



A STUDY ON EMPLOYEES' PERCEPTION, SATISFACTION AND ATTITUDE TOWARDS BANK MERGERS

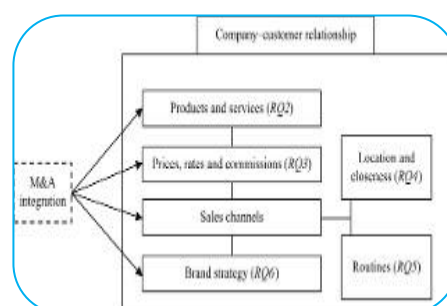
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ABSTRACT:

Business firms must be strong enough in terms of its resources to survive in this competitive world. To expand the resources of the organization and to gain a competitive edge in global arena, mergers and acquisitions take place between two more enterprises. In India Mergers in banking sector is a frequent and inevitable phenomena particularly in post liberalization era. During merging process and after the merger of banks there would be several changes both in structure and strategy of the merged bank. Without the support of employees any such changes in an organization cannot be implemented successfully. If changes are not managed properly then it may create stress and dissatisfaction among the employees which may increase employees' turnover rate. Therefore a study has been conducted in this paper to know how the employees adopt themselves with changing business environment and what is their perception about bank mergers.



KEYWORDS: Mergers, Employee's perception, Banks.

INTRODUCTION

The present economic scenario has witnessed a large number of merger and acquisitions in banking industry all over the world. One of the principal objectives behind the mergers in banking sector is to reap the economies of scale. The growing competition and new economic reforms have compelled banks to expand their size and to penetrate into world market. Consequently, one of the most widely used tools is mergers and acquisitions. However, the present market situation is such that there is bombardment of many new and diverse products from large pool of bankers. For survival, deliberate decisions are required to mitigate the diverse effects of market forces. At the time of taking decision of Mergers, generally financial and technical issues are taken care of and HR issues are ignored which is most important issue for success of any merger. Therefore, the aim of this research paper is to assess the level of satisfaction among employees of the merged bank.

In creation of bank growth, augmenting geographic networks, to accelerate market share, creating strategic fit and synergy; organizations are adopting strategic tools like Mergers and Acquisitions (M&As). It is evident from the pages of history that Mergers and Acquisition is the most widely used strategic tool for growth. A merger is a combination strategy of two or more bank in which one acquires the assets and liabilities of the other in exchange for share or cash. At this point of time, it becomes imperative for strategist and policy makers to undertake the confidence of their employees,

customer, shareholder and subsidiaries and to understand how they perceive any strategic move because this surely affects the image of the bank.

Since the world market is shrinking and consumers are becoming aware about various products and services offered by global players due to the emergence of ICT, it has become strategically important for banks to understand the perception of employees under the purview of Mergers and Acquisitions, this is so, because they deliver the services. Many researchers have proved that human factor is the key element in delivery of services. Thus, we can say that core reason for success and failure of mergers are human resources i.e. personnel and their behaviour in the circumstances of blends of cultures and sets of policies practices. Therefore, Transferee Company must create an environment where the employees of Transferor Company can project merger as a steps towards growth. Consequently, employees will strive to work with integration of vision and mission of Transferee Company.

In this scenario, this study on employees' perception has been conducted on selected merged banks i.e., Bank of Baroda and Vijaya Bank, SBI and SBM. Thus, this study can contribute in the field of strategic management as a view point of employees and human resource management. Strategist can consider this view as an input in strategy formulation.

RESEARCH METHODOLOGY

To study, perception of employees about bank merger, employees opinions are collected through questionnaire. Employees of recently merged banks such as Bank of Baroda, Vijaya Bank and State Bank of India are contacted to collect primary data.

OBJECTIVES:

- To know employees perception about bank merger.
- To study employees' satisfaction level in post merger scenario.

Need for study

Since the early 1990s, the structure of the banking sector has significantly changed due to the deregulation and liberalization, accompanied by entry of foreign banks and merger of many banks in India and in the world. In the post reform period about 29 bank mergers took place in India. These mergers have important implication on the performance and profitability of banks. Post Merger performance and profitability depends on support and involvement of human resources of banks. Therefore from the point of view of both managerial and policy interests, it is extremely important to know the impact of these mergers on the employees of the bank. And employees' perception and attitude towards bank mergers.

