CHAPTER III
RESEARCH METHODOLOGY

3.1 NEED AND RELEVANCE OF THE STUDY

In the light of discussions in previous chapters, an important question is, “To what extent would transformational and transactional leadership behaviour, perceived organizational support, and trust in organization and supervisor have an impact on organizational citizenship behaviour of employees?” Perusal of existing literature on TFL and TSL behaviour, POS, Trust in organization and supervisor, and OCB revealed that although there has been a lot of research in this area globally, especially in U.S.A., yet there is a dearth of such research in Indian context in general and banking sector in particular. Banking sector have shown remarkable growth in the recent years. Human resource development remains a key challenge in such sectors as these sectors are human capital intensive. Study conducted by Mckinsey and Co. (Consultancy firm) on Indian banks in 2007 concludes that manpower development remains a key challenge for Indian banks. It is globally recognized that to influence the human resources to work effectively, leaders’ behaviour, perceptions of organizational support and trust occupy a pertinent place in an organization. In today’s workplace, leaders should uplift, inspire, and guide employees using such behaviours that increase employee perceptions of support provided by an organization, enhancing employees’ trust in organization and supervisor, which lead to increased OCB of employees and ultimately enhance the organization’s performance. Understanding conditions that foster OCB in the workplace will help organizations in their quest to stimulate and encourage its development.

In the present times, the role of leaders has become indispensable for the growth of organizations. Employees may invest more efforts in their tasks when they get motivated and inspired to excel their performance and ensure both monetary as well as non monetary rewards as required in return by leaders. Leaders evaluate, correct and train their followers when productivity is not up to the desired level and reward them when expected outcome is achieved. Quality of leadership represents a valuable source of organizational improvement and competitive advantage (Singh and Bhandarkar 2002; and Parry and Sinha, 2005). Today, research on leadership
identifies transactional and transformational leadership as the two most dominant leadership behaviours (Judge and Piccolo, 2004; and Naidu and Van der Walt, 2005). TFL is defined in terms of the leader’s influence on the followers and transactional leadership is defined as the use of incentives to influence efforts as well as the clarification of work goals (Bass, 1997). Leaders enhance the motivation, morale and performance of followers through variety of mechanisms i.e. connecting the follower's sense of identity and self to the mission, being a role model for followers that inspires them, challenging followers to take greater ownership for their work, and understanding their strengths and weaknesses. They can align followers with tasks that build trust and optimize them to perform OCB.

Moreover, need of the hour is to take care about employees’ well being and value their contribution towards an organization. It is expected that employees will act according to organizational rules and regulations if they are treated fairly and receive the outcomes they desire. Employees who receive favourable treatment from the organization, such as higher levels of POS would feel an obligation that they should care about the organization’s benefits and contribute to the achievement of organizational goals. There may be an opportunity for more productive work place environments in terms of increased organizational commitment, OCB, trust in organization and supervisor, and job satisfaction which ultimately enhance the performance of employees and organization. It is imperative through literature review that employees are more committed to the organization, have more trust in their organization and supervisor, perform both in-role and extra-role performance (OCB), and are more satisfied when they perceive support from their organization.

Under conditions of uncertainty and complexity that require mutual adjustment, sustained effective coordinated action is only possible where there is mutual confidence or trust in supervisor and organization. Workers’ trust increases the role of humans in organizational success (Cook and Wall, 1980). For managers and professionals in organizations, developing and maintaining trust relationships is especially important for strengthening employees’ cohesiveness and attachment to the organization. Trusted employees receive special benefits and opportunities, including challenging tasks, feedback, and training. In exchange, trusted employees feel
obligated to reciprocate by performing activities above and beyond written in-role job descriptions i.e. OCB.

Hence, greater understanding is needed about how TFL and TSL, and POS may impact OCB of employees directly or indirectly through trust in organization and supervisor. The review of literature has not revealed, TFL and TSL behaviour, POS, and OCB in any study as a comprehensive model in relation to trust in organization and supervisor as mediator. The present study can help in improving the theory of OCB, for clearer comprehension and predicting of such behaviour among employees in an organization, which can provide more empirical support and substantially enhance the value of the organizations.

