

# Catalyzing Change: Factors Influencing Employees' Change Readiness in Banking industry

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## ABSTRACT

The purpose of this study is to find out factors that influencing employee's change readiness especially in Banking industry. The method used for this study is systematic literature review (SLR) using articles obtained from international journals indexed in Scopus Q1, Q2, Q3, and Q4. This study finds that factors influencing employees' change readiness in Banking industry are: affective commitment, employees' positive perceptions of training programs, perceived competence, perceived autonomy, perceived relatedness, codification strategy, and personalization strategy, Islamic work ethics, organizational commitment, Human Resource Competency 4.0, soft skill training, individual characteristics, transformational leadership, employee commitment to change and transformational entrepreneurship.

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## 1. INTRODUCTION

The banking industry is crucial to a nation's economy, enabling financial intermediation, encouraging savings, supporting investments and economic growth, and aiding the overall development of the financial system [1]. In an era characterized by rapid technological advancements, evolving customer expectations, and stringent regulatory landscapes, the banking industry faces unprecedented pressures to adapt and innovate. Organizations often initiate change projects to update key elements or processes within their operations. This modernization is necessary to stay current and meet the evolving demands of a dynamic industry [2].

Organizational change efforts frequently fall short of expected results. A significant reason for the failure of these initiatives is the negative attitudes of employees towards the changes. Therefore, it is essential for employees to be well-prepared, motivated, and psychologically ready to embrace changes [3]. Change readiness has emerged as a critical determinant of success, dictating how effectively organizations can navigate the complexities of digital transformation, competitive pressures, and regulatory demands. Change readiness needs to be prepared at two levels: organizational and individual readiness [4]. Understanding the factors that influence change readiness within the banking sector is important for leaders and management to drive change more effectively.

The purpose of this Systematic Literature Review is to find out factors that influencing employee's change readiness especially in Banking industry. This article delves into the key elements shaping change readiness in the banking industry, exploring factors that can catalyze successful change initiatives. By exploring these factors, we aim to provide insights and strategies for banking institutions to enhance their capacity for change.

## 2. LITERATUR REVIEW

According to Neves employee change readiness refers to the extent to which employees anticipate and evaluate their response to the implementation of changes within an organization [5]. Jones stated that

employees' change readiness is defined as the extent to which employees perceive the advantages of a planned change initiative, or their level of emotional, psychological, or physical preparedness to engage in organizational transformation efforts [6]. Change readiness according to Choi [7] is of both the individual's and organization's ability to achieve success in implementing change, the necessity of change, and the benefits that both individuals and the organization can derive from the change.

There are five indicators of readiness for change: first, appropriateness pertains to whether an individual perceives a valid reason and necessity for the planned change. Second, management support relates to the extent to which an individual perceives commitment and support from organizational leadership for the desired change. Third, change-specific efficacy concerns the individual's confidence in their ability to perform tasks and activities necessary for implementing change. Fourth, personal impact refers to an individual's perception of how employees will benefit from the change. The fifth indicator, discrepancy, reflects the belief in the organization's need for change.

### 3. METHOD

This research is a systematic literature review (SLR), conducted systematically to identify key theoretical aspects and characteristics of publications, thereby enhancing the quality of the review process and outcomes through transparent and reproducible methods. Essentially, it involves identifying and assessing a large volume of literature based on specific theories, which helps researchers identify gaps in the field and develop theoretical models from emerging findings.

The literature search took place from June to July, 2024. The review followed a theory-based approach consisting of five stages: define, search, select, analyze, and present. The first step is to define the scope and database that will be used. The study focuses on factors influencing employees' change readiness in banking industry. Step two is searching for relevant articles from the past five years using articles obtained from international journals indexed in Scopus Q1, Q2, Q3, and Q4. Keywords that has used for this SLR are bank employee readiness to change. The third stage involved selecting articles for analysis. Each record and retrieved report was screened by reviewers. The reviewers utilized the PRISMA guidelines during the article selection process.

From the PRISMA we can see that the in the past five years, only 16 articles discussing the factors influencing change readiness in the banking industry have been found. This number is lower compared to research on change readiness in other industries. Out of these 16 articles, a screening was conducted, and only twelve articles were selected that truly addressed the factors influencing change readiness in the banking industry and were from Scopus-indexed journals. Out of the remaining twelve articles, the number was further reduced to ten, and finally to seven articles, due to issues such as the absence of DOI for some articles and failures in accessing the articles.

