The Key Aspects of Digitalization on Employees' Engagement in the Bank Service Delivery

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Research questions: How does digitalization influence employees' engagement in service delivery management in the banking industry? What types of strategies have been applied by managers to bring about employees' engagement as digitalization develops?

Purpose: The purpose of this study is to achieve a more in-depth understanding of how digitalization influences employee engagement service delivery in the Swedish banking industry. Furthermore, this study aims to identify which strategies are implemented by managers in order to effectively engage employees.

Method: The study is based on a qualitative approach and the research structure was designed based on semi-structured interviews conducted via telephone calls with employees and managers from Swedish banks to enable connections between theories and empirical findings making it possible to conduct the analysis.

Conclusion: By comparing the data collected for this research and the theories presented, it can be concluded that digitalization can be considered as a factor that positively affects employee engagement in service delivery. It has become a facilitator by being a platform for the employees to perform their tasks efficiently. Further, as digitalization develops, managers have been using strategies like advanced support systems, fast and transparent communication methods, and different digital tools to bring up employees' engagement at work. Therefore, digitalization positively affects employee engagement in most instances, but managers can not overlook the possibilities of negative implications too.
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1. Introduction

The following section presents an introduction and background to the problem being discussed, resulting in the purpose and research questions of the study.

During the last decades, with the growth of digitalization, technology adoption by organizations has made major impacts by speeding up processes (Heikkilä, 2013). Aiming to keep up with the evolution of technologies and responding to the market changes, organizations are adapting to become more productive and cost-efficient (Dixit, 2017). "Digitalization" refers to "a process of moving into digital business" ("Digitalization", 2020). An organization may change its strategy, structure, behaviour, and eventually, its performance by making the different elements of the organization work more effectively under the new digital circumstances (Csedo et al., 2017). Among different industries, organizations have recognized the massive challenges that digitalization raises, especially on their business models (Schmidt et al., 2017).

For the banking industry, digital technologies imply meliorating their services to obtain business superiority and to gain competitive advantage (Næss-Schmidt et al., 2019). Digitalization has come into play in the service sector, becoming one of the influential factors affecting the workforce (Poruban, 2018). Digital innovations and advancements in the banking industry have reduced the cost of financial intermediation, and paved the way for a digital ecosystem for bank employees to render better service and to attract new customers (Forcadell et al., 2020). Service delivery can be defined as "a firm's capability to create finished components and deliver services/products to the customers" (Arshad & Su, 2015, p.2). Organizations capable of innovating and delivering better services are in a better position to gain customers' attention (Arshad & Su, 2015).
Employee engagement is one of the drivers of businesses and organizations, and is often seen as crucial for the organization's success and competitiveness (Schaufeli & Salanova, 2007). According to Robinson et al. (2004), employee engagement can be described as "a positive attitude held by the employees towards the organization and its value. An engaged employee is aware of business context and works with colleagues to improve performance within the job for the benefit of the organization" (p. 9). Furthermore, employee engagement has been extensively researched as it becomes fundamental in a business context, being directly connected to organizational performance (Sorenson, 2013). Engaged employees have demonstrated to offer a better service delivery, which in turn increases customer satisfaction generating higher revenues (Vance, 2006).

A study by Andrus et al. (2016) showed that 93% of the respondents within the financial services industry, which are strategically digitalized involved, agreed that their objectives are to leverage their customers' experiences with financial services. On the other hand, the same study showed that only 46% of the respondents agreed that the organizations are ready for the implementation of such technologies. This study suggests that not the same attention is put by organizations to improve employees' experience as customers' experience (Andrus et al., 2016). Technology has shown to be a significant aspect influencing both the frontline and backstage workforce in their everyday work (Ostrom et al., 2015). Although Sindwani (2018) has already discussed the direct effects of digitalization on final services, the influences of digitalization on the employees as a channel of service delivery seem to need further investigation. Thus, the authors of this thesis have decided to study how digitalization influences the employees' engagement.
1.1 Problem Background

Recently, in almost all industries, digitalization has been reshaping business operations, products, processes, structures, and management concepts, aiming at exploring new technologies and benefits (Hess et al., 2016). At the same time, the digital era has stimulated a complete transformation of the financial sector (Forcadell et al., 2020). While a rapid evolution of technology, such as "the internet of things, social network, mobile technology, and cloud computing" (Ostrom et al., 2015, p.127) changes the organization's environment tied with it, the service systems follow. In this context, research around the phenomenon of digitalization and service systems have been intensified (Ostrom et al., 2015). On the other hand, digitalization has not only transformed the service delivery experience but it also became a powerful tool by influencing the work environment. The workforce is, in many cases, still an asset over and above technology and finance for companies (Cook, 2008).

In the banking sector, researchers have paid a lot of attention to how digitalization is changing the different dynamics in which the banks operate. Changes have been noticed on the assessment of risks, implementation of control systems, and keeping satisfied customers (Næss-Schmidt et al., 2019). Most banks present similar products, in order to gain competitive advantage and differentiate, banks try to get increased customer satisfaction by enhancing their services (Sindwani, 2018). Within the bank context, digitalization is contributing to more efficient and fast processes. The cost of financial services has been lowered; with customer mobility growing, the accessibility to information has also grown; as the banks open up, customers have easier access to services on the same platform. At the same time, by moving from the traditional banking scenario and offering third party services such as online payments, the competition between banks has intensified (Næss-Schmidt et al., 2019). Rosenbluth (1991) suggested that service employees who are satisfied at their job will have the customer at
uppermost in their minds. According to Wilson et al. (2016), "Satisfied employees make for satisfied customers" (p. 239). In turn, research done in 28 different American bank branches has shown that services provided by the employees are, to a large extent, correlated to the customer experience of the service (Wilson et al., 2016).

Recently, literature has highlighted the efforts by human resources in offering digital solutions that can generate employees' engagement across different industries (Mihalcea, 2017). Mone and London (2010) have suggested that setting strategies that enhance employee engagement contributes to higher performance levels. As organizational goals involve negotiations of what the employees will accomplish, Pulakos (2009) urges the importance of having employees' work goals, needs, and desires aligned with high organizational goals in order to engage employees (Pulakos, 2009). In addition, organizations - banks make not an exception - should consider individuals' needs while establishing their goals, as such an aspect can influence employees' performance (Gruman & Saks, 2011).

In the digitalized era, new forms of management, leadership, strategies, service designs, and working processes are emerging (Udovita, 2020). While the digitalization process has been going on for some years, the challenges of what sometimes is called the "4th revolution" have not been sufficiently discussed in the literature regarding the workforce (Umans et al., 2018). When rapid changes like digitalization occur the level of uncertainty, either negative or positive raises. Thereof, significant effects are seen on the employees' productivity, commitment, and loyalty (Umans et al., 2018). On one hand, digitalization has proved to contribute to making employees' performances more efficient in terms of faster decision making and lower risk (Umans et al., 2018). On the other hand, also the characteristics of the job influence the employees' engagement at work. Researchers have pointed out the issues due to excessive job
demands, which negatively influence employees (Bakker & Demerouti, 2007). Along with these lines, given the characteristics of highly digitalized workplaces, where organizations' environments are transforming rapidly, this study aims to analyze the influences of digitalization on employees' engagement.

Studies around digitalization in the banking industry have been narrowed down to either the strategic perspective or the customer perspective. On the strategic level, the focus lies together with the strategies and models applied by the managers. On the customer level, it is perceived as important to understand customer behaviour towards technologies and services (Schmidt et al., 2017). Adding to what has so far been studied, the authors of this thesis decided to investigate the influences of digitalization on employees' engagement. A management team that works for the progress of the employees will be working towards benefiting the organization (Gruman & Saks, 2011). Within this framework, the authors of this thesis deem relevant to study employees' engagement in relation to digitalization, serving as a fundamental element in excellent service delivery.
1.2 Purpose & Research Questions
The purpose of this study is to achieve a more in-depth understanding of how digitalization influences employees' engagement, in particular, service delivery in the Swedish banking industry. This purpose leads to identifying which strategies are implemented by managers in order to effectively engage employees. The purpose is then to contribute to the limited research available in the literature from the employee's perspective, by understanding the connection between digitalization and employees' engagement.

Given this purpose, the authors of this thesis intend to answer the following research questions:

- How does digitalization influence employees' engagement in service delivery management in the banking industry?

A sub-research question has been formulated to study how managerial strategies influence employees' engagement:

- What types of strategies have been applied by managers to bring about employees' engagement as digitalization develops?
2. Theoretical Framework

This section will provide the reader with prior knowledge of the main studies which are necessary to further comprehend how this study will be developed and how data will be analysed.