### 3.2 OBJECTIVES OF THE STUDY

Present research will be carried out with the following objectives:

1. To study the transformational and transactional leadership behaviour, perceived organizational support, trust in supervisor and organization, and organizational citizenship behaviour of employees across selected banks.

2. To study the relationship between transformational and transactional leadership behaviour, perceived organizational support, trust in supervisor and organization, and organizational citizenship behaviour of employees.

3. To examine the mediating role of trust in supervisor and organization in explaining the relationship between transformational and transactional leadership behaviour, perceived organizational support, and organizational citizenship behaviour.

4. To investigate the relationship between transformational and transactional leadership behaviour, perceived organizational support, trust, and organizational citizenship behaviour with socio-demographic variables of employees i.e. age, gender, marital status, educational qualification, income level, years of work experience and level of management.

5. To give recommendations for inculcating effective leadership behaviour and enhancing perceived organizational support, trust in supervisor and organization, and organizational citizenship behaviour in selected banks.
3.3 HYPOTHESES OF THE STUDY

On the basis of review of literature, following hypotheses are framed for the present study:

H1: Perception of employees about transformational and transactional leadership behaviour differs significantly across selected banks.

H1a: Perception of employees about idealized influence dimension of transformational leadership behaviour differs significantly across selected banks.

H1b: Perception of employees about individualized consideration dimension of transformational leadership behaviour differs significantly across selected banks.

H1c: Perception of employees about intellectual stimulation dimension of transformational leadership behaviour differs significantly across selected banks.

H1d: Perception of employees about contingent reward dimension of transactional leadership behaviour differs significantly across selected banks.

H1e: Perception of employees about management-by-exception dimension of transactional leadership behaviour differs significantly across selected banks.

H2: Perception of employees about their organizational support level differs significantly across selected banks.

H3: Trust level of employees differs significantly across selected banks.

H3a: Trust level of employees towards their supervisor differs significantly across selected banks.

H3b: Trust level of employees towards their organization differs significantly across selected banks.

H4: Perception of employees about their organizational citizenship behaviour level differs significantly across selected banks.

H4a: Perception of employees about altruism dimension of organizational citizenship behaviour differs significantly across selected banks.

H4b: Perception of employees about courtesy dimension of organizational citizenship behaviour differs significantly across selected banks.
H₄c: Perception of employees about conscientiousness dimension of organizational citizenship behaviour differs significantly across selected banks.

H₄d: Perception of employees about civic virtue dimension of organizational citizenship behaviour differs significantly across selected banks.

H₄e: Perception of employees about sportsmanship dimension of organizational citizenship behaviour differs significantly across selected banks.

H₅: All dimensions of transformational leadership behaviour have significant influence on trust in organization and supervisor in selected public and private sector banks.

H₅a: All dimensions of transformational leadership behaviour have significant influence on trust in organization and supervisor in selected public sector banks.

H₅b: All dimensions of transformational leadership behaviour have significant influence on trust in organization and supervisor in selected private sector banks.

H₆: All dimensions of transactional leadership behaviour have significant influence on trust in organization and supervisor in selected public and private sector banks.

H₆a: All dimensions of transactional leadership behaviour have significant influence on trust in organization and supervisor in selected public sector banks.

H₆b: All dimensions of transactional leadership behaviour have significant influence on trust in organization and supervisor in selected private sector banks.

H₇: All dimensions of transformational leadership behaviour have significant influence on organizational citizenship behaviour in selected public and private sector banks.

H₇a: All dimensions of transformational leadership behaviour have significant influence on organizational citizenship behaviour in selected public sector banks.

H₇b: All dimensions of transformational leadership behaviour have significant influence on organizational citizenship behaviour in selected private sector banks.

H₈: All dimensions of transactional leadership behaviour have significant influence on organizational citizenship behaviour in selected public and private sector banks.

H₈a: All dimensions of transactional leadership behaviour have significant influence on organizational citizenship behaviour in selected public sector banks.

