



# EFFECTS OF MERGER OF SBI ASSOCIATE BANKS WITH STATE BANK OF INDIA ON EMPLOYEE AND THEIR JOB SATISFACTION

Avinash Singh

The purpose of the study is to find the effect of the merger on employees and their job satisfaction of SBI Associate bank. It has been acknowledged all around that Mergers and acquisitions is the path for increasing the upper hand locally and globally and all things considered the entire scope of businesses. Today, the saving money industry is considered as a real part of the quickly developing businesses in India. SBI merger is the greatest in the Indian managing an account industry. Effect of SBI merger and the difficulties looked at by SBI after the merger and its impact on employees. The five banks recently merged with SBI are State Bank of Travancore, State Bank of Bikaner and Jaipur, State Bank of Mysore, State Bank of Hyderabad and State Bank of Patiala. SBI also absorbed Bharatiya Mahila Bank. The first section of this study review the merger and acquisition article from various sources and find out the pros and cons of merger to an organization and also for employees. The second section of this study consists of a survey of 100 employees of various SBI associate banks which now work under the umbrella of the State bank of India. Data were collected by following the survey method. For the purpose of data collection, a structured questionnaire was developed. Data were analyzed using Frequency Distribution, Cross Tabs Chi-Square, Pearson's Correlation etc. Based on the analysis conclusion was drawn. Based on the results it can be stated that in a majority of the employees were satisfied with their job after merger. They were satisfied with various aspects of the job which can have an impact on employees' job satisfaction. Therefore to conclude it can be stated that after merger, the majority of the respondents had positive experience i.e., were quite satisfied with their job after merger.

Key Words- Merger, Acquisition, Associate, Job satisfaction, SBI.

## INTRODUCTION

Merger is the mix of at least two elements by buy procurement whereby the character of one of the elements remain while the others are being broken down. The purposes for the merger exchanges are essentially picking up piece of the overall industry, upper hand, expanding incomes and hazard and item enhancements. With the worldwide money related emergencies, it is recognizable that mergers and acquisitions

have impressively expanded. Partnerships utilized such mix for aggressiveness as well as to keep up a firm solid footing in the business also. This has prompted the noteworthy change in the business scene. Mergers and acquisitions have been for some time known to coordinate the blending substances towards positive cooperative energies, upgraded re-sources and development. Solidification has been a huge vital device and has turned into an overall marvel, driven by points of interest of scale economies, land broadening, and lower costs through branch and staff legitimization, cross fringe development and piece of the pie focus. Henceforth, by and large increment in the benefit proclamations. Mergers among various banks are delegated level mergers. The arrangement is constantly anticipated that would be valuable for both combining firms.

**Objectives Of Study** - To analyze the impacts of merger on employees and their job satisfaction.

**Method**- 100 participants were selected by random sampling method from a different branch of State bank of India (Previously work as SBI Associate bank). This study is confined to SBI branches in Rajasthan. Also, there are many issues relating to bank merging, but this study is confined only to the impact of bank merging on employees and their job satisfaction. Correlation is a statistical technique that is used to measure and describe the relationship between two variables. In my research, I used correlation as a statistical tool.

## **HISTORY OF SBI**

State Bank of India (SBI) is India's largest commercial bank, in terms of assets, deposits and employees. Owned by the Indian government, it offers a range of general banking services from loans and advances to corporate and individuals in India and abroad. Because it is state-owned, SBI is the preferred banker for most public sector corporations. SBI offers micro-financing to entities such as self-help groups in rural areas that would otherwise have no access to formal credit channels. SBI offers financial services such as investment banking, brokerage services, asset management and insurance.

Although SBI's origins date back to the 19th century, it was formally established post-independence on July 1, 1955, through the implementation of the SBI Act, 1955. Upon its formal establishment, the bank took over the assets of the Imperial Bank of India, which was formed in 1921 with the amalgamation of three banks -- Bank of Bengal, Bank of Bombay and Bank of Madras. State Bank of India went public in 1993 issuing 1.24 crore shares priced at Rs 100 each; the Government continues to be the majority owner.

Five partners will join the State Bank of India as of April 1st, which will be India's largest accounting history management practice. Bikaner and Jaipur State Bank (SBBJ), Mysore State Bank (SBM), Travancore State Bank (SBT), Patiala State Bank (SBP) and Hyderabad State Bank (SBH) SBI and April 1, The exchange will take place between 2017, said SBI in an administrative file. Based on the merger of five partners, it is up to SBI to build a world-class bank with a base profit of more than 37,000 billion rupees (37 million rupees) or 555,000 billion US dollars. , 22,500 branches and 58,000 ATMs. It will have more than 500 million subscribers. With the exception of the leader and activist, management and the official directors of the partner banks, the SBI will become the representative after the merger.

