

Impact of Technology on Performance of Employees (A Case Study on Allied Bank Ltd, Pakistan)

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Abstract: Technology has fundamental importance in every industry. Financial institutions have highly been influenced by technology. Banks have created different delivery channels through investment in technology. The aim of this study is to examine the effects of information technology on performance of Allied Bank employees. The data was gathered through unstructured interviews and responses were analyzed through IBM SPSS Text Analytics. It was figured out that technology greatly escalates the productivity of employees along with time saving. It greatly affects the workload on employees and ensures control over mistakes and frauds. Quick access to information and ease of use enables the bank employees to deliver quality service. However, the organizations which implement new technology should provide proper training to its employees; it will increase their performance. Similarly, all the prerequisites should be fulfilled before starting the implementation process; failure to which could result in poor performance as well as bad customer service.

Key words: Information Technology • Employees performance • Allied Bank • Time saving • Automation • Pakistan

INTRODUCTION

Information technology has vital importance in every field. From educational institutions to automobile industry, banking to civil aviations, telecom to textile; there is momentous influence of technology in every field. With the increase in population, demand for goods and services has also increased. Customers are more aware about market and products than ever. To stay in business and to meet customer needs, organizations have to adopt new practices and new technologies. They have to modify traditional way of doing work. They have to adopt new technology to remain competitive. It is technology which has made world a Global Village. Quick interaction, timely and accurate information, cost effectiveness etc. all are outcomes of technological advancement.

Financial institutions always remained largest stakeholders in technology. Technology has modified the traditional concept of banking from merely accepting

deposit and advancing loan. Today's banks are providing much more to their customers; they are more customers focused. They are providing maximum services to facilitate their customer and capture maximum market. Management is using different software e.g. DSS, EIS etc. in formulating strategies. They are not just focusing on gathering data but getting benefits from it and using it in decision making process. Khajeh [1] said that IT has become a critical resource because its absence can result in lack of knowledge, poor decisions and ultimately business failure. To compete efficiently and to remain in the business, one has to adopt new technology. Today's customers are more demanding, they want quick response, convenient service, multiple delivery channels, access to their account at anytime anywhere. With passage of time, their attitude will keep on changing. Only those organizations will survive which will fulfill these demands. And this can be done by adopting and implementing modern technology at every level.

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Management's binding to technology is vital in adoption of it. Vision and mission statement are the clear indicators of organization's commitment. Allied Bank's management is committed to adoption of new technology. They say that they are customer focused; they want to facilitate customers at maximum level. Bank has stated its vision "To become a dynamic and efficient bank providing integrated solutions in order to be the first choice bank for the customers". Bank's management clearly indicates their commitment to technology in mission statement. 1) Provide value added services to our customers 2) Provide high tech innovative solutions to meet customers' requirements 3) Create sustainable value through growth, efficiency and diversity for all stakeholders 4) To play a proactive role in contributing towards the society.

Gupta [2] said that the percentage of organizations that use to invest in system maintenance is very high as compare to those organizations who invest in system development. Investment of bank into new technology is helping it to become closer to its customer, identify separate volumes of customer from different industries e.g. industrialist, educationalist, landlord etc. it helps to design products according to the needs of different industries. Allied Bank is applying modern banking software Temenos T24 in its branches and offices. The new technology is helping the employees to deliver quality work.

Quality of good information system is that it enables the user to deliver more and accurate output with lesser input. Customers always focus on his convenience and quality of delivery. He wants surety of work. To meet these requirements, consistency in quality performance is required. Agboola [3] said that in initial stage, banks were using technology to transfer the accounts and records of branches to main server; later they focused on automation of business. Now the new era is demanding quick service, anytime and anywhere. Today, banks use different technologies; automation is appearing in many processes. Productivity is increasing; chances of mistakes are low because of several built-in checks in IS. Employees are able to focus on many other job related activities along with their original job.

