



Exploring Sustainable Human Resource Management Change in the Context of Digital Banking

Kartina Abdul Latif, Nik Hasnaa Nik Mahmood, Nor Raihana Mohd Ali

Razak Faculty of Technology and Informatics, Universiti Teknologi Malaysia, Jalan Sultan Yahya Petra, 54100, Kuala Lumpur

Received: 29/08/2019

Accepted: 13/02/2020

Published: 20/05/2020

Abstract

Human resource management (HRM) function plays a meaningful role in creating a sustainable and productive work environment for organizations. The changing banking environment and altering circumstances are affecting the way human resource function is delivering its services and practices. This shows a need to explore the way HRM practices can be delivered in a way to affect social and environmental factors at workplace. This paper is to explore recent trends and changes in the strategic practices of the HRM function in a banking institution. The paper provides a case-study investigation based on a qualitative research design. Some in-depth interviews were conducted with HRM practitioners, and document analysis was also done on the context and nature of HRM changes happening in a banking institution. Interview transcripts were coded with the aid of NVivo software using a structured thematic analysis to generate distilled data summaries. Some illustrative extracts were provided to search for meaningful themes and interpret patterns of evidence. The studied banking institution is still in the process of exploring fit-for-purpose people for HRM functions in a way to enable HRM to have sustainable effects on the business. There are three emerging themes of the changing and evolving role of the HRM function: infusion of the function with diverse capabilities, the importance of driving agile working culture, and the emerging focus on employees' experience using data and technology. The study indicated that HRM function is moving in the right direction; although, more requirements are still to be met. In organizing the HRM function, a cohesive approach is required for conceptualizing, planning and executing a shift in how HRM function shall operate in the future to understand external and internal factors of change with sustainable delivery of HRM practices for impacts on workplace, society, and the wider environment.

Keywords: Human resource management function; Human resource management change; Digital banking transformation; Sustainable human resource management practices

1 Introduction

The banking sector significantly contributes to the economic growth and development of Malaysia. As in many industries, financial services sector across the world are currently experiencing diverse disruptors in many forms, from a shifting regulatory landscape and the rise of digital technologies to varying behavior of customers. The introduction of new digital technologies has a multiplier effect on the development of the economy such that, it aids in boosting productivity, reduces business costs, increases the availability of information and reduces barriers to entry into new markets (1). The banking services sector is in a middle of a storm. New technology vectors are constantly evolving, which will fundamentally reform many of the core elements of the banking value chain, e.g., shifting regulatory landscape, the rise of innovative digital technologies, etc. Customers' expectations are changing; they are increasingly

choosing financial providers and advisors who are able to provide personalization services that can be delivered with transparency and clarity. This trend will go up as market challenges, volatility, and low interest rates will put pressure on investor returns (2).

In the context of human resource management (HRM), given the environment businesses operating in today's world, for HRM function to be more strategic and aligned with transformation of businesses and to continuously stay ahead of the curve on human capital management (HCM) strategies and initiatives, it needs to enhance its adaptability and sustainability. Molthan-Hill, Cohen, and King (3) contends that to be sustainable, HRM function has the opportunity to leverage on HRM practices and processes to support the achievement of organizational objectives for sustained competitive advantage. In the direction and choices in which HRM function transforms, appropriate

Corresponding author: Kartina Abdul Latif, Razak Faculty of Technology and Informatics, Universiti Teknologi Malaysia, Jalan Sultan Yahya Petra, 54100, Kuala Lumpur. E-mail: its.kartina.abdul.latif2@gmail.com.

initiatives to be taken depends on the needs of the business and its people. The change or transformation can occur in the HRM structure, HRM strategy, and HRM systems and processes, when the HRM practices are redesigned to better reflect internal or external requirements (4) of the business. In this regard, in defining how HRM practices are done and delivered within an organization, it is important to understand the nature of the HRM change that contributes to organisational performance and effectiveness. In fact, knowing the distinction between change and transformation can be essential to an organization's success and possibly its survival (5). Ulrich and Brockbank (6) distinguished between a transformed HRM function versus HRM change. Rothwell (7) defined HRM transformation "as the process of fundamentally re-thinking and re-chartering the HRM function or department in an organization". HRM change and HRM transformation are not the same; the former refers to a fundamental reconstruction of the HRM function, i.e., changing something that already exists, whereas the latter concentrates on discovering new things. For example, Ulrich and Brockbank (6) explicitly explained, if HRM function has moved to a new service delivery mechanism of having service centres, centres of expertise or outsourcing and yet still delivering the same old HRM services, the function has changed, but not transformed. Likewise, changing any single HRM practices such as recruitment, training, and performance management does not lead to a real transformation. However, the entire array of the HRM structure change and practices collectively adds value for key stakeholders, without any transformation occurrence (8).