2.1 Digitalization

The terms digitalization and digitization are commonly misused as they are deemed to have the same meaning: digitization is often used as an interchangeable word to describe digitalization (BarNir et al., 2003). However, digitization can be defined as "converting analogs physical measurements to digital forms" (Dictionary.com, 2020), for example, when a document is scanned to be used as a digital form. Digitalization, instead, "is the use of digital technologies to change the business model and provide new revenue and value-producing opportunities" (Gartner.com, 2020). The adoption and implementation of digital technology are used to bring value and transform information into the digital format (Bounfour, 2016). Digital transformation has been described as a long-term process for adding value and changing the operating system on business (De Waal et al., 2016). To further comprehend the ongoing digital transformation, these terms must be taken into consideration (Bounfour, 2016). In this thesis, the focus will be on digitalization and digital transformation.

According to Schmidt et al. (2017), due to the rapid development of digitalization, businesses have come under pressure to overcome fierce competition and technological change. Shifting from traditional services, a wide range of automated banking services are recently seen in the industry (Sindwani, 2018). Electronic banking technologies have been characterized as "automated teller machines (ATM Banking), internet banking, mobile banking, and telephone banking" (Sindwani, 2018, p.39), which are now available to customers decreasing the traditional interaction with the bank employees. Traditionally, bank competition was based on
the product, but digitalization is gradually changing the very structures of the financial sector. The Swedish banking industry is considered to be one of the most digitalized and cost-efficient in Europe (Næss-Schmidt et al., 2019). Given that such technological innovations have a significant impact on the banks' services, the authors of this thesis found it relevant to dig deeper into the impacts of such innovations on the employees' engagement in the Swedish banking industry.

Digitalization can have both positive and negative effects on the employees' performance at work (Umans et al., 2018). Recently, researchers have started to look at some of the factors of an accelerated digitalization impacting the employees' well-being, especially in banks. Such factors are "occupational stress, depression and insomnia, among others" (Umans et al., 2018, p. 412). These results on employees could be linked to the features of the working environment, which must change in the same proportion as the organization transforms. Also, previous research has shown that an appropriate environment positively affects workers' productivity and behaviour (Umans et al., 2018).

2.2 Employee Engagement

The concept of employee engagement is relatively new to human resource management literature (Fleetwood & Hesketh, 2010). Several scholars have contributed with many definitions, however, the term "employee engagement" was introduced in the academic literature by Kahn (1990), who uses it to refer to how employees express themselves physically, emotionally, and mentally while performing at work. Other researchers suggest that employee engagement relates to being involved, committed, and satisfied with work (Harter et al., 2002). Employee engagement relates to employee motivation and is attributed to the level of employee's dedication, vigor, and absorption at work (Schaufeli et al., 2002). "The term employee engagement refers to the individual's involvement and satisfaction with as well as
enthusiasm for work" (Harter et al., 2002, p.269). Despite differences, definitions share the idea that employee engagement is "a desirable condition; having positive impacts on organizational efficacy and connotes involvement, commitment, passion, enthusiasm, focused effort and energy" (Jaupi & Llaci, 2015, p.192).

Engagement is considered essential and indispensable for modern companies to move forward, as engaged employees boost productivity, performance, and innovation (Schaufeli & Salanova, 2007). A study done by Harter et al. (2002) found out that indeed there is a direct relationship between employee engagement and business results. Markos & Sridevi (2010) clarifies this by stating that higher engagement levels can result in increased net profit margins and operating margins. Engagement can be considered beneficial for both the employee and the organization (Markos & Sridevi, 2010). When the employees recognize that their contributions are important for the success of the organization, a feeling of fulfillment is created (Andrew & Sofian, 2012). It is not sufficient for an organization to have a workforce that is committed and engaged: firms must also pursue the maintenance of such levels. Some of the organization's efforts for improving employees' feeling appreciated and involved are key drivers in this regard. However, commitment and engagement are distinct aspects. Commitment pertains to the first stage of the organization's efforts towards employees, whereas engagement follows consequently (Robinson et al., 2004).

Imandin et al. (2014) further developed previous studies done in the literature to propose some methods for determining employees' engagement. Their initial model was represented by 11 constructs but later narrowed down to 7 (Imandin et al., 2016). As drivers of employee engagement, the constructs are:
1. Employee perceptions on management and an engaged leadership team where employers who can inspire employees for better performance contribute to their engagement.

2. Behavioral engagement referred to as the efforts of the employees in reaching the organization's objectives.

3. Change management and stress-free environment explained as the environment where the employee can be innovative, creative, and relaxed, which has impacts on the employee's performance.

4. Career growth opportunities which imply organizations giving employees the sufficient opportunities to grow within the workplace by meaningful training and support consequently contributing to employee engagement.

5. Emotional engagement referred to the resources, such as pride, trust and knowledge an employee can count on individually to invest in the level of engagement.

6. Nature of my job referred to as levels of autonomy and participation where employees can feel more powerful and accountable for their tasks.

7. Feeling valued and involved is addressed to employees being involved in the practices of organizations where they can influence the decision-making process.

Durkin (2007) suggested that communication is considered one of the main aspects that contribute to employee engagement, being beneficial for companies to share openly with employees it's values and vision. In that way, employees would feel committed to add value to others and engage at work. Swarnalatha and Prasanna (2012) explained that communication should be taken as a two-way strategy to enhance employee engagement. It implies giving employees a chance to communicate their views and opinions by participating in the decision-making process. Also, better communication entails giving clear and consistent instructions on
what is expected and informing about what is going on inside the company. In this way, employees would develop a sense of belonging and naturally increase engagement (Jaupi & Llaci, 2015). On the other hand, poor internal communication in an organization and the difficulties in standardizing employee performance due to employees' variations in commitment, engagement, knowledge, or attitude can influence the service delivery that leads to the variations in service quality (Parasuraman et al., 1985). The essential idea of internal communication is to improve performance by altering employees' behaviour and managers (Jaupi & Llaci, 2015).

Nowadays, companies are using advanced techniques to operate, as digitalization continues to evolve, employees are required to have a greater level of professional skills towards technology (Markos & Sridevi, 2010). Bakker and Demerouti (2007) introduced the model of Job Demands-Resources (JD-R), which explains some of the workplace's positive and negative variables as well as some of the most common outcomes that individuals experience in their working environment. Job Resources is described as "physical, psychological, social, or organizational features of a job that are functional in that they help achieve work goals, reduce job demands and the associated physiological and psychological costs, and stimulate personal growth, learning, and development" (p. 312). Job Demand is described as "physical, psychological, social, or organizational features of a job that require sustained physical and/or psychological effort from an employee that can result in physiological and/or psychological costs" (p. 312). Achieving an equilibrium and integration between job demands and job resources is the key to create a healthy work environment to bring about employee engagement (Bakker & Demerouti, 2007).
In the baking industry, services are provided in multiple forms, for example, the customer goes to the service provider and as a service that is accomplished through multiple channels (Lovelock, 1983). Chase (1981) introduced twelve characteristics of high contact services. Among these characteristics, the service providing workers is the main component of the service, which helps to determine the quality of the service delivered in the eyes of the customer (Chase, 1981). Hence, service personnel's role is critical in the service delivery process as there can be an inseparability between service delivery and service quality (Rust & Oliver, 1994).

2.3 Performance Management

The banking industry is considered one of the most competitive markets when it comes to technology and products (Ghosh, 2018). Although products and services are similar within the banking sector, engaged, motivated, and talented employees can further increase the competitive advantage in the form of differentiation (Aguinis, 2019). In this regard, Dess and Davis (1984) noted that a sustainable competitive advantage consists of a uniqueness that an organization possesses, which competitors cannot imitate. The foundation of this notion is the ability to quickly respond to the external market, where being a step ahead with the quality of the products and services constitutes a competitive advantage (Dess & Davis, 1984; Lado et al., 1992). Managers almost unanimously agree that the market demands of this century are greater than ever. In handling these challenges, appropriate management performance and the right set of strategies are needed (Markos & Sridevi, 2010).