## Impact of the Merger on Employees

The following factors have the effect:

- Uncertainty of jobs after receiving
- Loss of identity
- New administration in style, new rules and regulations.
- New Evaluation Techniques
- Changes in the hierarchy - reputation-strength and status
- Changes in cultural work.
- Fear of transfer
- Loss of self-realization.
- Bad participation of the company in the basic management process.
- Increase the working weight after being sure.
- Improvement in the quality of the service.
- Complex service procedure.
- To achieve human resources work.
- Employee consultation
- Benefit in the future, benefit up to the current compensation structure.

Reconstruction of the main position The new culture, the new administrator, the new system and the new groups can be very important and you suspect that you are not a strong partner. This will be an ideal opportunity to move on and find another job. With 2,800 employees of the SBI partner banks established in VRS, the bank defined some criteria, for example, a person who makes such a decision, must have more than 20 years of administration and 55 years to complete. Of the five partners of the State Bank of India, to date, 2,800 employees have been associated with a voluntary retirement park (VRS) among more than 12,000 people eligible for this package. In any merger, worries around defense of the headcount is dependably a noteworthy concern. Regularly, individuals are moved to different divisions and are required to change in accordance with the new culture of the consolidated element. In addition, position related issues among mid-level representatives may likewise turn into a worry as any pending advancements may now need to hold up before the merger is completely finished. The merger has just pulled in restriction from worker associations of the partner banks a year ago. As the merger presently turns into a reality, there is a plausibility of seeing all the more such dissents. Following the merger, the aggregate client base of SBI expanded to 37 crores with a branch system of around 24,000. In an offer to legitimize faculty costs, the joined substance has decreased its workforce by 6,622 in the quarter, owing mostly to its Voluntary Retirement Scheme (VRS) and retirements. The bank additionally said that in regards to 10,600 workers from its managerial workplaces and branches will be redeployed in different jobs. Labor will run down with the timeframe. Around 10 percent decrease in two years might be a plausibility. Bank has offered deliberate retirement conspire (VRS), there would be regular weakening factors and consistently we may

not supplant head by head (substitution enlistment). Labor will likewise decrease as a result of advanced activities. There will be a consolidated impact. SBI said that it will redeploy 2,000 workers from its regulatory workplaces. From its branches, 8,616 workers will be redeployed, of which 30 percent would be reassigned to deals capacities. Up until now, SBI has consolidated 594 branches and justified 122 managerial workplaces. This in itself is relied upon to result in reserve funds of over Rs. 1,160 crores every year. SBI has said it hopes to finish the branch merger focus before the finish of September. It additionally said that 3,569 of its workers decided on its Voluntary Retirement Scheme in the quarter for which the organization paid Rs. 473.4 crore and the plan would result in investment funds of Rs. 400 crores every year. Attributable to the measures to trim costs, SBI has chopped down staff costs by 13.3 percent in the primary quarter of this budgetary year contrasted with the final quarter of 2016-17. Right off the bat, it will influence the rank of best authorities of Associate Banks; furthermore, it will result in redeployment or loss of occupations of some laborers and conclusion of branches lastly, the banks may lose a portion of their ordinary clients.

### 1. Correlation between Pay, monetary benefit and Overall Job satisfaction--

**Table 1 Correlation coefficient between pay and job satisfaction**

Mean of Pay and monetary benefit	Mean of Overall job satisfaction	Pearson Corelation coefficient R	Remark
3.02	76.91	0.1338	Weak positive corelation

**Interpretation-** Pay, monetary benefits and job satisfaction show a weak positive correlation. It shows that only pay and monetary benefit are not responsible for job satisfaction.

### 2. Correlation between Promotion and Overall Job satisfaction

**Table 2 Corelation coficient between Promotion and Overall Job satisfaction**

Mean of promotion	Mean of Overall job satisfaction	Pearson Corelation coefficient R	Remark	P value
3.95	76.91	0.4467	Positive corelation	0.0001 Significant P<0.05

**Interpretation-** Promotion and job satisfaction have positive corelation. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on promotion.

### 3. Correlation between the relationship with supervisor and Overall Job satisfaction

**Table 3 Correlation coefficient between relationships with a supervisor with job satisfaction**

Mean of relationship of supervisor response	Mean of Overall job satisfaction response	Pearson Corelation coefficient R	Remark	P value
3.63	76.91	0.3933	Positive corelation	0.000052 Significant P<0.05

**Interpretation-** Relationship with supervisor and job satisfaction has positive corelation. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on the relationship with the supervisor.