The concept of HRM transformation goes even further when it is further supported by other HRM literature. It is considered as transformative HRM practices when HRM functions embed analytical and sophisticated systems of thinking in order to create the kinds of understanding that drive better workforce strategies and workplace outcomes for the organization (9,10). HRM transformation must change both HRM behaviour and work outputs in such a way that the changes add value for key stakeholders. Whereas, changing one aspect of the HRM practices makes it better, but it does not link it to value-adding agendas. For example, changes and improvements in the customer connections, individual abilities, or organization capabilities are constituted as just HRM change.

Accordingly, for organizational and business sustainability, HRM function must engage with the new rules of business sustainability and align its organizational activities in view of that (11,12). It is not just making money and ethical business decisions. Research has shown that by investing in employee-based initiatives such as conducive working environment, an inclusive culture, green initiatives promoting environmental efficiencies in the workplace, talent development, beyond the minimum requirements of employment law, a business can reap the benefits of improved employee motivation and productivity, while contributing to a healthier society (3). Given the landmark change occurring in financial services industries, a progressive and forward-thinking HRM function is critical to ensuring organizations' ability for a smooth transition into the digital age. Organizations need their HR leaders to help lead the process of internal business transformation in order

to create the capability, capacity, and organisational culture needed to not only go through current market volatility, but also create the foundation for continued profitability. With multi-generational workforce with different expectations, talent would want to work in an environment where they can do their best work and make a valuable impact. According to Dery and McCormick (13), considerable changes have taken place from the year 2006 onwards in how work is performed. There is a rise in the use of technology such as smartphones, cloud services, virtual networks, and web-based services; and these technologies are increasingly becoming mainstream, according to a report released by Capgemini (14). The impact of the rapid digital growth has meant that organizations have had to adapt to new market expectations. In the context of banking institutions, banks have responded by establishing digital business strategies to digitise the bank's operations and products offerings based on customers' needs.

The field of HRM is growing and is expected to continue as an area of theorising, empirical, and methodological development. Therefore, in response to changing business demands and the evolving role of HRM, the objective of this study is to explore the way the HRM function of a banking institution changes or transforms in response to the increased competition for digitised banking transformation and what this means in terms of managing human capital requirements for sustainable workplace environment of the future. The main reason behind selection of looking into banking sector is that the future competitiveness and growth of the sector have more potentiality in increasing employment and improving the Malaysian economy. Based on the research purpose and current understanding, the following research questions are formulated for this study to understand changes to the HRM of a banking institution:

- 1) How do the external and internal factors affect the HRM function's need for change?
- 2) How is HRM in a banking institution undergoing the change process to be sustainable for the future?

The rest of this paper is organised as follows: Section 2 describes the research method with the qualitative data analysis and findings. Section 3 presents and elaborates the findings. Section 4 provides a discussion on findings. Finally, Section 5 concludes the whole paper.

2 Methodology

Given the limited existing research on HRM changes happening in the Malaysian banking sector, an exploratory and inductive approach was adopted. It involved a series of in-depth interviews with a range of HR professionals in one of the leading local banking institutions in the capital city of Malaysia, Kuala Lumpur. The study focuses on the chosen Banking group's transformation journey in digitizing the bank completely and how the HRM division aligns its functions with delivering value and impact to the Group.

2.2 Participants

In-depth interviews were conducted with four business leaders, seven HR professionals from the Group Human Resource (GHR) division and three from the high potential talents, identified by the key HR contact in GHR who facilitated the overall research access into the banking

institution. The banking institution selected is one of the largest fully-integrated financial services group in Malaysia. The group has three main business pillars, namely Group Retail and Commercial Banking, Group International Business, and Group Corporate and Investment Banking. The Group's regional presence now spans across nine different countries in South East Asia.

