

# **The Bank Employee's Perspective Over The Effect Of Mergers And Acquisitions Of Indian Bank And Allahabad Bank - An Empirical Study**

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## **Abstract**

*Almost a few years have passed, and the banking sector in India has seen several mergers and Acquisitions (M & A). These Mergers and Acquisitions may have a positive financial effect, this research study was undertaken in this context to learn about the opinion of Bank Employees of the merged banks, as well as their views and satisfaction with bank rules and regulations. This study analyzed the positive and negative impact of the Merger and Acquisition of Allahabad Bank and Indian Bank in the Bank Employee's perspective.*

**Keywords:** Merger and Acquisition (M&A), Public Sector Banks, Awareness, Perceptions, and Banking Service Quality.

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## **I. Introduction**

The present research study is about the current scenario of the Bank Employee's perspective on Merger and Acquisition, and it has been nearly three years. A merger is another method for combining two commercial firms that do not share ownership. Bank merger occurs when two or more formerly independent banks combine to become one institution. When an independent bank loses its charter and merges with another bank to form a neighborhood bank with a single headquarters and shared branch network, this is known as a merger. The act of one company (the "target") being purchased by another is referred to as an acquisition, sometimes known as a takeover or a transaction. There are pleasant and hostile sales. In today's society, the merger and acquisition process were crucial. Government agencies in India were the first to introduce the concept of Merger and acquisition, along with a few recognized financial institutions. Organizations also made the necessary changes to the business sector. The merger of ten nationalized banks into four was announced on August 30, 2019, by the Ministry of Finance of the Government of India. This change required the merger of Indian Bank and Allahabad Bank into a single organization, and the new bank that resulted from the merger had to begin conducting business on April 1, 2020. With thousands of branches and workers, merging two very different banks within a given time frame would be challenging enough in normal circumstances, but the arrival of COVID-19 and the accompanying national lockdown in March 2020 made the task even more difficult. The difficult duty of managing the amalgamation process was handed to Padmaja Chundurur, Managing Director (MD) and Chief Executive Officer (CEO) of Indian Bank. In the case study, the integration procedure is described in detail. Therefore, it remained to be seen whether merging the two Indian Public Sector Banks would be beneficial for the future growth of Indian Banks. The present Research is done after nearly three years passed the merger of the Allahabad Bank and Indian Bank and to study about the bank Employee's current situations such as working environment, variation in salaries, promotions, and work environment and so on .

## **II. Review of literature**

According to Abhirami R & 2 others (2020)<sup>3</sup>, SBI's fusion into one of India's largest financial specialty organizations produced benefits and drawbacks for its clients. The "State Bank of India" merged with the

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<sup>3</sup> The consolidation of "SBI" with its partners is one of the important improvements, JAC : A Journal Of Composition Theory Volume XIII, Issue VI, JUNE 2020 ISSN : 0731-6755.

"Bharatiya Mahila Bank" and its five partner banks, which include the "State Bank of Bikaner & Jaipur," "State Bank of Mysore," "State Bank of Hyderabad," "State Bank of Travancore," and "State Bank of Patiala." A few clients are of the opinion that consolidation significantly affected them, although consolidation is supported to an extraordinary level, according to this research. As a result, the researchers claim that "SBI's" consolidation with its partners is one of the crucial advancements in the financial sector that will raise Indian banking to a global level.

According to Dr. Aneeb K. Jose and two other authors (2021)<sup>4</sup>, states that, Banking is likely the sector of the economy that is the most stable. Security and consolidation are crucial in the public sector. Banks give banks the tools they need to grow and improve. While Merger and Acquisition (M&A) might have a number of advantages, they can also have drawbacks. In this paper, researchers have made an effort to examine customer awareness of and response to the merger of Indian Bank and Allahabad Bank in light of primary data.