Performance management can be described as "the full process extended to all organizational policies, practices, and design features that interact to produce employee performance" (Gruman & Saks, 2011, p. 123). The overall organizational performance is in the heart of performance management, as the utmost objective of managers. However, it is also necessary
to take intermediate variables such as motivation and commitment influencing the workforce while managing performance (Gruman & Saks, 2011). Managers' commitment to increase service performance has to be aligned with delivering a better corporate environment to the staff, given that they are the channels of service delivery (Huang, 2004). An important part of performance management is enhancing employees' engagement and creating the right environmental conditions (Pulakos, 2009). Given the modern workplaces with more decentralized structures, management style has been changing. In particular, there is a shift from the traditional approach to a more dynamic approach. In this scenario, it is harder for managers to supervise and observe the specific performance of each individual (Buchner, 2007). This leads to the notion where management attention should be on the facilitation of employees' performance by consequently creating the appropriate conditions for engagement. However, efforts to increase performance undoubtedly requires forms of control systems (Gruman & Saks, 2011). By improving the means for the staff to perform better in their work environment, managers are at the same time improving the quality of the service delivered. Managing performance becomes as important as managing the environment of the work (Jones, 1995).

Over the years, the banking industry has realized that improving customer satisfaction through a quality service delivery should be the main strategy in the long run (Yavas et al., 2003). However, in developing an effective service, it is important to develop strategies for human resource management to pursue a competitive advantage (Colbert, Yee, & George, 2016). Managing the service and the workforce becomes an inseparable task for managers (Govender, 1996). To gain long term success in service delivery, not only customers but employees should also be satisfied (Seth et al., 2005). By building a strong relationship between managers and employees, influences are seen on employee retention, and satisfaction (Markos & Sridevi,
According to Markos and Sridevi (2010), companies have realized the importance of employee engagement as "any initiatives of improvement which are taken by management cannot be fruitful without wilful involvement and engagement of employees" (p.89).

According to Schneider et al. (1980) a research conducted about customer service in the banking industry, employees have raised attention to the need for support systems in the industry to maintain outstanding customer service. The employees have mentioned that personnel support, central processing support, marketing support, and equipment supply support are crucial in rendering quality customer service in the banking industry. Further, the study revealed that the employees have a clear understanding of customer perceptions on quality and if given knowledge, training, and necessary information with suitable technology, employees can perform a better quality service (Schneider et al., 1980). Nevertheless, a qualitative model, failures in interactions between the customer and the employee during service encounters are among the five main reasons for customers' switching of retail bank services (Keaveney, 1995; Colgate & Hedge, 2001).

In the research conducted by Vance (2006), managers' practices are related to employees' engagement. In clarifying this relationship, a job performance model was introduced where employees' engagement, were the results of personal characteristics, organizational environment, and human resources practices (Vance, 2006). In literature, the foundations of engagement are mostly non-financial related. Therefore, organizations with managers devoted to increasing their employees' engagement will benefit from lower costs. However, the importance of financial benefits for employees should not be diminished in any way. Actually, performance and compensation are related. In other words, although compensation is necessary for leveraging employees' performance, in the long-term, it is not sufficient.
In order to further comprehend performance management and the integration with employee engagement in a digitalized context, it is important to consider how managers are changing their approach towards their management style. An outstanding characteristic of a manager is to have a visionary and inspiring picture of the future, where the overall needs of the group are more important (Schaufeli & Salanova, 2007). This is accomplished when the manager who acts as a leader is able to increase the employees' engagement at work, involving the employee on the internal objectives, and creating the culture to think above self-interest (Saleem, 2015).

![Performance Management and Employee Engagement](image)

**Figure 1: Performance Management and Employee Engagement**

*(Created by the authors of this thesis, 2020)*

Figure 1 illustrates how the process of generating better services starts. Firstly, management performance is directly influencing employee engagement as well as their job performance overall. As previously explained by literature, employee engagement and job performance are interconnected and dependent variables. The relation between job performance and engagement influences the service delivery.
3. Methodology

This section highlights the design of the study as well as the steps behind the data collection.

3.1 Design of the Study

The research structure was designed based on a qualitative approach with semi-structured interviews conducted via telephone calls. As the purpose of the thesis was to explain the effects of digitalization on employee engagement and to explore the strategies used by managers to improve employee engagement with the development of digitalization, a qualitative approach of the study was applied to answer the research questions.

Khan (2014) states that "qualitative research is an inquiry process of understanding based on distinct methodological traditions on inquiry that explore a social or human problem. The researcher builds a complex, holistic picture, analyses words, reports details of informants and conducts the study in a natural setting" (Khan, 2014, p.225).

According to Bryman and Bell (2011), qualitative research gives a deeper knowledge about situations by using interpretations and observations. It focuses mainly on details and words rather than quantities to allow for a close detailed study of human actions, environment, and reality. (Bryman & Bell, 2011). Concerning the characteristics of research approaches, it was concluded that the qualitative approach aided in fulfilling the research purpose. Qualitative approach ensured the authors of this thesis gained a deeper knowledge and understanding of employee engagement by allowing the respondents to be more descriptive.

3.2 Approach to Literature

Reviewing existing literature is vital to increase the credibility of the thesis work as previous studies provide knowledge about a subject area (Bryman & Bell, 2011). The review was
conducted by using Mälardalens University official library database, ABI, Google Scholar, DIVA, Emerald Insight and ProQuest. The authors of this thesis mostly used peer reviewed articles from these databases as it assured reliable and valid sources. In the instances where articles were not peer reviewed, the articles were ensured to be from recognized journals.

3.3 Primary Data Collection
A total of seven semi-structured interviews via phone calls were conducted to collect primary data and relevant information. Semi-structured interviews are commonly used in qualitative research as it is a flexible method that allows the interviewer to adjust the interview questions while the research process is going on (Bryman & Bell, 2011). Both Managers' and Employees' perspectives in the Swedish banking industry were considered when designing the interviews. The reason for interviewing both was because their ideas are complementary and related to the research questions.

3.4 Respondents’ Company Background
The study focused only on the banking industry as it ensured that the interviewees share a common background with regards to the work environment, which allows for a proper data analysing process. The Respondents are employed by SEB, Nordea and Sparbanken Rekarne, which are three of the largest banks in Sweden. Those 3 banks have a long history in Sweden as well as in other Scandinavian and European countries. These banks provide a wide range of services, from savings to housing loans, pensions and insurance services. The changes these organizations have experienced with digitalization during the past decades can be easily distinguished with the evolution of time. Moreover, all the mentioned banks have digital services that have been introduced with the advancement in digitalization like mobile Bank ID, Swish, internet banking, online payment and mobile bank applications.
3.5 Procedure
As the interview "aims to generate an in-depth analysis, issues of representativeness are less important in qualitative research than they are in quantitative research" (Bryman & Bell, 2011, p.489) the authors if this thesis focused on purposeful sampling, that is, the participants have common working experience in the digitalized banking services industry. In particular, the interviews were conducted with employees (a total of 4) who have experience within the field of service delivery, and their work has been impacted somewhat by digitalization and managers (a total of 3) who have experience with managing employees in digitalized banks.

The potential interviewees from different banks in Sweden were contacted via LinkedIn, personal contacts, phone calls, and email invitations. Most of the formal invitations were kindly denied by the potential interviewees due to circumstances related to the COVID-19 pandemic. The interviewers had to use more of the personal connections in reaching the interviewees. The potential participants were briefed about the nature and the purpose of the research as well as the implications of the findings to create an interest and a value for the interviewees to participate in the research. After confirming appointments, the questions were sent to them prior to the interview so that the interviewees could get an opportunity to get prepared for the questions, which helped to get the maximum use of time for the interviewees during the interviews.

As the same researcher did not conduct all the interviews, an interview guideline was designed to maintain consistency between interviews. The interviews consisted of eight main open-ended questions, separately for managers and employees. The interview questions were formulated related to the field of study that gives an insight into the research question, using relevant theories. Several questions were designed as back up questions in order to be used if
necessary and if the time permitted. Follow up questions were asked during the interview when
the answers needed further clarification. The operationalization of the interview questions has
been added in Appendix A and Appendix B. The first interview was also used as a test to ensure
the quality of the interview questions.

In order to ensure that interviews were not biased, authors of the thesis conducted interviews
with employees and managers who were working in different banks and in different
departments connected to service delivery. This aided in understanding the research area from
different perspectives. Moreover, a fair balance between males and females was ensured to
minimize the effects of gender partiality in the findings.

The average duration of an interview was around thirty minutes and all the interviews were
conducted in English. Compared to the in-person interviews, phone call interviews are efficient
both timewise and economically. This is because a higher number of interviews within different
geographic areas can be covered with a limited period, even if there are some negative aspects
of not meeting physically (Bryman & Bell, 2011).

Since "qualitative researchers are frequently interested not only in what people say but also in
the way they say it" (Bryman & Bell, 2011, p.482), the interviews were audio-recorded with
the permission of the participants. It increased the interviewers' attentiveness that aided in
maintaining the reliability of the information and minimizing errors. The names of the
interviewees were kept confidential to respect the interviewees' privacy.
Box 1: Interviewees

Some background information about the participants and about the interviews has been presented below.

