EFFECTS OF ELECTRONIC COMMERCE ON HUMAN RESOURCE IN BANKING INDUSTRY:
(A CASE OF STANDARD CHARTERED BANK LTD. KENYA)

BY

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DECLARATION

This is my original work and has not been presented in any other University to award a degree. All references from various sources of literature have been acknowledged as required.

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DEDICATION

This work is dedicated to my wife: Sarah, children: Sharon, Abel and Michelle for their constant love, inspiration, interest in and encouragement for, this work that gave me moral support.
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Special thanks are due to my supervisor Dr. W. P. Otengah for his invaluable contribution and incise guidance that has enriched the results of this study. His continued interest, inspiration and encouragement gave me the morale to polish the work, without his constructive criticism and support; the end product would be incomplete given the limited time.

I am also personally indebted to all the respondents who contributed immensely to make my research possible by giving me information as well as responding to the research questionnaire. And to all of you, I offer the best I can give: my humble and hearty thanks.

Profound and gratitude appreciation goes to my wife Sarah, for her support, patience and sacrifice as I burnt the mid-night oil. She gave un-qualifying contribution both socially and materially, being understanding and motivating.

My imminent appreciation goes to my beloved father Richard Wasike Wabomba, who made sure I got a good education foundation in my early life from which I could change my dreams into reality and my mother Norah Namukuru Wasike, for the deep concern, moral support and encouragement she provided during my pursuit for education. She always encouraged me to aim higher in all my endeavours.

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<td>SCB</td>
<td>Standard Chartered Bank</td>
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<td>ATM</td>
<td>Automated Teller Machine</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<td>IT</td>
<td>Information Technology</td>
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<td>ICT</td>
<td>Information Communication Technologies</td>
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<td>HQ</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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<td>B2C</td>
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ABSTRACT

Electronic Commerce (e-Commerce) technologies are changing the way that work tasks are conducted and thus have significant implications for the way organizations manage their human resource (HR) functions (Hunter1998). Although the impact of information technology (IT) on work and employment has been the subject of research, little attention has been paid to e-Commerce and its effect on work organization and HR management. The implementation of IT has shown to change the way that jobs are designed. These changes can have positive and negative outcomes for workers. This study was specifically set out to achieve the broad objective of establishing the effects of implementing e-Commerce on human resource in the banking industry. The study entailed answering the following research questions: i) what are the effects of e-Commerce on workforce structure? ii) What are the effects of e-Commerce on employee skills?. To achieve this, data was collected using the following instruments; questionnaires and interview schedules which were administered among members of Standard Chartered Bank Limited, Kenya. A sample size of 100 respondents was drawn from a total of 252 employees using simple random sampling method and purposively sampling. Secondary data was used in getting the required information from Standard Chartered Bank employees. Data was analyzed using descriptive statistics with aid Statistical Package for Social Sciences (SPSS) Software Package. In the light of these findings, the research records that there is a need to develop human resource management strategies (HRM) that prepare employees to work with new technologies effectively. This impacts on how organizations recruit and retain their staff as well as the level and type of skills required for jobs redesigned after the implementation of e-Commerce applications.
DEFINITION OF TERMS

Banking Industry: A network of commercial banks which accept deposits and savings from the general public, firms and which provide money transmission and other financial services for customers.

Computerization: Implementing a computer-based system to enhance business efficiency and profitability.

Electronic Commerce: Procedures that support commercial activities electronically to apply to bank-to-bank, bank-to-customer or bank-to-vendor.

Hub: The main branch in a designated area where the bank’s work in that is processed.

Human Resource: The employees of an organization used in such a way that the employer obtains the greatest possible benefit from their abilities and the employees obtain both material and psychological rewards from their work.

Human Resource Management: The overall direction the organization wishes to pursue in achieving its objectives through people.

Information Technology: Describes the combination of computer technology (Hardware and Software) with telecommunications technology.

Information and Technologies Communication: Tools that allow identifying important problems, quickly gather information, critically evaluate
the information located, synthesize that information into a solution and then communicate the solution to other users.

**Strategy:** The organized development of resources to achieve specific objectives against competition from rival organizations.

**Strategic Human Resource Management:** The overall direction the organization wishes to pursue in achieving its objectives through people.

**Organization Structure:** The inter-firm division of labour and its coordination through authority.
CHAPTER 1
INTRODUCTION

1.1 Background of The Study

Electronic Commerce (e-Commerce) has been defined in banking as procedures that support commercial activities electronically, the transformation of key business processes using internet technologies or via networking to apply to bank-to-bank (B2B), bank-to-customer (B2C) or bank-to-vendor (Awad, 2000). The human resource management (HRM) perspectives associated with the implementation of electronic commerce (e-Commerce) technologies are not well understood in the Information System discipline. The purpose of this research is to identify some of the issues involved in understanding the impact of e-Commerce on the way employment is organized and managed. The main focus of this paper is on the business-to-customer (B2C) aspect of e-Commerce (examples include applications such as transferring of money between accounts, paying bills as well as apply for personal loans). Online banking is rapidly becoming the norm, which means that banking organisations will need to adapt to the new environment and find ways to offer value-added services to their customers (Saatcioglu et al., 2001).

Porter (2001) asserts that adopting e-Commerce technologies is critical for an organisation to stay viable and to gain competitive advantage. In order to achieve competitive advantage, however, organisations need to be able to satisfy their stakeholders – a group which could include shareholders, customers and employees (De Cieri and Kramar, 2003:4). In this paper, we concentrate on the employees as stakeholders and examine the implications of human resource management (HRM)
strategies (including job design, training and development and employee management) which companies use when implementing e-Commerce applications.

While there is an established literature on firms and workplaces, it focuses almost exclusively on manufacturing firms, neglecting the service sector where majority of worldwide workers are employed. Indeed, a new body of research shows that economic restructuring and technology interact to produce different outcomes for workers within the same industry or even firm (Hunter and Lafkas, 1998). Firms use the same technology (e.g. computers) to differentially reorganize jobs, up-skilling some, automating, routinizing or eliminating others.

The banking sector has implemented information technology (IT) and e-Commerce technologies over several decades. They developed Electronic Data processing (EDP) centres to centralize operations and were using Electronic Funds Transfer (EFT) over secure networks to communicate between themselves as early as the 1970s (Game & Pringle,1984). Since then, technologies such as Automatic Teller Machines (ATMs) , electronic funds transfer and point of service banking via retail terminals, phone banking , intranets and internet banking have assisted banks and financial organizations to streamline their processes still further.

Banks and financial institutions around the world have implemented different business strategies and models. Although some of the smaller banks, credit unions and building societies have chosen to have no Web banking and to rely on branches and ATMs, the medium to large banking organizations are encouraging customers to switch to the Web for the cost advantages this channel offers (Jordan & Katz, 1999). In the USA, large organizations such as FleetBoston, Citigroup and Wells Fargo are offering a
one-stop shop, which includes real time balances, corporate research and stock trading. Although there are Internet-only banks which have no bricks and mortar branches they do not appear to have been successful. The most viable option for most banks is to develop on-line applications while maintaining some level of in-person service.

The banking industry has undergone marked changes over the past two decades, driven partly by deregulation and new technologies (Keltner and Finegold, 1998). Deregulation brought about intense price competition among banks, as well as competition between banks and other financial services providers. At the same time, new information technology radically affected costs, productivity and service delivery. Transactions performed by an automated teller machine (ATM) cost about one-quarter of those done by tellers (Morris, 1996). Banks are using training and other human resource strategies to create a skilled, stable labour force to attract and keep a particular customer market.

E-commerce as a set of technologies and practices is an important element of an emerging “informational society”, where the workforce of an organisation is the source of productivity, innovation and competitiveness. The idea of an information-based economy (variously referred to as the “new economy” or the “knowledge economy”) is the most recent in a long line of conceptualizations that highlight the shift from ponderous regimented and unified organisational hierarchies to flexible, skills-oriented adaptive organisational structures (Clegg, 1990; Piore and Sabel, 1984; Webser, 1995). These changes mean that human resource strategies are increasingly critical to an organization’s market success as well as its “bottom line”. Human resource strategies
are critical for ensuring that customer expectations are met to retain current customers and attract new ones.

As banks move further into e-Commerce they will need to address many complex HR issues, including how to attract, recruit and retain employees with the appropriate skills, the development of the most suitable methods to deliver training (with more emphasis on 'just in time training'), consideration of career paths as well as job design, staff satisfaction and staff development.

A Jupiter Media Metrix study in the USA found that brick- and-mortar banks with a multi-channel customer approach are thriving in the Internet era, although online-only banks are struggling. From July 2000 to July 2001, unique visitors to online-only banking sites dropped from 1.2 to 1.1 million, an 8.1% drop. In the same timeframe unique visitors to multi-channel banks such as Chase, Wells Fargo and Citibank rose from 6.4 to 13.4 million, a 110.5% increase. The report's authors suggest that online-only banks can still carve out a niche by building some physical distribution points (including ATMs) and by targeting specific audiences. For example, Affinity Bank targets well-off retirees, the Naval Federal Credit Union has pioneered the concept of ATM's on naval ships and G&L Bank serves gays and lesbians by allowing them to pool assets to obtain loans, which other banks are reluctant to do (Koller, 2001).

The banking and finance industry in Australia has been transformed by the introduction of information technology and by changes in the external environment. The banking industry has traditionally been an early adopter of technology, driven by the managerial objectives of increasing efficiency, improving the level of service offered, increasing flexibility, improving control over operations and reducing operating and
labour costs. Workforce size was reduced as the labour process became more efficient and career paths started to disappear. These developments produced a mix of positive and negative consequences: the enrichment or informing of jobs suggested by (Zuboff, 1998) and the job deskilling and reduction described by (Child, 2001). In the early 1980’s, Australia’s federal government moved to deregulate the banking industry. This intensified competition, opening the industry to new entrants from other countries as well as new national competitors. Deregulation also meant that Australian banks were able to enter foreign markets and provide services to customers unrestricted by geography. Technology has played an important role in these changes by eroding barriers to entry and allowing a more diverse range of competitors to enter the market. It has given banks the ability to provide new services and offer existing services more efficiently. There have been significant shifts in the customer nexus since the early 1990s. B2C e-Commerce technologies have removed the need for personal interaction and have given banks opportunity to shift customers from the branches to alternative service-delivery channels. At the same time, banks have introduced fees, rationalized their branch networks, and reduced the number of people they employ.

These competitive pressures raise questions about the way organisations manage their HR capability. Employees are vital for the bank’s service culture and strategic positioning and changes in a bank’s technology can have a significant impact on its personnel (Aungles 1992; Game and Pringle, 1984).

Controlling costs in the banking sector is a key management objective and this industry has been keen to convert customers to online media and to utilize e-Commerce, as it is significantly cheaper than face-to-face transactions and has additional benefits.
According to the Australian Bureau of Statistics (Trewin, 1999-2000), the main benefits of internet use according to the banking industry were: better access to information and services, ability to facilitate business across different time zones, broader client exposure, improved customer satisfaction and reduced business costs. Chou (200) argues that the Internet provides an excellent opportunity for business communications and transactions as it allows organizations to establish direct links with current and new customers while being able to deliver new products and services.