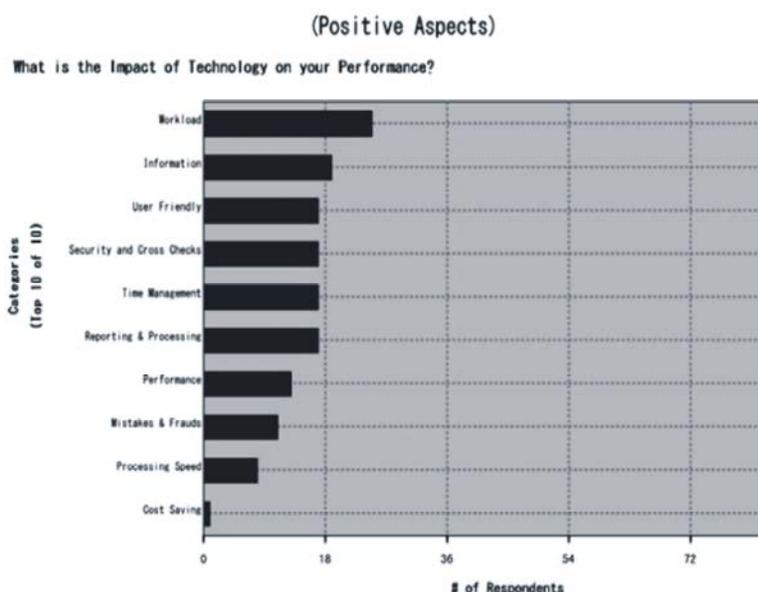
Branches are the most important and central point for banking service. Commercial and retail banking focuses on branches. Tough competition has changed the concept of branch banking. Customer of one branch is now the customer of whole bank. Availability of online network is mandatory for today's business and Banks with large network of branches require a sophisticated IS

network and speedy server to facilitate both employees and customers. Because of technology and network, many delivery channels have been created.

Review of Related Literature: Many people have worked efficiently on role of technology in financial institutions. Ahmadirezaei [4] concluded that investment in technology results in better facilitation of the customer and time saving of both customer as well as employees. Gupta *et al* [5] said that quality service is the main point of organizations operations. It can be enhanced by minimizing the variations in services which are being provided. Efficiency and speed of network should be consistent, so that employees can deliver quality service consistently. Instant access to information with timely and accurately reporting has vital importance in banks. Organizations which do not invest in technology make their employees to keep struggling for information. Access to information is as important for bank employees as inventory and raw material for manufacturing companies.

Khajeh [1] explained that banking industry influenced by technology in three different ways which are level of competition, economy of scale and creation of different delivery channels. Oluwatolani *et al* [6] said use of MICR (magnetic ink character reader) in different banks is resulting in reduction of manual work of employees as it automatically read magnetic ink characters on cheque and generate information about account holder. Use of MICR for cheque reading ensures accuracy of cheque and account number. It also results in time saving of users. Ugwu *et al* [7] said that IT has significant influence on efficiency and productivity of organization in local and global prospective. In local perspective, it results in saving of time, control over errors, helps in decision making, reduction in paper work and quick access to information. While in global perspective, it helps in development of business and increases market share.

Aliyu and Tasmin [8] said that advancement in technology along with global and local competition, change in knowledge and attitude of customer has made the banking industry to restructure. Such factors have made the financial institutions to provide 24 hours a day and 7 days a week service. He further said that organizations investment in technology and return from such investment depends on network availability. Ghasemi *et al* [9] said that advancement in technology explore more opportunities for the organization. Use of technology in accounting results in paperless banking which reduce the manual working burden on employee.



