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## **EMPLOYEE PERCEPTION ON KNOWLEDGE ACQUISITION IN ANDHRA BANK - A STUDY**

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### **Abstract:**

*Banks and financial institutions play a crucial role in the economic growth of any country. The present - day banking operations in India have undergone a sea change due to the explosion of Information Technology and emergence of several Knowledge Management Practices. Knowledge Management impact on the organization performance is well recognized. Andhra Bank was founded on 28th November 1923 and was nationalized in April 1980. With about 3000 branches, 6875 Delivery Channels, 34 satellite offices as on 31.3.2017 Andhra Bank has been leveraging on Knowledge acquisition and technology management for enhancing customer service. An attempt is made in this paper to examine the perception on knowledge acquisition process among officer and clerical cadre employees of the Andhra Bank through an empirical analysis.*

**Keywords:** Knowledge acquisition; Information Technology; Core banking; Leverage; Diffusion.

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### **1. Introduction**

Banks and financial institutions undoubtedly play a key role in the economic growth of any Country. Banks very much rely on gathering, processing, analysing and providing information and data so as to enhance the service quality to customers. In view of the Country's unique geographic, social and economic characteristics, the Indian banking system is significantly different from that of other nations. In India, the present-day banking operations have undergone a sea change due to the explosion of information technology and emergence of several knowledge management practices, aimed at sharing expensive IT services to achieve economies of scale, The Institute for Development and Research in Banking Technology, set up by the RBI in 1997, introduced the 'Indian Financial Network'. The Computerization process started in Indian banking sector in early 1980's and Information Technology has become an inevitable part of the reforms process which lead to the gradual development of number of technology based financial and banking services.

Knowledge management is an up-and-coming discipline that promises to capitalise on organizations' intellectual capital. Knowledge management includes managing the knowledge that already exists in the organization, as well as enhancing the ability to create new knowledge. Knowledge is supposed to be the key to understanding society as well as technological developments taking place (kreiner 1999).The impact of knowledge acquisition and effective knowledge management on the organization performance is well recognized, enterprises benefit much from successfully practicing knowledge management (Alavi& Leidner, 1999, Conner and prahad, 1996, Zack, 1999). The universal management guru and thinker, Peter F.Drucker stated that the shift from commodity economics to knowledge- based economics has given knowledge the power to create a new society. In order to achieve sustained growth in today's competitive environment, there is a need for creating and managing new knowledge and more important developing appropriate KM strategies through knowledge acquisition.

## **2. Commercial Banks In India**

The Banking Industry in India has come a long way to assume its present status and the Post-Independence period witnessed a massive growth in the Indian banking system. The Nationalization of 14 major Commercial banks in 1969 and seven more banks in 1980 were the remarkable steps. The diffusion of Information and Communication Technology (ICT) was mainly on operations prior to 1990s, but there after on products and service offerings to the customers. Commercial banks form a very crucial part of country's economy. In India, all banks are regulated by RBI. Public sector banks are owned and controlled by the government. In these the majority of stake is held by the government. The State Bank of India, Andhra Bank has been the leading banks in this Category. The Commercial banking industry in India started in 1786. With the establishment of the Bank of Bengal in Calcutta. Commercial banks in India have traditionally focused on meeting the short-term financial needs of industry, trade and agriculture. However, given the increasing sophistication and diversification of the Indian economy, the range of services extended by commercial banks increased significantly, leading to the overlap with the functions performed by other financial institutions.

## **3. Andhra Bank**

Andhra Bank was founded by the eminent freedom fighter and a multifaceted genius, Dr.BhogarajuPattabhisitharamayya. The bank commenced business on November 28, 1923 at Machilipatnam with a paid up Capital of Rs 1.00 lakh and an authorised Capital of Rs 10.00 lakhs. Apart from regular banking services, Andhra Bank has introduced several attractive services, and it is the first bank in India to have launched mobile biometric ATMs. Andhra Bank offers various special insurance and health benefit schemes. Andhra Bank was nationalized by Government of India in April 1980. Andhra Bank introduced Internet Banking facility to all customers of cluster linked branches. Andhra Bank has been given 'BEST BANK AWARD' a banking technology award by IDRBI, Hyderabad for extensive use of IT. The bank gone for international expansion by opening representative offices in Dubai (2006), New Jersey (2009), and Malaysia (2010). The Andhra Bank aims of the bank are to become a trustworthy, efficient and strong bank. It has registered office and also corporate office at Hyderabad. Andhra Bank had subsidiaries namely, 'Andhra Bank Housing Finance Limited' (ABHFL), 'Andhra Bank Financial Services Limited' (ABFSL). Andhra Bank has been Leveraging Technology for