Awad (2000) observes that the combination of computers, the internet and information technology have become a feasible substitute for labour and paper-intensive banking processes. In sum, the main drivers for e-Commerce in the banking sector are (1) increasing efficiency (2) improving the level of service offered (3) increasing flexibility (4) improving control over operations (5) reducing operating and labour costs (Aungles, 1992; Game and Pringle, 1984; child, 1985). The industry holds a positive view of technological changes such as the ATM, phone banking and the utilization of the internet, which do not require face-to-face interaction between customers and branch staff.

Restructuring and automation of the banking industry in Kenya started in 1990s led by Standard Chartered Bank (SCB). As part of its on-going restructuring and re-organisation as it deployed e-Commerce technology for competitive advantage, SCB sold off some of its branches and trimmed down some of its operations (Kenya Institute of Bankers Magazine, 1998). This restructuring and automation, considered good for business, inevitably leads to increased staff layoffs. The bank declared 200 clerical staff redundant. The affected staff naturally ran to their union who in turn threatened to call
all banks strike unless the layoffs were reversed. This rising trend toward automated
teller machines (ATMs) and related computerization of services comes years after the
trend started in the West. However in Kenya, it also following mounting criticism of
customer service in banks which has been rated poor almost across the board. These
have included long queues, delays in handling documents, rudeness, rising charges and
short hours of operation which are not considered enough.

1.2 Statement of The Problem

The implementation of information technology (IT) has shown to change the way that
jobs are designed, skill requirements and work roles. New technology produces both
positive and negative outcomes for workers in terms of quality of work and career paths,
skill requirements, autonomy at work and employees management. Scott and Walsham
(1998) found that the implementation of a new loan system produced both positive and
negative aspects. The employees found that the new system gave them access to
centralized data, created an organisational memory, an extended aide memoir function;
what-if analysis and electronic transmission of applications. However, the loss of
autonomy, longer working hours and the loss of flexibility were the downside. Hughes
et al., (1999) found that the implementation of technology to centralize function also had
the effect of redesigning jobs, as bank staff were no longer able to rely on their local
knowledge about their customers. That is, the relevant local knowledge was “captured
in the machine”.

Recruitment, that is identifying and attracting potential employees (De Cieri and
Kramar, 2003), is particularly important as the way in which an organization goes about
this task will affect the type of people it attracts to the organisation. HR policies such as
whether to recruit internally or externally, whether to pay higher than the market and the most appropriate way to advertise (e.g. newspaper, electronically) all contribute to attracting potential skilled employees.

The adoption of e-Commerce technologies has considerably changed how employees in the banking industry interact with customers. For example, some customers use electronic banking applications to such an extent that they find little or no need to go into a branch. This change has had a significant impact on the way that jobs are designed and the way that employees are being managed. This online environment has created unforeseen issues for the way employees interact with customers and this in turn has changed the way that they do their jobs. This impacts how organisations recruit and retain their staff as well as the level and type of skills required for jobs redesigned after implementation of e-Commerce applications (Child, 1985).

Computerization of procedures and processes has caused changes in the organisation of work, resulting in segmentation or stratification of the customer market. The emergence of this new set of service strategies in the banking industry has required changes in work organisation. Thus, two trends are occurring, often within the same organisation, with opposite effects on job quality.

One is a significant increase in quality service, which potentially calls for an increase in skills and product knowledge throughout the branch organization. In the relationship – banking approach, branches are the focal point for the selling of a wide range of financial services by knowledgeable bankers. New technology gives these bankers quick access to all product and customer information. The other trend, cutting costs through the transaction approach, relies on technology to simplify and speed up
work and often replace human labour altogether. In the past, tedious and time-consuming tasks were performed by a range of specialized employees. Tellers now perform an expanded set of computer-facilitated tasks and back-office tasks and jobs have been reduced and consolidated, enabled by centralized computer networking. Technology that primarily automates branch banking work, combined with reduced employees discretion (Hunter and Lafkas, 1998).

1.3 Objectives of The Study

The main objective of the study was to establish the effects of e-Commerce on human resource in the banking industry.

Specific Objectives:

1. To assess the impact of e-Commerce on workforce structure.

2. To establish the effects of e-Commerce on employee skills.

3. To analyze factors that affect job satisfaction.

4. To identify the effects of e-Commerce on traditional employment.

1.4 Research Questions

The specific research questions for this study entailed answering the following questions:-

1. What are the effects of e-Commerce on the workforce structure?

2. What are the effects of e-Commerce on employee skills?

3. Does e-Commerce contribute to job satisfaction?

4. Does e-Commerce have any effects on traditional employment?
1.5 **Significance and Justification of The Study**

The banking industry, long at the forefront of technological development, is an important industry in which to explore human resource issues, because it is one in which the many advances in information technology and communications have facilitated major restructuring of work. Little systematic investigation has been undertaken to discover how banks manage their HR functions to achieve these outcomes. This is the gap that the research intended to bridge. Research on the banking industry will have implications for many other industries that deliver services and implement e-Commerce technologies affecting interactions with customers. It is also an industry in which the management of customer expectations and new ways of providing customer service are critical to competitive positioning. The outcome of the study may be used to guide the process of developing human resource strategies that prepare employees in the banking industry to work with new technologies effectively. The findings will add new insight to the body of knowledge on how to deal with the effects of e-Commerce on human resource in banking industry in Kenya and give recommendations on how to address the situation. The knowledge gained from this study hopefully will be beneficial to the banking industry, as the findings will be a source of information for the management to formulate policies on recruitment, retention, training and development programmes, as the industry adopts e-Commerce technologies.

1.6 **Scope and Limitation of The Study**

In order to achieve the objectives, data was collected from employees of Standard Chartered Bank in its Head Office – Moi Avenue and in the Western Kenya branches namely; Kisumu, Kakamega, Nakuru and Eldoret. The study focused on the effects of e-
Commerce on workforce structure, employee skills, job satisfaction and traditional employment.

The study cannot be used in making generalization about the whole banking industry. The research sampled 100 staff from the total population of 252 in the selected hubs. The target populations were senior managers, line managers, supervisors and clerical staff. During the actual field study, the researcher anticipated problems such as busy schedules of bank staff and uncooperative attitude of some staff that were economical to provide relevant information.

SCB has strictly data confidentiality, which was not easily available to the researcher. The researcher was treated with suspicion since SCB thought information could be used for other purposes than the stated one.
CHAPTER 2

LITERATURE REVIEW

2.0 Introduction

This segment of the study concerns literature that is relevant to the study. This is subdivided into the following: the historical development of e-Commerce in the banking industry, strategic responses, theoretical framework and conceptual framework in the banking industry.

2.1 Historical Development

Information technology is revolutionizing the banking industry in a manner not envisaged as recently as 20 years ago. However, information technology has had an influence on the life of man only reminiscent to that of the coming of automobile and the aeroplane. Technology is assuming such a hold on everyday life that the question is raised as to whether man is in danger of becoming a slave to technology. In the developed countries, it is assuming an unprecedented role in people's daily lives. In the USA, 88 per cent of the households own video cassettes, compared to 84 percent in Great Britain and 69 per cent and 65 percent in France and Germany respectively. In the USA, 65 percent of the households have cable television while 20 percent of households in Germany have satellite dishes. Thirty five per cent of the USA households have personal computers, compared with 22 per cent in Great Britain (The Kenya Institute of Bankers Magazine, 1997).

Study of the relationship between technology and organizations covers a wide spectrum of issues ranging from innovation to organisational efficiency to the management of human resource. It is also an area of research that has far reaching
implications for how we understand the impact of technology on society today and where we envision organizations specifically and society more generally is heading in the future. Where a number of seminal studies have focused on the relationships among technology, manufacturing and industrial labour markets and an area that is increasingly demanding attention today is the relationship between organizations and information technology.

A number of theoretical and empirical studies have been carried out to address the impact of information technology on organisational structure, organisational change and the nature of work. Studies in these areas of research have explored issues such as organisational hierarchies and the “politics” of information technology and information management (Davenport et al., 1993, Broderick and Bourdreaux 1991), more general issues surrounding the management of information technology and the changes of communication dynamics for workers and managers that accompany information technology. Some studies of information technology have taken the research to the level of organisational performance and theoretical models for measuring the relationship between technology and structure. Yet, despite the wealth of research on the impact of information technology in organizations, surprisingly little empirical information on what types of organisations are adopting the technological changes of the information era. Little information on the organisational characteristics that are associated with the adoption of technological change and systematic or comparative data (across organisations and across sectors) on the economic, structural and environmental factors that are associated with the spread of information technology across organizations. This approach to the study of technological changes is important because, while technological
trends have an impact on organisational structure and characteristics, organisations are also the agents of technological change. Who adopts technological changes matters tremendously for the impact that a given technology will have on society (Demsetz 1997).

The impact of Information Technology (IT) is significant. However, “the real challenge is not technology (adoption) per se, but the ability to adapt to take advantage of its emerging functionality” (Wells, N. & J. Wolfers 2000). Reaping the full benefits of IT adoption requires not only a full understanding of IT applications and their potential but also a readiness to change, all of which points to the importance of mobilizing human resources and constantly improving technical capabilities. Moreover, as more and more firms successfully adopt and implement IT applications, the comparative competitive advantages derived from the adoption of these applications may very well disappear if firms do not stay ahead. For firms that lag behind, IT adoption becomes merely a question of survival. This partially explains why contradictory results concerning the impacts of IT adoption have been observed. IT adoption as such is a necessary but not sufficient condition for increased productivity, key competitive and strategic benefits and stronger financial performance.

2.1.1. Strategic Responses:

As a result, and with regard to banking organizations, various trends can be observed;

- A rapid restructuring process affecting the banking industry following increased competition within and across countries. This is mainly reflected in rapid growth in the number of mergers and acquisitions between banking firms, which is resulting in high concentration of the industry in each respective country. As an illustration,
49% of the turnover of the Spanish banking industry in 1998 was produced by five firms and in Denmark only 2 firms were responsible for 58% of the total turnover (European Commission, 1998:12). Similarly in Portugal, the combined market share of the five biggest banks have climbed to 85%, the highest in Europe after Finland and Sweden and leveled with the Netherlands (Financial Times, 3/2/03). In Kenya, 65% of the turnover of the banking industry in 2003 was produced by five firms; Standard Chartered Bank, Barclays Bank, Kenya Commercial Bank, National Bank and Co-operative Bank, (Central Bank of Kenya – Research Department, 2004).

- A juxtaposition of the activities traditionally carried out by other financial firms, altering conventional distribution channels. There has been a wave of firms changing their activities to a certain extent and also their status (Storey et al., 1999: 131), banks conducting both retail and investment activities, and the dismantling of the traditional divide between banking and insurance activities. In Portugal, for instance, the percentage of life insurance distributed through bank branches has risen from 13% to 80% between 1991 and 1996 (European Commission, 1998:13). Competition is also emerging from new players in the form of major retail and manufacturing companies and even football clubs, which are rapidly moving into the financial services sector following the relaxation in regulations i.e. Barclaycard financed by Manchester United Football Club. Indeed, traditional banking activities, such as credit provision, have been threatened by the services offered by mortgage firms, leasing companies, investment banks and the stock market. This trend has stimulated responses from the banks themselves towards a greater diversification of the products and services offered.
The Kenyan banking scene has radically changed during the last one decade. The rapid growth in the banks and non-bank financial institutions have been attributed to a regulatory framework in which entry requirements were relaxed as a deliberate government effort to promote the growth of locally-owned financial institutions. Access to credit facilities in Kenya today has been made simple through customer tailored products like personal loans, credit and debit cards due to competition. Emerging new players like micro-finance institutions and savings and credit societies are offering front office banking services. Barclays Bank of Kenya, Credit Finance Corporation (CFC), Kenya Commercial Bank under one roof with its subsidiary Savings & Loans and Standard Chartered Bank which have tailored products by which their customers can procure automobiles, houses and also make arrangements for their insurance which is a departure from traditional banking of 1980's.