Patil Jaya Lakshmi Reddy, Mahesh Chandra (2020)<sup>5</sup> pointing that, Banking is one of the fastest growing industries in India and holds a significant place in every economy. The worldwide challenge is quite great and difficult for players i.e., foreign banks. On the other hand, there is fierce competition between public and private banks to reach the intended audience. An alarming aspect is that non-performing assets are growing at the same time as core business. As a result, banking industry mergers are made to lower the NPA. The State Bank of India and its affiliated banks underwent the largest and most recent merger in the history of the banking industry on April 1, 2017.

### **III. Research questions**

1. How is the workload of Bank Employee's present after all those years passed after Merger and Acquisition?
2. Does the present working environment are satisfied after all those years passed after Merger and Acquisition?
3. Whether the Bank Employees achieved the targeted promotions in a timely manner?

### **IV. Objective of the Study**

1. To analysis the level of satisfaction of the Bank Employees after the Mergers and Acquisitions.
2. To assess the workload of the Bank Employees after the Merger.
3. To evaluate the Bank Employee's working environment after the Merger.

### **V. Hypothesis**

1. There is a significant relationship among Age, and Gender of the Bank employees and their perception of workload after the merger.
2. There is a significant relationship among Age, and Gender of the Bank employees and their level of satisfaction of working environment after the merger of Indian Bank and Allahabad Bank in India.

### **VI. Research Methodology**

The research is based on an Empirical method of research and data is collected from the primary source through the questionnaire method and Secondary data are also collected from articles, Journals, books, etc. And study used the simple random sampling to derive the factual data from various respondents, who are the Bank Employee's in the Allahabad and Indian banks. Sample size for this study consisted of 100 respondents, who are the staff members of the Allahabad and Indian banks. Working in Dharmapuri District of Tamil Nādu.

#### **Demographics of the Respondents in the Study-Frequencies, Percentages and Cumulative Percentages**

**Table No 1**

Description of Demographics of the Respondents in the Study		Frequencies	Percentage	Cumulative Percentage
Gender	Male	64	64.0	64.0
	Female	36	36.0	100.0
	Transgender	0	0.0	

<sup>4</sup> The awareness of customers and reaction to consolidation of Indian Bank with Allahabad Bank, Turkish Online Journal of Qualitative Inquiry (TOJQI) Volume 12, Issue 7, July 2021: 3772 - 3783.

<sup>5</sup> Mergers of Banks in Economy – Indian Scenario published in International Journal of Recent Technology and Engineering (IJRTE) ISSN: 2277-3878 (Online), Volume-8 Issue-6, March 2020.

Age	Between 20 to 24 years	27	27.0	27.0
	Between 25 to 35 years	35	35.0	62.0
	Between 36 to 45 years	20	20.0	82.0
	Between 46 to 55 years	11	11.0	93.0
	Above 56 years	7	7.0	100.0

Source: primary data

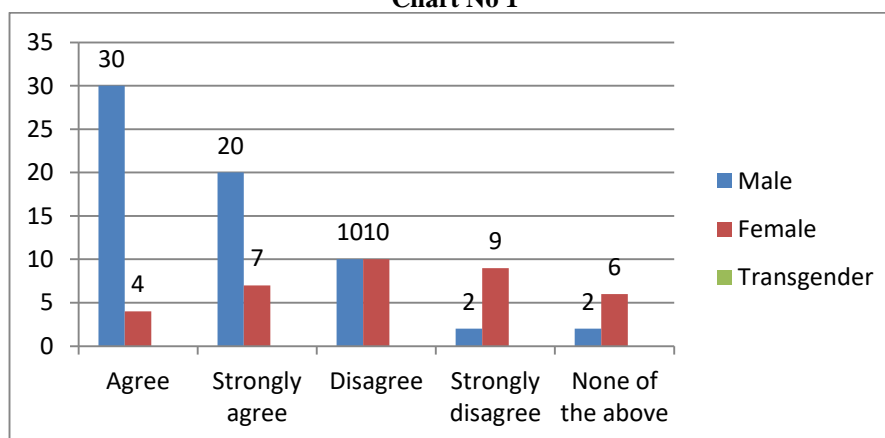
The following Table represents respondent's awareness about "BANK MERGERS AND ACQUISITION" based on "Gender and Age." It is noted that out of 100 Respondents, 64 majority of males and out of that 36 females are aware of "Bank Mergers and Acquisitions". Minority 35 respondents out of 100 are belong to the age group of 25 to 35 years and a small number of 7 out of 100 are belong to the age group above 56 years aware about the term Bank Mergers and Acquisitions.