H₉: All dimensions of transactional leadership behaviour have significant influence on organizational citizenship behaviour in selected private sector banks.
H₀: All dimensions of transactional leadership behaviour have significant influence on organizational citizenship behaviour in selected private sector banks.

H₁: Perceived organizational support has significant influence on trust in organization and supervisor in selected public and private sector banks.

H₂: Perceived organizational support has significant influence on trust in organization and supervisor in selected public sector banks.

H₃: Perceived organizational support has significant influence on trust in organization and supervisor in selected private sector banks.

H₄: Perceived organizational support has significant influence on organizational citizenship behaviour in selected public and private sector banks.

H₅: Perceived organizational support has significant influence on organizational citizenship behaviour in selected public sector banks.

H₆: Perceived organizational support has significant influence on organizational citizenship behaviour in selected private sector banks.

H₇: All dimensions of trust have significant influence on organizational citizenship behaviour in selected public and private sector banks.

H₈: All dimensions of trust have significant influence on organizational citizenship behaviour in selected public sector banks.

H₉: All dimensions of trust have significant influence on organizational citizenship behaviour in selected private sector banks.

H₁₀: The relationship between transformational leadership behaviour and organizational citizenship behaviour is significantly mediated by trust in supervisor and organization.

H₁₁: The relationship between transactional leadership behaviour and organizational citizenship behaviour is significantly mediated by trust in supervisor and organization.

H₁₂: The relationship between perceived organizational support and organizational citizenship behaviour is significantly mediated by trust in supervisor and organization.
H14: Perception of employees about transformational and transactional leadership behaviour and their socio-demographic variables differ significantly.

H14a: Employees of different age groups differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14b: Employees of different educational qualifications differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14c: Employees of different gender groups differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14d: Employees of different marital status groups differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14e: Employees of different income levels differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14f: Employees of different years of work experience in an organization differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H14g: Employees of different levels of management differ significantly with respect to their perception about transformational and transactional leadership behaviour.

H15: Perceived organizational support level of employees and their socio-demographic variables differ significantly.

H15a: Employees of different age groups differ significantly with respect to their perception about organizational support level.

H15b: Employees of different educational qualifications differ significantly with respect to their perception about organizational support level.

H15c: Employees of different gender groups differ significantly with respect to their perception about organizational support level.

H15d: Employees of different marital status groups differ significantly with respect to their perception about organizational support level.

H15e: Employees of different income levels differ significantly with respect to their perception about organizational support level.
$H_15$: Employees of different years of work experience in an organization differ significantly with respect to their perception about organizational support level.

$H_{15g}$: Employees of different levels of management differ significantly with respect to their perception about organizational support level.

$H_{15e}$: Trust level of employees and socio-demographic variables differ significantly.

$H_{16a}$: Employees of different age groups differ significantly with respect to their trust level towards supervisor and organization.

$H_{16b}$: Employees of different educational qualifications differ significantly with respect to their trust level towards supervisor and organization.

$H_{16c}$: Employees of different gender groups differ significantly with respect to their trust level towards supervisor and organization.

$H_{16d}$: Employees of different marital status groups differ significantly with respect to their trust level towards supervisor and organization.

$H_{16f}$: Employees of different years of work experience in an organization differ significantly with respect to their trust level towards supervisor and organization.

$H_{16g}$: Employees of different levels of management differ significantly with respect to their trust level towards supervisor and organization.

$H_{17}$: Organizational citizenship behaviour level of employees and their socio-demographic variables differ significantly.

$H_{17a}$: Employees of different age groups differ significantly with respect to their perception about organizational citizenship behaviour level.

$H_{17b}$: Employees of different educational qualifications differ significantly with respect to their perception about organizational citizenship behaviour level.

$H_{17c}$: Employees of different gender groups differ significantly with respect to their perception about organizational citizenship behaviour level.

$H_{17d}$: Employees of different marital status groups differ significantly with respect to their perception about organizational citizenship behaviour level.
H1: Employees of different income levels differ significantly with respect to their perception about organizational citizenship behaviour level.

