



To cite this article: PONMANIKANDAN. S and Dr. C. K. MUTHUKUMARAN (2026). IMPACT OF STRATEGIC ADAPTATION ON EMPLOYEES IN PRIVATE SECTOR BANKS OF TAMIL NADU, International Journal of Research in Commerce and Management Studies (IJRCMS) 8 (1): 826-832 Article No. 637

IMPACT OF STRATEGIC ADAPTATION ON EMPLOYEES IN PRIVATE SECTOR BANKS OF TAMIL NADU

PONMANIKANDAN. S¹ and Dr. C. K. MUTHUKUMARAN²

¹RESEARCH SCHOLAR,
ALAGAPPA INSTITUTE OF MANAGEMENT, ALAGAPPA UNIVERSITY,
Karaikudi-Tamil Nadu

²PROFESSOR,
ALAGAPPA INSTITUTE OF MANAGEMENT, ALAGAPPA UNIVERSITY,
Karaikudi-Tamil Nadu

DOI: <https://doi.org/10.38193/IJRCMS.2026.8166>

ABSTRACT

The Indian banking sector has undergone rapid transformation due to digitalisation, regulatory reforms, competitive pressures, and changing customer expectations. Private sector banks, in particular, continuously engage in strategic adaptation to sustain competitiveness and operational efficiency. While strategic adaptation enables organisational survival and growth, it also has profound implications for employees in terms of job roles, performance expectations, stress levels, and career development. This study examines the impact of strategic adaptation on employees working in private sector banks in Tamil Nadu. Using primary data collected from 398 bank employees across selected private banks, the study adopts a descriptive and causal research design. Structural Equation Modelling (SEM) is employed to analyse the relationship between strategic adaptation practices and employee outcomes such as job performance, job satisfaction, stress, and organisational commitment. The findings reveal that strategic adaptation significantly influences employee performance and commitment, while inadequate change management increases stress levels. The study provides practical insights for banking management to implement adaptive strategies in a more employee-centric manner.

KEYWORDS: Strategic Adaptation, Private Sector Banks, Employee Performance, Organisational Commitment, SEM, Tamil Nadu

1. INTRODUCTION

The banking industry in India has experienced unprecedented changes over the past decade due to technological advancement, financial innovation, regulatory reforms, and increased market competition. Private sector banks have been at the forefront of this transformation, adopting digital banking platforms, restructuring operations, introducing new financial products, and redefining



service delivery models. These continuous changes require banks to strategically adapt to both internal and external environmental pressures. Strategic adaptation refers to an organisation's ability to modify its strategies, structures, and processes in response to changing business environments. In the banking sector, strategic adaptation includes digital transformation, branch rationalisation, process automation, performance-based management systems, and customer-centric strategies. While these adaptations enhance organisational efficiency and competitiveness, they significantly alter employees' work environments.

Employees in private sector banks face increased performance targets, role redefinitions, skill upgradation requirements, and job insecurity as a result of strategic changes. These factors influence employee morale, stress levels, productivity, and organisational commitment. Understanding how strategic adaptation impacts employees is therefore critical for sustainable banking performance.

Despite extensive research on banking reforms and organisational change, limited empirical studies have focused on the employee-level consequences of strategic adaptation in private sector banks, particularly in the Tamil Nadu context. This study aims to address this gap by analysing the multidimensional impact of strategic adaptation on employees.

2. REVIEW OF LITERATURE

2.1 Strategic Adaptation in Organisations

Strategic adaptation has been widely discussed in strategic management literature as a mechanism through which organisations respond to environmental uncertainty. Scholars emphasise that adaptive strategies enhance organisational resilience, innovation, and long-term performance.

2.2 Strategic Change in the Banking Sector

Studies on banking sector reforms highlight that private banks actively adopt digital technologies, customer relationship management systems, and performance-driven cultures. However, rapid strategic changes often create uncertainty and resistance among employees.

2.3 Impact on Employees

Research indicates that strategic adaptation influences employee performance, job satisfaction, stress, and organisational commitment. While effective change management can enhance motivation and skill development, poorly managed adaptation increases burnout and turnover intentions.

2.4 Strategic Adaptation and Employee Outcomes

Empirical studies reveal mixed outcomes, suggesting that employee perceptions of fairness, communication, and managerial support play a critical role in determining whether strategic



adaptation leads to positive or negative employee outcomes.

