



## Information and communication technology (ICT) in the phenomenon of attrition in Algerian banking sector.

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### **Abstract :**

This paper examines the phenomenon of attrition in the banking sector in Algeria. It explores the personal, psychological, institutional, and environmental factors contributing to attrition, as well as its impacts on employee performance, quality of work, and the reputation and efficiency of the banking sector. Strategies to address attrition are discussed, including the role of human resources management and the use of technology and innovation to improve the work environment. The study utilizes qualitative methods like interviews and documentation analysis. Findings indicate that managing attrition requires improving leadership, providing training, implementing motivation policies, and leveraging technology to enhance operations and customer experience

**Key Words:** *Algeria; attrition; banking sector; human resources management; technology.*

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### **Introduction:**

The digital revolution has dramatically transformed the banking landscape, leading to major changes in the delivery of financial services and in the interactions between Banks and their customers. Advances in information and communication technologies (ICT) have opened up new opportunities, while posing significant challenges for players in the banking sector.

Information and communication technologies, such as rich databases, electronic means of transmission, call centers, mobile telephone equipment, and the expansion of telecommunications networks, have redefined the nature of banking services, offering new strategic and commercial opportunities. For example, the Internet has led to a significant reduction in infrastructure and transaction costs, while online banking offers can be tailored to the specific needs of customers, opening up new customer segments, especially in brokerage activities.



However, these developments have also introduced significant challenges for Banks, particularly in terms of investment and profitability, driven by increasing competition. The immediate comparison between different offerings has become a source of increased customer volatility, forcing Banks to critically assess the impact of their strategies on their organization and results, and to develop comprehensive policies to control the development of new media.

In this context of rapid change, the importance of information relating to the market and its environment, as well as its evolution, has become crucial and even strategic. New information and communication technologies have opened up new possibilities for interaction between customers and Banks, removing temporal, spatial and even conceptual barriers.

As a result, information and communication technologies have become an essential element in risk management, security and control, representing a real structural migration of the banking business. The successful integration of these technologies has become a key success factor for Banks, which are perceived as trusted networks.

From this perspective, the ICT revolution is proving to be an important asset for modern banking, and their integration is becoming a necessary step for Algerian Banks who want to improve their efficiency in customer relationship management (CRM) and increase their speed in marketing communication to reach their audience.

### **Research Importance:**

The choice of the Algerian banking sector as the object of our research is not fortuitous, because it is at the epicenter of these profound changes, due to the trivialization of new technologies, and the pressure of new entrants. Our choice is justified by the fact that we want to deepen our knowledge about banking attrition in order to get an idea about the factors that explain it in general and those that explain this phenomenon.

### **Research Methodology:**

The research methodology will include the use of qualitative methods, such as the descriptive method, to describe the phenomenon under study as a whole and in its particular aspects. This approach involves the use of judgement and observation to understand the phenomenon. Research techniques, such as documentation and interviews, will also be used to collect relevant data. The documentation will involve consulting various sources such as dictionaries, books, journals and the Internet to obtain reliable information. Face-to-face interviews with bank agents and other industry experts will provide information on the use of information and communication technologies in customer relationship management in the banking sector.



### **Research problem:**

The problem of this thesis is how Banks can succeed in retaining and retaining their customers in a context where banking marketing decisions and actions are centralized at the level of marketing departments and customer relationship management platforms. It is also pointed out that some customers are simply unrecoverable, raising the question of how Banks can reduce attrition and maintain customer loyalty. To answer this problem, several specific questions are asked:

- What communication tools do Banks use in their relationship with the customer?
- What are the factors that trigger customer attrition?
- Is information and communication technology (ICT) important in building customer trust in the bank?
- Does ICT contribute to the personalization of banking services to customers?

These questions aim to explore communication strategies, attrition factors, the role of TIC in customer trust in the bank, and their contribution to the personalization of banking services.

