

Table 3. Independent Sample t-test

Types of Banks	Number of employees	Mean	Significant value	t-value	Decision on Null Hypothesis
Public sector Banks	44	3.04	0.179	1.352	Failed to reject
Private sector Banks	56	3.12			

Source: SPSS Output File

Table 3 presents the summarized outcome of the Independent Sample t-test analysis. There is no statistically significant difference in Change Management between Public Sector Banks and Private Sector Banks in Kerala ($t=1.352$, $p>0.05$).

- c) Hypothesis testing- Correlation Analysis H02: There is no significant relationship between Change Management and Employee Performance of banking sector employees.

Table 4. Correlation Between Change Management and Employee Performance

		Change Management	Employee Performance
Change Management	Pearson Correlation	1	.992
	Sig. (2-tailed)		.000
	N	100	100
Employee Performance	Pearson Correlation	.992	1
	Sig. (2-tailed)	.000	
	N	100	100

Source: SPSS Output File

Table 4 shows the relationship between Change Management and Employee Performance as significant ($r=0.992$, $p<0.05$). It implies that there is a significant relationship between Change Management and Employee Performance in the banking sector in Kerala.

- d) Hypothesis Testing- Regression Analysis H02: There is no significant impact of Change Management on Employee Performance in the banking sector in Kerala

Table 5 shows the Model Summary of the regression analysis. The R-square value is shown to be 0.983, which means that every 100 percent variation in Change Management in the banking

sector in Kerala results in 98.3 percent positive variation in Employee Performance.

Table 6 shows the ANOVA table of regression analysis. The impact of Change Management on Employee Performance in Kerala's banking sector is shown to be significant ($r^2=0.983$, $p<0.05$).

Table 7 shows the Coefficient result of regression analysis. The Employee Performance (y) in the banking sector of Kerala can be predicted using the equation $y= 0.042+0.988*x$ (Change Management).

Table 5. Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.992 ^a	.983	.983	.06006
a. Predictors: (Constant), Change Management				

Source: SPSS Output File

Table 6. ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.	
1	Regression	20.582	1	20.582	5705.113	.000 ^b
	Residual	.354	98	.004		
	Total	20.936	99			
a. Dependent Variable: Employee Performance						
b. Predictors: (Constant), Change Management						

Source: SPSS Output File

Table 7. Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.042	.041		1.026	.308
	Change Management	.988	.013	.992	75.53	.000
a. Dependent Variable: Employee Performance						

Source: SPSS Output File

This study examines Change Management's impact on Employee Performance in Kerala's banking sector. Employees' alignment with Change Management practices is evident, and there's no significant difference between Public and Private Sector Banks, contrary to prior studies. In Kerala, Change Management in banks has a positive relationship with Employee Performance, aligning with previous research by Raineri (2009) and Chung et al. (2014). Overall, Change Management in Kerala's banks significantly and positively influences Employee Performance, contributing unique insights to existing literature.

CONCLUSION

The study emphasizes the significant impact of Change Management on Employee Performance in Kerala's banking sector, stressing its role in fostering satisfaction and positive attitudes. Effective Change Management anticipates favourable outcomes, supports employees in overcoming uncertainties, and facilitates performance improvements. The banking industry in Kerala should adopt a proactive Change Management approach for success and employee stability. Key recommendations include presenting changes as learning opportunities, emphasizing benefits, providing future rewards, updating employees on business environment changes,

collecting feedback, establishing a Change Management Team, and maintaining flexibility in the process. These measures enhance employee performance and contribute to overall industrial success.

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