**Interview 1:** Employee 1 (E1), A Male Business Analyst with 5 years of working experience. The interview was conducted on 22/04/2020, (telephone interview, 30'38")

**Interview 2:** Employee 2 (E2), A Male Business Developer with 34 years of working experience. The interview was conducted on 23/04/2020, (telephone interview, 22' 31").

**Interview 3:** Employee 3 (E3), A Male Business Advisor with 5,5 years of working experience. The interview was conducted on 29/04/2020, (telephone interview, 28'26").

**Interview 4:** Employee 4 (E4), A Female Financial Adviser with 6 years of working experience. The interview was conducted on 04/05/2020, (telephone interview, 34'02").

**Interview 5:** Manager 1 (M1), A Female HR Talent Manager with 10 years of working experience. The interview was conducted on 28/04/2020, (telephone interview, 33'46").

**Interview 6:** Manager 2 (M2), A Female Head of Business Banking with 16 years of working experience. The interview was conducted on 04/05/2020, (telephone interview, 30'02").

**Interview 7:** Manager 3 (M3), A Male Head of Business Administration and HR with 18 years of working experience. The interview was conducted on 04/05/2020, (telephone interview, 39'36").
3.6 Procedure for Data Analysis

The transcriptions of the interviews were read by all the three members of the research study. Also, transcriptions were reviewed several times thoroughly to get familiar with the data. For the coding of data initially, three themes were created as digitalization, organizational environment, and engaging strategies from employees and managers. The themes were created deductively, which means that the themes emerged from the theories used in the study. As the interview questions were in connection with the theories earlier presented, the answers for each question could be categorized easily into the specific theme, by considering the theories. The interview questions were formulated considering the purpose and the research questions so that there is a good match between the themes and the research questions. In the instances where respondents' answers were not related to the question asked but suitable to another question, the responses were categorized to the theme that it suited the most after discussing it among the members. Different colors were assigned to each theme. While reading the transcripts, data relevant to each theme was highlighted by that assigned color, for the ease of identification for coding. The data under each theme was rechecked several times in order to ensure that every single data is under the most appropriate theme. In the discussion, data under different themes have been analysed concerning the theories that have been used in the study.

3.7 Methodological Criticism

Respondents were only from three banks from Sweden, and this could be a limitation. Even though the authors of this thesis tried to contact more banks and participants, it did not succeed as all the banks were tight with their schedules due to staff shortage because of the COVID-19 pandemic. It was learned from most of the employees from different banks that they had ceased giving interviews for research for a temporary period and focused only on mandatory issues and services as the number of employees was lower compared to the normal situation.
Since all the interviews were conducted not as face to face meetings due to the circumstances, it was not possible to observe the facial expressions and behavioral changes of the interviewees, and this could be considered a limitation of the data collection process (Bryman & Bell, 2011).

Language can also be a limitation in this study since the interviews were conducted by the English language, even though Swedish or another language apart from English was the interviewee's mother tongue. When explaining an idea, it might not feel the same comfort when communicating in a second language when compared to communicating using the main language. This might have affected the answers given by the respondents. Also, when writing the introduction, literature review and theoretical framework, articles, and other research papers written only in English were referred.

Sending the interview questions to the interviewees prior to the interview might be a limitation since they have been enabled to prepare and decide what answers to give rather than being spontaneous in a face to face interview.

3.8 Trustworthiness

All the research steps have been explained well to increase the transparency of this study. Trustworthiness and quality of a thesis are affected by both validity and reliability (Bryman & Bell, 2011) so that all the limitations and criticism of the study have been presented with good faith. The entire research study was constantly reviewed by the supervisor and by the opposing teams. The interviews' findings have been presented using direct quotations from the interviewees to ensure less personal inclinations and exclusively from the collected data that was transcribed within less than twelve hours of the interview. The interviews were transcribed in English, the same language that was used to conduct the interview.
- **Reliability**

External reliability is explained as "the degree to which a study can be replicated" (Bryman & Bell, 2011, p.395). As this is a qualitative study, when replicating the study, a significant concern should be given to the environment in which the research study is replicated. Since cultural and demographic factors can influence the findings (Bryman & Bell, 2011), the authors of the thesis have described the methodology, the data collection procedure, and the information about the interviewees clearly so that the study can be replicated with fewer alterations.

Internal reliability is "whether or not when there is more than one observer; members of the research team agree about what they see and hear" (Bryman & Bell, 2011, p.395). The interviews were audio-recorded and transcribed within twelve hours from the interviews to maintain internal reliability and to eradicate misunderstandings and misinterpretations. The transcriptions of the interviews were read by all the three researchers before interpreting the data. The empirical findings section of the thesis was read and reviewed thoroughly by all the research team members to confirm that the presented findings are in line with the interview outcome. The process was easier for the members as the interviews were audio-recorded, and the data could be analysed carefully by pausing and replaying several times.
- **Validity**

To increase the validity of the research, the interviews were conducted to get data from the perspectives relevant to the research questions. The employees and managers were selected in a way to generate maximum diversity among the interviewees in terms of age, gender, position, and years of experience in the banking industry. The interview questions were designed in a way that participants' answers would not be affected by the way the questions were presented. Interviewees were selected concerning the bank and the branch they were operating so that different banks are considered in order not to limit the findings applicable to only one bank.

Concerning internal validity, it was always verified that there was "a good match between researchers' observations and the theoretical ideas they develop" (Bryman & Bell, 2011, p.395). The authors of the thesis continuously reviewed the content so that there was always a connection among the research questions, purpose, theories used, literature, interview questions, and data analyses.
4. Empirical Findings

The following section will provide the answers collected from the interviewees.

In this chapter, the authors of this study will present the information gathered from the qualitative interview questions. To make it easier for the reader to comprehend, the responses are divided separately from the employees and from the managers. The findings regarding the employees have been further categorized as "digitalization", "engaging strategies" and "organization environment". The employee's answers are represented by E1, E2, E3 and E4, whereas the managers' answers correspond to M1, M2 and M3. Quotations are used in order to highlight the most important insights from the interviewees.

4.1 Findings on Employees

Digitalization

When employees were asked how digitalization impacts their jobs in general, they pointed out that their banks are digitalizing all the service-related activities. E1 explained that customer services as well as internal systems in the banks are highly digitalized now. Thanks to digitalization employees have the opportunity to be more flexible at work and "work more into the customer zone system" allowing the customers to adapt with digitalization so that they can get most of the work done at home by themselves without meeting the employees at the bank by using internet banking, BankID and other digital applications, saving time and energy of both the customer and the employee, as most of the competitors have adopted the same digital tools.

"The customer does the work for us basically but we are there as a guidance." - (E1, phone interview, April 22, 2020)
"Our customers don’t go to the banks, they go to the mobile app, so digitalization is the result of so few bank branches." - (E2, phone interview, April 29, 2020)

E3 showed that most of the customer meetings are conducted via skype now and the mobile BankID has made their online meetings and services easier because it identifies the authenticity of the client even without the client physically being present at the moment. Further he pointed out that digitalizing activities like sending agreements to the customer, not only saves employees' time but also saves the environment by minimizing printing and paper waste. Further, it was evident that employees were much concerned about how customers perceive the changes that digitalization has made on the banking industry as some customers like this new trend while few still expect the traditional ways of banking.

E4 reported that the organization highly encourage employees to use the digitalized tools in the service delivery process to assist them in the best way possible. Also, she mentioned that digitalization increases work efficiency by being a platform to send and receive information from different departments during the process of service delivery.

Further, E4 shed light into areas where no other interviewees mentioned, talking about the job uncertainty that comes with digitalization and also the high competition that can be expected in the banking industry with the emergence of small banks, challenging the typical large scale banks to become more digitalized in order to gain a competitive advantage.

"The fact that you can get your advice online through online banking, some people are concerned that they are actually replacing their job like they are scared of losing their job to robots." - (E4, phone interview, May 04, 2020)
Engaging Strategies

Related to workload, with digitized changes, according to E1, eventually, the employees managed to let customers perform the simple steps by themselves, obtaining the more time and required concentration on more important and qualified work which cannot be done by the customers themselves.