DATA ANALYSIS AND INTERPRETATION

Table-1 Bank-wise classification of employees

NAME OF THE BANK THAT INVOLVE IN MERGER	NO. OF EMPLOYEES	% of employees
Bank Of Baroda with Vijaya Bank	10	50
State Bank Of Mysore with State Bank Of India	10	50

Table-1 shows total number of employees belongs to merged banks. The researcher collected data from employees of recently merged banks i.e., Vijaya Bank and Baroda (Merger took place in the year 2019) and SBM and SBI (merger happened in the year 2017). Out of total 20 employees, 10 employees belong to Bank of Baroda and Vijaya Bank and remaining 10 employees belong to SBM and SBI.

Table-2 GENDERWISE CLASSIFICATION OF RESPONDENTS

GENDER	NO. OF RESPONDENTS	% of RESPONDENTS
Male	16	80
Female	4	20

Source ; Field survey

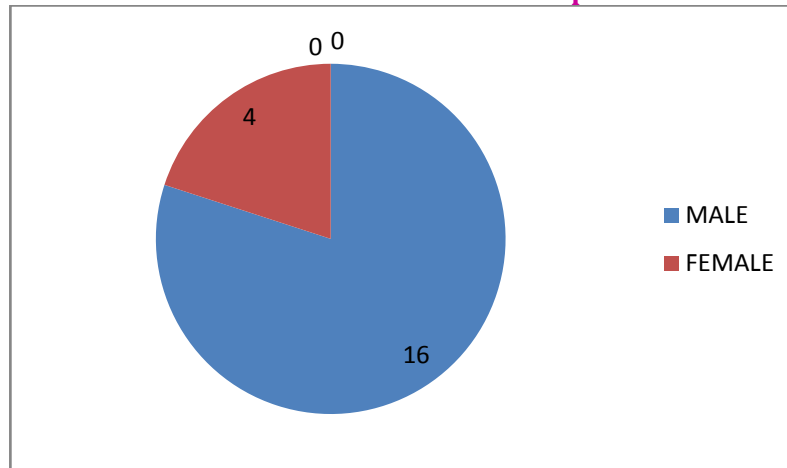
Chart-1 Gender-wise details of respondents

Table -2 indicates that 80 percent of the respondents are male and 20 percent are females

TABLE-3 AGE-WISE CLASSIFICATION OF THE RESPONDENTS

AGE	NO. OF RESPONDENTS	% of RESPONDENTS
18-28		
28-48	10	50
48-above	10	50

Source ; Field survey

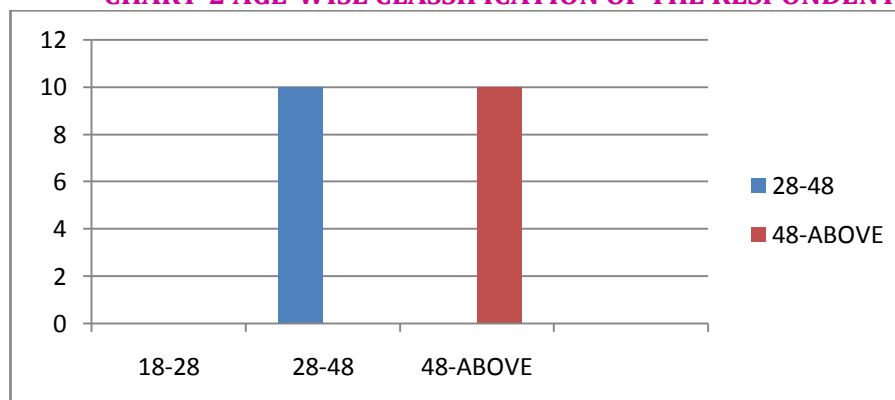
CHART-2 AGE-WISE CLASSIFICATION OF THE RESPONDENTS

Table-3 states that 50 percent of the respondents belong to the age group between 28-48 and remaining respondents are above the age of 48.

TABLE-4 WORK STATUS-WISE CLASSIFICATION OF RESPONDENTS

WORK STATUS	NO. OF RESPONDENTS	% of RESPONDENTS
Full time	20	100
Part time		
Work cadre		

Source ; Field survey

Table-4 highlights that all the respondents who have been contacted by the research group are full time employees of bank.