- A further transformation of traditional distribution channels is occurring due to the appearance of new forms of banking as a result of advances in information technologies as well as their more widespread use. These include automatic cash machines (ATMs), the electronic payment of bills and the emergence of telephone and internet banking.

- The functional separation of different activities, the most striking example being the creation of cheque processing and call centers specialized in certain operations.

2.1.2. Impact on Job Content and Implications

The implications of technological innovations and changes in the institutional environment and market conditions for qualitative aspects of employment are explored. A number of effects can be identified:
Decrease in the number of back-office or administrative jobs. The automation of many of the tasks previously carried out in branches is causing a shift of work towards regional or national, even international, processing centers, as well as a widespread reduction in the number of bank branches and employees. Increasing workloads can now be processed in an automated form with a lower number of employees. The reduction in the number of branches might also be seen as part of a cost-reduction strategy in response to increased competitive pressures (Storey et al., 1999), and post-merger or acquisition rationalization. New technology is likewise contributing to the change in the role of the traditional branch, following the automatisation of operations and the introduction of new channels of delivery such as ATMs or telephone and internet banking. An increasing number of the remaining branches are experiencing a re-focus in the nature of their activities. In particular, increased emphasis on selling activities, with movement from a “transactional-based” organisational model towards a “sale and service” orientation (Baethge et al., 1999:10), is resulting in a reduction in clerical positions in favour of more commercial-type jobs.

Falls in employment have been accompanied by branch restructuring in the European countries which have resulted in more aggressive marketing policies and a change or orientation from administrative to a more commercial type of function, and falling figures in the number of employee per branch. Between 1990 and 1995, the number of employees per branch dropped from 32.2% to 30.6% in the UK and from 9.4% to 8.25 % in Spain (Wells, N. and J. Wolfers 2000). Centralization in Spanish banks can be appreciated in the role of branch
managers, who despite retaining a considerable degree of discretion over operational matters, are not in charge of the human resource management strategies and criteria, which is left to specialized functions in central headquarters.

- Changes in employee career structure and progression. In the past, the branch system was the basis for employees' career structure and progression within the firm, which was typically achieved through seniority and years of service. This is no longer the case in a large number of banking organizations, where the changing role of branches, marked dualisation of employment and separate recruitment policies for each group and the introduction of performance management techniques are leading towards similar segmented patterns in career progression. Seniority is no longer the main factor on which progress is based and whereas graduates entering the firm would be normally given a career path, this would not normally be the case for clerical workers. Similarly, automatic pay increases are no longer the norm and payment is now largely based on contingent performance, profit-related par or other new appraisal systems (Storey, 1993:135).

Gender segmentation seems to be evident at higher levels of the career structure that is in terms of promotion for managerial grades. A perhaps more marked segmentation trend, however, is that between recruitment of clerical staff for more routinized tasks in processing or call centres and graduates for more specialized commercial or managerial jobs. This task differentiation is extended to skill formation and training programs, which has raised concerns in the UK
banking about an increasing divide between career and non-career staff (Baethge et al., 1999).

- Variations in Working Time. Longer opening hours, increased competition and workload and the establishment of 24-hour call centers have altered the traditional working times in banking industry. Employees are now required to be more flexible and long working hours are common in the banking industry both in retail and in investment banking, where the nature and inter-relation of financial markets, as well as servicing customers in different parts of the world, increases the importance of longer "opening" hours (Miguelez, et al., 1999: 228). Nevertheless, in reality the situation is not so clear cut, and even within those countries where collective agreements exists, the use of unpaid overtime is widely spread, in particular among medium and higher level employees often subjected to new payment methods based on contingent compensation, such as performance-related pay. In Spain for instance, extra-time and its association with higher commitment are a means of exerting pressure on employees with a view on the extension of temporary contracts, the conversion of temporary into more permanent employees, or even future promotions (Rabeau et al., 1994).

In some European countries, such as Spain or Germany, working time is regulated and established through collective bargaining at industry level, whereas in others arrangements tend to be more individualized. Nevertheless, in reality the situation is not so clear cut and even within those countries where collective agreements exists, the use of unpaid overtime is widely spread, in particular among medium and higher level employees often subjected to new payment
methods based on contingent compensation, such as performance-related pay. In Spain for instance, extra-time and its association with higher commitment are a means of exerting pressure on employees with a view on the extension of temporary contracts, the conversion of temporary into more permanent employees, or even future promotions. The fact that medium and higher levels employees are affected by overtime pressure is important when we consider that the trend is towards an increasing proportion of high-skilled employees in relation to the total number of employees and often these groups tend not be members of trade union organizations (Miguelez, et al, 1999:238).

- Decline in job security and changing patterns of recruitment. As a consequent of the above trends, the pattern of recruitment is also undergoing a significant transformation and becoming increasing segmented (Miguelez, et al., 1999: 230). At one of the extremes lie full-time, specialized, skilled and highly-paid jobs mainly directed towards graduates and at the other lies lower paid jobs, often on a part-time or temporary basis. Extensive rationalization of processes are also associated with lower levels of recruitment, with new hiring particularly directed to young people, perceived to have a higher training and greater capacity to adopt new working practices and technology (Regini, 1999).

The transition in the last twenty years or so from a traditionally ‘job –for life’ industry to high levels of turnover is one of the most striking features of the banking sectors of most industrialized countries. Cost-minimization strategies have led to rationalization and extensive reduction in the levels of employment, an important part of total costs. In Spain, for example, mergers and acquisitions
have been a popular strategy for maintaining competitive advantage through the efficiency gains of combining operations and resources (Crawford, 2000). These processes have been associated with job losses in both the UK and Spain.

2.2 Theoretical Framework

Neo-Fordist theory claims that the quality of jobs for most workers, particularly in terms of material rewards and work pace, declined in the last 20 years. Advocates of this view argue that job security and internal labour markets deteriorated due to downsizing, outsourcing and the increased use of contingent employment. Work loads increased as employers sought to extract more effort from workers without a commensurate rise in pay. These trends were facilitated, in part, by a rollback in trade union influence. Although employers' were initially motivated to make these changes by economic difficulties from the late 1970s to the early 1990s and they found these techniques so lucrative that they continued to pursue them even after profits recovered (Morris and Western, 1999).

This strategy has been called neo-Fordist because the basic principles of the traditional firm remain intact and some principles, such as inequality between management and labour, are accentuated. Benefits such as relatively high pay, job security and career mobility that were extended to workers during the growth years of the postwar period are pared back and apply to a smaller promotion of workers as corporations seek lower costs and leaner workforces (Harrison, 1994; cf. Berger and Piore, 1980).
Post-Fordism, Ecommerce and HR Management

Information and communication technologies including e-Commerce have important implications of the HR management and employment issues that organizations need to address, for example issues such as job design, recruitment and retention as well as employee management. Highlighting outcomes that are consistent with post-fordist organizations Davidow and Malone (1992) suggest that management information systems have replaced middle management’s role of providing an information channel through which senior management can obtain business information and to communicate orders down to more junior employees. Computer networks are able to provide information about the status of operations more efficiently and effectively than the people they replace, reducing the layers of management required to run an organization. In their account, employees will become empowered to direct the tasks and deal directly with customers, while computers will provide the information middle managers used to transmit. Management will have a different role that consists of setting goals, measuring results, directing strategy, putting work processes in place and establishing the environment in which these processes will effectively work (Davidow and Malone 1992: 167). In this new environment, managers will not only have to manage traditional subordinates but also employees from other departments brought in for projects, part-time employees and other people that work for other related organizations such as suppliers.

In contrast, Child (1985) described implications of ICTs that are distinctly fordist: increased control by managers, undermining of employee initiative through deskillling, job degradation and fragmentation. He argued that management does not focus primarily
on the labour process when investing in new technology, but that there are implications that could be seen as an unfolding of managerial strategy. 'New technology includes information technology, microelectronics, software and communications facilities (Child, 1985:112). Managers justify the changes to the labour process by reference to new technologies and response to competitive pressures. Child identified four interrelated management strategies which typically incorporate new technology. These strategies consist of the elimination of direct labour through automation or flexible production systems, contracting in which the employee is re-cast as an independent contractor and paid for an agreed amount of labour time, dissolution of traditional job demarcations where workers perform a range of tasks that extend traditional job and skill boundaries and finally the deskilling and degradation of jobs in which the skill, knowledge and control is removed from the workers and vested in management. Several of the trends Child identified are evident in the banking industry. For example, during the last decade, banks in the US and Australia have been downsizing their organizations by closing branches and reducing their staff levels through redundancies, early retirement and natural attrition (Jesse, 1997). Many traditional banking jobs have declined or disappeared altogether, for example typists, secretaries, tellers and bookkeepers, and have been replaced by ATMs and other technologies. Employees at different levels of a bank will be affected in a different way by the e-Commerce evolution.

The employees in lower ranks for example call centre employees and customer service representatives; have little input into information technologies that are implemented. This layer tends to be where most of the automation and computerization
takes place (Adler, 1999). Nor are professionals and middle managers immune to the effects of IT and e-Commerce implementation. The more automated the organization becomes, the fewer employees are needed at management level. The position of branch manager, for example, has come to involve less discretion in making decisions. For example, something as basic as approving a loan is automated by using computerized credit checking (Scott & Walshaw, 1998). With greater automation and centralization, there are also fewer branch offices, with a consequent diminution in career path offerings.

Post-Fordist theory describes an alternative model of employment relations that benefits both firms and workers and is claimed to have emerged in response to the same economic crisis described by neo-Fordist theory. The post-Fordist account implies rising job quality both with respect to certain material dimensions (e.g. pay, job security) and, more strongly, with respect to intrinsic rewards (e.g. job challenge, autonomy, workplace cooperation) and working conditions (e.g. decreased physical work loads). According to this view, product market shifts favouring higher quality and more customized goods and the spread of information technology have led to a rollback of traditional Taylorist job design and to a greater use of employee involvement practices such as self-directed work teams. These new arrangements increase job skill requirements, task variety and job autonomy while decreasing gross physical effort demands. The result is greater workplace cooperation and job enrichment (Piore and Sable, 1984; Zuboff, 1988).