"I would say we don't work less but we work with different kinds of services." - (E1, phone interview, April 22, 2020)

E3 described that digitalization has not minimized the workload, but in a way, it has aided to do work faster as it increases the working capacity. Further E1 pointed out that digitalized services and having service-related questions like frequently asked questions by customers online aided him to be more focused on his work. When employees were asked if changes in workload due to digitalization affected their engagement, they had different opinions. While E1 and E2 considered that technology and digitalization aided them to be more engaged at work. E3 said that sometimes it can be frustrating and that he feels concerned about customers' happiness as technology is running fast, expecting customers to be more digitally competent which might result in decreasing customer satisfaction. Nevertheless, E2 presented the idea that digitalization has made their working life exciting with up to date challenges.

"I think it makes me keep my engagement as something new is always happening all the time. So if I would be doing the same job for 30 years it would be really boring but thanks to digitalization I have to learn new things and develop new skills, so I think through that perspective digitalization have increased or at least sustained my engagement" - (E2, phone interview, April 29, 2020)
E4 presented the idea that digitalization aids the employees in fulfilling their responsibilities. However, management sometimes misunderstands that employees have more free time because digitalization assists them to do tasks quicker, which is not always the truth.

“They think that we have more time than we do. In a sense it helps, but in another sense it doesn't help. It makes it more stressful because if things work the way they should like in the software, it would help a lot. But it doesn't always work.” - (E4, phone interview, May 04, 2020)

Regarding the organizational support given to the employees in accomplishing the tasks connected to service delivery, most employees except E4 are considerably satisfied with the managerial support they receive. According to E1, they are given "hands-on targets on what to achieve" during the year and the measurements related to targets. The managers have specifically assigned employees for each role and the employees have been given the freedom and the opportunity to be focused on their specific tasks by being flexible and by informing the managers if the employee is doing many tasks that are not a part of his yearly achievements. Moreover, it aids in assisting customers more efficiently since the employee has a clear understanding of to whom the customer should be forwarded when the customer's questions are not on the specific employee competences. There are specific employees assigned for different tasks according to departments, however, on some occasions employees tend to assist with minor matters of the customers related to digitalization even if it is not included in their job profile. According to E3, a meeting is taking place with his manager every Monday to evaluate employees' performance of the past week. However, he pointed out that managers expect to have more online meetings per week since the time taken for online meetings are shorter than physical meetings with customers, which E3 thinks might cause less quality in service delivery.
"But what is most important…. the number of meetings or to make the customer happy." - (E3, phone interview, April 23, 2020)

Further, E1, E2 and E3 interviewees added that they have back-office support which responds quickly when they call or email. Employees are also given support in handling technical issues by replying promptly and escalating the issues to relevant responsible technicians.

The view of E4 regarding the managerial support was quite different from that of others. She claimed that sometimes, managers themselves are not fully aware of these new updates that come along with digitalization and they pressurize the employees to be open for changes even without any clear idea of what they are supposed to do. E4 thinks that management should be sensitive and give more emotional support to the employees.

"But support from the manager, not like help with the practical tools but more help in a sense of attitude like how we should approach the whole situation." - (E4, phone interview, May 04, 2020)

E4 also explained that even though they receive new tutorials regarding digitalization, it is not sufficient and the employees should also have the opportunity to seek help from support departments without delay. According to her, employees can be frustrated when they are not able to convey the difficulties to the relevant support departments as they are not entirely sure on what the problem is. The situation gets worse when it takes longer to reply or to re-correct the issues, even after employees have written or described the issues with much effort.

Also, E4 pointed out that there is a misunderstanding among managers that online meetings with customers are more efficient than physical meetings. She explained that in a physical meeting, employees can finish the tasks related to the service simultaneously while having the meeting. But in an online meeting, it is difficult for them to focus on two tasks because of the
visual agenda and there is much work left after the online meeting that needs to be completed which takes a longer time.

"It was not as efficient as the management thought it was or that they were hoping it to be. That was stressful." - (E4, phone interview, May 04, 2020)

When the employees were questioned about how the changes are communicated at work, E3 reported that they get information from the closest manager through emails and team news through the company's intranet. They receive internal training held by experts in particular areas or by project managers when new systems are being introduced. E1 described that they get updates during the online meeting which takes place every Monday, and through online documents so that it is easier for the employees to read and understand by themselves.

Answering how communication affects E1's wellbeing at work, it is explained that those direct communication methods help to give instant feedback to the managers and that can make a difference in the decision making.

"So, it is not only the information provided but you can also ask questions if you don't understand. I think this is something new, that's really good. This can impact on the changes that are made." - (E1, phone interview, April 22, 2020)

Further, it was mentioned that it speeds up the information clarification process since the employees can ask questions and clear doubts simultaneously. E1 and E2 also added that when they feel that the management is listening to them, it affects their performance at work positively. But when there are hindrances to those direct communication methods due to technical errors, it also affects the employees negatively.
"Sometimes it can be a bit frustrating that you can send it to someone but you don't get any feedback. So, you don't know if someone has taken the question further or if it's going to be changed. But that's due to system updates." - (E1, phone interview, April 22, 2020)

E3 explained that the communication is being done mostly through online meetings and this, in a way, is efficient because a higher number of participants (around fifty, sixty) can be included in a meeting. But he pointed out that the higher number of participants reduced the opportunity to express employees' thoughts as everyone is concerned about one another's time.

E4 explained that changes are communicated to them mostly through online meetings which are held once a month where each department gets a chance to present the changes that would take place in each department. She also has many physical meetings with managers compared to other interviewees, where they talk about how they can improve their work. When E4 was asked how communication affects her well-being, she mentioned that constantly informing and preparing employees for updates by the organization helps them to develop their work.

**Organization Environment**

When employees were asked how digitalization has affected the working environment, E1 explained that in the beginning digitalized changes were a bit confusing.

"I would say, to start with it gave us more work because we had to change the whole way we were working and no one was really sure how to do it and no one was really confident in what way to do it." - (E1, Phone interview, April 22, 2020)

But after they have gotten accustomed to the more digitalized working environment, E1 felt that it has led to positive changes.
"We could have like 500 customers a day which is quite a lot, divided between like 6,7 employees but now we maybe have like 100 a day. But maybe they have more complex questions. That is a big change. You can pay more attention to each client before it felt more like machinery." - (E1, phone interview, April 22, 2020)

Answering if E1 has noticed any changes among colleagues, he explained that the working environment consists of diversified employees within different age groups and different technical competencies. According to their own perceptions of technology, employees have different views on these organizational changes. Some employees think that these changes and updates should be even faster while some argue that it should be even slower than it is. E1 concluded by saying that the management should find a balance between these two extremes.

E2 also pointed out before that, all the customers had to come to their local branch for all the bank related issues, but now they can do most of their work through smartphones, enabling the organization to be more adaptable to the "logic of meeting customers digitally". E2 showed that it has made it possible for them to work at different places at the same time and also to work even without physically coming to the office.

E3 showed that their organizational environment has changed, leading to fewer physical meetings among their teammates. He said that during the time when the organization did not give a lot of attention to online meetings, the employees got the opportunity to meet each other physically very often. But now these get-togethers are limited only to two-three times per year.

"If we have not met in a long time then it's a little bit sad and upsetting. But when we meet, we not only talk about work we talk about other things. So, it is fun when we meet." - (E3, phone interview, April 23, 2020)
Further E3 reported that before, managers used to have physical meetings with PowerPoint presentations, but now information is given digitally. He personally felt that these changes are "little bit more for the worse" because it limits the opportunity for the employees to meet physically and to strengthen their relationship as colleagues.

As per E4, the organization faced the most distinguishable change with the invention of the mobile bank id. Even though digitalization was impacting the banking industry before that, she claimed that the whole organization changed drastically with the mobile bank id. When considering online meetings, E4 mentioned that in the beginning, both the employees and the customers had to face difficulties when connecting through online meetings and after losing much time, they ended up having phone calls instead of online meetings. However, with the organizational changes and with updates, the meetings can be conducted smoothly.

4.2 Findings on Managers

Digitalization

When managers were asked how digitalization impacts their job, managers explained that the bank industry has had a big impact due to digitalization. M3 mentions that nowadays there are 30 to 40% fewer employees than over a decade ago and that it is due to how digitalization has developed as customers do mostly everything, such as interaction and transactions through internet banking and phone banking and emphasize how efficient digitalization has been for the bank. M2 agrees that digitalization has become a big part of the change and shifted the banking industry.

"We have become a lot more efficient as a lot of our employees that are still here are managing a lot more customers per employee than used to do before." - (M3, phone interview, May 4, 2020)
For M1 digitalization has also made it possible for managers to connect with employees through online tools compared to the traditional manual way that was done before, making their work more effective and easier. Digitalization also made it possible for managers to share presentations and projects online while some time ago the communication was only possible through a phone call or personal interaction. M1 explains that the digital tools used in order to communicate with the employees are essential for a manager to have but at the same time as the information reaches a large number of people it can be unclear and overpowering at times and as a result, it has made managers and employees stressed. Besides having to deal with such pressure.