excellence in customer service. The total business of the bank is 3,39,673 Crore and the deposits Rs.1,95,441 Crore as on 31.3.2017, As on 31.3.2017, Bank had 6875 Delivery channels consisting of 2908 branches, 4 Extension counters, 34 Satellite Offices and 392 ATMs / BNAs / CRs.

#### 4. Review of Literature

Robert Scott Macy (2006) in his study 'Knowledge competency acquisition in the knowledge economy: Links to firm Performances' revealed that competitive advantage comes not from tangible capital but through intellectual Capital. An Organisation's knowledge competency acquisition system is a potential source of Competitive advantage. Results indicate that an organisation's task environment moderates the relationship between an organization's knowledge competency acquisition system and its financial performance.

Rao, V.N (2013) made an attempt in his research paper to understand the technology management in banks with reference to the State Bank of India. The study examined technology management trends in banks; deployment of technology for operations of SBI. The empirical analysis of this study has a number of managerial implications on the technology management in banks. Whatever technology is followed in banks that shall ensure enhancement of quality banking services for the customers. By maintaining strong positive technology and quality service relationship with the customers, the real benefits from the ICT will be ensured. Proper alignment of IT and banking operations, Industrial Relations and HRM is essential for realizing the benefits of technology implementation in banking. Some of the main stumbling blocks in the technology in SBI have been the diversity of culture, geographical factors and large number of regional languages in India. Being a largest Commercial bank in India SBI has been leading in technology management in its operations.

Tandon in his research article on knowledge Management in Indian Banks highlighted technology as a tool that has strategic importance. Banks being an important pillar of the service sector have a special place for technology and knowledge management. The articles also revealed the various areas where technology and knowledge management can be suitably fitted, and the challenges that banks may face in sustaining the use of key a tool.

Prameela A, Prof Rao, N.L.N (2013) in their doctoral research examined the impact of technology in the operations of public and private sector banks. The major innovations regarding IT Innovation in banking industry includes- debit card payment systems, branch automation, ATMs, ECs, EFT, RTGs and NEFT. In the face of growing competition, the policy changes and the operational environment in respect of the Indian banking system, there has been an increased focus on Technology in banking operations. The study also highlighted the differences in deployment of the technology by public and private sector banks. Information technology has resulted in a major attitudinal change by revolutionizing the treatment of customers of the banks. Banks are relying heavily on IT on conducting their businesses and reduce operation Costs. Managing customers is one of the main issues faced by the customers.

## 5. Objectives of the Study

The main objective of this paper is to study the knowledge acquisition process in the Andhra Bank. The specific objectives framed for the study are:

- 1) To trace the knowledge and technology in banking sector.
- 2) To examine the knowledge acquisition process in Andhra Bank.
- 3) To evaluate the employee perception on the impact of knowledge acquisition in Andhra Bank.
- 4) To offer suggestions based on the study for more effective knowledge acquisition in Andhra Bank.

## 6. Data Sources and Research Methodology

The study is based on both primary and secondary data sources. Primary data was obtained through a pre-tested questionnaire among the selected branches employees of Andhra Bank in Krishna district. The researcher's observation, interaction with employees of Andhra Bank also includes the assessment of knowledge acquisition in the selected bank. The secondary data was extracted from the Annual Reports of Andhra Bank, journals and databases. The sample selection was as per proportionate stratified sampling.

**Hypothesis:** the hypothesis tested in this empirical study is as follows.

**Ho:** There is no significant difference between senior level and junior level employees with regard to perception on knowledge acquisition process in the Andhra Bank.

