

The Effect of Information Technology on Employees' Performance in the Banking Industry in Sri Lanka. Empirical Study Based on the Banks in Ampara District

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Abstract - This study sought to offer a better understood perspective on the effect of information technology on the employees' performance in the banking sector in Sri Lanka. Ten banks' employees were involved in Ampara district and 50 questionnaires were issued to the employees. Descriptive analysis, correlation analysis have done to get the results. The results show that information technology significantly impact on the employees' performance. Many employees' agreed that it reduces the work load and error rate as well as it increase the employees' satisfaction and motivation. The banks are using the IT application as a competitive tool to enjoy the competitive advantages and they try to adopt the new application to do their banking activities efficiently.

Keywords - Information Technology, Questionnaires, Descriptive Analysis, Correlation Analysis, Motivation

I. INTRODUCTION

Information technology plays an important role in all industry. The banking sectors has a great influences in financial services sector in Sri Lanka. This research has contacted to identify the impact of IT on the performance of the employees in banking sectors. There are 10 banks' employees were involved in this research. Fifty questionnaires were issued to the employees both government and private sectors. Mostly private banks have more interested to adopt new technology in their banks and they invest more than the government sectors to get competitive advantages. Information technology (IT) presents a dominant platform on which to boost any country's economic competitiveness. It is broadly agreed that IT has a significant constructive impact on firms' productivity which can only be attained if the same is well understood and adopted. It remains authoritative to sufficiently comprehend the influence IT has on productivity in the banking sector [1]. Rezaei stated that, the importance of information both as a strategic and tactical resource in organization and as a major resource of added value is known well to everyone. Information as an assets of the organization to achieved the competitive advantages in the internal and external environment of the organization. But the significant changes that could increase the possible worth of information would occur if the organization is able to use this important resource through the application of new technology [2]. Recently, researchers have adopted a better and broader insight on how and why IT affects organizations' performance and exploring this impact has become an insignificant issues for development of the organizations' performance [3]. According to Sadiq, IT has a huge impact on the human resource management in the workplace. Human resource managers use IT not only to get information but also to store retrieve the HR information in an effective manner. It is not only improve the efficiency of the organization but also increase the management function. Now organization are using HRIS to do the various functions of HRM. It provides many benefits for them to manage the employees in an efficient manner [4]. Particularly banking sector employees have more intention to use information technology and all bank activities revised based on the IT such as internet banking, mobile banking, ATM, cash deposit machine, cheque deposit machine, E-transfer and SMS banking. Through this bank expect to give attractive services to the customers and reduce the administrator's cost. They expect to provide paperless working environment in the banks. Through this IT they expect to increase the employees' performance. Because of the introduction of IT employees able to study further and they need the new training to familiar with the system.

II. LITERATURE REVIEW

The arrival of information technology to every aspect of human life and business has been so noticeable that it does not need to be highlighted more. Information technology has been of abundant essence in banking system. Information Technology and its application are the valuable assets for the banking sector to face the challenges of the new economy. Information technology has been the keystone of recent financial sector developments aimed at enhancing the speed and reliability of financial processes and of initiatives to strengthen the banking sector [5],[6]. Information Technology (IT) is a dominant force in today global society. The improvements in IT

have pointedly influenced the essential alterations of the twentieth century. Similar to other developing countries, it is necessary for the management of the organizations to measure and assess the organization performance to use organizations resources in a superior way and to earn good organization repute. Managers measure and control organization performance because it leads to better asset management, to an increased ability to provide customer value, to increase the organizational knowledge and extent of organizational performance do have an impact on an organization's reputation. The organizational performance can be measured by using the organization efficiency (productivity), organizational effectiveness and industry ranking [7].

The enhancement of the management systems centered on the growing level of professional training is particularly important for the creation of the potential of working and for its capitalization [8]. It is difficult to integrate the new technology with existing process. This integration helps to enhance the customer value, reduction of cost, modernize supply chains. The technology should must support for existing policies and procedure and people. Information technology has a substantial effect on the movement of people and product [9]. Financial institutions always remained the largest stake holders in technology. Technology has modified a traditional concept of banking from a merely accepting deposit and advancing loan. Today's banks services are more than the customer expectation and they focus the customer oriented services. They are providing maximum services to facilitate their customer and capture maximum market. Today's customers are more demanding, they want quick response, convenient service, multiple delivery channels, access to their account at any time anywhere [10],[11].