TABLE-5 RESPONDENTS FEELINGS TO THE NEWS OF MERGER

HOW DID YOU FEEL AT THE TIME OF ANNOUNCEMENT OF MERGER	NO. OF RESPONDENTS	% OF RESPONDENTS
Denial	2	10
Fear	-	-
Anger	-	-
Acceptance	14	70
Relief	-	-
Interest	4	20
Enjoyment	-	-

Source ; Field survey

Table-5 gives the details of employees feelings and reactions when they hear the news of merger of their banks. 70 percent of the employees have reacted positively showing their acceptance towards merger. 20 percent of them shown their interest in merger and 10 percent of them denied the merger of their bank.

TABLE-6 RESPONDENTS ABILITY TO COPE UP WITH THE POST MERGER CHANGES

ARE YOU ABLE TO COPEUP WITH THE CHANGE	NO. OF RESPONDENTS	% OF RESPONDENTS
Yes	18	90
No	2	10

Source ; Field survey

Table-6 reveals the information about the employees abilities to cope up with changes in post merger scenario. 90 percent of the employees opined that they are able to cope with the changes in the organisation and rest 10 percent of the employees said that they are unable to adjust with post merger changes.

TABLE- 7 MERGER HAS CREATED CULTURAL CHANGES IN THE ORGANISATION – EMPLOYEES OPINION

DO YOU AGREE THAT POST MERGER AND ACQUISITION RESULT IN DIFFERENT CULTURE	NO. OF EMPLOYEES	% of employes
Strongly agree	2	10
Agree	14	70
Neutral	--	--
Disagree	4	20
Strongly disagree	--	--

Source ; Field survey

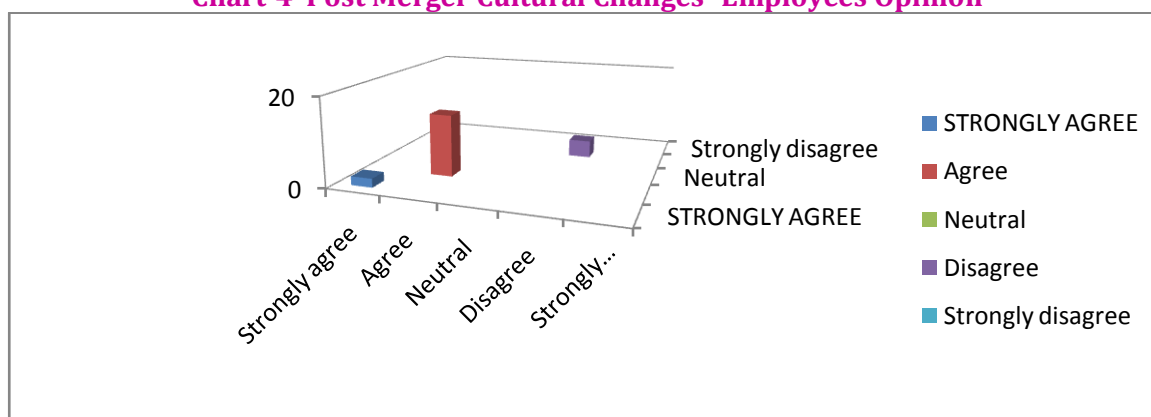
Chart-4 Post Merger Cultural Changes- Employees Opinion

Table-7 reveals the employees' opinion about changes in the culture in post merger scenario. 10 percent of the employees strongly agree and 70 percent of them agree that there is a cultural difference in the organisation due to merger between two different firms. 20 percent of the employees said that they have not observed much difference in work culture due to merger of the banks.

TABLE- 8 POST MERGER CHANGES IN TOTAL NUMBER OF SPENT IN BANK

ANY CHANGE IN TOTAL WORKING HOURS?	NO. OF RESPONDENTS	% OF RESPONDENTS
Yes	4	20
No	16	80

Source ; Field survey

Table -8 gives respondents' opinion about changes in total number of hours spent in bank beyond the official hours. 20 percent of the respondents are of the opinion that there is changes in total number of hours spent in the bank and 80 percent of them are not agreeing to this view.