Table# 1

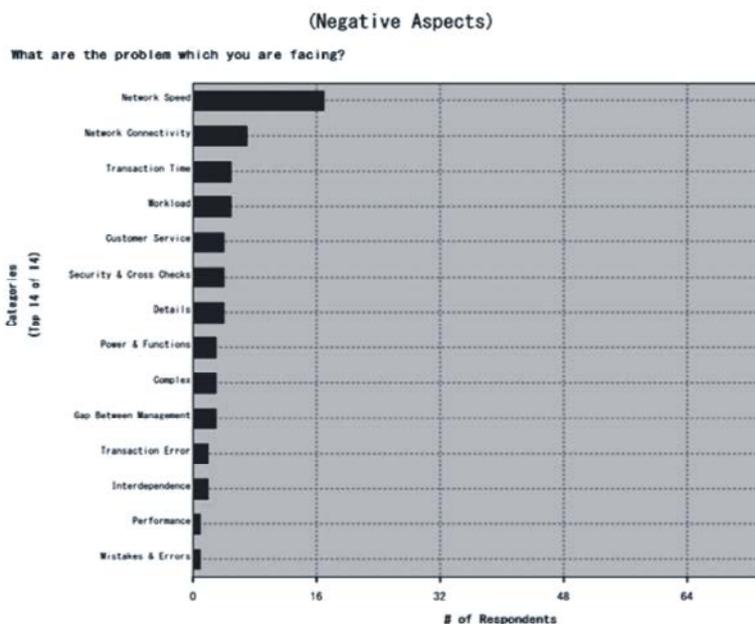
It enable user to prepare financial report easily and accurately. It also results in increased functionality and improved accuracy.

Ombati *et al* [10] concluded that direct relationship exist between technology and service quality in banking industry. If financial institutions use technology in their working it will result in better service quality as well as enhancing the productivity of employees. Dauda and Akingbade [11] said that organization’s investment in technology results in increased motivation and morale of employees. It will decrease the turnover level and will motivate the employees towards innovations. Agbolade [12] mentioned that technology enables the firm to make organizational changes and produce flexibility by shortening the product cycle.

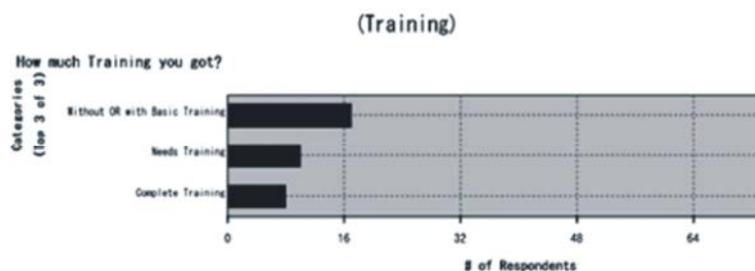
According to Shaukat and Zafarullah [13] local banks in Pakistan are more committed to invest and use new technology than foreign banks. Their employees are able to produce more because new technology enables them to perform multi task. A user who is working on electronic fund transfer can simultaneously work on clearing or on account opening. User is not supposed to stop or close one transaction in order to complete the second one. Similarly, built-in security checks in system are enabling the user to perform their functions without error. Kim and Davidson [14] said that investment in IT results in reduction in payroll expenses; however, there is no any impact of it on total expenses. It also results in increasing the productivity of employee as well as the market share of the organization. It also increase the revenue and profitability.

Methodology and Findings: Detailed interviews were conducted to achieve the objectives of the research. Thirty two (32) employees from different fields were interviewed. Employees were asked by different questions to evaluate the impact of technology on their performance. The detailed responses were coded into short words and different categories were made to analyze the response using. The results of this research indicate that new technology has strong impact on the performance of employees of Allied Bank. It is enhancing their efficiency and performance which is resulting in increased productivity. As highlighted in table # 1, the highest impact of technology is on the workload of employees; it does not mean that working level has reduced, it indicates that many activities are automatically being performed by the system. The manual work which was done in the form of keeping manual registers and calculations has greatly reduced and systems keep all the transactions records and perform calculations automatically. This is resulting in reduction in paperwork and moving towards paperless banking. As system performs all the calculations, so the chances of mistakes have reduced. Technology is enabling the user to have easily access to information. Strong MIS has enabled the user to get timely and accurate information and deliver it to concerned person. Employees are not supposed to go through manual files to get desired information; so better record keeping is being done.