A different perspective is provided by Zuboff (1988:57) who analyzed the implications of information technology for job design. She argued that while computer –
based automation is removing the human element from the business process (or
deskilling workers), the ‘informanting’ (adding information and analysis to data) power
of technology creates pressure for ‘profound re-skilling’ by increasing the explicit
information content of jobs tasks thereby reconfiguring the nature of work. Zuboff
contends that even if the managerial purpose in implementing new technology was to
control or deskill, managers themselves have their own pressures and issues to deal with
while implementing new technology which may negate these intentions. In the
‘informated organization’, she asserts, the rigid separation of mental and manual labour
is dysfunctional, distinctions between white and blue collar workers no longer exist and
there is an intellectualization of work tasks which results in the organizational skill base
being more equal across the enterprise (Zuboff, 1988:393)

Ideally, the organization becomes a learning organization, which translates to the
expansion of knowledge by each member of the enterprise. Organizational structures
become more flexible, individuals are in a position to align themselves to jobs they are
best suited to and managers will have to become more open and participative. In
Zuboff’s ‘informated’ organization, employees become more intellectualized as they
deal with the new information technology. The intellective skill is applied by analyzing
the problem, determining the data required for analyzing and the application of the
analysis to improve performance. That is, employees in this type of organization need to
use higher order analysis and conceptualization with a view to improve the way in which
data are assimilated, interpreted and responded to. Managers in this scenario are
responsible for task related learning and educating others. Workers’ discretion increases
to meet the variable requirements of customers control by technology and bureaucratic
control will be superseded by ‘info-normative’ control (which can be described as control based on data objectification or performance indicators; and employee accommodation or commitment to performance standards).

Some of these ideas build on earlier theories of post-industrialism and post-materialism. These theories predicted that jobs would become more skilled, remunerative and enriched as a result of the rising education levels of workers, the increasing proportion of professional and managerial jobs and the perceived value shift among workers towards more meaningful or intrinsically regarding work rather than the traditional focus on higher pay (Bell, 1976). The perspective has been called post-industrial or post-Fordist because it views the recent economic crisis as demonstrating that Taylorism and adversarial employment relations inherited from the industrial era is obsolete. Changing markets and information technology exert pressures to break with Fordism and to institute genuine policies of job enrichment, decentralized decision making, employee teamwork, and management – labour cooperation.

Evidence from a number of studies supports aspects of post-Fordist theory. The traditional post-industrial indicators of improved job quality, namely, the education levels of workers, the proportion of professionals and managers in the workforce, and the use of computer technology at work, have all increased substantially in recent years. Research indicates that employees want to be more involved in workplace decisions and that those who participate in employee involvement programs generally endorse them and report greater job satisfaction, autonomy and intrinsic rewards on average (Appelbaum et al., 2000; Godard, 2001).
The Relationship between e-Commerce and HRM Strategies

The implementation of an e-Commerce strategy often means the integration of front (customer service) and back office functions (processing transactions). Closing branches and increasing automation would suggest that many jobs would be replaced by computerization of tasks requiring fewer employees to do the work. The core work processes in banking and finance organizations such as the processing of loan applications and the handling of money have been traditionally designed and organized along Fordist lines. This type of work, standardized operating procedures with standardized management controls are used to produce standardized products is where the Fordist model has worked well in the past (Davidow & Malone, 1992; Blackburn, et al. 1991). Banks still have many standard products and operating procedures and this is unlikely to change with the implementation of e-Commerce.

A career in bank is no longer the job for life (Hand, 2001) it once was, nor does working for a bank confer as much status as it did in the past. While technological innovation has facilitated the phasing-out of some long-established jobs in this industry, it has also been responsible for the redefinition of existing jobs and the creation of new jobs and career paths. Employees have had to cope with a massive amount of workplace change in the restructuring of their jobs, as well as having to deal with issues such as job insecurity and diminishing career paths. This has a significant impact not only on employees’ working lives, but also on their living standards and their quality of life. This has led to industrial action as employees protest against branch closures, job cuts, higher workloads, longer hours and higher stress levels. These changes have resulted in this industry having to consider how to recruit and retain their employees.
The banking industry was seen as a career industry and it was seen as theoretically possible to start in a very junior position and work up through the hierarchy to the top position of managing director. As a career in a bank was considered something to be aspired to, it was assumed that everyone was motivated to achieving promotion and moving up through the pyramid. Therefore it was relatively easy to move people around without much thought regarding skill requirements or concern for demarcation disputes. This made it fairly easy to rationalize the labour process and introduce labour saving technology (Game and Pringle, 1984). With the major banks in particular closing branches and cutting costs by making staff redundant, attracting suitably qualified employees to work in their organizations is becoming more of a challenge. As banks are on the cutting edge of e-Commerce adoption it is important that this industry can attract and retain skilled employees to stay competitive.
2.3 Conceptual Framework

Linking Electronic Commerce and Human Resources Strategies.

**ACQUISITION**

Human Resource planning

Recruitment

**WORKFORCE STRUCTURE**

Span of control

Levels of management

Staff relationship

**E-Commerce Adoption**

**DEVELOPMENT**

Employee-training

Career development

**MOTIVATION**

Job design

Performance evaluation

Rewards
CHAPTER 3

METHODOLOGY

3.1 Introduction

In this Chapter, the researcher identified the study area, the research design, the study population, sample size and sampling design, the data collection instruments and procedures, data processing and data analysis techniques and the expected outcome.

3.2 Figure 3.1: Map of the Study Area: SCB Branch Network (Head-Office Nairobi & Western-Kenya)
The study was conducted in the Headquarters of Standard Chartered Bank – Moi Avenue – Nairobi and in the bank’s hubs located in Western Kenya namely; Kisumu, Kakamega, Nakuru and Eldoret towns. These branches were studied because they are designated areas where the Bank’s work in those areas is processed.

3.2.1 Overview of the Study Area

Nairobi is the capital city of Kenya. It is also the capital of the Nairobi Province. The city lies on the Nairobi River, in the south of the nation. Nairobi has the highest population in East Africa, estimated at between 3 and 4 million (1999 census). It is now one of the most prominent cities in Africa both politically and financially. Home to many companies and organizations, Nairobi is established as a hub for business and culture. Nairobi is a home to several prestigious universities; The University of Nairobi, Kenyatta University, Strathmore University, United States International University and Daystar University.

Kisumu is a port city in western Kenya, with a population of 322,724 (1999 census). It is the third largest city in Kenya, the principal city of western Kenya and capital of Nyanza Province. Kisumu is served by Kisumu Airport, with regular daily flights to Nairobi and elsewhere. It is a hub of transport activities between the Kenyan coast and Uganda and Western Tanzania. Major economic activities are Agriculture, Fishing, Tourism and a range of small and medium entrepreneurship businesses. It is the home of Maseno University and Great Lakes University.

Nakuru, the provincial capital of Kenya’s Rift Valley, with roughly 300,000 inhabitants and currently the fourth largest urban centre in the country. Agriculture,
Manufacturing and Tourism are the backbone of the economy of Nakuru town. Nakuru is also an important educational centre. It is the home of Egerton University and Kabarak University.

Eldoret is a town in western Kenya and the administrative centre of Uasin Gishu District of Rift Valley Province. The population was 193,830 (1999 census) and it is currently the fastest growing town in Kenya and currently the fifth largest town in Kenya. The town is a home to Moi University and an international airport. Major industries include textiles, wheat, pyrethrum and corn. The town has a number of factories.

Kakamega is a town in western Kenya lying about 30 Km north of the Equator. It is provincial headquarters Western Province. The town has a population of 73,607 (1999 census). The main economic activity is mainly Farming and Fishing. Local companies include the Western Kenya Sugar company. Masinde Muliro University is the newly created institution of higher learning in town.

3.3 Research Design

The research design was mainly descriptive. The researcher used both document analysis and case study method which is an in-depth investigation of a phenomenon as suggested by Leedy, P. D. (1997, pp. 156-157) Practical Research; Planning and Design. Case studies are a type of qualitative research in which the researcher explores a single entity or phenomenon (the case) bounded by time and activity and collects detailed information by using a variety of data collection procedures during a sustained period of time. A case study is conducted to shed light on a phenomenon, be it a process, event, person or object of interest to the researcher. Researchers do case studies for the
following purposes; to produce detailed descriptions of a phenomenon, to develop possible explanation of it, or to evaluate the phenomenon. Data for the study was gathered through questionnaires, interview schedules, as well as documentation such as strategies, policies and practices adopted when introducing e-Commerce in SCB. Semi-structured field interviews were chosen to obtain the descriptive data required.

In document analysis, secondary data for the period ranging from 1998 – 2005 was collected from existing records to establish the socio demographic profiles. Structured and semi structured questionnaire was used as the main instrument. This established the effects of e-Commerce on human resource in the bank. This method brought about personal attributes, attitudes and perceptions that document analysis could not facilitate. The questionnaire dwelt on questions regarding work related information and was used on the bank staff. The questions were both open and closed-ended. This saved on time and reduced vagueness. Before the actual survey, a pre-test survey was carried out to determine clarity of questions in the questionnaire and to eliminate questions that were sensitive and whose answers appeared ambiguous. Key informant interview schedule was also used.

3.4 Study Population

The target population of the study consisted of 12 executives, 40 managers in the middle management level, 200 supervisors and clerical staff. The total population was 252 employees. From this population, the researcher sampled forty per cent of the SCB staff of various levels in management. The aim was to include the different experiences and perspectives at different organizational levels and functional areas in Head Office and the branches.
3.5 Sample Size and Sampling Design

A sample of 100 respondents was drawn from a population size of 252 employees of SCB. The sample size of 100 was considered large enough to be representative of the population of interest, for analysis of sub-groups and for statistical analysis. Each cadre of employees i.e. executives, managers, supervisors and clerical staff was sampled as shown in (Table 3.1 pp. 31). In category A, purposive sampling was used to pick three (3) key informants who were interviewed from a population of 12 executives who were policy designers that best enabled the study to answer research questions and to meet the research objectives. Purposive sampling is a sampling technique that allowed the research to use respondents that had the required information with respect to the objectives of the study. The research picked three (3) key informants who were senior managers in Human Resource, Retail Banking and Commercial Banking Departments respectively and had been in those grades for at least one (1) year.

The research employed stratified random sampling procedure which was used to select respondents in categories B and C as shown in (Table 3.1 pp. 31), based on branch, department and grade. The goal of stratified random sampling was to achieve desired representation from various subgroups in the population. The study selected subjects in such a way that the existing subgroups in the population were more or less reproduced in the sample. When employing this technique, the researcher divided the population into strata by some characteristics – grade and department meant that the sample is more likely to be representative, as each of the strata is represented proportionally within the sample, as suggested by Mugenda, O.M. and Mugenda, A. G. (1999) Research Methods: Quantitative and Qualitative Approaches. Simple random
sampling was then used to draw samples from each of the strata until the actual sample sizes were reached. The study reached this by: (a) each case in the sampling frame was allocated a unique number, (b) cases selected using a table of random numbers until the actual sample size was reached as suggested by Saunders, M., Lewis, P. and Thornhill, D. (2003) Research Methods for Business Students, pp 161-166. Random numbers allowed selecting the sample elements without bias. The sample selected can therefore be said to be representative of the characteristics of categories B and C. This sampled forty per cent of the total population of the staff from the existing three broad categories in the bank, which were selected for the study. Below is a breakdown of the respondents and where they were found:

Table 3.1 Sample Population of SCB Staff

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>TARGET POPULATION</th>
<th>No. OF RESPONDENTS SAMPLED</th>
<th>STUDY AREA</th>
</tr>
</thead>
<tbody>
<tr>
<td>A</td>
<td>12 Key Informants</td>
<td>3</td>
<td>Head Office</td>
</tr>
<tr>
<td>B</td>
<td>40 Line level Managers</td>
<td>17</td>
<td>H/O 5, Kakamega 3, Kisumu 3, Nakuru 3 and Eldoret 3.</td>
</tr>
<tr>
<td>C</td>
<td>200 Supervisors and clerical staff</td>
<td>80</td>
<td>Kakamega 20, Kisumu 20, Nakuru 20 and Eldoret 20.</td>
</tr>
</tbody>
</table>

TOTAL 252 100

(Source: SCB – Head Office)
3.6 Data Collection Instruments and Procedures

The researcher collected the primary data from self-administered questionnaires, which were delivered to one hundred respondents through face-to-face interaction as evident in (Appendix V pp. 80) and enabled the research to elicit data on demographic and socio-economic characteristics, such as age, education, occupation, marital status, gender, knowledge and opinions of respondents. The questionnaire was pre-tested to a selected sample which was similar to the actual sample which the research had planned to use in the study. This was important because pre-testing revealed vague questions and deficiencies in the questions. The questionnaire was administered to the selected respondents to establish the effects of e-Commerce on human resource in SCB. Each item in the questionnaire was developed to address a specific objective or research question of the study. The questionnaires were closed-ended and open-ended. Bearing in mind the sensitive nature of the information which the research required, particularly of open-ended questions helped the researcher to establish clearly the present situation in SCB with regard to the effects of e-Commerce on human resources as respondents responses gave an insight into their feelings, background, hidden motivation, interests and decisions.