2.3 Procedure

Prior to the conduct of the interviews, desk-top research was first conducted based on publicly-available information to gain an initial understanding of the bank's business, strategic imperatives, and human capital focus areas. A semi-structured interview guide was developed to facilitate the collection of data as the main technique for primary data collection. Moreover, an interview guide was developed by the researcher, reviewed by subject matter experts, piloted with a small number of HRM practitioners not participating in the study. Amendments were made based on the pilot feedback regarding questions clarity, prior to commencement of the actual interviews. All the interviews were audio-recorded and lasted between 45 and 75 minutes.

2.4 Analysis

All the interviews were recorded and listened by the researchers. The transcription of each interview was read multiple times by the researchers to get a sense of the overall content. The interview transcripts were reviewed systematically to ensure all the first order codes related to the research objectives are well identified. Then, the first order codes related to same subject were grouped into categories. Certain first order codes appear under more than one category. To facilitate this process, NVivo 12 software was used. Using the software, all of the transcribed texts and

notes from the observation sessions as well as the meeting notes were all entered into a database, based on an appropriate structure of coding. To reduce data to a manageable level, the open coding technique was first employed (15), which allows for categorizing of the data in a way to enable its systemization to emerge from data axial coding. Based on the patterns of evidence and analysis, broad themes were generated and used to guide the discussion on the case study. The collected data were also triangulated between the interviews and observations and through various document analyses.

3 Findings

The organization and structure of this section is devoted to answering the research questions posed in the introduction section. The pseudonym, BankCo is used to depict the banking institution researched.

3.2 How do the external and internal factors affect the HRM function's need for change?

Consistent across the financial service sector, BankCo is faced with various external and internal challenges that have resulted in adding pressures to the business. New technologies, demographic shifts, and changing workplace attitudes are radically reshaping the future of the banking landscape. BankCo has to adapt itself to the changing ecosystem. The main themes extracted from the interviews and content analysis can be depicted in the diagram presented in Fig. 1. This was further deliberated by the participants during the interviews held regarding some of the external and internal pressures generally faced by banks.

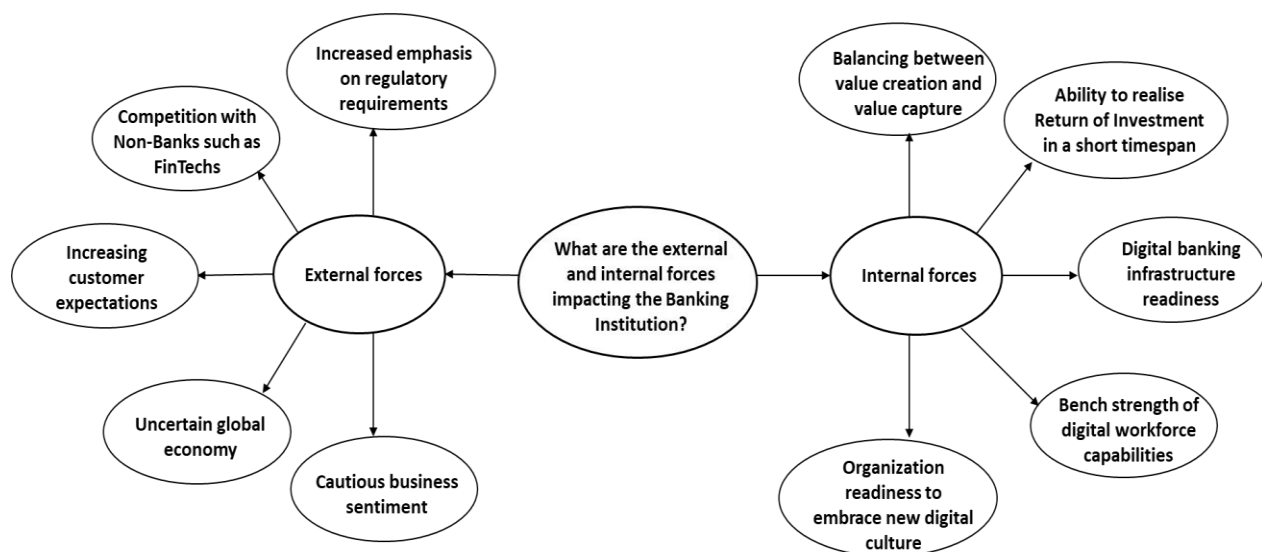


Figure 1: The external and internal factors affecting the HRM functions' need for change

