

# **POST MERGER ANALYSIS OF CUSTOMER SATISFACTION AND LOYALTY - A STUDY ON RECENT MERGER OF ASSOCIATE BANKS OF SBI WITH ITSELF**

**REVIEW 3 - REPORT**

*Submitted by*

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## DATA COLLECTION

Data was collected in 2 modes **online** mode using **Google Forms** and **offline mode** in which some part of data was collected from erstwhile SBT pollachi branch and SBH Thiruvanniyur branch. For online mode data collection twitter was used as medium to communicate with people. Those who have mentioned SBH, SBT, SBBJ, SBP and SBM were identified from their tweets and they were contacted to obtain response.

## ANALYSIS

### No of data

A total of **101** responses were obtained using Google forms and some of the data was collected in the bank premises in Chennai and Pollachi.

### Demographics

Out of 101 responses

- 17 were Female (16.8 %)
- 84 were Male (83.2 %)

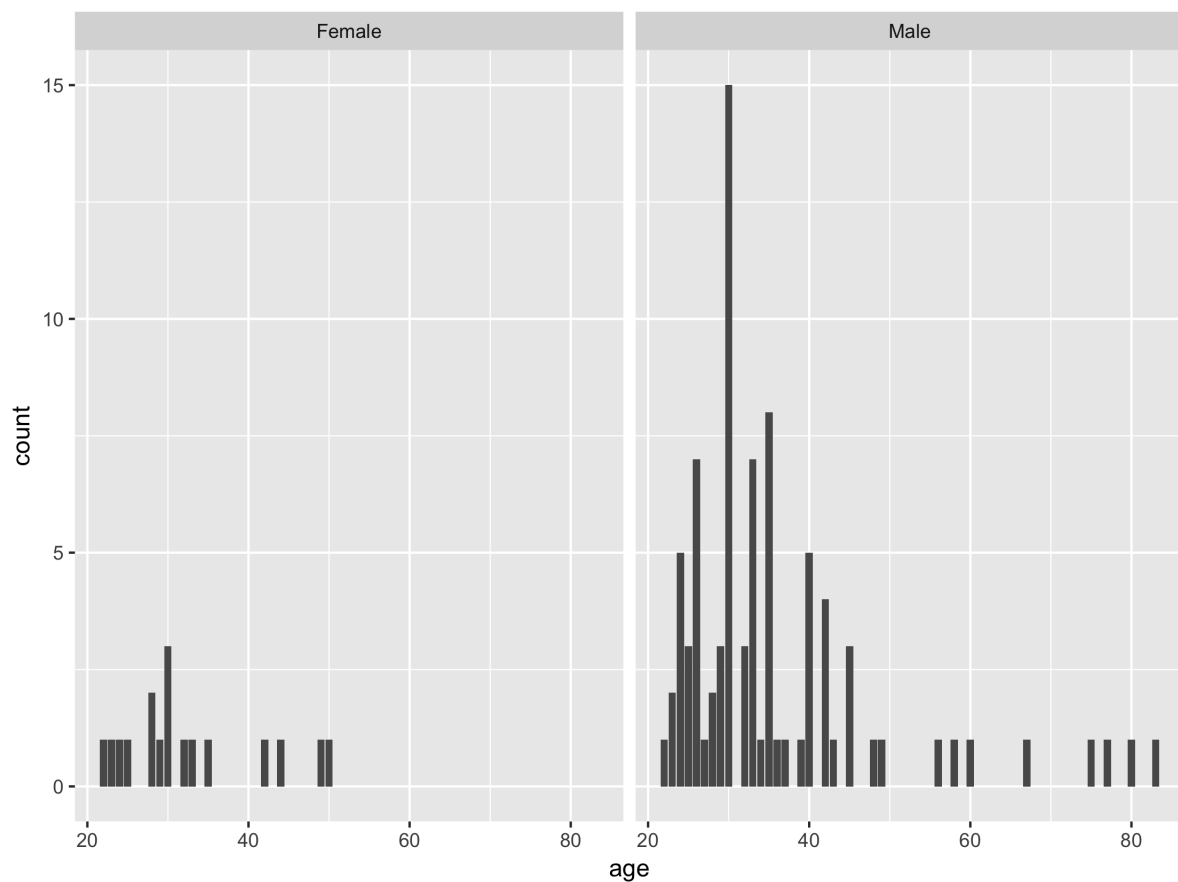


Figure 1: Age distribution of respondents

## Cronbach's alpha

| Scale name                       | Cronbach $\alpha$ | No of items |
|----------------------------------|-------------------|-------------|
| Psychological Contract Violation | <b>0.218</b>      | 8           |
| Service Performance              | <b>0.712</b>      | 10          |
| Customer Satisfaction            | <b>0.96</b>       | 4           |
| Customer Loyalty                 | <b>0.927</b>      | 5           |

## DESCRIPTIVE STATISTICS

| Item                  | Mean    | SD      | N   |
|-----------------------|---------|---------|-----|
| Customer satisfaction | 2.7847  | 1.33706 | 101 |
| PCV                   | 2.87005 | .503091 | 101 |
| Overall service       | 2.8     | 1.49    | 101 |
| Service performance   | 2.81    | .6437   | 101 |
| Loyalty               | 2.685   | .368    | 101 |

## HYPOTHESIS

- H1 - Psychological Contract Violation has negative influence on customer satisfaction.
- H2 - Service performance is a determinant of Overall Service
- H3 - Overall service has a positive impact on customer satisfaction
- H4 - Customer satisfaction has positive influence on customer loyalty.