### **I- Factors affecting attrition in the banking sector**

In this research, we were able to understand and analyze the personal and psychological factors that can affect the phenomenon of attrition in the banking sector. Focusing on institutional and environmental factors also contributes to understanding how they affect this phenomenon within banks and financial institutions.

#### **1-1. Personal and psychological factors contributing to attrition**

Specific psychological and personal factors can influence attrition in the Algerian context. Some factors that may be influencing include:(Maslach, Schaufeli, & Leiter, 2001)

- In some cases, social values and societal expectations may add to stress on individuals and contribute to increased levels of attrition.
- Psychological stress: Economic and social conditions in Algeria may be a source of psychological stress, and this can lead to increased levels of attrition.
- Lack of institutional support: There may be a lack of institutional and administrative support in some institutions in Algeria, which can increase employees' feelings of exhaustion.
- Imbalance between professional and personal life: Under the demanding working conditions in Algeria, it may be difficult for individuals to maintain a correct balance between their professional and personal lives, leading to high levels of attrition.



- Mental health disorders: Disorders such as anxiety and depression may be among the factors that contribute to increased levels of attrition in individuals.
- Lack of motivation and satisfaction at work: There may be a lack of motivation and satisfaction in some work environments in Algeria, which can lead to employees feeling depleted.
- These are some of the factors that may be influential in increasing levels of attrition in the context of Algeria.

Personal and psychological factors:

- Psychological pressures: such as work pressures, tension, and anxiety resulting from work requirements.
- Imbalance between personal life and work: For example, employees' inability to manage their time between work and personal life.
- Lack of social support: Feeling isolated and lacking support from colleagues and management may lead to increased levels of attrition.
- Psychological exhaustion can be the result of several personal and psychological factors that may be present in the context of Algeria or in any other society.

## **1-2. Institutional and environmental factors that affect the phenomenon of attrition**

Specific personal and psychological factors affect the phenomenon of attrition in the Algerian context. Factors that may be influencing include:

- Social pressures: In some cases, social values and societal expectations may add to the pressures on individuals and contribute to increased levels of attrition.
- Psychological stress: Economic and social conditions in Algeria may be a source of psychological stress, and this can lead to increased levels of attrition.
- Lack of institutional support: There may be a lack of institutional and administrative support in some institutions in Algeria, which can increase employees' feelings of exhaustion.
- Imbalance between professional and personal life: Under the demanding working conditions in Algeria, it may be difficult for individuals to maintain a correct balance between their professional and personal lives, leading to high levels of attrition.
- Mental health disorders: Disorders such as anxiety and depression may be among the factors that contribute to increased levels of attrition in individuals.
- Lack of motivation and satisfaction at work: There may be a lack of motivation and satisfaction in some work environments in Algeria, which can lead to employees feeling depleted.



These are factors that may be influential in increasing levels of attrition in the context of Algeria.

The impact of institutional and environmental factors on the phenomenon of attrition in Algeria can be a complex and diverse topic. However, some common factors that may affect the attrition phenomenon can be identified in the Algerian context:(El Mouloudi & Boudjellaba, 2020)

- Unemployment: Algeria's high unemployment rate may lead to employees' sense of professional and economic instability, which could increase the levels of attrition.
- Occupational stress: There may be great professional pressures in some industries and sectors in Algeria, such as health and education, and this can lead to an increase in levels of attrition among employees.
- Lack of balance between professional and personal life: There may be a challenge to maintain a correct balance between work life and personal life in some societies in Algeria, and this can lead to an increase in attrition levels.
- Lack of professional development opportunities: If there are no clear opportunities for professional development and promotion in some sectors, this may lead to employees feeling frustrated and depleted.
- Lack of Administrative Support: There may be a lack of administrative support and guidance from management in some institutions, which can lead to increased levels of attrition.

### **1-3. Effects of the phenomenon of attrition on the banking sector and employees:**

In this research, we were able to explore the impact of the attrition phenomenon on the efficiency of the banking sector and the performance of its employees, as well as understand how the phenomenon can affect the reputation of this sector in the market and among the public and customers.