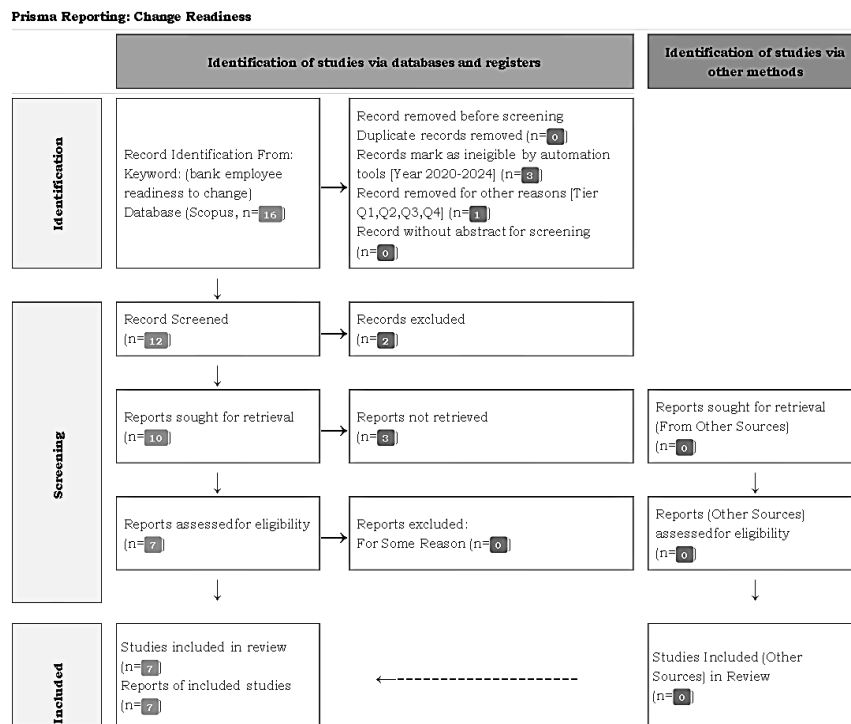


Figure 1. Prisma flow chart visualizing the article selection process

TABLE I. ARTICLES MAPPING

No	Authors & Year	Title	Journal	Citation	Journal Rank	Methodology	Findings relevant with research question
1	[8]	High-performance human resource management practices and readiness for change: An integrative model including affective commitment, employees performance, and the moderating role of hierarchy culture	European Research on Management and Business Economics	55	Q1	Quantitative	There is a positive and statistically significant relationship between affective commitment and readiness for change
2	[3]	Perceived benefits of training, individual readiness for change, and affective organizational commitment among employees of national jordanian banks	Cogent Business & Management	4	Q2	Quantitative	Employees' positive perceptions of training programs enhance their individual readiness for change.
3	[9]	Impact of culture on organizational readiness to change: context of bank M&A	Benchmarking: An International Journal	6	Q1	Quantitative	A culture with large power distance and high uncertainty avoidance is negatively related to organizational readiness to change at the individual level. Employees in organizations with large power distance and high uncertainty avoidance tend to resist change and are less receptive to proposed changes. Leaders need to provide clear direction and guidelines, and effectively communicate the appropriateness of change, in order to develop positive employee behavior towards desired organizational outcomes in such cultural contexts.
4	[5]	Does employee readiness to change impact organization change implementation Empirical evidence from emerging economy	International Journal of Ethics and Systems	12	Q1	Quantitative	Factors like perceived competence, perceived autonomy, perceived relatedness, codification strategy, and personalization strategy explained 76.8% of the variance in employee readiness to change. - Codification strategy had the largest impact on employee readiness to change, followed by perceived relatedness.
5	[10]	Readiness to change in Islamic banking the significance of adaptability and Islamic work ethics	Journal of Islamic Marketing	0	Q2	Quantitative	Islamic work ethics have a significant positive effect on readiness for change of Islamic bank employees in Indonesia. Organizational commitment mediates the relationship between Islamic work ethics and readiness for change in Islamic banks in Indonesia.

No	Authors & Year	Title	Journal	Citation	Journal Rank	Methodology	Findings relevant with research question
6	[11]	Human resource competency 4.0 and its impact on Bank Indonesia employees readiness for transformational change	Journal of Organizational Change Management	0	Q2	Quantitative	Human Resource Competency 4.0, soft skill training, and individual characteristics have a significant effect on employee readiness for transformational change. The effect of HRC 4.0 on employee readiness for transformational change is moderated by transformational leadership and employee commitment to change.
7	[12]	The Role of Transformational Entrepreneurship, Readiness to Change and Counterproductive Work Behavior in Enhancing Employee Performance	Organizacija	10	Q2	Quantitative	Transformational entrepreneurship positively affects organizational readiness for change.

#### 4. RESULTS

From the articles' mapping in table 1, it can be concluded that factors influencing employees' change readiness in Banking industry are: affective commitment [8]; employees' positive perceptions of training programs [3]; perceived competence, perceived autonomy, perceived relatedness, codification strategy, and personalization strategy [5]; Islamic work ethics, organizational commitment [10]; Human Resource Competency 4.0, soft skill training, individual characteristics, transformational leadership, employee commitment to change [11]; and transformational entrepreneurship [12].

#### 5. CONCLUSION

In conclusion, this study investigates the intricate relationship between academic, employment, interpersonal, and financial stresses and their impact on the subjective well-being of Chinese university students. Through a comprehensive analysis, supported by theories such as Social Comparison, Telic, Personality and Genetics, Adaptation and Coping, Expectancy, and Stress Response, the pivotal role of resilience as a mediating factor emerges, offering a buffer against the adverse effects of stress. The findings underscore the necessity for targeted interventions to alleviate stress among students and promote their overall well-being. Future research should delve deeper into resilience mechanisms and evaluate intervention effectiveness, aiming to foster supportive environments conducive to students' holistic development.

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