### 4. Correlation between Work environment and Overall Job satisfaction

**Table 4 Correlation coefficient between Work environment and Overall Job satisfaction**

Mean of work environme nt response	Mean of Overall job satisfaction response	Pearson Corelation coefficient R	Remark	P value
3.54	76.91	0.4178	Positive corelation	0.000015 Significant P<0.05

**Interpretation-** Working environment and job satisfaction have positive corelation. It means job satisfaction depends on the working environment. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on the working environment.

### 5. Correlation between Job security, stability and Overall Job satisfaction

**Table 5 Correlation coefficient of job security and job satisfaction**

Mean of job security response	Mean of Overall job satisfaction response	Pearson Corelation coefficient R	Remark	P value
3.64	76.91	0.4078	Positive corelation	0.000025 Significant P<0.05

**Interpretation-** Job security and job satisfaction have positive correlation. It means job satisfaction depends on job security. If employees have no tension of loss of job then they give 100% in the job. P-value is less than 0.05 shows that it is significant.

#### 6. Correlation between a relationship with co-worker and Overall Job satisfaction

**Table 6 Correlation coefficient of relationship with coworker and job satisfaction**

Mean of job security response	Mean of Overall job satisfaction response	Pearson Corelation coefficient R	Remark	P value
3.63	76.91	0.3933	Positive correlation	0.000052 Significant P<0.05

**Interpretation-** Relationship with co-workers and job satisfaction has positive correlation. It means job satisfaction depends on the Co-worker relationship. If employees have a good relationship with each other then they work better. P-value is less than 0.05 shows that it is significant.

#### HYPOTHESIS

**Hypothesis I-** Merger and acquisition significantly influence organizational set-up and thus affect the level of job satisfaction of its employees.

Hypothesis I is confirmed, A merger or an acquisition is one kind of change in the organization. A merger or an acquisition can be a traumatic event in the lives of the individuals within the organization which might lead to low productivity, less profitability and a declining growth rate. As a result of a merger, employees might develop feelings of loss, bitterness, and a decline in job satisfaction, and their reactions might lead to the failure of the merger or an acquisition, The new culture, the new administrator, the new system and the new groups can be very important and you suspect that you are not a strong partner. With 2,800 employees of the SBI partner banks established in VRS, the bank defined some criteria, for example, a person who makes such a decision must have more than 20 years of administration and 55 years to complete. Of the five partners of the State Bank of India, to date, 2,800 employees have been associated with a voluntary retirement park (VRS) among more than 12,000 people eligible for this package.

**Hypothesis II -** Change in work culture and policies have a great impact on employee job satisfaction level.

Hypothesis II has confirmed changes in work and culture after the merger has a great impact on employees job satisfaction. Factors which have an impact like Uncertainty of Jobs after the acquisition, Loss of Identity, New leadership in Style, New Rules & Regulations, New appraisal methods, Change of Hierarchy-Prestige-Power & Status, Change in work of culture, Transfer Fear, Loss of Self Actualization, Poor Employee involvement in the decision-making process, Increase work pressure after acquisition Bank Can Compete with Global Bank, Improve Service Quality, HR's role in acquisition etc.

Merger and acquisition of banks are good for their business but not good for employees. With this process comes the requisite lay-offs, leaving many employees worried about their positions or the changing culture of the company, which also affects the promotion of capable employees. The culture of the organization will also be impacted, and this can affect overall morale, which may decline due to uncertainty.

**Hypothesis III** - If, the factor affecting job satisfaction, in general, have the same effect on employees after a merger.

Hypothesis III is confirmed that general factors that affect job satisfaction also affect in the same way after the merger. Job satisfaction is an integral component of work climate. While working in organizations, people develop a set of attitudes about the work, supervision, coworkers, working conditions and so on. This set of attitudes is referred to as job satisfaction. The term satisfaction generally implies the fulfilment acquired by experiencing various job activities.

According to E.A. Locke, job satisfaction is "a pleasurable or positive emotional state resulting from the appraisal of one's job or job experience."

Based on the analysis in the various conclusion was drawn-

- The majority of employees were satisfied with their present job. It was observed during my study that 73% of employees were highly satisfied, 26% were medium satisfied and 1% Low satisfied with their job.
- In the present study, 52 male employees and 48 female employees participated during the study. Male employees were more satisfied than females.
- Maximum employees agree and strongly agree that promotions are made on basis of qualification and experience.
- Maximum employees have full confidence in their organization..
- Maximum employees agree that working condition is good in the organization.
- SBI treat their employee's better than other organization.
- SBI provide their employees with a good opportunity to present problems and views to the management.
- SBI pay better salary to employees than other organization.
- Maximum is agreed and strongly agree that they have security and stability of their job.
- Maximum is agreed or strongly agree with about welfare facilities provided by SBI.
- Pay, monetary benefit and job satisfaction show a weak positive correlation. It shows that only pay and monetary benefit are not responsible for job satisfaction.
- Promotion and job satisfaction have positive corelation. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on promotion.
- Relationship with supervisor and job satisfaction has positive corelation. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on the relationship with the supervisor