**Statistical Tools:** The data and information extracted in this study were thoroughly evaluated through descriptive analysis, Levine statistic for finding homogeneity of variances and one- way ANOVA. The SPSS 16.0 package was used to test the hypothesis.

## 7. Results And Discussion

The data collected for the study was thoroughly analysed in the light of the objective of the study. The employee perception on knowledge acquisition in Andhra Bank was extracted through a questionnaire on five point scale i.e. strongly agree to disagree. The analysis and interpretation covers the following key focus areas.

The Table-1 reveals that among the both category of employees in Andhra Bank knowledge acquisition to majority extent is done through team meetings, training and development, and centrally coordinated efforts. Whereas the knowledge acquisition from the sources i.e. from external sources and inputs from employees and updates from immediate supervisor were low compared with other the other sources. The differences in the perception of clerical and officer category of employees as regards the knowledge acquisition in Andhra Bank are very marginal.

Table1: Descriptive Analysis of Respondents' Opinion on Knowledge Acquisition in Andhra Bank

Source of Knowledge Acquisition	Category of Employees	N	Mean	Standard Deviation	Standard Error	95% Confidence Interval for Mean		Min	Max
						Lower	Upper		
Team Meetings	Clerical	96	4.86	0.344	0.035	4.79	4.93	4	5
	Officer	74	4.43	0.575	0.067	4.30	4.57	3	5
	Total	170	4.68	0.506	0.039	4.6	4.75	3	5
Training & Development	Clerical	96	4.88	0.332	0.034	4.81	4.94	4	5
	Officer	74	4.80	0.496	0.058	4.68	4.91	3	5
	Total	170	4.84	0.412	0.032	4.78	4.90	3	5
Own knowledge based on the Tasks	Clerical	96	4.70	0.667	0.068	4.56	4.83	3	5
	Officer	74	4.03	0.950	0.110	3.81	4.25	3	5
	Total	170	4.41	0.867	0.066	4.27	4.59	3	5
Inputs from Top Management	Clerical	96	4.40	1.334	0.136	4.13	4.67	1	5
	Officer	74	3.14	1.853	0.215	2.71	3.56	1	5
	Total	170	3.85	1.696	0.13	3.59	4.1	1	5
Updates from Immediate Supervisor	Clerical	96	4.47	1.281	0.131	4.21	4.73	1	5
	Officer	74	3.32	1.902	0.221	2.88	3.77	1	5
	Total	170	3.97	1.671	0.129	3.72	4.22	1	5
Centrally Coordinated knowledge	Clerical	96	4.64	0.835	0.085	4.47	4.80	2	5
	Officer	74	4.28	0.768	0.089	4.11	4.46	2	5
	Total	170	4.48	0.823	0.063	4.36	4.61	2	5
External Sources	Clerical	96	1.25	0.665	0.068	1.12	1.38	1	3
	Officer	74	1.36	0.853	0.099	1.17	1.56	1	4
	Total	170	1.3	0.753	0.058	1.19	1.41	1	4

Source: Compiled from empirical data

Table 2: Testing of Homogeneity of Variances

Source of Knowledge Acquisition	Levene Statistic	Df 1	Df 2	Sig
Team Meetings	73.049	1	168	0.000
Training & Development	6.696	1	168	0.011
Own knowledge based on the tasks	44.069	1	168	0.000
Inputs from top management	34.260	1	168	0.000
Updates from Immediate supervisor	62.628	1	168	0.000
Centrally coordinated	0.696	1	168	0.405
External sources	4.323	1	168	0.039

Source: Compiled from empirical data

Table-2 reveals that the Homogeneity of Variances is very less as regards the different sources of knowledge acquisition in banks. The leven statistic is least (0.696) on knowledge acquisition from centrally coordinated and highest (73.049) with regard to the knowledge acquisition from team meetings.