### **2- The impact of attrition on employee performance and quality at work:**

Employees' performance and quality at work are greatly influenced by attrition experiences. Attrition is defined as the physical and mental fatigue that occurs as a result of overloading and psychological stress faced by employees in the work environment.

This may lead to a decline in performance and a decrease in the quality of work they provide. In Algeria, there are several factors that can lead to depletion of employees. These factors include, for example, the presence of excessive work pressure, long working hours, a lack of balance between working life and personal life, poor communication and lack of administrative support, and the lack of opportunities for professional development and progress.(Maslach & Leiter, 1997)

The impact of attrition on the performance and quality of employees at work can be significant. When employees feel psychological and emotional attrition, this may negatively affect their performance and quality at work. This effect can



include a deterioration in productivity, an increase in errors and negligence, and a decline in the level of involvement and interaction with colleagues and clients. (Grandey A., 2003).

Attrition occurs as a result of constant psychological and emotional stress in the work environment, and may lead to a negative impact on employees' performance and quality of work. Some potential negative effects of attrition on employee performance and quality of work:

- Decline in performance: Exhaustion may lead to a decline in employees' performance, as it becomes difficult for them to concentrate and be productive at work as a result of psychological exhaustion.
- Increased errors: Feeling depleted may lead to an increase in making mistakes at work, as it becomes difficult for employees to pay enough attention and focus.
- Decline in work quality: Attrition may lead to a decline in work quality, as it becomes difficult for employees to provide outstanding performance and complete tasks well.
- Impact on mental health: Attrition may lead to a deterioration in employees' mental health, affecting their satisfaction and happiness at work.
- Impact on interaction with customers: Feeling exhausted may have a negative impact on interaction with customers, affecting the quality of customer service.

### **2-1. The impact of attrition on the reputation and efficiency of the banking sector in Algeria:**

Attrition in the banking sector can have significant negative impacts on its reputation and efficiency. For example, if there is a significant drain of deposits from banks as a result of mistrust in the banking system or due to economic crises, this can lead to a shortage of liquidity and a weakened ability to provide banking services. This, in turn, may negatively affect the reputation of banks and reduce public confidence in them.

Depletion increases stress in the banking system and reduces the ability to provide credit and financial services to customers. This, in turn, could affect the efficiency of the banking sector and reduce its ability to support the local economy.

Attrition has negative impacts on the reputation and efficiency of the banking sector, and may require effective management and precautionary measures to deal with these challenges.

The impact of attrition on the reputation and efficiency of the banking sector in Algeria can be significant and affects several different aspects, including:

- Reputation: Attrition can negatively impact the reputation of banks and financial institutions, as it can lead to a loss of customer and public



confidence. This, in turn, could affect its ability to attract deposits and increase its customer base.

- **Efficiency:** Attrition can lead to a reduction in the number of qualified and trained employees in banks, affecting their efficiency in providing financial services and managing daily operations.
- **Costs:** Attrition may increase banks' operational costs as a result of the need to train and hire new employees frequently, and this can negatively impact the profitability margin.
- **Innovation:** Attrition may affect banks' ability to innovate and develop new products and services, which can weaken their competitiveness in the market.
- **Impact on financial stability:** Depletion may reduce the ability of banks to bear financial risks and the negative effects of unexpected economic events.

Attrition may lead to deteriorating employee relations and increased job turnover, affecting banks' stability and ability to effectively achieve their objectives.

Managing the negative effects of attrition includes strategies to improve the work environment and motivate employees, develop sustainable training and development programs, in addition to implementing policies that encourage retention.

### **3- Strategies to address the phenomenon of attrition in the banking sector:**

We will be able to explore strategies that can be adopted to confront and reduce the phenomenon of attrition in the banking sector, as it highlights the role of human resource management in this context, in addition to focusing on the use of technology and innovation in improving the work environment and creating an environment that encourages productivity and reduces depletion.