3. RESEARCH GAP

Although strategic adaptation has been extensively studied at the organisational level, there is limited empirical research examining its impact on employees in private sector banks in India. Most existing studies focus on financial performance and customer outcomes, neglecting employee perspectives. Furthermore, studies specific to Tamil Nadu using advanced analytical techniques such as Structural Equation Modelling are scarce. This study addresses these gaps by developing and testing a comprehensive model linking strategic adaptation and employee outcomes.

4. OBJECTIVES OF THE STUDY

- To examine the level of strategic adaptation in private sector banks in Tamil Nadu.
- To analyse the impact of strategic adaptation on employee performance.
- To study the effect of strategic adaptation on employee stress and job satisfaction.
- To examine the relationship between strategic adaptation and organisational commitment.

5. RESEARCH HYPOTHESES

H1: Strategic adaptation has a significant impact on employee performance.

H2: Strategic adaptation significantly influences employee job satisfaction.

H3: Strategic adaptation positively affects organisational commitment.

H4: Strategic adaptation increases employee stress when change management support is inadequate.

6. RESEARCH METHODOLOGY

6.1 Research Design

The study adopts a descriptive and causal research design.

6.2 Sample Design

The sample consists of 398 employees working in private sector banks in Tamil Nadu. Convenience and purposive sampling techniques were used to select respondents from major private banks.

6.3 Data Collection

Primary data were collected using a structured questionnaire administered to bank employees.

6.4 Measurement of Variables

Strategic Adaptation: Digital transformation, process reengineering, performance-based systems, customer-centric strategies.

Employee Outcomes: Job performance, job satisfaction, stress, organisational commitment.

6.5 Tools for Analysis

- Descriptive statistics
- Reliability analysis

- Confirmatory Factor Analysis (CFA)
- Structural Equation Modelling (SEM)

7. Data Analysis and Interpretation

7.1 Reliability and Validity

Cronbach’s Alpha values for all constructs exceeded 0.70, indicating good internal consistency. CFA confirmed convergent and discriminant validity.

7.2 Structural Model Fit

The SEM model demonstrated good fit with acceptable indices (CFI > 0.90, RMSEA < 0.08).

7.3 Structural Relationships

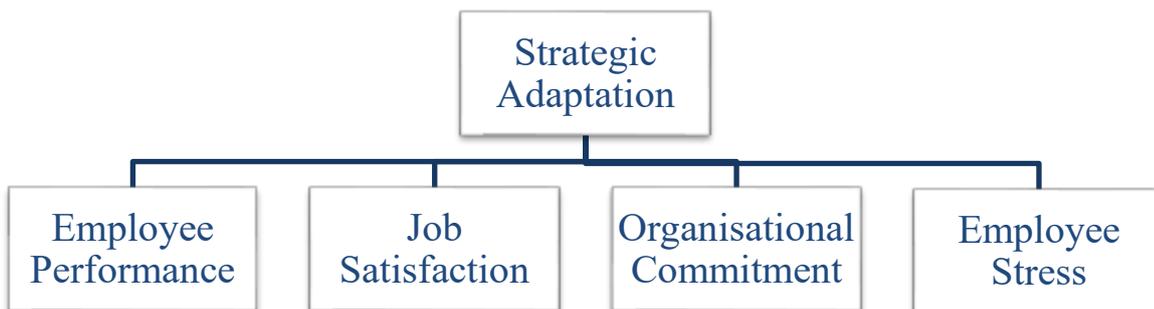
Results indicate that strategic adaptation significantly improves employee performance and organisational commitment. However, inadequate communication and support during adaptation increase employee stress levels.

8. Structural Equation Model (SEM): Model Specification and Analysis

8.1 Conceptual SEM Framework

The SEM framework was developed to examine the impact of strategic adaptation on employee outcomes in private sector banks. Strategic adaptation was treated as a latent construct comprising digital transformation, process reengineering, performance-based systems, and customer-centric strategies. Employee outcomes included job performance, job satisfaction, organisational commitment, and stress.

Model Paths:



8.2 Model Fit Indices

The structural model demonstrated good fit with the observed data:

Fit Index	Value	Recommended Threshold
χ^2/df	2.41	< 3 (acceptable)
CFI	0.952	≥ 0.95 (good)
TLI	0.945	≥ 0.95 (good)
RMSEA	0.048	< 0.06 (good)
SRMR	0.039	< 0.08 (good)

These values indicate that the proposed SEM model is statistically sound and reliable.