Structured and semi-structured interview schedules were also conducted with 3 key respondents as revealed in (Appendix VI pp. 86). An interview is an oral administration of a questionnaire or an interview schedule. Interviews are advantageous in that they provided the research with in-depth data which is not possible to get using a questionnaire. It also enabled the research to get more information by using probing questions and attempted to provide a true picture for opinions and feelings.
Documentary secondary data was used to provide both quantitative and qualitative data by checking the personnel records, notices and correspondences, minute of meetings and administrative records. The secondary data enabled the study to compare the primary data with secondary data.

The SCB personnel records data gave quantitative data and the qualitative data was derived from the interview schedules and questionnaire. The researcher found it necessary to blend both qualitative and quantitative analysis. For purpose of document analysis, the researcher visited SCB Nairobi, Head Office, Kisumu Branch and several libraries in order to obtain first hand information that provided more details for the study.

3.7 Data Processing

Before analysis, the information was checked to ensure completeness, consistency, reliability and find out whether or not they possessed the desired interviewing qualities, edited to ensure maximum accuracy and coded. From the quantitative data, the research came up with sub-themes and drew conclusions on these based on the research objectives. Results of interviews were used as informative evidence in explaining some findings. The qualitative data was used to explain the quantitative data. It is on the basis of this approach that findings were reached and conclusions drawn.

3.8 Data Analysis Techniques

The data collected was analyzed using descriptive statistics with aid of Statistical Package for Social Sciences (SPSS) software package. Descriptive statistics enabled the research to meaningfully describe the distribution of scores or measurements using a few indices or statistics and to compare variables numerically via the central tendency and
dispersion. The data was presented using tables where averages and percentages were used. Graphs and pie charts were also used to present data.

3.9 Expected Outcome

If the effects of e-Commerce on human resource in the banking industry are to be overcome, the implementation of e-Commerce of technologies and the associated HRM strategies need careful consideration for an organisation to be successful in this increasingly globalized and competitive environment. Managers need to find ways to engender the right skills and positive attitude in their employees, even when one of the applications of this technology is rationalisation, including redesign, deskilling and sometimes removal of jobs and job tasks.
Figure 4.1: SCB Kisumu Branch
4.1.2 Working at SCB

The longest serving employee, an operations manager, had 30 years of working experience. One supervisor had only worked for 1 year, as illustrated in the table below;
CHAPTER 4

RESULTS

4.0 Introduction

The study was carried out to establish the effects of E-Commerce on human resources in banking industry. This gross objective was achieved by identifying changes made by introduction of E-Commerce on workforce structure in terms of working conditions and the skills required for the positions. A total sample of 100 managers, supervisors and clerical staff participated. 41 male and 59 females participated in the study, answered and returned the questionnaires.

In this chapter quantitative data analysis was done using a computer package, SPSS (Statistical Package for Social Science, version 11.5) to find out the frequency and the percentages of the responses received. Respondents’ demographic status and their relationships with the various effects experienced as a result of the introduction of E-Commerce were correlated. Graphs and charts were used to present the results.

4.1.1 Socio-demographic information

In this study, adult respondents in the ages of between 24 – 49 years were sampled. 5% were in between 20 – 25 years, 31% between 26 – 30 years, 25% between 31 – 35 years and 23% in the ages of between 36 – 40 years. 72.7% of the respondents were married and 27.3% were single. 66.0% of the respondents had University level of education, 29.0% had undergone tertiary levels of education and 5.0% had secondary education.
Table 4.1: Work Experience at SCB

<table>
<thead>
<tr>
<th>Years worked in SCB</th>
<th>Number of respondents</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>N = 99</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1 – 5 years</td>
<td>51</td>
<td>51.5%</td>
</tr>
<tr>
<td>6 – 10 years</td>
<td>27</td>
<td>27.3%</td>
</tr>
<tr>
<td>11 – 15 years</td>
<td>16</td>
<td>16.2%</td>
</tr>
<tr>
<td>16 – 20 years</td>
<td>6</td>
<td>6.1%</td>
</tr>
<tr>
<td>21 – 25 years</td>
<td>1</td>
<td>1.0%</td>
</tr>
<tr>
<td>26 – 30 years</td>
<td>2</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

The respondents in this study were mainly from Cash department, Operations, Advances and micro finance department as under listed below:
**Table 4.2: Departmental Staffing Levels**

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>22%</td>
</tr>
<tr>
<td>Sales</td>
<td>3%</td>
</tr>
<tr>
<td>Advances</td>
<td>16%</td>
</tr>
<tr>
<td>Customer Service</td>
<td>9%</td>
</tr>
<tr>
<td>Consumer/Personal banking</td>
<td>8%</td>
</tr>
<tr>
<td>Operations</td>
<td>17%</td>
</tr>
<tr>
<td>Loans</td>
<td>1%</td>
</tr>
<tr>
<td>Micro finance</td>
<td>11%</td>
</tr>
<tr>
<td>Accounts</td>
<td>3%</td>
</tr>
<tr>
<td>Human Resources</td>
<td>2%</td>
</tr>
<tr>
<td>Credit</td>
<td>2%</td>
</tr>
<tr>
<td>Retail</td>
<td>1%</td>
</tr>
<tr>
<td>Business support</td>
<td>5%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
</tr>
</tbody>
</table>

In their respective departments they play various roles. 29% are supervisors, 20% are tellers, 9% are credit officers, 9% does customer care work, 7% personal bankers, 7% operations managers, 7% are bank managers, 4 accounts administrators and 3% sales representatives.
4.1.3 Professional trainings

The respondents were adequately trained in their respective areas. 53.1% were trained bankers, 17.3% were accountants, and 5.1% were I.T experts while 5.1% were teachers. Only one person from the customer care services was a secondary school leaver with no any training. There was no strict relationship in the given roles in the bank with an individual profession by training. Teachers having done B. /Ed were given either the roles of Customer care, Credit officer, teller, supervisor or sales representative.

4.2 E-Commerce and workforce structure

Introduction of E-Commerce has resulted into changes on job grades and structure of reporting relationships. As indicated by 95.9% of the respondents, the number of job grades has reduced after implementing E-Commerce in the industry. This was noted when the task that used to be handled by many staffs are now tackled by few staffs. This has resulted in reduction of the number of employees. There has also been multitasking of the staff with the introduction of E-commerce. One individual is now able to carry out more jobs. Many duties are now only by managerial staff and decision making positions.

Since the implementation of E-Commerce, the number of staff reporting directly to the manager has reduced in 62.9% of the respondents. Duties which were being done manually are now done by the computers. There has also been decentralization of the services in the industry. 66.0% of the managers now control less staff.
Table 4.3: Effects of E-Commerce on Span of Control

<table>
<thead>
<tr>
<th>Changes made on span of control</th>
<th>Frequency</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Control more staff</td>
<td>1</td>
<td>1%</td>
</tr>
<tr>
<td>Control less staff</td>
<td>64</td>
<td>66%</td>
</tr>
<tr>
<td>Control has not changed</td>
<td>32</td>
<td>33%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>97</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

The less number of people under control of the respondents resulted from most job grades being performed on-line and some employees were rendered redundant.

4.2.1 Changes in the level of hierarchy upon implementing E-Commerce

After implementing E-Commerce, the level of hierarchy has reduced in 85.6% of the departments. Some positions have completely been abolished and some departments scrapped. Particularly in middle management, computerization heavily affected their functions like data entry section, which is now done by the computers.
4.3 E-Commerce and skill requirements

Introduction of E-Commerce requires more skills for the positions held by the respondents.

Figure 4.3: Skills Requirements after Introduction of E-Commerce

It is more challenging and more knowledge and skills are required for effective performance. One needs to update his/her knowledge on the current trends of new skills and decision-making.

After joining this bank, 98.9% of the respondents have undertaken some training. The types of short trainings are for between 2 weeks – 4 weeks. These trainings are;

- Computer applications
- On-line banking
- Forex
- Accounting
- Customer care
- Micro-credit
- Dept collector
- Public relations course
- Money laundering
- Credit management
- Teller induction course

The longer courses took up to 2 years, these include:
- B.B.A
- Human Resource management

After they acquire various trainings, 81.4% of the respondents are always able to make use of them.

**Figure 4.4: Extent of Using Acquired Skills**
There are between 1 – 7 new positions introduced in 68.8% of the departments. In 42.3% of the departments, between 1 – 5 of the positions has been scrapped off.

Table 4.4: Introduced and Scrapped Departments

<table>
<thead>
<tr>
<th>Department</th>
<th>Number of positions introduced</th>
<th>No. of positions scrapped off</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Advances</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>Customer service</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Consumer/personal banking</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Operations</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Micro finance</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Accounts</td>
<td></td>
<td>2</td>
</tr>
<tr>
<td>Credit department</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Retail</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>Business support</td>
<td>3</td>
<td>3</td>
</tr>
</tbody>
</table>

Some changes made to the role played in decision making after implementing E-Commerce showed that, there are more rooms to make decisions without referring to immediate superior. This is mainly because; the positions and the people to be reporting are reduced. E-Commerce is also user friendly and the activities are decentralized. Decision to be made on loans is now centralized and easier with E-Commerce.
4.4 Working conditions of Employees

With the introduction of E-Commerce, there have been changes in the speed of completion of tasks. 97.9% of the employees finish their tasks much faster. The respondents noted a faster work since:

- Paper work is reduced and information is readily available for decision making
- Some tasks like balance inquiry can be done directly by the customers electronically
- There is reduced procedures and processes which are made straightforward
- Easy and faster access to information on customer’s particulars electronically
- The staff have become more effective and efficient

Figure 4.5: Cash Withdrawal from an ATM

No more waiting in long queues, ‘a customer just logs in the account and logs out with cash’
On a scale of 1 – 4 the majority respondents’ ranking of salary, Teamwork, professional environment and organizational routines, on the introduction of E-Commerce showed that;

Table 4.5: Ranking of Working Conditions

<table>
<thead>
<tr>
<th>Rank</th>
<th>% respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary</td>
<td>56.7%</td>
</tr>
<tr>
<td>Teamwork</td>
<td>36.1%</td>
</tr>
<tr>
<td>Professional environment</td>
<td>39.2%</td>
</tr>
<tr>
<td>Organizational routines</td>
<td>66%</td>
</tr>
</tbody>
</table>

The criteria used for promotion at SCB are based on education level, professional qualification, performance and experience.