### **4- The role of human resources management in reducing the phenomenon of attrition:**

Human resources management plays a major role in reducing the phenomenon of attrition in the banking sector. The human resources department can take several measures to reduce this phenomenon, including:(Khan & Khan, 2018)

**Improving the work environment:** Human resources management can improve the work environment in banks by developing policies and procedures that enhance effective communication, promote a positive organizational culture, and motivate employees to participate and innovate.

#### **4-1. Providing development and training opportunities:**

Human resources management can provide sustainable development and training opportunities for employees, which contributes to increasing their level of satisfaction and maintaining their skills and competence.

Offering development and training opportunities to employees is a strategic way to enhance their skills, increase engagement, and contribute to overall



organizational growth. Here are some approaches to provide effective development and training opportunities:

- **Training Needs Assessment:** Conduct regular assessments to identify the specific training needs of employees at all levels. This helps in designing targeted development programs that address skill gaps and align with individual and organizational goals.
- **Professional Skills Development:** Offer a range of training programs to enhance professional skills such as communication, time management, problem-solving, leadership, project management, and technical skills relevant to employees' roles.
- **Career Development Programs:** Provide career development opportunities that focus on advancing employees' career paths within the organization. This can include job rotations, succession planning, leadership development programs, and mentorship initiatives.
- **On-the-Job Training:** Implement on-the-job training methods such as shadowing, coaching, job shadowing, and peer learning to provide practical experience and hands-on learning opportunities. This helps employees apply new skills immediately in their roles.
- **External Training and Workshops:** Encourage employees to attend external training programs, workshops, conferences, and webinars to gain industry insights, network with professionals, and stay updated on latest trends and best practices.
- **E-Learning Platforms:** Invest in e-learning platforms and online courses to offer flexible, accessible, and self-paced learning opportunities to employees. E-learning modules can cover a wide range of topics and cater to diverse learning styles.
- **Certification Programs:** Support employees in obtaining relevant certifications or qualifications that enhance their expertise and credibility in their field. Certification programs add value to employees' skill sets and boost their career prospects.
- **Feedback and Evaluation:** Regularly evaluate the effectiveness of development and training programs through feedback surveys, assessments, and performance reviews. Use this feedback to improve the quality and relevance of future training initiatives.
- **Create a Learning Culture:** Foster a learning culture within the organization where continuous learning and personal development are encouraged and celebrated. Showcase employees who have excelled in their training efforts to inspire others.
- **Budget and Resources:** Allocate sufficient budget and resources for training and development initiatives to ensure their success. Investing in employee development yields long-term benefits in terms of improved performance, retention, and overall organizational success.



By offering diverse development and training opportunities tailored to employees' needs, organizations can foster a culture of learning, skill enhancement, and continuous improvement, leading to a more engaged and capable workforce.

#### **4-2. Improving the quality of leadership:**

Human resources management can support the development of leadership skills for managers and supervisors in banks, which contributes to building positive relationships with employees and enhancing team spirit.

Improving the quality of leadership within an organization is crucial for driving performance, fostering a positive work culture, and ensuring long-term success. Here are some strategies to enhance leadership quality:

- **Leadership Development Programs:** Implement leadership development programs to cultivate and enhance the skills of current and potential leaders. Provide training on communication, emotional intelligence, decision-making, conflict resolution, and other essential leadership competencies.
- **Coaching and Mentoring:** Offer coaching and mentoring opportunities for leaders to receive guidance, feedback, and support in their roles. Pairing experienced leaders with emerging leaders can help transfer knowledge and skills, fostering continuous growth.
- **Lead by Example:** Effective leaders lead by example and set the tone for the organization. Demonstrate integrity, transparency, humility, and a strong work ethic. When leaders embody the values they expect from others, they inspire trust and respect.
- **Encourage Collaboration and Teamwork:** Foster a culture of collaboration and teamwork among leaders and their teams. Encourage open communication, shared goals, and mutual support. Effective collaboration leads to innovative solutions and cohesive teams.
- **Promote Diversity and Inclusion:** Embrace diversity and inclusion in leadership roles by ensuring representation from various backgrounds, experiences, and perspectives.