Technologies can only lead to increased productivity or improve performance when combined with other resources effectively by human resources or when done effectively, and use technology productively and ethically Employee can more rapidly acquire new knowledge and further advancement competencies through training Motivation of the employee has direct influence on technological advancement Employee's performance is closely linked with technological advancement. It can be managed by the employees and training should provide to the employee, it correct the errors, time of working and enable the employees to face the advance challenges. Training provides a motivation for employees as well as it helps to do the challenges task in the work place [12]. Five major areas were absorbed on to define the effects of E- Banking on customer services. They comprise correctness of records, 24 hours service; prompt and fair attention; quicker services; and possibility for home and office banking [13] many firms emphasis that accounting transaction should updated daily so that they try to implement the accounting information system in their organization [14] A hypothetical significant role of the internal accounting system is to produce information about partial performance for use in human resource and compensation decisions[15] Adoption of the cloud computing services has been rapidly growing during the past years [16]. The use of cloud computing in the organizations will have the significant improvements in their business processes [17].

III. RESEARCH METHODOLOGY

The research was contacted among the bank employees in Ampara district. Both government and private sector employees were involved in this survey and 50 questionnaires were issued and results were recorded in the proper manner and it involved in the analysis.

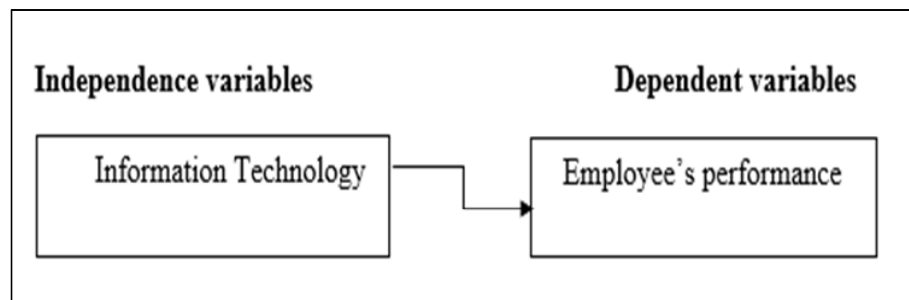


Fig 1: Research Model

Objectives:

- To find out IT adoption reduce the employee's workload.

- To identify employees are motivating through the usage of IT.
- To measure the employees' error rate after the adoption of IT.
- To identify IT increase the efficiency of the employees.
- To find out IT increase employee's satisfaction.
- To identify IT reduce the absenteeism of employee.
- To identify IT usage increase the employee's skills.

IV. FINDINGS

According to the survey the information technology has a vital impact on employees' performance. Because of the technology advancement many systems have introduced by the banks to do their operational activities in an efficient way. Such as E-banking, automated teller machine, mobile banking, SMS banking, E-Transfer, cash deposit machine, cheque deposit machine, HR web portal and etc. Because of this system bank and employees got lot of benefits. Employees have the following benefits such as it reduces the work lord, increases relaxation of the work, increases the skills through the new training and provides the opportunity to access global market. Data were analyzed by using SPSS software. Descriptive analysis, correlation analysis have done to get the results.

A. Employees Work lord

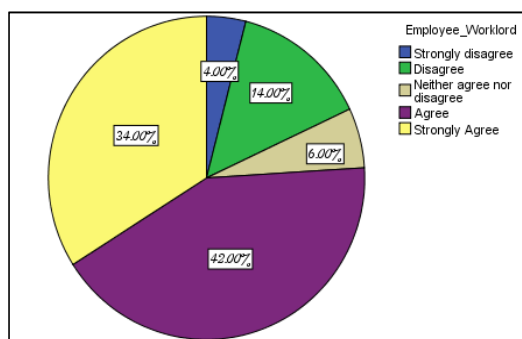


Fig 2: Employees Work lord

Banking activities have expanded in globally so the transaction has extended across the world. Because of that employees' work lord has increased. The main objectives of the applications of information technology is expect to reduce that. The chart shows the percentages of employees agree that IT reduces their work lord. Because of ATM, E-banking the customers are transferring their money through the online, so it reduces long que in banks as well as employees report preparation. So this reduction allow them to work freely. According to the above graph 42% of employees agree, 34% of employees strongly agree that Information technology reduces their word lord.