Fringe benefit and incentives the staffs are eligible for includes:

- Medical allowance
- House allowance
- Bonuses
- Car loans,
- Traveling allowance
- Leave allowance
4.5 Methods of employment

In SCB, 85.6% of the staff joined through selection after getting the information about the job mainly through advertisements.

Figure 4.6: The Sources of Information about the Job

In the respective departments, 100% of the staff members in sales, Advances, Consumer/personal banking, Accounts, Loans and human resources departments joined SCB by selection. 27.3% from cash department, 50% from credit and 9.1% from micro finance department joined SCB by appointments.

60.8% of the staff’s selection was done by single interview and promotion based on performance. 20.6% were selected through aptitude/written tests.

Information about the previous jobs held by the respondents showed that they shifted their jobs for a better working conditions and better pay. Other reasons for leaving the previous jobs were:
Lack of promotion in their jobs
More challenging and interesting job
Need to be on permanent employment

4.6 Key informants Views

Three key informants' views showed the effects of E-Commerce on workforce structure, skill requirement and the working conditions the bank provide to the employees.

4.6.1 E-Commerce and workforce structure

The key informants admitted, there are changes that have been effected in job grading since the adoption of E-Commerce. The changes have been preferred by the banks to achieve their objectives efficiently and have a lean workforce. There have also been changes in the structure of reporting relationship. This has been for the banks to minimize bureaucratic efforts to satisfy customers. On-line services have resulted in the need to redesign jobs and the methods used.

4.6.2 E-Commerce and skills requirement

All the key informants use computer while performing their duties particularly in communication and keeping track on procedures and performance of the bank.

Positive changes made on skills required to perform duties by the senior managers include;

a. The senior managers are able to hire skilled staff
b. Professional and managerial jobs were created

Positive changes made on skills required by the line managers were;

a. they enhanced their skills
b. it created challenges on the job  
c. created room for staff development  

For supervisors and clerical staff, introduction of E-Commerce in their duties brought positive effects in;

a. They had an opportunity for staff training  
b. The bank hired skill staff easy to supervise  

Besides the positive effects of the introduction of E-Commerce there were some negative changes on skills required to perform the duties.

Senior managers;

- Their teamwork has been reduced and they hardly consult.  
- There is less job security and some have been rendered redundant  

Line managers;

- Their work is now performance based  
- There is less job security  
- They have no autonomy in their work  

Supervisors and clerical staff;

- Most of them have been made redundant  
- Loss decision making power. This is now done by software package.  

Changes on positions after computerization  

To ensure changes on job position, the bank offered voluntary early retirement arrangement for their staff from grades 12 to 7 to leave. The banks’ reasons to go by the changes were caused by centralization of the functions in the bank’s head office. The
staff who could not cope with the changes and those whose skills were not compatible with the new arrangements had to take early retirement or declared redundant.

Positive changes on the tasks performed in the job of the;

**Senior managers**;
- Reduction of bureaucratic approach
- Greater knowledge about the bank operations
- Multi-tasking of the managers’ work

**Line managers**
- Multi-tasking arrangements
- More responsibilities
- Decreased manual work
- Faster decision making
- Greater knowledge about bank operations

**Supervisors and clerical staff**;
- Decreased manual work
- Simplified work
- Greater knowledge via automation

Negative changes made on task performed by;

**Senior Managers**;
- Increase of workloads
- Reduction in the number of senior managers

**Line managers**;
- Reduction of the line managers
- Long working hours
- Monotony of work
- Less teamwork
- Reduced powers to make decisions

Supervisors and clerical staff:
- Long working hours
- Monotonous work
- Less teamwork

4.6.3 Working conditions

On the introduction of E-Commerce, new employees are put on probation for one year for performance monitoring. Thereafter, depending on the performance results, they are absorbed on permanent terms.

The bank has a system of promotion. One has to work for at least 2 years before promotion to the next grade. This also based on individual performance and any additional qualifications.

The performance monitoring systems in place is by use of annual appraisal and scorecards. After computerization, salary increments are determined on performance based.

4.6.4 Methods of employment

The banks sources of recruitment are mainly Universities. There has been some diversification after implementing E-Commerce. Besides having a university degree, one is expected to have computer skills at the time of recruitment. The main advertisement for vacant posts is done in the newspapers. Secondary school leavers cannot be
recruited. This is mainly because the job market has enough potential employees with University degree and I.T skills who require minimum orientation to adapt to the system. Recruiting a secondary school leaver is not economical, as it requires a lot of man-hours and disruption to recruit and train them.
CHAPTER 5
DISCUSSIONS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

The study was to establish the effects of e-Commerce on human resource in the banking industry. Throughout this study, it has been considered important whatever the staff members of SCB have said and how they have expressed their observations on various issues that affected their jobs. This chapter therefore concentrates on what different members of staff at different levels of the organizational hierarchy of SCB conclude about the four variables that have been the subject of the whole study. There is need to encourage exchange of ideas. Being a descriptive exploratory study, content analysis technique was used when dealing with subject responses. The data analysis and interpretation tried to answer all the research questions.

5.1 Discussions

On socio-demographic information the study revealed that the largest percentage of the respondents 31% was at the age 26-30 years, followed by 31-35 years of 25%. This show that with implementation of e-Commerce technologies, employment has been directed to young people perceived to have a higher training and greater capacity to adopt new working practices and technology. 72.7% against 27.3% were married, this show that socially the sector attracts more of married people.

On educational level the research reveals that 66.0% of the respondents had University level of education, as evident in (Figure 4.2 pp.41), which can be attributed to
the fact that Kenyan educational standards have gone high and level of employment in the banking industry has stopped recruiting people without minimum education.

On workforce structure, the study revealed that the introduction of e-Commerce has caused changes in job grades and structure of reporting relationships. This is consistent with the studies of Davidow and Malone (1992), which suggested that management information systems replaces middle management’s role of providing an information channel through which senior management can obtain business information and to communicate orders down to more junior employees. Computer networks are able to provide information about the status of operations more efficiently and effectively than the people they replace, reducing the layers of management required to run an organization, as evident on (Table 4.3 pp. 45). This is evidently reflected in replacement of jobs by computerization of tasks which requires fewer employees to do the work. Technological innovation has facilitated the phasing-out of some long-established jobs rendering some employees redundant. The study revealed that most of the employees had attained university level of education (66%-as shown in Figure 4.2 pp. 41). It is noted therefore that as an organization adopts new technologies this causes the level of education to rise increasing the proportion of professional jobs in the workforce structure. This coincides with the study of Bell (1976), which predicted that jobs would become more enriched as a result of the rising education levels of workers, increasing the proportion of professional and managerial jobs. The research revealed that after implementing e-Commerce, the span of control reduced by 62.9%. Duties which were being done manually are now being done by computers. 66% of the managers now control less staff as evident on (Table 4.3 pp. 45).
The study revealed (Key informants views pp.52) that on-line services have resulted in the need to redesign jobs and the methods used. These changes were preferred by the bank to achieve the objectives of efficiency and to have a lean workforce. It is noted therefore that implementation of e-Commerce technologies is a very cause of redesigning jobs and the methods used by the workforce structure.

On skill requirements, the study revealed that introduction of e-Commerce requires more skills for the positions held by the respondents. The respondents expressed the fact that with introduction of e-Commerce technologies; tasks are more challenging and more knowledge and skills are required for effective performance. There is need for continuous updating one’s knowledge on the current trends of new skills. 94.80% respondents felt that more skills are required with implementation of e-Commerce technologies whereas 1% expressed that e-Commerce introduction has not changed their skill requirements as evident in (Figure 4.3 pp. 46). The study concurs with (Piore and Sable, 1984; Zuboff, 1988), which reported that implementation of information technology increases job skill requirements, task variety and job autonomy while decreasing gross physical effort demands. The respondents expressed that after joining SCB, 98.9% have undertaken some training. After they acquire various trainings, 81.4% of the respondents are always able to make use of acquired training as shown in (Figure 4.4 pp. 47).

Key informants views revealed that implementation of e-Commerce produce both positive and negative aspects. This coincides with Scott and Walsham study (1998), whose study found that the implementation of a new loan system produced both positive and negative aspects. The employees found the new system gave them access to
centralized data, created an organizational memory, an extended aide memoir function; what-if analysis and electronic transmission of applications. However, the loss of autonomy, longer working hours and loss of flexibility were the downside. The respondents felt that the new system facilitated hiring of skilled staff, creation of professional and management jobs, enhanced skills, opportunity for staff training and development. However, the loss of autonomy, less job security, increased redundancy and loss of decision making power were the downside. It is noted therefore that implementation of e-Commerce technologies contributes significantly to both positive and negative changes on skills required to perform duties across all cadres of employees as evident by (Key informants’ views pp.52-53).

On working conditions, the study revealed that with the introduction of e-Commerce technologies, there have been changes in the speed of completion of tasks. The respondents expressed the fact that 97.9% of them finish their tasks much faster; paper work is reduced and information is readily available for decision making; some tasks like balance inquiry are done directly by the customers electronically; easy and faster access to information on customers’ particulars is done electronically as shown in(Figure 4.5 pp. 49). The study revealed that the criteria used for promotion at SCB are based on education level, professional qualifications, performance and experience. It is noted that respondents are eligible to fringe benefits and other incentives to entice their job satisfaction which include; medical allowance; house allowance; bonuses; car loans; traveling and leave allowance. Job satisfaction is most strongly associated with interesting work, promotion opportunities and subjective pay evaluation. To different degrees, then, overall job satisfaction is a summary measure that incorporates workers’
evaluation of both the material and non material rewards. This concurs with discussions by post-Fordist theory, which described an alternative model of employment relations that benefits both firms and workers. These new arrangements increase job skill requirements, task variety and job autonomy while decreasing gross physical effort demands. The result is greater workplace corporation and job enrichment.

The research revealed from the key informants views that on the introduction of e-Commerce, SCB have a system of promotion. One has to work for at least for two (2) years before being eligible for promotion to the next grade. This is also based on individual performance and acquisition of additional qualifications. Performance monitoring systems are in place by use of annual appraisal and scorecard’s systems. The research noted that after computerization, salary increments are determined on performance basis. This coincides with the study of Storey (1993:135), which observed that in the past, the branch system was the basis for employees’ career structure and progression within the firm, which was typically achieved through seniority and years of service. This is no longer the case in a large number of banking organizations, where the changing role of branches and separate recruitment policies and with the introduction of performance management techniques. Similarly; automatic pay increases are no longer the norm and payment is now largely based on contingent performance and other new appraisal systems. It is noted from the views of the respondents therefore that e-Commerce implementation has resulted in changes in the working conditions in SCB.