Diverse leadership teams are more creative, adaptable, and better equipped to address complex challenges.

- **Emphasize Communication Skills:** Effective communication is essential for leadership success. Encourage leaders to communicate clearly, actively listen to employees, provide constructive feedback, and engage in open dialogue. Strong communication skills build trust and engagement.
- **Empower Decision-Making:** Encourage leaders to empower their teams by delegating authority, sharing responsibility, and involving team members in decision-making processes. Empowered teams are more motivated, innovative, and committed to achieving shared goals.
- **Continuous Feedback and Learning:** Provide leaders with regular feedback on their performance and opportunities for continuous learning and growth.



Encourage leaders to seek feedback from their teams and to reflect on their leadership style to identify areas for improvement.

- Create a Supportive Environment: Establish a supportive environment where leaders feel comfortable seeking help, guidance, and resources. Encourage an open-door policy, offer resources for leadership development, and prioritize mental health and well-being.

By investing in leadership development, promoting a culture of collaboration and inclusivity, and fostering strong communication and decision-making skills, organizations can enhance the quality of their leadership, drive employee engagement, and achieve sustainable growth and success.

#### **4-3. Providing benefits and rewards programs:**

Human resources management can implement rewards and benefits programs that motivate employees for outstanding performance and enhance their connection to the organization.

Providing benefits and rewards programs is essential for attracting, motivating, and retaining top talent within an organization. Here are some key points to consider when developing and implementing benefits and rewards programs:

- Comprehensive Benefits Package: Offer a competitive benefits package that includes healthcare, dental, vision insurance, retirement plans, paid time off, and other perks like wellness programs or flexible work arrangements. A comprehensive benefits package demonstrates that the organization values its employees' well-being.
- Performance-Based Incentives: Implement performance-based incentives such as bonuses, profit-sharing, or commission structures to reward employees for their hard work and achievements. Linking rewards to performance can motivate employees to meet and exceed goals.
- Recognition Programs: Establish recognition programs to acknowledge and appreciate employees for their contributions. This can include Employee of the Month awards, peer-to-peer recognition, or spot bonuses for exceptional performance. Recognizing employees' efforts boosts morale and motivation.
- Professional Development Opportunities: Invest in employees' professional development through training programs, workshops, conferences, tuition reimbursement, or mentorship opportunities. Providing avenues for growth and learning helps employees feel valued and supported in their career advancement.
- Work-Life Balance Initiatives: Promote work-life balance through initiatives such as flexible work schedules, remote work options, parental leave policies, and wellness programs. Supporting employees in achieving a healthy balance between work and personal life can increase satisfaction and productivity.
- Employee Assistance Programs: Offer Employee Assistance Programs (EAPs) to provide support for employees facing personal or work-related challenges. EAPs can include counseling services, financial planning



assistance, legal advice, or mental health resources to help employees navigate difficulties.

- **Customized Benefits:** Consider offering customizable benefits packages that allow employees to choose benefits that suit their individual needs. This could include options for different healthcare plans, retirement savings schemes, or wellness programs tailored to employees' preferences.
- **Regular Feedback and Evaluation:** Continuously assess the effectiveness of benefits and rewards programs through feedback surveys, employee satisfaction surveys, and performance evaluations. Adjust programs as needed based on employee feedback and organizational goals.

By providing a robust benefits and rewards program that aligns with employee needs and organizational objectives, companies can enhance employee satisfaction, engagement, and retention, leading to a more productive and motivated workforce.

#### **4-4. Building a motivational culture:**

Human resources management can foster a motivational culture that encourages innovation and dedication to work, and enhances employees' sense of belonging to the bank.