"It also requires that the manager has broadened their knowledge of what channels we have, how we communicate, ways of working, what regular matters I need to take into consideration." - (M1, phone interview, April 28, 2020)

When managers were asked about the advantages and disadvantages that digitalization has brought them, when managing their team M1 and M2 see as an advantage the fact that it has made it possible for them to be available from different locations, for instance, work from home or from a different branch location. M1 adds that managers are also required to have a good mind-set, be organized and communicate well to "keep employees in the loop". M2 agrees with M1 that supporting and training employees can make employees more interactive once they are comfortable using digital tools and thinks that employees appreciate it. M2 can also see the advantages that digitalization has brought when managing employees, even though the number of physical meetings has decreased the digital tools are considered to be more efficient when reaching employees and the other way around.
"I have an office both in Västerås and Örebro and that's an hour apart, so half of my employees are in Västerås and half are in Örebro. I commute between them but every day I am 50% off my employees. I don't see them. So, I use digital tools every day to communicate with my employees and of course we do that with customers also." - (M2, phone interview, May 4, 2020)

Moreover, digitalization has also improved other aspects that were not possible before in terms of cooperation with other managers in the same organization.

"How we work with people from other sites, that has actually improved. How you manage shared disks or if you have sites in the cloud, or you can share the same kind of information." - (M1, phone interview, April 28, 2020)

M2 explains that when serving customers, the advanced digital tools are also considered to be efficient when delivering service to the customer, the visual agenda has made their work more productive and professional. Positive results can be seen on employees because of such digital tools.

"It is also really time-consuming to make an agenda from scratch, like PowerPoint, we don't do that, we haven't done that for 4 years, because we have a visual agenda. That is a really good tool that makes a quick, easy and really professional agenda. So that's a big difference." - (M2, phone interview, May 4, 2020)

M3 adds that digitalization and the advanced digital channels have made it possible for customers to reach the bank at any time during the day while in the past customers could only have access to at opening hours. As well as to serve the customer.
"When I started working in the bank we had probably 10 cashiers that you could physically meet to take out or deposit money and nowadays we don't have that anymore, the work that we do has become more advanced and not so much easy work that we did before." - (M3, phone interview, May 4, 2020)

However, some disadvantages came along with customers' demands and expectations on banks having to reply quicker to their inquiries according to M3. Moreover, M3 emphasizes that digitalization demands organizations to act quicker in order to keep themselves updated constantly and learn things faster as the demand at work is higher and more advanced than it used to be before. M1 can see that digitalization has brought stress to managers and employees as they tend to have issues when filtering information.

However, the fact that digital meetings have increased M2 can see some disadvantages that come along with building closer relationships.

"You have less opportunities to read the people and see how they are feeling and how the relationship is progressing, catching up the signal that maybe you don't hear." - (M2, phone interview, May 4, 2020)

But at the same time, once the employees get used to having meetings online and when that happens, they engage. Further, having online meetings does not give managers the opportunity to have coffee breaks and lunch together and talk about no work-related stuff, which is considered to be an important aspect of keeping employees engaged.

M1 and M2 have had similar experiences related to employee distances. Given that digitalization enables managers and employees to work from other locations, they have noticed that some employees do not feel as included as others. According to M2, due to distance, it can
be hard for the employees to feel as a team, even using digital technologies. Further on, M2 explains that as a manager, it is important to take some actions to build upon the connection.

"I move around to see them, and that is not because I want to monitor them, it is because I want to have a connection. So, that hasn't changed. I need that, even though I have the digital tools." - (M2, phone interview, May 4, 2020)

As for M1, the ways in which such issues can be dealt with consists of giving the employees the opportunity to feel included.

"You need to make sure that you are including the person in the dialogues, make sure that they receive the information and are up to date, and also make sure that you schedule one and ones to make sure that the person feels included."- (M1, phone interview, April 28, 2020)

**Engaging Strategies**

When managers were asked how they engage their employees at work, M1 reveals that it is crucial for managers to act as a leader to guide employees through unstable situations "We are many leaders and managers." According to M2, it is important to be available and accessible as much as possible, even though most of the meetings are done online it is important to be available to guide them when they need help. M3 also believes that employees and managers should depend on each other for the success of the organization. M3 highlights the importance of having meetings where employees are informed on how to achieve goals and the importance behind it. Encouragement is another important aspect to make sure that employees understand and feel that they are part of the decision-making process and that they contribute to teamwork since their actions will affect the organization. M2 and M3 assert the importance of both physical and online meetings and to be able to listen to employees and take their inputs into
consideration. M3 explains that being inclusive is another key to engage employees and letting them be part of the decision-making process on how to achieve goals within the organization. "When you talk to the employees a lot of times, they have really good ideas and can challenge us to ask- why do we do it this way?! Can we try to do it another way?! and if we think that it's a good way to do it, we encourage them, we say- hey, yeah, let's do your way." - (M3, phone interview, May 4, 2020)

Another essential way for M2 and M3 to keep employees engaged is to be transparent and communicate well with their team, to have employees engaged, to have a good relationship with them, making them feel familiar.

For M2, challenges vary from different organizations, in the sense that, some organizations have all the employees at the same branch and can have more physical meetings, while some others have them remotely and the use of digital channels is necessary "a quick and easy way to communicate.". M3 highlights the importance of having physical meetings every two weeks to keep employees updated on the changes happening within the organization.

Another important aspect for M3 to keep employees engaged and happy at work is to take care of them physically and mentally, providing employees benefits such as giving a certain amount of allowance yearly and monthly for them.

"We think that to be able to keep up in this digitalized world, you need to get addressed and you need to eat well you need to be physically active so do it in a lot of different ways." - (M3, phone interview, May 4, 2020)
With the high demands digitalization has brought to the bank industry, managers were asked how they deal with when employees feel stressed about it, and M1 explains the importance of being transparent when communicating with employees as it can be a new challenge for managers to overcome some changes.

:"It is very important to be open with your employees even when you don't know what is happening because we can't know everything that is happening and things might change." - (M1, phone interview, April 28, 2020)

The psychological aspect for M1 of having higher demands can also be considered challenging. A way to overcome this issue is to give employees freedom to take into consideration their inputs.

"You need to make sure of psychological safety in a team also in order to make sure that the employees feel that they can think outside of the box and come up with ideas that we might not have heard before or might be kind of revolutionary." - (M1, phone interview, April 28, 2020)

M2 finds it challenging when switching some tasks from the way it has been done for the past years into the new digital changes. M3 can also relate to the struggle of having to keep up with how quick digitalization goes and addresses that it can be challenging for the employees who did not grow up with digitalization while the employees who grew up in the digitized era have an easier time since work can be done quicker. M2 thinks that in some cases it can be frustrating for employees to deal with so much going on in terms of how quick digitalization evolves and employees can feel less engaged as they struggle to find solutions that can be seen as a result
of lack of support from managers and M1 suggests that a good way to overcome these issues is to keep employees up to date and help them to develop their skills on how to work with the digital tools implemented by the organization.

"They develop, so they push themselves when they have skilled up their competences, they feel the boost and they feel that they can do more at work." - (M1, phone interview, April 28, 2020)

Managers were asked which digital tools the bank has implemented that helps to keep employees engaged when delivering service, M2 explains that the online banking has been helping employees as it is efficient and a good way to deliver service to customers. A new tool implemented recently by the banks is the online support provided 24/7 from the robots through the online chats allowing customers to do some transactions by themselves.

"It is not just the physical bankers that are part of the service delivery, it is the Omni-channel experience." - (M2, phone interview, May 4, 2020)

M3 adds that giving employees the latest digital devices can be helpful to the customer when it comes to delivering service as well as Mobile Banking, internet banking and BankID makes employees be more efficient when helping customers. M2 can see that digitalization has brought efficiency as explained that if the digital tools are used in a good way, it can benefit employees as it enables them to handle more customers weekly.

"...because manual labor becomes less or because automatization makes your job a bit easier." - (M2, personal communication, May 4, 2020)
M2 and M3 explain that digital meetings were another tool found to help employees to connect with managers at any time they needed support. M1 and M3 think that the digital channels that enable the communication between the employers and employees have definitely helped in terms of speeding up the communication between them.

For M3, digitalization has not been seen as stressful and has not negatively impacted employees. Rates are often monitored to find out if employees are off work due to stress and it has not shown any increase compared to the previous years. M3 believes that the organization culture plays a big role in taking care of employees mentally and physically, not feeling overwhelmed by the high demands.