3.2.1 Themes on external forces of change

3.2.1.1 Competition with Non-Banks

Malaysian banking institutions continue to experience competitive pressures exerted from new alternative service providers. For example, in 2018, the Central Bank Of Malaysia has issued several non-banks e-money licenses, through which a couple of remittance service providers have also become fully operational (16). The digital disruption encourages banks to upgrade information technology (IT) infrastructure to digitalise their offerings in order to stay relevant and compete with new Fintech and telecommunication companies encroaching into the payments and remittances space. For BankCo, even though they are operating in nine countries, the intention is to further strengthen their foothold in the home ground country. Interviewees shared the following points:

".... Disintermediation from non-banks such as Fintechs, deterioration of asset quality, tightening liquidity, heightened compliance regime, and deployment of capital to alternative investment classes have put added pressure on BankCo in terms of margin compression. At the current rate that competition is progressing and evolving, we have to learn to disrupt, or we will be disrupted, else our market share and positioning will be taken over by others."

"We realized we are not the biggest bank...even though we are present in 9 countries, our core market is in Malaysia; and realising that, we are looking for areas where we can win in Malaysia. The idea is not to copy other banks..., but it is to find our own niche, chart our own journey...So, we have to think how to respond to this..."

3.2.1.2 Regulatory drivers

Across the different interviews conducted for the purpose of this study, the central theme that emerged was that there is a heightened need to comply with the regulatory requirements imposed by the Central Bank of Malaysia. Interviewees shared similar feedback where banking institutions in Malaysia are required to adhere to various regulatory requirements, as expressed in the following excerpt:

"Banks deal with forces that are shaping the industry – compliance, audit, risk and legal (CARL) forces as well as cost of technology demand banks' utmost attention."

Some of the regulatory requirement examples provided are Banking system Basel III Liquidity Coverage Ratio ("LCR"), Capital Adequacy framework, Malaysian Financial Reporting Standards 9 for the accounting standards, and Net Stable funding Ratio up to a certain percentage. All these requirements are part of managing risk and compliance for stable growth.

3.2.1.3 Increasing digital customer expectations

Technology is increasingly shaping customers' behavior, thereby putting pressure on banks to evolve or accept the risk of obsolescence. All of the interviewees spoke about how digital disruptions are pushing banks to

upgrade IT infrastructure to digitize their offerings in order to stay effectively competitive with newly-emerging non-banks. More banking institutions are crafting out comprehensive digital strategies, focusing around enhancing customers' experience aiming for customer retention and acquisition, data analytics, and cost effectiveness to create differentiated revenue generating opportunities for the banks. Owing to this, interviewees were indicating that customers expect relevant content in relation to what they are doing anytime, anywhere and in the format and devices of their choice:

"We need to continuously keep up with the pace of technological changes happening at breakneck speed. This is important to keep up with this new kind of "always-connected" customer. As a result, BankCo must embrace technology to deliver a differentiated customer experience..."

Currently, BankCo as with the other banks, are competing to be able to attract customers through the use of digital banking products; additionally, they aim to educate customers about the latest digital technology used. Digital banking products launched have also been adapted to the needs of the customers and community at wide.

3.2.1.4 Uncertain global economy and cautious business sentiment

Businesses are displaying a less optimistic outlook owing to both domestic issues as well as the global economic slowdown, along the underlying uncertainty surrounding the Sino-US trade dispute. Amidst cautious sentiments, private investment is expected to grow unevenly owing to worries over the volatility of the Malaysian Ringgit, and consumers are increasingly expected to spend in a more discretionary manner:

"Challenging business environment exacerbated by the uncertain global economy is creating a lot of uncertainty to the business community. We need to strengthen and focus on penetrating our segment play deeper (SME, retail), building ecosystems as a platform to garner higher returns, dropping load in business segments that do not yield the required returns, and building new business pillars that deploy capital and carry a shorter window for returns realization"

3.2.2 Themes on internal forces

3.2.2.1 Digital banking infrastructure readiness

Banks generally have core banking systems that have existed for a long time. However, with digital technologies that have come to the fore, banks need to adapt their existing IT infrastructure with new exponential technologies and establish such infrastructures that can make comprehensive use of the opportunities represented by digitalization.

"Internally, banks have to deal with these forces and challenges on the availability of resources such as people and infrastructure readiness...quite a number of our infrastructures are obsolete and should be changed."