- Working environment and job satisfaction have positive correlation. It means job satisfaction depends on the working environment. P-value is less than 0.05 shows that it is significant. Job satisfaction depends on the working environment.
- Job security and job satisfaction have positive correlation. It means job satisfaction depends on job security. If employees have no tension of loss of job then they give 100% in the job. P-value is less than 0.05 shows that it is significant.
- Relationship with co-workers and job satisfaction has positive correlation. It means job satisfaction depends on the Co-worker relationship. If employees have a good relationship with each other then they work better. P-value is less than 0.05 shows that it is significant.

Therefore to conclude it can be stated that after merger, the majority of the respondents had positive experience i.e., were quite satisfied with their job after merger. They were satisfied with various aspects of the job which can have an impact on employees' job satisfaction.

## CONCLUSION

The merger will demonstrate advantageous to India's economy by methods for giving improved, viable and effective keeping money items and administrations to the occupants and non inhabitants of the nation. It will help advance its functionalities and execution by counterbalancing the shortcomings of littler branches and complimenting the qualities of the greater ones. With the end goal to amplify its span to the clients, and to defend the system of branches, a portion of the branches can be migrated. This acquires considerable cost decrease and collaboration in treasury capacities, therefore improving the profitability over the measurements of the State Bank of India. We have to take a gander at the positives more than the negatives where the previous will exceed the last mentioned. SBI will no uncertainty turn into a worldwide manage an account with sweeping extent with the spread of 17000 branches and consolidated record base of more than 75000 records. With the incorporation of innovation, every one of the people for the most part the clients, workers and the general public all in all can profit the guide to their requirements through this transformative progress and step forward towards welfare of the economy and the nation thusly.

## REFERENCES

1. Ghosal, (2010). "Consolidation of Banks", the Indian Banker, Vol. V, No.2, p.p. 28-35.
2. Alope Ghosh (2001), "Does operating performance really improve following corporate Acquisition?" Journal of corporate finance, Vol 7, pp .151-178
3. Goyal, K. A. and Joshi, V. (211). Mergers in Banking Industry of India: Some Emerging Issues. Asian Journal of Business and Management Sciences, 1(2), 157-165.
4. Murthy, G. K. (2007). Some Cases of Bank Mergers in India: A Study. In Bose, J. (Ed.), Bank Mergers: The Indian Scenario. (244-259). Hyderabad: The ICFAI University Press
5. Mantravadi Pramod, Reddy A Vidyadhar. Relative Size In Mergers And Operating Performance: Indian Experience, Economic and Political Weekly, 2007.



6. <https://www.businesstoday.in/sectors/banks/fiveassociate-banks-to-merge-with-sbi-from-april-1/story/246918.htm>
7. Jena, Biswa Prakash (2011) "Merger of SBI and its Associates and its Impact on Employees," *Interscience Management Review: Vol. 4 : Iss. 2 , Article 12.*
8. Cornett M and Teheranian H, "Changes in Corporate Performance associated with Bank Acquisitions", *Journal of Financial Economics, 1992.*
9. Pawaskar V, " Effects Of Merger on Corporate Performance in India, Vikalpa, 2001
10. Mahesh And Rajeev, " Impact of Mergers In Banking Sector" ,*International Journal for Research and Scientific Innovation, 2004*
11. Damanpreet Kaur and Sukhdev Singh, "Bank Merger Motivations and Post-Merger Productivity", *IOSR Journal of Business and Management, 1 July 2016.*
12. Bhat SK and Reddy SK, " An Empirical Analysis of Technical Efficiency of Commercial Banks in India, *Asian- African Journal of Economics and Econometrics, 2006.*
13. Badreldin Ahmed and Kalhoefer Christian, " The Effect of Mergers and Acquisitions in Bank performance in Egypt" ,*Econpapers, 2009*
14. D Subramanya Prasad, "Effectiveness of Mergers in Indian Banking Sector", *IOSR Journal of Business and Management, 2011.*
15. PrasanthaAthma, "Mergers in Banking Sector in India", *IOSR Journal of Business and Management, 2016.*
16. K.A Goyal and Vijay Joshi, "Merger and Acquisitions in Banking Industry- A Case study of ICICI Bank Ltd", *International Journal of Research in Management, 2012.*
17. AnupamMitra, " A Study on Indian Banking Industry Performance in Pre and post merger and acquisitions" 2013