The study revealed that in SCB, 85.6% of the staff joined through selection after getting the information about the job mainly through advertisements as evident in (Figure 4.6 pp. 51). Respondents indicated, in the respective departments, 100% of the
staff members in Sales, Advances, Consumer/personal banking, Accounts, Loans and Human Resources Departments joined SCB by selection. 27.3% from Cash Department, 50% from Credit and 9.1% from Micro-finance Department joined SCB by appointments. 60.8% of the staff’s selection was done by single interview and promotion based on performance. 20.6% were selected through aptitude/written tests. The research revealed that respondents had shifted from their jobs for a better working conditions and better pay; lack of promotion in their jobs; more challenging and interesting job as revealed by (4.5 Methods of Employment pp.51-52). This contradicts with the study by Hand (2001), Game and Pringle (1984), which indicated that a career in the banking industry is no longer the job for life it once was, or does working for a bank confer as much status as it did in the past. Technological innovation has facilitated phasing-out some long-established jobs in the industry and has been responsible for the redefinition of existing jobs. Employees have to cope with a massive amount of workplace change in the continuous restructuring of jobs, as well as having to deal with issues such as job insecurity and diminishing career paths, as evident from Focus Group Discussions.

The research revealed from the key informants views that on the implementation of e-Commerce technologies, SCB sources recruitment mainly from Universities. Besides having a university degree, one is expected to have computer skills at the time of recruitment. The study revealed that only 5% of the respondents were secondary school leavers as compared to 66% of the respondents who had University education level, as evident in (Figure 4.2 pp. 41). One respondent, during Focus Group Discussion noted that ten or more years ago, it was rare to see someone in a senior position who had not started with the bank when they were a teenager and then worked their way into a
general manager position (steady promotion from within). A senior manager HR acknowledged that a career in SCB is no longer the job for life it was two decades ago, as evident in (Table 4.1 pp.42), where only 2 respondents had worked for between 26-30 years as compared to 51 respondents who had worked for between 1-5 years.

5.2 Conclusions

From the data analyzed, a few issues have emerged;

- The proportion of employees with University education level outnumbers those without in the workforce structure as evident in (Figure 4.2 pp.41).
- E-Commerce has played a major part in changing the workforce structure of SCB. 95.9% of respondents cited that the number of grades had reduced after implementation of e-Commerce technologies, as shown in (Table 4.3 pp.45).
- The more skilled the company’s work, the fewer tiers of management and the fewer individual managers required, as evident in (Table 4.3 pp.45).
- More skills are required to operate in the e-Commerce environment. 94.8% of the respondents felt that more skills are required whereas 1% expressed that there was no change in the skill requirements as shown in (Figure 4.3 pp. 46).
- E-Commerce has enhanced the need for staff to undertake training. 98.9% of the respondents expressed that they had undertaken some training and that after acquiring various training skills, 81.4% made use of it as evident in (Figure 4.4 pp 47).
• The speed of completing tasks has been enhanced. 97.9% of the respondents expressed that they finish their tasks much faster and better service delivery, as evident in (Figure 4.5 pp.49).

• Working in the bank is no longer a job for life, it once was. Performance monitoring systems have been introduced after adopting e-Commerce technologies. Promotion is not based on seniority or the length of service years, as evident by (Key informants’ views pp.53-54).

• Professionally trained staff including from diverse backgrounds are preferred to secondary school leavers for customer – facing positions. 53.1% of the respondents were trained bankers, 17.3% were accountants, and 5.1% were I.T experts, while 5.1% were teachers. Only one person from customer care services was a secondary school leaver with no any training, as evident by respondents’ views (4.1.3 pp.44).

• Employment in the banking industry has been directed more to young people between 26-30 years and 31-35 years, as evident from (4.1.1 socio-demographic information pp.39), who have a higher training and greater capacity to adopt new working practices and technology.

• Recruitment is done mainly from universities. 66% of the respondents had a university level of education as shown in (Figure 4.2 pp. 41).
5.3 Recommendations

- New technology applications lessen the repetitive work, bureaucracy, reduce manual work but enhance decision making and better service delivery.

- E-Commerce technologies adoption increases the range and levels of skills required in the Banking Industry.

- It is useful to provide adequate training (training policy) to employees before introducing new technology and also information about the vision of the organization should be communicated to employees in time so that they are emotionally prepared for reorganization and minimize workers’ resistance.

- There is need for proper redefinition of the new grade structure in the banking industry after computerization has been introduced. This enables employees to deal better with the new type of work. There should be also a proper job definition or real status.

- Provision of incentives to workers should be stated clearly and communicated to them.

- Proper Human Resource planning (recruitment policy) must be done in order identify skill requirements which will facilitate planned recruitment and selection and consequently, attract best skilled employees.

- Supportive laws should be put in place so that new technology can be introduced in such a way as to benefit workers and minimize its adverse consequences.

- Promotions and appointment criteria for all posts in the banking industry should be made open and the information made available to all banking staff
and advertised both internal and external. This will ensure transparency in giving equal opportunities to all, retain the best skilled employees and avoid favouritism and tribalism.

The need for effective HR strategies is becoming more important as organizations deal with increased competition, globalization and on-going technological change and in particular, with the move to interacting with customers in an online environment. The lessons learnt from the banking industry are relevant to a wide range of other organizational contexts. Banks need to find a way to manage these employee relations issues while grappling with the issue of how to gain competitive advantage and derive profit from new e-Commerce business processes and technologies. The employment impact of e-Commerce in the banking industry provides a fertile area for investigation. A better understanding of the design, adoption, implementation and management of such technologies is needed.

While the present case study has provided us with a fascinating view of the bank’s reaction to the e-Commerce challenge, more research will need to be undertaken in this area to confirm the present, preliminary findings. Comparisons with banks in the country would also be useful to ascertain if the issues identified in SCB example are more widely relevant. Further developments in e-Commerce along with changes in customer expectations, workforce characteristics, HR practices and the competitive environment will make this an important area to watch. Future research should focus on the technological shapers of the labour
process(es) and the dynamic relationships between e-Commerce implementation, market pressures and human resources management strategies.

5.4 Limitations of the study

- There was unwillingness to divulge information by some of the respondents. This can lead to inadequate data collection.
- The researcher was treated with a lot of suspicion since some respondents feared that information they were disclosing could be used for other motives.
- Some respondents did not avail themselves as they had suggested to.
- Some SCB staff claimed to be too busy to spare time. Others kept postponing dates.
- There was arrogance from some of the respondents.
- Unco-operative attitude of some staff, others were economical to provide relevant information.
- SCB has strictly data confidentiality, which was not easily available to the researcher.

5.5 Suggestions for Further Study

- The research covered only the SCB staff but did not include other banks. A similar research can be conducted in other banks so as to identify effects adopting of e-Commerce on HR in the banking industry, which can be addressed at the industrial level. This will definitely provide more reliable generalizations.
A study can be done to establish whether implementation of e-Commerce causes disparities in the male to female ratio in the workforce in the banking industry.

A study can be done focusing on the relationship between job quality and information communication technology adoption in the banking industry.

A study can be done linking e-Commerce and human resource strategies in banking industry.
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APPENDIX 1 - SPECIMEN LETTER TO RESPONDENTS

TOPIC: EFFECTS OF ECOMMERCE ON HUMAN RESOURCES IN BANKING INDUSTRY. A CASE OF STANDARD CHARTERED BANK -KENYA

Dear Sir/Madam,

I am Wandili Wasike Wabomba pursuing Masters in Business Administration at Kenyatta University, School of business. I am conducting a research in the field of the above topic. I would be very grateful if you could spare time to provide information relating to the questions that follow. Your response will be treated confidentially and used for this research only.

Thank you in advance for your cooperation.

WANDILI WASIKE WABOMBA
## APPENDIX II: RESEARCH TIME FRAME -2006/2007

<table>
<thead>
<tr>
<th>Activity</th>
<th>Oct.06</th>
<th>Nov.06</th>
<th>Dec.06</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Holiday</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>2. Read Literature</td>
<td>4</td>
<td>5</td>
<td>6</td>
</tr>
<tr>
<td>3. Finalize objectives</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>4. Draft literature review</td>
<td>10</td>
<td>11</td>
<td>12</td>
</tr>
<tr>
<td>5. Read methodology literature</td>
<td>13</td>
<td>14</td>
<td>15</td>
</tr>
<tr>
<td>6. Devise research approach</td>
<td>16</td>
<td>17</td>
<td>18</td>
</tr>
<tr>
<td>7. Draft research method and strategy</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Develop questionnaire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Plot test and revise questionnaire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Administer questionnaire</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Enter data into computer</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Analyze Data</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Draft findings chapter</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Update literature</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Complete remaining Chapters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Submit to supervisor and await Feedback.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Revise draft, format for submission</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Print, bind.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Submit</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Await Graduation</td>
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</tbody>
</table>
## APPENDIX II (B) RESEARCH TIME FRAME – 2006/2007

<table>
<thead>
<tr>
<th>Activity</th>
<th>Feb.07</th>
<th>Mar.07</th>
<th>Apr.07</th>
<th>May.07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Week Number</td>
<td>19</td>
<td>20</td>
<td>21</td>
<td>22</td>
</tr>
<tr>
<td>1. Holiday</td>
<td></td>
<td></td>
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<tr>
<td>2. Read Literature</td>
<td></td>
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<tr>
<td>3. Finalize objectives</td>
<td></td>
<td></td>
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<tr>
<td>4. Draft literature review</td>
<td></td>
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<tr>
<td>5. Read methodology literature</td>
<td></td>
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<tr>
<td>6. Devise research approach</td>
<td></td>
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<tr>
<td>7. Draft research method and strategy</td>
<td></td>
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<tr>
<td>8. Develop questionnaire</td>
<td></td>
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<tr>
<td>9. Plot test and revise questionnaire</td>
<td></td>
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<tr>
<td>10. Administer questionnaire</td>
<td></td>
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<tr>
<td>11. Enter data into computer</td>
<td></td>
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<tr>
<td>12. Analyze data</td>
<td></td>
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<tr>
<td>13. Draft findings chapter</td>
<td></td>
<td></td>
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<tr>
<td>14. Update literature</td>
<td></td>
<td></td>
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<tr>
<td>15. Complete remaining Chapters</td>
<td></td>
<td></td>
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<tr>
<td>16. Submit to supervisor and await feedback</td>
<td></td>
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<tr>
<td>17. Revise draft, format for submission</td>
<td></td>
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</tr>
<tr>
<td>18. Print, bind.</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>19. Submit</td>
<td></td>
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</tr>
<tr>
<td>20 Await Graduation</td>
<td></td>
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</tr>
</tbody>
</table>
## APPENDIX III: ESTIMATED RESEARCH PROPOSAL BUDGET

<table>
<thead>
<tr>
<th>ITEM</th>
<th>QUANTITY</th>
<th>UNIT COST (KSHS.)</th>
<th>TOTAL (KSHS.)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Computer Services</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Typing/printing (pages)</td>
<td>100</td>
<td>10/=</td>
<td>1,000/=</td>
</tr>
<tr>
<td>Photocopy (documents)</td>
<td>8</td>
<td>200/=</td>
<td>1,600/=</td>
</tr>
<tr>
<td>Photocopying</td>
<td></td>
<td></td>
<td>3,000/=</td>
</tr>
<tr>
<td><strong>Photocopying Questionnaires</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Pages)</td>
<td>600</td>
<td>20/=</td>
<td>12,000/=</td>
</tr>
<tr>
<td>Binding</td>
<td>10</td>
<td>300/=</td>
<td>3,000/=</td>
</tr>
<tr>
<td><strong>Materials</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pens</td>
<td>10</td>
<td>10/=</td>
<td>100/=</td>
</tr>
<tr>
<td>Folders</td>
<td>10</td>
<td>50/=</td>
<td>500/=</td>
</tr>
<tr>
<td><strong>Transport &amp; Subsistence (Trips)</strong></td>
<td>20</td>
<td>2,000/=</td>
<td>40,000/=</td>
</tr>
<tr>
<td><strong>Research Assistants</strong></td>
<td>4</td>
<td>5,000/=</td>
<td>20,000/=</td>
</tr>
<tr>
<td><strong>Sub-total</strong></td>
<td></td>
<td></td>
<td>81,200/=</td>
</tr>
<tr>
<td>Contingency 10% of sub-total</td>
<td></td>
<td></td>
<td>8,120/=</td>
</tr>
<tr>
<td><strong>Transport by public means</strong></td>
<td></td>
<td></td>
<td>20,000/=</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td></td>
<td></td>
<td>109,320/=</td>
</tr>
</tbody>
</table>
22 September 2006

Our Ref: D53/OL/5359/03/12

Managing Director
Standard Chartered Bank
Moi Avenue
NAIROBI

Dear Sir

RE: WANDILI WASIKE WABOMBA
REG NO.D53/OL/5359/03

The above named student is pursuing a Master of Business Administration degree specializing in Human Resource Management in this Institution. He would like to undertake research in your institution.