As earlier said that manual work has reduced a lot and record keeping is automatically being done on the system so users are able to extract financial and related



Table# 2



Table# 3

reports from the system in few seconds which they had to prepare manually by spending several hours; so it has great impact on their performance as they are able to save much time and have option to use the relaxed time for extra activities. Customer turnaround time has reduced; so the user can facilitate more customers during working time. Employees are able to deliver better quality service to customer because the time which they used to spend on manual working and gathering information from manual registers and files has reduced a lot and similar is the case with stress level; so the work is streamlined and these things are leading towards better customer services. Automation in processes is making them enabled to deliver quality performance; so their productivity is increasing.

Similarly, because of strong embedded security and cross checks, chances of mistakes and frauds have reduced. System automatically check the provided information and validate it for cross verification; if it

found any conflict in provided information it does not allow to proceed further. The leakage of income is reduced because of strong cross checks as in previous IS, employees were able to make fake expenses and charge it to bank. Along with this, user friendliness has vital importance in new technology. Most of the people said that because of user friendliness of new technology, they are able to perform any function. Everything is available in the system and it is very easy to operate; they can perform their functions by pressing few clicks or buttons; unlike previous system, they are not supposed to go through different menus again and again to complete specific task. Similarly, because of new technology, they are able to perform multi functions instantly. User is not supposed to close or stop one function in order to complete the second one; so it is multi user and multi tasking system. However, responses indicate that there is no any major impact of technology on cost cutting of organization.

On the other hand, there are some issues which create problem for both employees as well as for the customer; out of these problems, slow transaction processing or network speed is the highest one and connectivity is the second one as highlighted in Table# 2. The reasons for said problems can be lack of proper infrastructure for applied technology or over burden of server with respect to ideal capacity. Due to this, sometimes transaction processing speed get down or results in invalid response from server. The previous mentioned situation results in poor customer service which badly affects the performance of user as well as the reputation of the organization. The new technology is based on central processing; so when the main server gets down, processing in all the branches of the bank gets down. Similarly, because of several security checks, the dependency of one department on others has increased.

It has interestingly been figured out that bank, like many other organizations is still reluctant to invest in training and development of its employees. As highlighted in Table# 3, out of total interviewed persons, more than fifty percent said that either they are without training or got very basic training from one to two days ranging for few hours. Similarly, most of the persons who got training are not satisfied from their training level and require more training. However; only eight persons (25%) said that they are satisfied from their training level.

CONCLUSION

Investment in technology has vital importance in every field. To compete efficiently, organizations need to adopt and implement technology at every level. Employees are the internal customers and most important resource of any organization. Organizations should make such arrangements for their employees which make them easy to perform their job; it will result in better quality service and increase in productivity. Investment of organizations in new technology has good impact on the performance of employees; it increases their efficiency and productivity. It also make the organizations more competitive regarding customer services like in the case of Allied Bank, it has become more customers focused and service oriented. Investment in IT also results in cost cutting; however, it has not resulted up to the mark in the studied case. Similarly, it also makes the user more comfortable to his working because it reduces a lot of manual work which consumes extra energy and time.

It creates great comfort for user to get information and use it strategically because modern competition is based on information.

As results indicates that the biggest problem which the users are facing is slow network speed and sometimes connectivity issues; so it is strongly suggested that any organization who wants to implement new technology, it should fulfill the prerequisites of its; failure to do so could result in drastic results e.g. poor customer services which ultimately will result in losing customers. Similarly, training of users has vital importance in technology implementation because technology can be fruitful only if users are aware of how to use it efficiently. For consistent quality service, training should be given to the employees after regular intervals. The findings of this study are limited to the sample studied only. Change in methodology of research, change in sample size or same research on other bank and employees may result in change in findings.

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