B. Employees Satisfaction

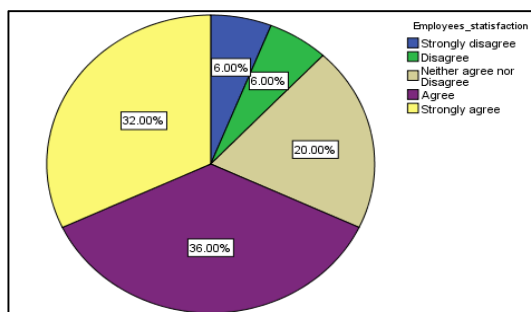


Fig 3: Employees Satisfaction

The graph represents the employees satisfaction level, according to the graph 32% of employees strongly agree, 36% of employees agree and 20% of employees neither agree nor disagree that employees got satisfaction through the information technology because IT simplify their works in many way such as automatic reports generation and real time balance updates through the network. So they can easily finish the work and it gives relaxation for the employees.

C. Employees Skills

TABLE 1: Employees Skills

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	5	10.0	10.0	10.0
Disagree	9	18.0	18.0	28.0
Neither agree nor Disagree	11	22.0	22.0	50.0
Agree	12	24.0	24.0	74.0
Strongly Agree	13	26.0	26.0	100.0
Total	50	100.0	100.0	

The above table shows the frequencies of employees skills, 13 employees strongly agree, 12 employees agree and 11 neutral in this. Around 50% of agree that IT increases the skills of employees. Because it motivates the employees to study for new technology and they get new indoor and outdoor training to do their jobs in efficient manner.

D. Absenteeism of Employees

TABLE II: Reduce Absenteeism of Employees

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	5	10.0	10.0	10.0
Disagree	9	18.0	18.0	28.0
Neither agree nor disagree	9	18.0	18.0	46.0
Agree	13	26.0	26.0	72.0
Strongly agree	14	28.0	28.0	100.0
Total	50	100.0	100.0	

The table shows the frequencies of absenteeism of employees of banking sectors. 14 employees strongly agree and 13 employees agree that the Information Technology has reduced the absenteeism of the employees. Because the IT tools makes their work easier than manual work. So they can work more efficient than the previous system.

E. Employees Error rate

TABLE III: Employees Error Rate

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly disagree	3	6.0	6.0	6.0
Disagree	9	18.0	18.0	24.0
Neither agree nor disagree	13	26.0	26.0	50.0
Agree	12	24.0	24.0	74.0
Strongly agree	13	26.0	26.0	100.0
Total	50	100.0	100.0	

The above table shows the error rate of employees. Around 50% of employees agree that their error rates have decreased by using the IT application in their work place. Now banks are using different software to do their transaction.so the error can automatically detected in that.

E. Correlation Analysis

TABLE IV: Correlation Analysis

		IT_ Application
IT application	Pearson Correlation	1
	Sig. (2-tailed)	
	N	50
Employee Work lord	Pearson Correlation	.734**
	Sig. (2-tailed)	.000
	N	50
Employees satisfaction	Pearson Correlation	.785**
	Sig. (2-tailed)	.000
	N	50
Employee motivation	Pearson Correlation	.653**
	Sig. (2-tailed)	.000
	N	50
Reduce absenteeism of employees	Pearson Correlation	.809**
	Sig. (2-tailed)	.000
	N	50
Employees error rate decrease	Pearson Correlation	.803**
	Sig. (2-tailed)	.000
	N	50
Employees skills	Pearson Correlation	.689**
	Sig. (2-tailed)	.000
	N	50

The correlation analysis has done among the variables. It shows the positive correlation between the IT application and employees performance. It emphasis that IT application reduces the absenteeism of employees as well as reduce the error rate. It has higher strong positive correlation that 0.809 and 0.803 respectively. As well as it reduces the employee workload and increase the employee's satisfaction

V. CONCLUSION

The study examined the effect of information technology on the performance of employees' in banking industry in Sri Lanka. The research evidenced that IT has a significant impact on employees' performance. The performance has measured in many ways such as it reduces the work load, increase the satisfaction, improve the motivation, reduce the absenteeism of employees and increase the employees' skills. The study concluded that IT positively correlated with the performance of employees. The results show that, IT application reduces the absenteeism of employees as well as reduce the error rate. It has higher strong positive correlation that 0.809 and 0.803 respectively. According to the analysis 42% of employees agree, 34% of employees strongly agree that Information technology reduces their word lord and 14 employees strongly agree and 13 employees agree that the Information Technology has reduced the absenteeism of the employees

The study has accounted that banks are using IT to reach the competitive advantages in their industry through the employees' performance. While comparing the government sector private banks investment and adoption of it is very high and it plays significant role in financial sector of the country. The study recommended that government sector banks should increase their innovative capability of IT application in their banks to increase the performance of the employees.

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