3.2.2.2 Organization readiness to embed new digital culture

With digital disruption affecting the banking sector, change has never been as multidimensional and large scale as it is now. Digital platforms, social technologies, autonomy, new skill set of employees, and digital mindsets are essential ingredients of establishing a passionate innovative culture. One of the interviewees articulated, “the readiness to embrace new ways of working often means that the bank need to rethink their approach completely, jettisoning old thought patterns and processes”.

3.2.2.3 Bench strength of digital workforce capabilities

With the increasing prevalence of digitalization, this will have widespread effects on almost every aspect of the business processes. This has compelled banks to find their own niche and chart their own journey based on the Bank's unique strengths and focusing on what customers often value. One of the strategic objectives BankCo has identified to achieve is harnessing the bank's human capital. As it is imperative for the bank to go digital, it needs to have an agile workforce with digital capabilities. Interviewees shared their views that rapid changes in business requirements and new emerging technology vortex mean that employees are constantly required to renew their skill set to be well fit for the future. The following is the words of one of the interviewees:

“It is not enough to be just be good in your own technical area, there is a greater need to acquire new digital skill set such as design thinking, better analytics skill, thinking out-of-the-box, and getting creative, being agile, working in a more collaborative environment...”

The significance of the skillset renewals for the digital banking was also confirmed by the Head of Learning, Experience and Solution fulfilment:

“Owing to technology, some of the jobs will be obsolete...so, we need to get our people ready to have more value-adding role...for example, teaching our people about complex problem-solving roles that robots cannot do. We have come up with the FORWARD programme (Future Oriented Ready Workforce, Advancing Reskilling and Developing). So, things like this are being looked into by our Digital Academy head.”

3.2.2.4 Ability to realize Return of Investments within a short-time span

As digitalisation increasingly plays a mission-critical role in driving business and economy, banks have to deploy a mix of strategies to stay ahead in the game, which includes investment in technology and channel improvements – Branches, Automated Teller Machines, Call Centres, and Digital Banking Platforms. In the words of the Head of Strategy in BankCo, “The ability to realize Return of Investments (ROI) within a short-time span is something which all banks are continuously working on to grow fee and non-fee income through productivity growth”.

3.2.2.5 Ability to juggle between value creation and value realisation

In a highly challenging and competitive financial industry market, banks need to continuously invest in innovations, building brand strength, new technology, and improved business processes in the creation of new value. The ability to juggle between value creation and value realisation is important as real value must be created before being captured. Banks have to rigorously think through the evolution of the value creation and value capture trade-off, develop strategies to balance the attainment of both values even in the earliest stages of conception. As explained by a participant from the Strategy office of BankCo, who summed up a number of internal forces that have an influence on how the organization moves forward in response to its external environment:

“On the internal challenges, the ability to realise returns on investments in a short-time span as the nature of investments requires a long lead time before the return on investments can be achieved, such as digital banking capabilities, lead generation, analytics, and conversion cases. The other point is the organization's ability to juggle between value creation (revenue) and value capture (profits) and making balance within the operating financial year...”

3.3 How should HRM function in a banking institution undergo the change process to be sustainable in the future?

To explore how HRM is responding to the business changes as a result of the external and internal forces, the researchers sought to understand what is expected from the HRM stakeholders and the changes happening in the HRM function. The following are the main themes emerged from each of the HRM areas:

3.3.1 Theme 1: HRM operating model

With such size of BankCo's businesses, GHR (Group Human Resource) has evolved from the traditional structure towards adopting the three-pillar structure to organize the HRM function. GHR is organized into three distinct sub-functions, i.e., HR business partners, Centre of excellence, and HR shared services with a clear division of responsibilities and process integration. This structure provides the refocusing of the HRM function from “operational” to the “strategic development of organizational capability” (17). The HR business partner (HRBP) role is advocated as a way for HRM managers in BankCo to become more strategic and less transactional. When asked in terms of what does the future hold for HRBPs, one of the interviewed business leaders articulated that with digital banking transformation, there is a need for HRM function as a whole to focus on providing better digital experience for employees:

“We are already in a phased implementation of AGILE in business functions. One of the tenets of AGILE is design thinking in coming up with minimum variant products (MVPs). GHR should likewise apply design thinking and human-centred design on HRM products and services. The aim is to design an awesome employee experience, which

shows care for the employees within the context of their work.”