TABLE-9 EMPLOYEES SATISFACTION LEVEL IN CHANGED WORKING ENVIRONMENT

Employees are satisfied with changed working environment.	NO. OF EMPLOYEES	% of employees
Strongly agree		
Agree	8	40
Neutral	4	20
Disagree	4	20
Strongly disagree	4	20

Source ; Field survey

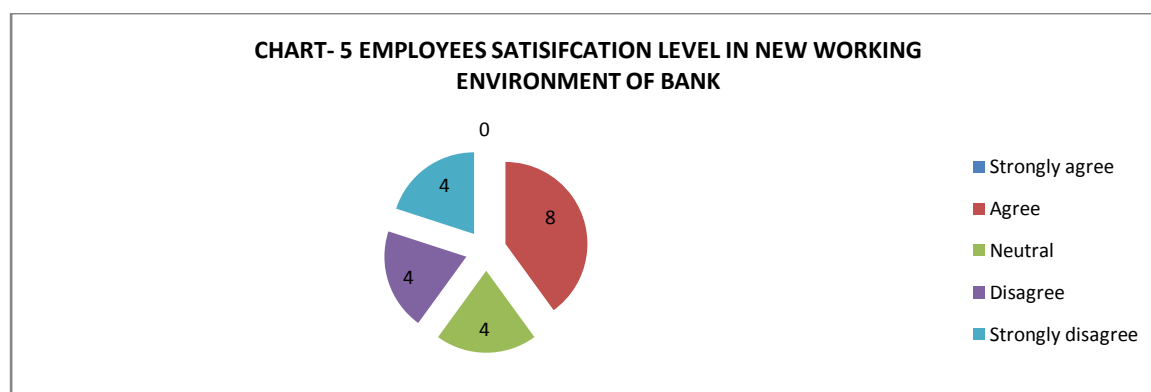


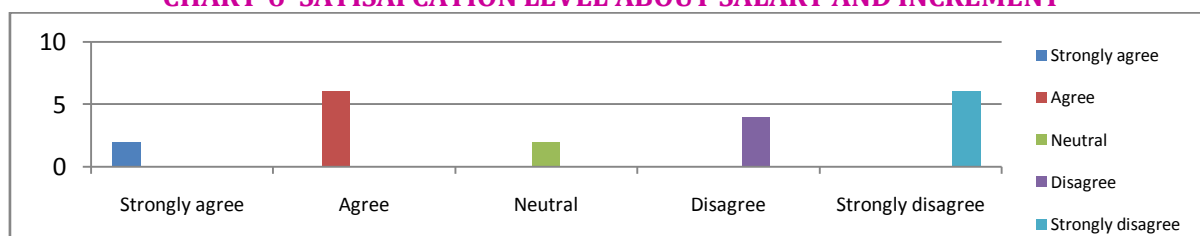
Table-9 presents employees satisfaction level in new working environment. There is a mixed opinion among the employees about their feelings related to new working environment. 40 percent of the employees agreed that they are happy with the new working environment. 20 percents have expressed strong disagreement and another 20 percent have expressed their disagreement about existence of pleasant and encouraging working environment in the bank after the merger. Remaining 20 percent have not expressed their opinion.

TABLE-10 EMPLOYEES SATISFACTION LEVEL AT POST MERGER SALARY AND INCREMENT

OPINION OF RESPONDENTS	NO. OF RESPONDENTS	% OF RESPONDENTS
Strongly agree	2	10
Agree	6	30
Neutral	2	10
Disagree	4	20
Strongly disagree	6	30

Source ; Field survey

CHART-6 SATISFACTION LEVEL ABOUT SALARY AND INCREMENT



As per the Table-10, it is noticed that 50 percent of the employees not happy with their salary and increment given after mergers of bank. And 40 percent of the employees are contented with the remuneration given to them in post merger period.

TABLE- 11 EMPLOYEES SATISFACTION LEVEL AT POST MERGER FRINGE BENEFITS

OPINION OF RESPONDENTS	NO. OF RESPONDENTS	% OF RESPONDENTS
Strongly agree	2	10
Agree	4	20
Neutral	2	10
Disagree	8	40
Strongly disagree	4	20