Table 3: One-Way ANOVA ON Variable Knowledge Acquisition

Source of Knowledge Acquisition	Category of Employees	Sum of squares	df	Mean Square	F	Sig
Team Meetings	Between Groups	7.804	1	7.804	37.035	0
	Within Group	35.402	168	0.211		
	Total	43.206	169			
Training & Development	Between Groups	0.252	1	0.252	1.489	0.224
	Within Group	28.459	168	0.169		
	Total	28.712	169			
Own knowledge based on the Tasks	Between Groups	18.809	1	18.809	29.208	0
	Within Group	108.186	168	0.644		
	Total	126.994	169			
Inputs from Top Management	Between Groups	66.417	1	66.417	26.592	0
	Within Groups	419.607	168	2.498		
	Total	486.024	169			
Updates from Immediate Supervisor	Between Groups	54.730	1	54.730	21.886	0
	Within Groups	420.122	168	2.501		
	Total	474.853	169			
Centrally Coordinated knowledge	Between Groups	5.167	1	5.167	7.943	0.005
	Within Groups	109.280	168	0.650		
	Total	114.447	169			
External Sources	Between Groups	0.551	1	0.551	0.973	0.325
	Within Groups	95.149	168	0.566		
	Total	95.7	169			

Source: Compiled from empirical data

The One-Way ANOVA shown in Table-3 reveals that the P- value is less than alpha at the 0.05 significant level for about 5 aspects of knowledge acquisition variable. As the null hypothesis is rejected it seems there exists significant difference in the clerical and officer category employees perception as regards knowledge acquisition relating to the sources, team meetings, own knowledge, inputs from top management and updates from immediate supervisor. But on three aspects the P- value is more than alpha at 0.05 significance level, which indicates the acceptance of null hypothesis. Thus there is no significant difference between the two categories employees with regard to knowledge acquisition through the sources, training and development, centrally coordinated and the knowledge from external sources.

### **7.1. Knowledge Acquisition Process in Andhra Bank**

In banking sector it shall be only by maintaining effective technology and quality service relationship with the customers, the real benefits from ICT will be ensured. As regards the knowledge acquisition process in Andhra Bank, the following observations were made based on the interaction with employees of Andhra Bank.

The bank has Techno Economic Viability (TEV) Cell which is independent of the credit Processing & Sanctioning Departments. The cell undertakes the Project Information Memorandum (PIM), conducting Techno Economic Viability study and Debt Arrangement (Loan Syndication) for corporate clients. The cell has earned a fee based income of Rs. 120.89 lakhs during the Financial Year 2016-17, (Previous Year, and Rs.68.33 lakhs).

Andhra Bank has developed a robust management system which captures data essential for vital functions such as risk management and planning and which serves as an effective tool for the top management in decision making. The bank is in a position to analyse performance in major parameters even on a day-to-day using the information system available. Leveraging on the CBS platform of the bank, the MIS has facilitated speedy decision making and its implementation.

To augment the man power and bridge the skill gaps several initiatives were taken as far the Human Resource policy is concerned. Andhra Bank has an apex college with state-of the art training infrastructure. In addition to the Apex College, it has Staff Training College at Visakhapatnam. To improve the core capabilities of employees, various training programmes are conducted, besides induction and fresher programmes for newly inducted employees. Further the bank has entered into Memorandum of Understanding (MOU) with Manipal University.

The core banking project by Andhra Bank is very complex deployment and upgrade of IT enabled banking. There is an immediate need for an integrated banking platform to support customer centric banking, which means a migration from branch- based legacy banking platform to IT driven centralised banking experience.

The officers as well as clerical cadre employees of Andhra Bank are of the view that e-learning, continuous training programmes through the Staff College and training institutions through extensive methodologies were playing a key role in the knowledge acquisition process of Andhra Bank.

## 8. Conclusion

Knowledge acquisition in Andhra Bank has been mainly through training and development programmes', central coordination of knowledge bases and external sources. There is every need to improve the knowledge acquisition through team meetings, creation of own knowledge, improve communication from top management to inform about on-going knowledge acquisition to all categories of employees. Always there has to be interdependency of the three factors of knowledge management VIZ., people, process and technology, but the key factor for successful knowledge acquisition and management remains to be the people and organizational work culture. By leveraging technology banks must be able to transform the benefits of reduced costs to better their customer services. As the present economic situation creating lot of opportunities as well as challenges, it is up to the banks to leverage the opportunities to face the challenges. A perfect alignment of IT and HRM is essential for realizing the benefits of knowledge acquisition in banks. The need for recruiting technological savvy employees has been evident.

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