3.3.2 Theme 2: HRM policies and practices

BankCo is in the process of redesigning selected HRM policies and practices based on employee lifecycle journey. As a case in point, the talent acquisition process and practices are being reviewed in order to transform the overall employee experience of the new hires:

“When I came on board, we transformed the overall recruitment process and its related activities. We brainstormed and used design thinking in resolving the current issues... we coined the term EPIC – Efficient in our hiring, Positive candidate hiring experience, Improve the brand recognition, and C is Candidate quality. Within EPIC, there were roughly 22-23 initiatives; some were big and some were small ticket items for us to address under Talent Acquisition.”

The transformative review was not just confined to candidates’ experience, but also looking into the workload and effectiveness of the time spent by the recruiters in GHR. The roles and responsibilities were redesigned to reflect a more effective utilization of time spent by the recruiters. The efforts yielded benefits, where in 2018, BankCo’s talent acquisition practices and processes have resulted in positive new hire experience with high satisfaction score of 97.3% amongst the new joiners.

3.3.3: Theme 3: HRM Analytics

HRM analytics presents a unique opportunity to create competitive advantage for the HRM function and the organization (18). Literature consists of many reports and write-ups released regarding the HRM functions getting better and making an impact based on evidence-based HRM decision analytics. For BankCo, the current HRM analytics processes and capabilities are still in the infancy stage. The Head of Shared Services in GHR acknowledged the potential of HR analytics in transforming the HRM function to make better decisions using data and create a better business case for HRM interventions.

“We are still improving the data analytics reporting to business leaders as time goes by. We need professional business analytics talent for this role, who knows how to apply data insightfully to make impactful changes to business performance through workforce. But we have constraints on new headcount hiring – needing more of high-level thinking capabilities, better insights, think-tank group rather than executioner.”

3.3.4 Theme 4: HRM Capabilities

In view of the disruptions and business transformations occurring in organizations, HRM function is required to raise its game by aligning overall HRM skills and capabilities with the organization’s business goals. HRM transformation requires HRM professionals to embrace change in order to be adaptive and reinvent the way services are being done and delivered. HRM function must also have the foresight and growth mindset (19). Excerpts from interviews with

different interviewees highlighted the new HRM capabilities and skill sets that is fit for the future:

“We need a different type of HR business partner...it is not about business partner like now where it is about just supporting the business. I think we need more of like a business partner in a venture capitalist set up...we talk about creating 1000 start ups and this HRM head needs to become a partner to certain ventures. So, you are in it together, it is not being reactive...and playing more of a supportive role. Very much like a partner in a real business venture.”

“I think at the end of the day, if you want to do digital; HRM needs to behave more like product owners. HRM should also change its way of delivering services and think of the solutions as more of product development. With digital, you cannot afford just to work within your own function. Collaboration is a key. Maybe HRM can consider working with other functions like Marketing, Finance, and other business functions. The perspectives they bring in can result in dynamic end products for employees...”

Therefore, the call for HRM to embrace new ways of doing things are greater now. HRM must be willing to embrace and actively seek challenges and consider setbacks as a chance to learn and develop.

3.3.5 Theme 5: HRM Technology

Technology facilitates HR transformation mandate and is often a catalyst. BankCo is in the process of transforming the user experience in automating a number of practices online. A number of HRM processes have been launched such as ePayroll, eClaims, eMedical, eTraining, eLeave, etc. In 2018, HR shared services unit launched the performance management system, ePMS, and for 2019, they were looking into going live on the eRecruitment system nationwide. Talent management processes such as selection of talent, talent assessment, and tracking of talent development progress are also in progress of being automated; and they were expected to be run by second quarter 2019. These processes are governed by internal service level agreements and performance indicator trackers, which are being made transparent to the employees and businesses.

4 Discussion

This study intends to investigate how the competitive business environment faced by BankCo has created an avenue for its HRM function to make the changes required to support the strategic prioritization of the digital banking transformation agenda of the banking business. In the case of BankCo, the study shows that HRM function is in an evolving process where it is no longer being taken as a function focusing purely on administrative activities; rather, it is assumed to play a strategic role in managing the heart of the organization, i.e., people and organization. There are three main observations on the evolving role of the HRM function in BankCo:

4.2 HRM specialists are organized to understand the business

The HRM personnel interviewed in BankCo exhibited a

good understanding of their business and external environments. HRM has already embedded itself in the business through the role of business partners in managing business-related risks and workforce requirements. The HR business partner collaborates with HRM centres of excellence (CoE) and HRM shared services by driving workforce and talent management, employee engagement, and organization change. Previously, CoE was focused on pushing policies and programs into the business; now they have been well adapted to the changing business needs, with the HR business partner advising on the business priorities and actively interacting. Thus, the HRM operating model must be able to evolve constantly and respond to new business challenges and transformation.