Any assistance accorded him will be highly appreciated.

Yours faithfully

[Signature]

DAVID O. XUOGA
REGIONAL COORDINATOR
APPENDIX V

QUESTIONNAIRE FOR MANAGERS, SUPERVISORS AND CLERICAL STAFF

SECTION 1: SOCIO DEMOGRAPHIC PROFILES

Please tick (✓) the appropriate choice.

1. Age........................................ 2. Gender........................................

3. What is your marital status?
   Married   Single

4. What is your highest educational level?
   I) University
   ii) Tertiary
   iii) Secondary
   iv) None

   Other qualifications attained recently..................................................

5. How many years have you worked in SCB?
   ........................................................................................................

6. What is your current role?
   ........................................................................................................
   ........................................................................................................

7. In which Department do you work?
   ........................................................................................................

8. What is your profession by training?
   ........................................................................................................
SECTION II: ECOMMERCE AND WORKFORCE STRUCTURE

Please tick (✓) your appropriate choice.

1. Which of the following statements do you agree with concerning changes made on job grades after implementing eCommerce?

   (I) the number of job grades has reduced after implementing eCommerce. □
   (ii) The number of job grades has increased after implementing eCommerce. □
   (iii) The number of job grades has not changed after implementing eCommerce. □

Please explain your choice above ..........................................................
........................................................................................................
........................................................................................................
........................................................................................................

2. Which of the following statements do you agree with on the structure of reporting relationships since implementing eCommerce?

I) the number of staff reporting directly to me has increased. □
ii) The number of staff reporting directly to me has reduced. □
iii) The number of staff reporting directly to me has not changed. □

Please explain your choice
........................................................................................................
........................................................................................................
........................................................................................................
........................................................................................................

3. What changes have been made on the span of control for your position after implementing eCommerce?

i) I control more staff. □
ii) I control less staff. □
ii) The span of control has not changed. □
Please explain your choice
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................

4. How have the levels of hierarchy changed in your department after implementing eCommerce?
   I) the are more levels of hierarchy. 
   ii) The levels of hierarchy have reduced. 
   iii) The levels of hierarchy have not changed. 

Please explain your choice
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................

SECTION III: ECOMMERCE AND SKILL REQUIREMENTS.

Please tick (✓) where appropriate

1) Which of the following statements do you agree with concerning skills required for your position after implementing eCommerce?
   I) I need more skills to do my job after implementing eCommerce
   ii) I need fewer skills to do my job after implementing eCommerce.
   iii) There has been no change in skill requirements for my position after implementing eCommerce.

Please explain your choice
.................................................................................................................................
.................................................................................................................................
.................................................................................................................................

2. Have you undertaken any training course (after joining this bank)?
   (1) YES   (2) NO
If yes, please specify:

<table>
<thead>
<tr>
<th>Nature of training</th>
<th>Period</th>
<th>In-house</th>
<th>External</th>
<th>Source of funding</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
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</tr>
</tbody>
</table>

3. To what extent have you been able to make use of the training you underwent?
   Please tick (√) the appropriate choice.
   1) Always/daily  2) Often  3) Rarely  4) Never

4. Are there any new positions introduced in your department after implementing eCommerce?
   YES  NO

   Please indicate the number if the answer is yes

  ..............................................................................................................................

5. Are there positions in your department which have been scrapped-off after implementing eCommerce?
   YES  NO

   Please indicate the number if the answer is yes

6. What changes have been made to the role played by your position in decision making after implementing eCommerce?
   i) I have more room to make decisions without referring to my immediate superior.
   ii) I have less room to make decisions concerning my department as of it been transferred to my superiors.
   iii) My decision making power has not been affected by eCommerce.

   Please explain your choice
   ..............................................................................................................................
   ..............................................................................................................................
SECTION V: WORKING CONDITIONS

1. On a scale of 1-4, how do you rank the following: Reasons
   I) Salary [ ] ..............................................
   ii) Teamwork [ ] ...........................................
   iii) Professional environment [ ] ....................... 
   iv) Organizational routines [ ] .......................... 

2. How has implementation of eCommerce changed the speed of completion of tasks in your position?
   I) I finish my tasks much faster
   ii) I take longer time to complete my tasks
   iii) eCommerce implementation has not had any effects on speed of working.

Please explain your above choice........................................................................................................................................
........................................................................................................................................
........................................................................................................................................

4. Please list the criteria used for promotion
   (1) 
   (2) 
   (3) 

5. Please list fringe benefits and incentives that you eligible for:
   (1) 
   (2) 
   (3) 

SECTION IV: METHODS OF EMPLOYMENT

Please tick (√) where appropriate
1. How did you join SCB?
   A) Appointment   b) Selection

2. Source of information about the job?
2. Source of information about the job?
   ii) Advertisement  
   ii) Campus interviews  
   iii) Recruiters  
   iv) Personal contacts  
   v) others

3. Can you please tell us how you were selected?
   a) For your current job?
      (I) Aptitude/written test  
      (ii) Single interview  
      (iii) Multiple interviews  
      (iv) Promoted based on performance  
      (v) Promotion based on years of experience  
      (VI) any other (specify) 
   b) For your first job in the current firm?
      (1) Aptitude/written test  
      (2) Single interviews  
      (3) Multiple interviews  
      (4) Other(s) (specify) 

4. Could you please give us information about your previous employment?
   a) Job held
      ........................................................................................................
      ........................................................................................................
      ........................................................................................................
   b) Reasons for leaving
      ........................................................................................................
      ........................................................................................................
      ........................................................................................................

Contact: Mr. Wandili Wasike Wabomba
Tel. 057-2020128 or 0734-238814
APPENDIX VI

INTERVIEW SCHEDULE FOR KEY INFORMANTS

EFFECTS OF E-COMMERCE ON HUMAN RESOURCES IN BANKING INDUSTRY

SECTION I: SOCIO DEMOGRAPHIC PROFILES

Please tick (√) the appropriate choice.

1. Age ......................... 2. Gender .........................

3. What is your marital status?
Married □ Single □

4. What is your highest educational level?
I) University □
ii) Tertiary □
iii) Secondary □

Other qualifications attained ..............................................................

5. How many years have you worked in SCB?
...........................................................................................................

6. What is your current role...?
...........................................................................................................

7. In which Department do you work?
...........................................................................................................

8. What is your profession by training?
...........................................................................................................

SECTION II: E-COMMERCE AND WORKFORCE STRUCTURE.

1. Are there changes that have affected in job grading since the adoption of e-Commerce?
YES □ NO □
What reasons caused the bank to prefer the above position?

..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................

2 Have there been any changes on the structure of reporting relationship since adopting e-Commerce? YES ☐ NO ☐

Why did the bank prefer the above position?

..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................

3. Outline changes effected on the span of control after adopting e-Commerce for the following categories of employees; if any.

a) Senior managers..............................................................................................................
..........................................................................................................................................
..........................................................................................................................................

b) Line managers
..........................................................................................................................................
..........................................................................................................................................
..........................................................................................................................................

c) Supervisors
..........................................................................................................................................
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Explain why the bank made the changes listed above.

4 What would you comment on the speed of decision making in the bank after the operations were computerized?

SECTION III E-COMMERCE AND SKILL REQUIREMENT.

1) Do you personally use a computer while performing your duties?
YES □ NO □

Please explain

2. What changes have been made on skills required to perform duties in the following job categories after implementing e-Commerce?

Job Category
Senior managers

<table>
<thead>
<tr>
<th>Positive Changes</th>
<th>Negative Changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>i)</td>
<td>i)</td>
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<tr>
<td>ii)</td>
<td>ii)</td>
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<tr>
<td>iii)</td>
<td>iii)</td>
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<tr>
<td>iv)</td>
<td>iv)</td>
</tr>
</tbody>
</table>
Line managers
i)  

ii)  

iii)  

iv)  

Supervisors and clerical staff
i)  

ii)  

iii)  

iv)  

3. Did the bank make any changes on job positions after computerization of work processes?

YES  □  NO  □

a) What did the bank do to ensure the above choice is realized?

b) What reasons made the bank to go by this choice?
4. What changes have been made on tasks performed in the job categories below after computerization?

<table>
<thead>
<tr>
<th>Job Category</th>
<th>Positive changes</th>
<th>Negative changes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior managers</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Positive changes</td>
<td>i)</td>
<td></td>
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<td></td>
<td>ii)</td>
<td></td>
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<td>iv)</td>
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<tr>
<td>Negative changes</td>
<td>i)</td>
<td></td>
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<tr>
<td>Line managers</td>
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<tr>
<td>Positive changes</td>
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<td>iv)</td>
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<tr>
<td>Negative changes</td>
<td>i)</td>
<td></td>
</tr>
<tr>
<td>Supervisors and clerical staff</td>
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<tr>
<td>Positive changes</td>
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<td>iv)</td>
<td></td>
</tr>
<tr>
<td>Negative changes</td>
<td>i)</td>
<td></td>
</tr>
</tbody>
</table>
SECTION IV WORKING CONDITIONS.

1) What terms and condition of work does the bank provide to employees?
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................

2) Does the bank have in place a system used for promotion?
YES □ NO □
Please explain your choice if the answer is yes.
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................

3) What kind of performance monitoring systems is in place?
Please explain
..................................................................................................................................................
..................................................................................................................................................
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4) Are there changes that have been effected in determining salary increments after computerization?
YES □ NO □
Please explain your choice if the answer is yes
..................................................................................................................................................
..................................................................................................................................................
..................................................................................................................................................

5) Please list fringe benefits that the employees are eligible for:
i)
ii)
iii)
iv)
SECTION V METHODS OF EMPLOYMENT.

Please tick (✓) where appropriate.

1. What are the bank’s sources of recruitment?
   a) Universities
   b) Diploma colleges
   c) School leaves
   d) Others (specify)

2. Overtime has there been any diversification of sources after implementing e-Commerce?
   YES
   NO

Please explain your choice if the answer is yes.

3. How do you recruit the employees?
   i) Campus recruitment
   ii) Newspaper advertisements
   iii) Others (specify)

4. Do you feel that secondary school leavers can be recruited for work?
   YES
   NO

Please explain your choice.

Contacts: Mr. Wandili Wasike Wabomba
Tel. 057-2020128 or 0734-238814

25/05/2007