## Pearson Correlation

| Variables                                 | Correlation Value |
|---|-------------------|
| PCV vs Customer Satisfaction              | <b>-0.638</b>     |
| Service Performance vs Overall Service    | <b>-0.744</b>     |
| Overall service vs Customer Satisfaction  | <b>0.949</b>      |
| Customer Satisfaction vs Customer Loyalty | <b>0.396</b>      |

## MODEL SUMMARY

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change |
|-------|-------------------|----------|-------------------|----------------------------|-----------------|
| 1     | .638 <sup>a</sup> | .407     | .401              | 1.06621                    | .407            |

a. Predictors: (Constant), pcv

b. Dependent Variable: customer\_satisfaction

| ANOVA <sup>a</sup> |            |                |     |             |        |                   |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                  | Regression | 77.084         | 1   | 77.084      | 67.807 | .000 <sup>b</sup> |
|                    | Residual   | 112.544        | 99  | 1.137       |        |                   |
|                    | Total      | 189.629        | 100 |             |        |                   |

a. Dependent Variable: customer\_satisfaction

b. Predictors: (Constant), pcv

Figure 2: H1 - Psychological Contract Violation has negative influence on customer satisfaction.

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change |
|-------|-------------------|----------|-------------------|----------------------------|-----------------|
| 1     | .744 <sup>a</sup> | .554     | .550              | 1.000                      | .554            |

a. Predictors: (Constant), service\_performance

b. Dependent Variable: service

| ANOVA <sup>a</sup> |            |                |     |             |         |                   |
|--------------------|------------|----------------|-----|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
| 1                  | Regression | 123.026        | 1   | 123.026     | 123.009 | .000 <sup>b</sup> |
|                    | Residual   | 99.014         | 99  | 1.000       |         |                   |
|                    | Total      | 222.040        | 100 |             |         |                   |

a. Dependent Variable: service

b. Predictors: (Constant), service\_performance

Figure 3: H2 - Service performance is a determinant of Overall Service

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change |
|-------|-------------------|----------|-------------------|----------------------------|-----------------|
| 1     | .949 <sup>a</sup> | .900     | .899              | .43710                     | .900            |

a. Predictors: (Constant), service

b. Dependent Variable: customer\_satisfaction

| ANOVA <sup>a</sup> |            |                |     |             |         |                   |
|--------------------|------------|----------------|-----|-------------|---------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F       | Sig.              |
| 1                  | Regression | 170.715        | 1   | 170.715     | 893.550 | .000 <sup>b</sup> |
|                    | Residual   | 18.914         | 99  | .191        |         |                   |
|                    | Total      | 189.629        | 100 |             |         |                   |

a. Dependent Variable: customer\_satisfaction

b. Predictors: (Constant), service

Figure 4: H3 - Overall service has a positive impact on customer satisfaction

| Model | R                 | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change |
|-------|-------------------|----------|-------------------|----------------------------|-----------------|
| 1     | .396 <sup>a</sup> | .157     | .148              | .3397467670                | .157            |

a. Predictors: (Constant), customer\_satisfaction

b. Dependent Variable: loyalty

| ANOVA <sup>a</sup> |            |                |     |             |        |                   |
|--------------------|------------|----------------|-----|-------------|--------|-------------------|
| Model              |            | Sum of Squares | df  | Mean Square | F      | Sig.              |
| 1                  | Regression | 2.120          | 1   | 2.120       | 18.370 | .000 <sup>b</sup> |
|                    | Residual   | 11.427         | 99  | .115        |        |                   |
|                    | Total      | 13.548         | 100 |             |        |                   |

a. Dependent Variable: loyalty

b. Predictors: (Constant), customer\_satisfaction

Figure 5: H4 - Customer satisfaction has positive influence on customer loyalty.

## INTERPRETATION

- PCV and customer satisfaction are negatively correlated (-0.638). This indicates as customer perceives more PCV, satisfaction declines. **H1 is accepted**
- Service performance is negatively correlated with overall service (-0.744). This indicates overall service doesn't depend on service performance. **H2 is rejected**
- Overall service has a positive correlation with customer satisfaction (0.949). As overall service increases, customer satisfaction tends to increase. **H3 is accepted**
- Customer satisfaction and loyalty are positively correlated (0.349). This indicates a satisfied customer will be more loyal to the bank and spreads word of mouth. **H4 is accepted.**

- PCV explains 40.1% variance in customer satisfaction.
- Service performance explains 55% of variance in overall service.
- Overall service explains 89.9% of variance in customer satisfaction.
- Customer satisfaction explains 15.7% of variance in loyalty.

## **CONCLUSION**

Though merger is beneficial to management in terms of financial perspective and synergies, merger often brings a lot of pain to customer. In our case many branches were shut down, customers lost identities etc. So merger should be planned with customer in mind to ensure smooth functioning and service.

## **FUTURE RESEARCH DIRECTIONS**

During response collection it was found that, many of the people preferred private banks over SBI/PSU banks. So a study can be conducted to know the areas in which private banks excel and it can be used to improve the service of PSU banks.