**Gender and perception of the workload of the Merged Banks**

Table No 2

S. No	Gender	Agree	Strongly agree	Disagree	Strongly disagree	None of the above	Total
1	Male	30	20	10	2	2	64
2	Female	4	7	10	9	6	36
3	Transgender	0	0	0	0	0	0
Total		34	27	20	11	8	100

Chart No 1



The above Table No 2 and Chart No 1 shows the Respondents perception about the post Mergers and Acquisitions based on the gender of the respondents. From the above analysis, it is interpreted that majority of males (i.e., 30 out of 64 males) are agreed with the perception and minority of males (i.e., 2 out of 64 males) are disagreed. And majority of females (i.e., 10 out of 36 females) are disagreed and minority of females (i.e., 4 out of 36 females) are agreed over the perception.

**Hypotheses**

**H1** There is no significant relationship between the Gender of the respondents and their perception over **workload** after the merger of Indian Bank and Allahabad Bank.

**H2** There is a significant relationship between the **Age** of the respondent and their perception of **workload** after the merger of Indian Bank and Allahabad Bank.

**Observed Value**

S. No	Gender	Agree	Strongly agree	Disagree	Strongly disagree	None of the above	Total
1	Male	30	20	10	2	2	64
2	Female	4	7	10	9	6	36
3	Transgender	0	0	0	0	0	0
	<b>Total</b>	<b>34</b>	<b>27</b>	<b>20</b>	<b>11</b>	<b>8</b>	<b>100</b>

**Expected Value**

S. No	Gender	Agree	Strongly agree	Disagree	Strongly disagree	None of the above	Total
1	Male	21.76	17.28	12.8	7.04	5.12	64
2	Female	12.24	9.72	7.2	3.96	2.88	36
3	Transgender	0	0	0	0	0	0
	<b>Total</b>	<b>34</b>	<b>27</b>	<b>20</b>	<b>11</b>	<b>8</b>	<b>100</b>

Category	(Observed-Expected) <sup>2</sup> Male	(Observed-Expected) <sup>2</sup> Expected Male	(Observed-Expected) <sup>2</sup> Female	(Observed-Expected) <sup>2</sup> / Expected Female
Agree	67.9	3.12	67.9	5.55
Strongly agree	7.4	0.43	7.4	0.76
Disagree	7.84	0.61	7.84	1.09
Strongly disagree	25.4	3.61	25.4	6.41
None of the above	9.73	1.9	9.73	3.38
<b>Total</b>	<b>11.56+15.28=27.05</b>			

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

where  $O_i$  is the observed value and  $E_i$  is the expected value

here Chi Statistic is 27.05

Let's compare it to the chi-square value for the significance level 0.05.

The degrees for freedom =  $(3-1)(5-1) = 2(4) = 8$

Using the table, the critical value for a 0.05 significance level with  $df = 8$  is 15.507.

That means that 95 times out of 100, a survey that agrees with a sample will have a  $\chi^2$  value of 15.507 or more.