Building a motivational culture within an organization involves creating an environment where employees feel inspired, engaged, and motivated to perform at their best. Here are some key strategies to help build a motivational culture:

- **Clear Vision and Goals:** Communicate a clear vision and set of goals that inspire and motivate employees. When employees understand the purpose and direction of the organization, they are more likely to be motivated to contribute to its success.
- **Empowerment:** Give employees the autonomy and authority to make decisions and take ownership of their work. Empowered employees are more engaged and motivated to excel in their roles.
- **Recognition and Rewards:** Recognize and reward employees for their achievements and contributions. This can be done through verbal praise, awards, bonuses, promotions, or other forms of recognition that align with the organization's values.
- **Professional Development:** Provide opportunities for learning and growth through training, workshops, mentorship programs, and other development initiatives. Employees who see opportunities for advancement and skill development are more likely to be motivated to perform well.
- **Open Communication:** Foster a culture of open communication where employees feel comfortable sharing their ideas, concerns, and feedback. Encourage two-way communication between employees and management to build trust and engagement.
- **Team Building:** Encourage collaboration and teamwork by organizing team-building activities, promoting a sense of camaraderie, and celebrating team



successes. A strong sense of teamwork can motivate employees to work together towards common goals.

- **Wellness Programs:** Support employee well-being through wellness programs that promote physical, mental, and emotional health. Healthy and happy employees are more likely to be motivated and engaged in their work.
- **Lead by Example:** Leaders play a crucial role in creating a motivational culture. Lead by example, demonstrate positive behaviors, and show genuine care and support for your team members.

By implementing these strategies and fostering a positive work environment, organizations can create a motivational culture that boosts employee morale, productivity, and overall performance.

#### **4-5. Change management:**

Human resources management can support employees during periods of change in the organization, and ensure that they understand the goals of change and the potential effects on their performance.

Change management is the process of planning, implementing, and managing changes in an organization in a systematic and structured way. It involves identifying potential changes, assessing their impact, communicating with stakeholders, and ensuring that the changes are effectively implemented and integrated into the organization's operations. Change management helps organizations adapt to new circumstances, improve efficiency, and achieve their strategic goals.

Human resources management plays a vital role in reducing the phenomenon of attrition in Algeria by improving the work environment, providing development and training opportunities, strengthening relations between employees, improving the quality of leadership, implementing motivating policies and programs of rewards and benefits, and promoting a culture of respect and appreciation in the workplace.

#### **5- Using technology and innovation to improve the work environment and reduce attrition:**

Technology and innovation can be used to improve the work environment and reduce attrition in the banking sector in Algeria by adopting advanced banking operations management systems and improving customer experience. For example, AI and massive analysis can be used to improve identity verification and security in banking transactions, reducing the chances of fraud and increasing the efficiency of operations.

Using technology to develop innovative digital payment solutions such as mobile banking and digital wallets, making it easier for customers to perform banking transactions faster and safer. It is also important to direct investment towards developing a strong and secure technological infrastructure to support and



ensure sustainability. (Investing in Financial Technology: Challenges and Opportunities” Central Bank of Algeria, , s.d.)

Technology and innovation can be used to improve the work environment and reduce attrition in Algeria by applying advanced banking management systems and improving customer experience. Massive analysis and artificial intelligence can be used to improve verification and security in banking transactions, and develop innovative digital payment solutions. The investment should also be directed towards the development of a strong and secure technological infrastructure to support these innovations.

### **Conclusion:**

At the conclusion of the behavioral study of the phenomenon of attrition in the banking sector in Algeria, it clearly appears that this phenomenon is the result of several personal and psychological factors, in addition to the institutional and environmental factors that drive it. In addition, the study also reveals negative impacts on the banking sector and its employees as a result of this phenomenon, which highlights the importance of combating it. Finally, by reviewing possible strategies to confront and address this phenomenon, it becomes clear that human resources management and the use of technology and innovation can play an effective role in reducing this phenomenon and improving the work environment in the banking sector in Algeria.

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