4.3 Owing to the pressing need to deliver on the customer experience expectations induced by emerging technologies

To infuse the HRM function with diverse capabilities, the business partner role should have a greater impact on the business activities. Feedback from participants' interview indicated that future HRM personnel need to further create value with agile skills in applying advanced HRM analytics and technologies to anticipate critical workforce trends and reimagine the HRM solutions in driving performance and engagement. Time is also changing. As HRM is about creating impact on business, it is suggested by participant interviews to infuse HRM function with resources from outside the HRM field such as marketing, finance, and other business functions to bear on HRM matters such as leadership, culture, organization capability, and employee value proposition. In the list of capabilities cited by the participants, digital readiness, agility, customer centricity, and analytical acumen are at the top of the list.

4.4 Driving agile work culture and employee experience

Customer experience is a big part of the banking business, and when it comes to managing talent, providing an excellent employee experience is just as important. Design thinking and human-centred design methodologies have been applied to product development in BankCo. This is part of the agile initiative, an accelerated working culture aimed at achieving faster speed in marketing products and services, enhancing productivity, increasing employee engagement, and driving a high-performance culture. There are growing calls from BankCo stakeholders of HRM function to pay attention to employees' experience. The rationale for this call is that the demands of the business for innovation and rapid change require that employees be engaged in different ways with their work and the organization. Rather than focussing on traditional transactional human resources services, it is expected now for HRM function to understand the needs and emotions of different employee segments and design a holistic experience that demonstrates care for the employees within the context of their work. By looking into work culture and employees' experience, these two factors can have a direct influence on employees' satisfaction, commitment, engagement, and work performance.

Based on the researchers' observation regarding the HRM changes in BankCo, as mentioned earlier, the HRM function is undergoing an evolving process; it is no longer being taken

as a function focusing purely on administrative activities; rather, it has a strategic role in the management of the organization's heart, which is people and organization itself. The HRM professionals focus on technical expertise based on BankCo's business requirements. It has an appropriate HRM system and technology to effectively support the delivery of HRM services. The evidence from the qualitative analysis suggests that GHR is getting adapted to the business requirements in a gradual and transitional manner. Luecke (20) contends this type of change as an ongoing process where business and organizations continually sense, monitor, and respond to the external environment and internal requirements in small steps as part of continuous change. With the changing organizational environment, HRM leaders need to quickly adapt to the industry trends and assist organizational leaders in gaining digital competences in order to achieve organizational transformation.

5 Conclusion

In order for HRM function to stay relevant for the years to come, current evolutionary changes will need to make way for a more transformative or disruptive revolution. This study indicates that HRM function in BankCo is moving in the right direction, although more requirements are still to be met. To be transformative, a true HRM transformation needs to be integrated and aligned with a business-focused approach to reinventing the way HRM delivers its services and practices to its key stakeholders. Therefore, the role of HRM function in helping organizations to become more sustainable can be demonstrated in different ways, and there is a need for a deep understanding about sustainable workplace environment practices. This requires new pattern of thought and behaviour, where HRM looks at how the function can respond, drive, and re-imagine employees' experience using data and proper employee management system in improving workplace management effectiveness that can lead to business impact (21). HRM function has an inherent accountability to consider the broader implications of HRM decisions, not only on employees, but also on their families, the larger communities, economies, and societies in general. Potential areas for future academic research include a further exploration on the effectiveness and contribution of HRM functions in the digital banking transformation journey of banking institutions.

Ethical issue

Authors are aware of, and comply with, best practice in publication ethics specifically with regard to authorship (avoidance of guest authorship), dual submission, manipulation of figures, competing interests and compliance with policies on research ethics. Authors adhere to publication requirements that submitted work is original and has not been published elsewhere in any language.

Competing interests

The authors declare that there is no conflict of interest that would prejudice the impartiality of this scientific work.

Authors' contribution

The researchers hereby acknowledge that they had a complete contribution to data collection, data analyses, and manuscript writing in this paper.

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