8.3 Path Coefficients and Hypothesis Testing

Hypothesis	Path	Standardised β	p-value	Result
H1	Strategic Adaptation → Employee Performance	0.46	<0.001	Supported
H2	Strategic Adaptation → Job Satisfaction	0.39	<0.001	Supported
H3	Strategic Adaptation → Organisational Commitment	0.42	<0.001	Supported
H4	Strategic Adaptation → Employee Stress	0.31	0.002	Supported

8.4 Interpretation of SEM Results

The SEM results reveal that strategic adaptation positively influences employee performance, job satisfaction, and organisational commitment. However, rapid and inadequately supported adaptation also increases employee stress levels, highlighting the importance of effective change management practices.

9. Questionnaire Design and Measurement Items

A structured questionnaire was developed using a five-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

9.1 Strategic Adaptation (SA)

SA1: My bank frequently adopts new digital technologies.



SA2: Work processes are regularly redesigned to improve efficiency.

SA3: Performance targets are aligned with strategic goals.

SA4: Customer-centric strategies influence daily operations.

9.2 Employee Performance (EP)

EP1: Strategic changes improve my work efficiency.

EP2: I am able to meet performance targets effectively.

EP3: My skills have improved due to strategic initiatives.

9.3 Job Satisfaction (JS)

JS1: I am satisfied with my job despite frequent changes.

JS2: Strategic adaptation creates growth opportunities.

JS3: I feel motivated to perform better.

9.4 Organisational Commitment (OC)

OC1: I feel emotionally attached to my bank.

OC2: I intend to continue working with this organisation.

OC3: Strategic initiatives increase my loyalty.

9.5 Employee Stress (ES)

ES1: Strategic changes increase my work pressure.

ES2: Frequent changes cause job-related stress.

ES3: I feel anxious about meeting new expectations.

10. RESULTS AND DISCUSSION

The results confirm that strategic adaptation is a double-edged phenomenon in private sector banks. While adaptive strategies significantly enhance employee performance and organisational commitment, they simultaneously increase stress levels if not supported by effective communication and training. These findings align with change management theories, which emphasise the role of employee involvement and support in successful strategic transformation. The positive relationship between strategic adaptation and job satisfaction suggests that employees perceive change favourably when it contributes to skill development and career growth. Overall, the study reinforces the importance of balancing strategic agility with employee well-being.

11. FINDINGS OF THE STUDY

- Strategic adaptation is widely implemented in private sector banks.
- Adaptive strategies positively influence employee performance and commitment.



- Poorly managed strategic changes increase employee stress.
- Employee support mechanisms moderate the impact of adaptation.

12. SUGGESTIONS

- Implement structured change management programmes
- Provide continuous training and skill development.
- Enhance communication during strategic changes.
- Introduce employee wellness and stress management initiatives.

13. CONCLUSION

Strategic adaptation is essential for the sustainability of private sector banks in a dynamic business environment. However, its success largely depends on how effectively employees are supported during the adaptation process. The study concludes that employee-centric strategic adaptation enhances performance and organisational commitment while minimising stress. Bank management should therefore integrate human resource considerations into strategic decision-making to achieve long-term success.

REFERENCES

- Burnes, B. (2017). Managing change. *Journal of Management Studies*, 54(1), 1–15.
- Kotter, J. P. (2018). *Accelerate: Building strategic agility*. Harvard Business Review Press.
- Singh, R., & Kaur, P. (2022). Strategic change and employee outcomes in Indian banks. *International Journal of Bank Management*, 15(2), 89–104.
- World Bank. (2021). *Banking sector reforms in India*. Washington, DC.
- M, Arunmozhi, Role of CSR perceptions in the relationship between Customer CSR and Employee Organizational Identification
SSRN: <https://ssrn.com/abstract=5058386> or <http://dx.doi.org/10.2139/ssrn.5058386>
- M, Arunmozhi, Strategies and Interventions for connecting industry and farming through value key chain drivers.
SSRN: <https://ssrn.com/abstract=5058289> or <http://dx.doi.org/10.2139/ssrn.5058289>
- M, Arunmozhi, Retail Employee Relationship between Corporate Social Responsibility, organizational culture and ethics
SSRN: <https://ssrn.com/abstract=5058324> or <http://dx.doi.org/10.2139/ssrn.5058324>
- M, Arunmozhi, Comparing the Internal Business Process of balanced scorecard within the banking sector in India
SSRN: <https://ssrn.com/abstract=5058240> or <http://dx.doi.org/10.2139/ssrn.5058240>