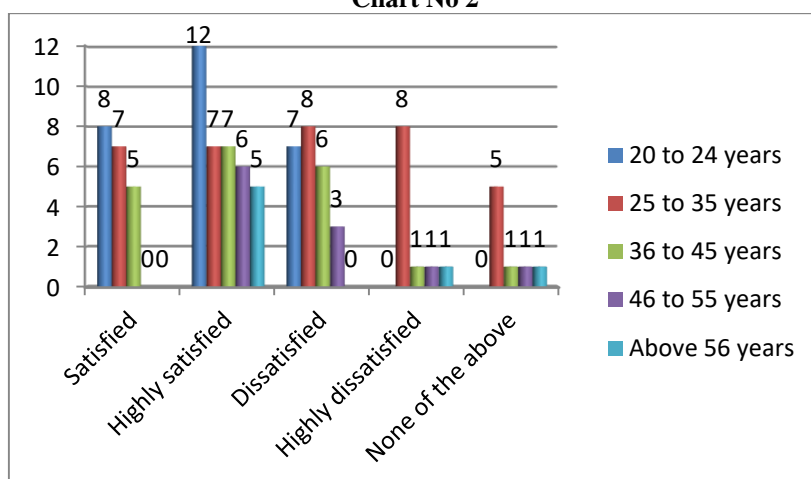
The Chi-square statistic is 27.05, so the null hypothesis is rejected, and alternative hypothesis is accepted. Hence, there is a significant relationship between the Gender of the respondents and their perception of workload after the merger of Indian Bank and Allahabad Bank

**Age and Satisfaction of the working environment in Merged Banks**

**Table No 3**

S.No	Age	Satisfied	Highly satisfied	Dissatisfied	Highly dissatisfied	None of the above	Total
1	20 to 24 years	8	12	7	0	0	27
2	25 to 35 years	7	7	8	8	5	35
3	36 to 45 years	5	7	6	1	1	20
4	46 to 55 years	0	6	3	1	1	11
5	Above 56 years	0	5	0	1	1	7
	<b>Total</b>	<b>20</b>	<b>37</b>	<b>24</b>	<b>11</b>	<b>8</b>	<b>100</b>

Chart No 2



The above Table No 3 and Chart No 2 shows the Respondents satisfaction about the working environment in Merged Banks based on the age of the respondents. From the above analysis, it is interpreted that majority are highly satisfied with the working environment in Merged Banks and minority of respondents are highly dissatisfied over the working environment in Merged Banks.

**Hypotheses**

**H0** There is no significant relationship between the **Gender** and their satisfaction of **working environment** after the merger.

**H1** There is a significant relationship between the **age** and their satisfaction of **working environment** after the merger.

**Observed value.**

S.No	Age	Satisfied	Highly satisfied	Dissatisfied	Highly dissatisfied	None of the above	Total
1	20 to 24 years	8	12	7	0	0	27
2	25 to 35 years	7	7	8	8	5	35
3	36 to 45 years	5	7	6	1	1	20
4	46 to 55 years	0	6	3	1	1	11
5	Above 56 years	0	5	0	1	1	7
Total	20	37	24	11	8	100	Total

**Expected value.**

S.No	Age	Satisfied	Highly satisfied	Dissatisfied	Highly dissatisfied	None of the above	Total
1	20 to 24 years	5.40	9.99	6.48	2.97	2.16	27
2	25 to 35 years	7	12.95	8.4	3.85	2.8	35
3	36 to 45 years	4	7.4	4.8	2.2	1.6	20
4	46 to 55 years	2.2	4.07	2.64	1.21	0.88	11
5	Above 56 years	1.4	2.59	1.68	0.77	0.56	7
Total	20	37	24	11	8	100	

Category	(Observed-Expected) <sup>2</sup> /Expected Satisfied	(Observed-Expected) <sup>2</sup> /Expected Highly Satisfied	(Observed-Expected) <sup>2</sup> /Expected Dissatisfied	(Observed-Expected) <sup>2</sup> /Expected Highly dissatisfied	(Observed-Expected) <sup>2</sup> /Expected None of the above
20 to 24 years	1.25	0.40	0.04	2.97	2.18
25 to 35 years	0.14	0.07	0.02	4.47	1.73
36 to 45 years	0.25	0.26	0.3	0.65	2.25
46 to 55 years	2.2	0.91	0.05	0.03	1.01
Above 56 years	1.4	2.24	1.68	0.06	0.34
Total	11.21+15.69=26.90				

$$\chi^2 = \sum (O_i - E_i)^2 / E_i$$

where  $O_i$  is the observed value and  $E_i$  is the expected value

here Chi Statistic is 26.90

Let's compare it to the chi-square value for the significance level 0.05.