Source ; Field survey

CHART- 7 SATISFACTION LEVEL ABOUT FRINGE BENEFIT

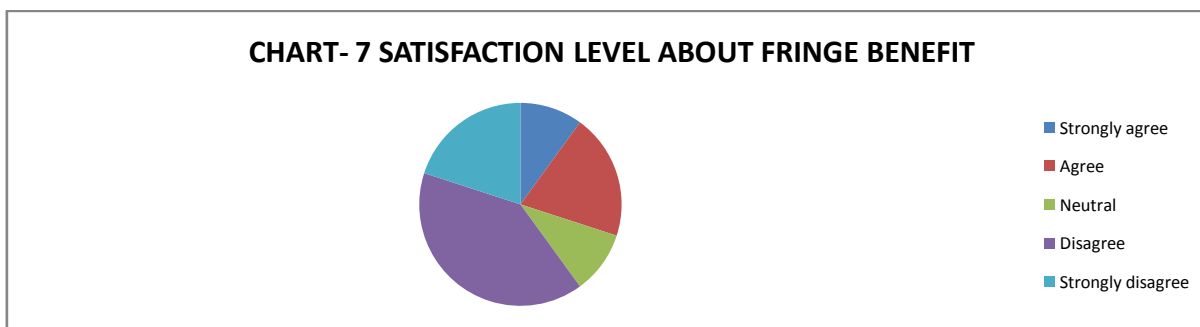
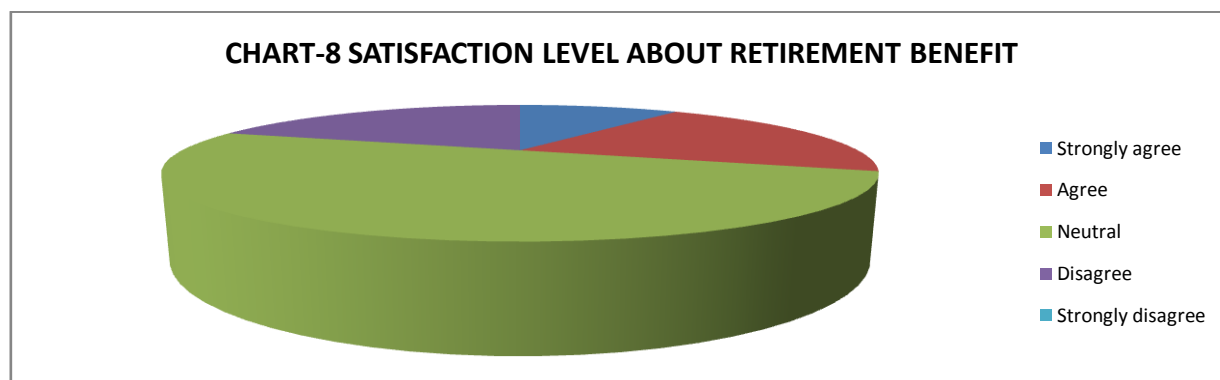


Table-11 presents the satisfaction level of employees towards the fringe benefits provided to them after the merger of banks. It can be noticed in the table that 60 percent of the employees are not happy with the fringe benefits provided to them and 30 percent of them are contented with the benefits. 10 percent of them have not expressed their opinion.

TABLE-12 SATISFACTION LEVEL AT RETIREMENT BENEFIT OFFERED TO EMPLOYEES

OPINION OF RESPONDENTS	NO. OF RESPONDENTS	% OF RESPONDENTS
Strongly agree	2	10
Agree	4	20
Neutral	10	50
Disagree	4	20
Strongly disagree		

Source ; Field survey



It is noticed from the above Table-12 that 30 percent of them are happy with retirement benefits offered by the bank and 20 percent are neutral in expressing their opinion and remaining 20 percent are not happy with the retirement benefit.

TABLE-13 SATISFACTION LEVEL OF EMPLOYEE ABOUT INFRASTRUCTURE AND LAYOUT OF BANK

Details	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Weighted Average Mean
Weights	(5)	(4)	(3)	(2)	(1)	
Furniture and Fixture	6	8	2	4	0	5.06
Cafeteria	6	6	4	4	0	4.93
Environmental Quality (heat, air and light)	4	6	4	0	6/	4.13
Wash rooms	8	4	4	0	4	4.8
Conveyance	8	4	8	0	0	5.33

Source ; Field survey

Above Table-13 presents post merger satisfaction level of employees about the infrastructure and layout of bank. It is observed that employees satisfaction level is high (Weighted average mean 5.33) with respect to conveyance facility/ allowance provided by the bank, they are also satisfied with the furniture and fixtures of the bank (weighted average mean 5.06). But they are not happy with the environmental quality such as heat, ventilation and light.