"What we can see is that the more money we have invested in those kinds of things, the less people get sick." - (M3, phone interview, May 4, 2020)

**Organization Environment**

When managers were asked if employees are "less active and less friendly" when dealing with the customers due to digitalization. M1 can see some connections related to how the government sets up bureaucratic requirements on the bank that need to take into consideration when employees and employers are serving customers, which can be time-consuming but emphasizes that it is not a reason for M1 organization to be counted as delivering a less friendly service.
"We do have regulatory guidelines that we need to handle and be complied with. Which means that it puts a lot of extra computer work in order to keep up with the documents." - (M1, phone interview, April 28, 2020)

Therefore M1, M2 and M3 disagree with that statement. They believe that digitalization has brought efficiency towards serving more customers than before when digitalization was not available. M1 thinks that digitalization has made it possible to meet more customers and help manage them better than it used to be. M2 adds that digitalization has made it possible for them to cooperate more with customers. Nowadays, most have access to the internet via their phones. Digitalization has made customers be more active not only on the opening hours but at any time during the day, so for that reason, customers can book an appointment even when the bank is closed through online banking by expanding their offerings through the digital channels.

The tools that digitalization has developed helps the bank industry in many different ways. M1 mentions that surveys are sent out to collect inputs from managers and employees in order to assure if they keep employees engaged. M1 says that from the Human Resource perspective, it has helped the recruitment process to be more efficient for the managers involved in the recruitment process.
5. Discussion & Analysis

This section will discuss and analyse the results from employees and managers, by connecting with the theoretical framework that has previously been presented.

5.1 Digitalization

Based on the data collected, digital tools serve as an aid to employees in their everyday work, where all employee respondents noticed improvements in efficiency in regards to increased performance. Næss-Schmidt et al. (2019) stressed how digitalization is reflecting more efficient processes. According to M3, banks' pursuit to deliver a better service is related to giving employees the means to serve the customers more efficiently. The employees’ approach towards the customers have changed since new technologies were made available, such as Bank ID, which allowed employees to perform their job in a better way. The variance of digital tools has been influencing employees working routines by saving time with processes, being more efficient with the internal systems, and better meeting the customers' expectations. While digitalization has been boosting organizational performance, Sorenson (2013) showed that individuals' better performance could be related to higher engagement levels. The banks' higher involvement in digitalization has made it possible for employees to work remotely, which is being positively regarded by employees and managers. As a result, digital tools are helping managers to keep employees engaged, it also contributes to improvements in employees' performance. For the M2, online meetings are constantly necessary. Those meetings are examples of what Gruman & Saks (2011) highlighted in their study, where managers should focus on the facilitation of the conditions for employee engagement. Particularly E4 mentioned digitalization in connection to negative feelings on employees as it contributes to increased competition among banks. To minimize the harmful effects of digitalization, management skills must develop together with digitalization.
5.2 Organizational Environment

Based on all informant responses, digital solutions indirectly increase job demands for the employees. However, it serves as resources for them to achieve their goals. This is confirmed by Bakker and Demerouti (2007) model, which addresses that most workplaces are constituted of job demands and job resources. The organizational transformations caused by digitalization have changed how employees are handling their tasks. Overall, while all employees see the positive sides of digitalization influencing their job, E3 and E4 also acknowledged some of the negative influences. On the positive side, the digital channels used between employees and customers make the process of service delivery smoother. Besides, digitalization gave customers the ability through online platforms to self-realize many of the essential services. In this regard, the benefit for the employee is being able to be more concentrated and involved in more advanced tasks. Also, as digitalization progresses, employees are simultaneously developing their skills. According to E2 otherwise "...it would be really boring...". These feelings revealed by the employees, where their tasks have become more relevant, are determining factors of engagement as employees feel more powerful in their work, Imandin et al. (2014) highlights that in the sixth construct named nature of my job. On the negative side, digitalization increased the demands and expectations of the employees. As banks are transforming to better attend the customer needs, more power is being given to the customers. This power through digitalization offers customers the possibility to put higher pressures on employees. For E3 feelings of frustration towards digitalization is connected with the accelerated pace of managers in handling technology, putting demands for faster performance in the workplace, which at times overrides the customers' needs. In addition, by misunderstanding the availability of time needed for employees to complete their tasks.
Managers demonstrated support and updates on employees' skills as one of the forms to engage employees in the transformation. All employees' respondents have expressed a significant amount of involvement with digitalization in their work. This involvement by the employees at work is connected to higher levels of engagement (Harter et al., 2002; Jaupi & Llaci., 2015). Further on, it is important that management sets up adequate demands. This signifies that if management does not balance the right amount of demands and support properly, digitalization can have negative effects on the employees' engagement.

In general, digitalization has changed the banking working environment, having clear impacts on employees' performance as Umans et al. (2018) study had revealed. Given the organizational changes under digital circumstances, the quality of how the service is delivered has increased both for the customer as well as for the employees. Digitalization has shown to contribute to better conditions for service delivery in an environment where employees are more satisfied. Therefore, customers' perceptions of the services increase and the experiences between customers and employees connect. Overall, digitalization influences employees' working environment by creating the possibility of meeting the customers either online or physically. In both ways, digitalization aids in having an environment where the service quality is increased. M2, in the same way, realized that the relationship between employees and customers has meliorated, for example, with the aid of Omni-channel. Digitalization helps the personal connection between the employee and customers, given that both are more easily accessible. Jones (1995) addressed how managers' improvements in the work environment can indirectly improve service delivery. According to Vance (2006), a good organizational environment increases employees' engagement. In this regard, digitalization is a drive indirectly influencing employee engagement.
Updated technologies provide managers with ways of increasing employee engagement. Technology is continuously being developed, renewing the forms of help supplied to the employees. Some of the digital solutions are developed to serve both customers and employees. An interesting insight which M3 further developed was related to how generally people are more connected online, which can cause higher levels of stress. However, in diminishing such effects in the work environment, managers should increase their attention to how people feel in the workplace and provide the appropriate setting. Additionally, digitalization provides more efficient tools for managers to determine changes in managers and employee engagement better.

5.3 Engaging Strategies

Having support systems and management support was pointed out by all employee respondents as an essential part of the completion of their tasks, in the same way, Schneider and Parkington (1980) research concluded that support systems are necessary for employees to deliver a quality service. From the managers' responses, it can be interpreted that their strategies for keeping the employees engaged have not changed much due to digitalization, but have rather adapted. Under the digitalized era, both employees and managers regarded guidance as an essential part of keeping engagement. From M3s implications, digitalization has not changed the availability in time that needs to be spared for guidance, and perhaps this has only increased.

From E3 and E4, managers' attitudes are critical in the employees' experience with digitalization. Managers can misunderstand how digitalization influences employees. In this case, more than digital support is needed, as managers' full understanding of employees' working conditions under digitalization is essential. Managers' absence from the physical workplaces relates to the employees' frustration. This implies higher levels of stress among the employees as management's demands are not perceived in hand with the organizational
situation. Thus, through digitalization, managers can indirectly negatively affect employees' well-being. Confirming Umans et al. (2018) study, where digitalization has shown to affect employees' well-being, adding the importance of the manager's role. In order to understand how people are feeling and being influenced by digitalization, managers have expressed that both digital strategies and physical interaction are necessary to create a connection between managers and employees. Markos & Scridevi (2010) talks about the importance of building a strong relationship and managers taking initiatives to create employee engagement. Moreover, having an adequate organizational culture where managers prioritize employees' working and psychological conditions are in part to make sure employees' engagement with the development of digitalization is increased.

According to all employees, digitalization has transformed the communication process. Most of the internal communications are done through online channels, which employees perceive rather positively. Further, all managers claimed good communication to be fundamental for employees' engagement under digitalization. Managers and employees tend to interact more directly under the digital channels, where online meetings are more frequent. Those changes in interaction contribute to more transparent communication as a key strategy in keeping employees' engagement. Thus, managers’ role in having a forward-attitude towards the employees becomes necessary under digitalization. Employees and managers have recognized better communication between them, having related experiences with digital communication channels. This shows a link with Durkin's (2007) study, where having open communication with the employees can be attributed to increased engagement among employees. The level of engagement is increasing with digital online meetings as employees have more possibilities to interact with each other and reach out instantly to others when necessary. This type of communication also allows employees to provide feedback fast enough to make a difference
in the decision-making process. Referred to in the literature by Imandin et al. (2014) in the seventh construct as \textit{feeling valued and involved}. With most of the communication happening online within the workplace, these feelings are drivers of engagement. M2 has recognized that online meetings stimulate interaction among employees. As described by E1 and E3, digitalization is aiding on higher levels of participation within the organization in connection to the study of Jaupi and Llaci (2015), which was highlighted as enhancing employees' engagement. In this scenario, digitalization can be taken as one aspect of meliorating communication within organizations.