The degrees for freedom = (5-1) (5-1)=4(4) = 16

Using the table, the critical value for a 0.05 significance level with  $df = 16$  is 26.29.

That means that 95 times out of 100, a survey that agrees with a sample will have a  $\chi^2$  value of 26.29 or more.

The Chi-square statistic is 26.90, so the null hypothesis is rejected, and alternative hypothesis is accepted. Hence, there is a significant relationship between the age and their satisfaction of working environment after the merger.

## VII. Findings

Based On the Account Holder's Perception

- 1) Majority of the respondents fall into the age range of 25 to 35 years.
- 2) Majority of the respondents are males and a smaller number of females.
- 3) From the study it is found that the respondents are predominantly affected by the Mergers of the Allahabad Bank and Indian Bank.

## VIII. Suggestions

Remember, a merger can be a challenging but exciting time for employees. By being open, communicative, and collaborative, you can help ensure a smooth transition and build a successful future for the organization. Here are some suggestions for bank employees following a merger.

- a) Be open to change: After a merger, there will be changes in the organizational structure, policies, and procedures. Be open to adapting to these changes and embrace the new culture.
- b) Build new relationships: You will be working with new colleagues, so take the opportunity to build new relationships. This will help you understand the new dynamics of the organization and work together as a team.
- c) Communicate effectively: Communication is key during a merger. Make sure you keep your colleagues, managers, and customers informed about any changes, and address any concerns or questions they may have.
- d) Continue to develop your skills: A merger may bring new opportunities and challenges, so it's important to continue developing your skills and knowledge to adapt to the new environment.
- e) Stay positive: A merger can be a stressful time, but it's important to stay positive. Keep a positive attitude and focus on the benefits of the merger, such as increased opportunities for growth and development.
- f) Seek clarity: There may be confusion about roles and responsibilities after a merger. If you're unsure about something, don't hesitate to ask for clarification from your manager or HR department.
- g) Be flexible: A merger may lead to changes in your job responsibilities, location, or schedule. Be prepared to be flexible and adapt to any changes that may occur.
- h) Stay informed: Stay up to date on any developments related to the merger. Attend any meetings or training sessions, read company emails or newsletters, and stay engaged with the company's communication channels.

### **IX. Conclusion**

The merger between Allahabad Bank and Indian Bank presents a unique opportunity for bank employees to come together and build a stronger, more competitive organization. As with any merger, there will be challenges and changes that employees will need to navigate. However, with the right mindset and approach, employees can play a key role in ensuring the success of the merger. Bank employees should be open to change, embrace the new culture, and build new relationships with their colleagues. Effective communication, both internally and externally, will be critical in addressing any concerns or questions that may arise. Employees should continue to focus on providing excellent customer service to reassure customers that the quality of service will not be impacted by the merger. Proactively, flexibility, and a focus on skill development are key attributes that employees should adopt to help navigate the changes that come with a merger. Staying informed and engaged with the company's communication channels will help employees stay aligned with the organization's values and goals. By staying positive, maintaining a work-life balance, and celebrating successes along the way, employees can contribute to the long-term success of the merged organization. The merger between Allahabad Bank and Indian Bank presents a unique opportunity for bank employees to come together, collaborate, and build a stronger, more competitive organization. By embracing the challenges and opportunities that come with a merger, employees can play a key role in ensuring the success of the merged organization. Furthermore, bank employees should also be patient as a merger can take time to fully integrate and settle. They should seek clarity and be flexible in their roles and responsibilities, as well as be open to learning from their colleagues' experiences and perspectives. Embracing diversity and collaborating with their new colleagues can help build trust, foster innovation, and improve overall performance. Bank employees should also maintain confidentiality and be mindful of any sensitive information that needs to be kept confidential during the merger process.

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