TABLE-14 POST MERGER FEELINGS AND COMFORT LEVEL OF EMPLOYEES

Details	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Weighted Average Mean
1. Change has created discomfort to the employees as the employees of different banks are working together	2	6	4	6	2	4
2. Change creates lack of trust with other employees and management	0	4	8	8	0	3.73
3. Change created fear of unknown	2	2	6	8	2	3.6

Source ; Field survey

Table-14 reveals post merger feelings of employee towards different aspects of the bank. Employees strongly opined that they are feeling discomfort in working with other employees of different banks. Subsequently they felt that change created lack of trust with other employees and management and then they also opined that change has created fear of unknown.

TABLE-15 INDIVIDUALS HAVE CERTAIN SOCIAL NEEDS AND TO AN EXTENT THIS NEED IS AFFECTED BY CHANGE-

Details	Strongly Agree (5)	Agree (4)	Neutral (3)	Disagree (2)	Strongly Disagree (1)	Weighted average mean
1) Change affected social wellbeing of an individual	4	6	4	4	2	4.4
2) Employees resist change as they do not want to work in new pattern	2	4	4	8	2	3.7
3) Employees feel that change will benefit the organization not them.	0	2	10	8	0	3.2
4) Organizational change is not always beneficial, as sometime it is a signal mismanagement of the organisation	2	0	8	8	2	3.4

Source ; Field survey

Effect:

Employee engagement has been defined in a number of ways and the range of employee engagement techniques is even wider. Essentially what most organizations understand by 'employee engagement' is the state of emotional and intellectual commitment of employees towards the bank that gives the bank competitive advantages including higher productivity and lower employee turnover. The survey mainly analyses the general reasons or the factors leading to employee engagement in the workplace; as well as evaluates the consequences of merger and acquisition on employee engagement by measuring the physical and psychological factors. Finally, the study also identifies the behavioural

patterns exhibited by the employees post-merger in the bank. The results of the study try to promote those factors that enhance employee engagement and diminish those that lead to poor engagement levels. This study may contribute and give an idea to the top management of banking industry on the awareness of employee engagement post-merger and also can be useful for them to understand the approaches to be taken in order to enhance the level of organizational performance and make organization a profitable entity.

India has an extensive banking network, in both urban and rural areas. All large Indian banks are nationalized, and all Indian financial institutions are in the public sector. 36 foreign banks operate in India with full banking licenses (RucheSashay, 2010). There are various types of banks which operate in our country to meet the financial requirements of different categories of people engaged in agriculture, business, profession, etc. Due to cut throat competition, technological up gradation, recession in global economy and stock market volatility, Indian banks are facing various challenges at the market place. In response to these factors, banks in India and around the world are restructuring their assets, operations and contractual relationships with their shareholders, creditors and other financial stakeholders (Joshi.V and Goyal. K.A ,2012). Banking systems are consolidating many markets and banks and also extending their presence across borders. In the recent times banking sector has been undergoing a lot of changes in terms of regulation and effects of globalization. These changes have affected this sector both structurally and strategically. With the changing Environment many different strategies have been adopted by this sector to remain efficient and to surge ahead in the global area. One such strategy is through the process of consolidation of banks emerged as one of the most profitable strategy. There are several ways to consolidate the banking industry; the most commonly adopted by banks is merger (Devrajappa). As we are entering into an international banking phase it is must to have a fair number of large banks, which could play a meaningful role in the emerging economics. International banking system is dominated by large players. Banks in India are gradually moving towards: i. Consolidation of players through mergers and acquisitions, ii. Globalization of operations, iii. Development of new technology and iv. Universalization of banking.

THE ADVANTAGES ARE:

- (1) it reduces the cost of operation
- (2) the merger helps in financial inclusion and broadening the geographical reach of the banking operation.
- (3) NPA and risk management are beneficial.
- (4) Merger leads to availability of a bigger scale of expertise and that helps in minimising the scope of inefficiency which is more in small banks
- (5) The disparity in wages for bank staff members will get reduced. service conditions get uniform
- (6) Merger sees a bigger capital base and higher liquidity and that reduces the government's burden of recapitalising the public sector banks time and again.

DISADVANTAGES OF MERGER:

1. Many banks have a regional audience to cater to and merger destroys the idea of decentralisation.
2. Larger banks might be more vulnerable to global economic crises while the smaller ones can survive
3. Merger sees the stronger banks coming under pressure because of the weaker banks
4. Merger could only give a temporary relief but not real remedies to problems like bad loans and bad governance in public sector banks
5. Coping with staffers disappointment could be another challenge for the governing board of the new bank. This could lead to employment issues.

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