On the other hand, digital communication also has some drawbacks. Digitalization has contributed to less physical interaction among the employees negatively influencing the relationship between co-workers. E3 has mentioned that teams met only two-three times per year. Besides, with the greater amounts of people and restricted time, the formalities of online meetings limit the extent of freedom employees have to express themselves. Moreover, digitalization has contributed to the complexity of how information is rendered, bringing difficulties for managers in controlling how the spread of information reaches employees and for the employees to separate the amount of work. However, managers' strategies are also responsible for minimizing the effects of stress. Overall, managers have increased the efforts to make employees feel more united under digitalization. The way managers are investing in employees' engagement is, in part, making them feel included in the team and encouraging them to participate in the decision-making process.
6. Conclusion

This section will conclude the research paper and present the answers to the proposed research questions.

Previous studies state that digitalization has been transforming organizations. The proposed gap for this study consists of understanding such implications from the employees' perspectives by determining whether employees' engagement influences service delivery; and whether this is applicable within a sample of Swedish banks. In view of employee engagement being valued as one of the vital aspects of service delivery for organizations, contributing to better final results. This study is meant as a contribution that extends the existing literature on employee engagement and digitalization and can be used both by bank organizations and researchers. Employee engagement depends on managers’ performance, as they have the main responsibility to lead employees under the ongoing digital transformation. Hence, strategies are key, as well as, it is important how employees perceive in their working environment.

Based on results that emerged from the seven semi-structured interviews, it is evident that digitalization influences remarkably the employee engagement. Digitalization can be considered as a factor that positively affects employee engagement in service delivery. It has become a facilitator by being a platform for the employees to perform their tasks efficiently. Digitalization has paved the way for the customers to self-involve in the service delivery process enabling the employees to cater more into specific and important tasks, helping to deliver a quality service. Moreover, digitalization has made employees more engaged in the banks' decision-making process since the digitalized communication methods aids in fast information sharing.
By confirming the relationships represented in figure 1, the results of the study indicate that job performance and employee engagement are interconnected as digitalization helps employees to perform their work better. Yet, according to figure 1, both employee engagement and job performance directly affect service delivery. The results of this study also show that digitalization increases the quality of service delivery in the banks. In other words, we argue that there is a relationship among digitalization, employee engagement, performance and service delivery.

However, digitalization does not have only positive implications but can also have negative impacts on employee engagement, depending on managerial influence. In this regard, it would be important to study how and to what extent digital tools should be used by managers to increase employee engagement. In fact, as digitalization develops, managers have been using strategies like advanced support systems, fast and transparent communication methods, and different digital tools to bring up employees' engagement at work. But the study suggests that managers should also care for providing psychological support to their employees. Lack of knowledge and sensitivity among the managers regarding the employees' roles can cause misunderstandings between employees and managers. Employees' engagement can be negatively affected by the lack of personal contacts, as well as the pressure exerted by managers, as they expect employees to work faster to keep pace with digitalization.

Therefore, to conclude, digitalization positively affects employee engagement in most instances, but the possibilities of negative implications cannot be overlooked. Besides, managers have a great responsibility in using digitalization wisely to promote engagement.
7. Future research

This section suggests possible research studies that can be conducted in the future by focusing on areas that could not be covered by the authors of the thesis.

This study opens to future research on the effects of digitalization on employee engagement in other digitalized industries. Repeating this study in other contexts would allow researchers to understand similarities and differences with the results from this research. Also, it would be interesting to conduct future research from the leadership point of view to understand how the organizations, leadership styles and managers’ engagement co-evolve with digitalization. Conducting the same study with a larger sample or using a mixed-method approach may also allow to gain a deeper insight into the phenomenon.
References


# Appendix A – Operationalization of Interview Questions to Employees

<table>
<thead>
<tr>
<th>No.</th>
<th>Interview Question</th>
<th>The Area</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>What’s your name? What’s your position in the organization? How long have you been</td>
<td>Control</td>
<td>These are control questions conducted to get background knowledge about the interviewee. These factors may influence the answer to the following questions.</td>
</tr>
<tr>
<td></td>
<td>working for this company?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>Could you describe in as much detail as possible how digitalization is impacting on</td>
<td>Employees</td>
<td>To understand how they perceive digitalization in their job profile and service delivery</td>
</tr>
<tr>
<td></td>
<td>your job, in general?</td>
<td>performance</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Could you explain specifically regarding service delivery?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>How does digitalization affect your workload?</td>
<td>Employee</td>
<td>To see if there is a connection between digitalization and employee engagement given its impacts on efficiency</td>
</tr>
<tr>
<td></td>
<td>- Do you have any examples?</td>
<td>engagement</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>How does your organization support you to accomplish your tasks connected to service</td>
<td>Engaging strategies</td>
<td>To find out which are the support systems behind service delivery and evaluate the employees' understanding of management performance.</td>
</tr>
<tr>
<td></td>
<td>delivery?</td>
<td>from the employees’</td>
<td>point of view</td>
</tr>
<tr>
<td></td>
<td>- Is there anyone who has the responsibility</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Question</td>
<td>Perspective</td>
<td>Purpose</td>
</tr>
<tr>
<td>---</td>
<td>-------------------------------------------------------------------------</td>
<td>----------------------------------------------------------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>In your opinion, how does digitalization change your working environment?</td>
<td>Organizational environment</td>
<td>To get an idea if digitalization has influences above individualistic and the connection in regards to the internal working context.</td>
</tr>
<tr>
<td>6</td>
<td>How are possible changes communicated at work? Does communication influence your wellbeing at work?</td>
<td>Engaging strategies from the employees’ point of view</td>
<td>To understand the connection between communication and employee engagement.</td>
</tr>
<tr>
<td>7</td>
<td>Is there anything you would like to add?</td>
<td></td>
<td>To identify potential topics not covered by the previous questions.</td>
</tr>
</tbody>
</table>
# Appendix B – Operationalization of Interview Questions to Managers

<table>
<thead>
<tr>
<th>No.</th>
<th>Interview Question</th>
<th>Theoretical Connection</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><em>Introduction questions</em></td>
<td>Control</td>
<td>These are control questions conducted to get background knowledge about the interviewee. These factors may influence the answer to the following questions.</td>
</tr>
<tr>
<td></td>
<td>What’s your name?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>What’s your position in the organization?</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>How long have you been working for this company?</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2</td>
<td>How is digitalization impacting on your managerial work?</td>
<td>Management strategies</td>
<td>To see if digitalization directly affects managerial implications and decisions.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Which are the advantages and disadvantages that digitalization has brought in managing the employees?</td>
<td>Management performance</td>
<td>To understand how managers perceive digitalization regarding its usage.</td>
</tr>
<tr>
<td>4</td>
<td>How do you engage your employees at work?</td>
<td>Engaging strategies</td>
<td>To understand the strategies used by managers to increase employee engagement. To see if managers identify any difference in employee engagement with digitalization.</td>
</tr>
<tr>
<td></td>
<td>Question</td>
<td>Category</td>
<td>Purpose</td>
</tr>
<tr>
<td>---</td>
<td>--------------------------------------------------------------------------</td>
<td>------------------------</td>
<td>-------------------------------------------------------------------------</td>
</tr>
<tr>
<td>5</td>
<td>In highly digitalized organizations, individuals tend to feel more stressed by higher demands. How would you say it is the best way to deal with that situation?</td>
<td>Engaging strategies</td>
<td>To understand how managers deal with psychological changes that arise because of digitalization.</td>
</tr>
<tr>
<td>6</td>
<td>Is there any digital technology that your organization has implemented to keep employees engaged in doing their job, in particular, service delivery?</td>
<td>Engaging strategies</td>
<td>To see if managers use digitalization to strengthen employee engagement.</td>
</tr>
<tr>
<td>7</td>
<td>According to researchers, bank employees have become less active and less friendly when handling customers due to the use of digital technologies mediating between them. Based on your own experience as a manager, what is your opinion on this?</td>
<td>Organizational environment</td>
<td>To understand the managerial view about the impacts of digitalization on service delivery quality.</td>
</tr>
<tr>
<td>8</td>
<td>Is there anything you would like to add?</td>
<td></td>
<td>To identify potential topics not covered by the previous questions.</td>
</tr>
</tbody>
</table>