H2: Employees of different years of work experience in an organization differ significantly with respect to their perception about organizational citizenship behaviour level.

H3: Employees of different levels of management differ significantly with respect to their perception about organizational citizenship behaviour level.

3.4 SCOPE OF THE STUDY

The present study is confined to middle and lower level of employees working in selected banks in Chandigarh region i.e. Chandigarh, Mohali and Panchkula. Three public sector banks and three private sector banks are selected for studying the perception of employees about transformational and transactional leadership behaviour of their immediate superiors, perceived organizational support, trust in supervisor and organization, and organizational citizenship behaviour of employees. Employees working at the middle and lower level of management with at least two years length of service were targeted as they are in a better position to apprise about leadership behaviour of their supervisor. The ranks of middle level employees in the present study were Senior Manager, Chief Manager, Manager and Deputy Manager; and lower level employees were Assistant Manager, and Business Development Executives/Clerks.

3.5 RESEARCH DESIGN

In order to investigate the transformational and transactional leadership behaviour, perceived organizational support, trust in organization and supervisor, and organizational citizenship behaviour, descriptive survey method of investigation is used in the present study. The present study is descriptive cum empirical in nature. It is descriptive in the sense that it aims at describing the nature and characteristics of variables. The study is marked by the prior formulation of specific hypotheses, and based on preplanned and structured design.

3.5.1 Independent Variable

The present study comprises of two independent variables:
Leadership behaviour i.e. Transactional leadership and transformational leadership: For the purpose of this study, three dimensions of TFL behaviour namely idealized influence, individualized consideration, and intellectual stimulation, and two dimensions of TSL behaviour namely contingent reward and management by exception have been taken. The details of these dimensions have already been given in Section 1.2.2 of Chapter 1.

Perceived organizational support: For the purpose of this study, seventeen items of POS given by Eisenberger et al., (1986) have been taken. The details of these items have already been discussed in Section 1.3.2 of Chapter 1.

3.5.2 Mediating Variable

One mediating variable i.e. Trust is taken into consideration for the study. The two dimensions of trust namely trust in supervisor and trust in organization have been taken. The details of these dimensions have already been given in Section 1.4.2 of Chapter 1.

3.5.3 Dependent Variable

One dependent variable i.e. Organization citizenship behaviour is taken into consideration for the study. The five dimensions of OCB namely altruism, courtesy, conscientiousness, civic virtue and sportsmanship have been taken. The details of these dimensions have already been discussed in Section 1.1.2 of Chapter 1.

3.6 PILOT STUDY

A pilot study was conducted with objective of testing the reliability of standardized scales developed by foreign authors and to modify the questionnaires as per the requirements of the present study. The details of pilot study are being described under the sub heads: Questionnaire, Sampling, Analysis and Profile of sample for pilot study.

3.6.1 Questionnaire for pilot study

The entire questionnaire was divided into four parts: A, B, C & D. Part A of questionnaire (TFL and TSL questionnaire by Bycio, Hackett and Allen, 1995) was given to respondents to judge how frequently each statement fits their direct supervisor in the workplace. Part B of questionnaire (POS questionnaire by
Eisenberger et al., 1986) was given to respondents to ask their opinions about POS in the workplace. Part C of questionnaire (Trust in supervisor and organization questionnaire by Marlowe and Nyilon, 1997) was given to respondents to ask their agreement or disagreement on each statement about their trust in supervisor and organization. Part D of questionnaire (OCB questionnaire by Podsakoff, Mackenzie, Moorman and Fetter, 1990) was given to respondents to describe their own citizenship behaviour at work. Data was collected by approaching the respondents personally and explaining in detail about the objectives and purpose of the study.

### 3.6.2 Sampling for pilot study

To check the appropriateness of standardized scales in the Indian context for the present study, structured questionnaires were distributed to the middle and lower level employees of four organizations i.e. State Bank of India, Punjab National Bank, ICICI Bank and HDFC Bank. A total of 170 employees from four banking organizations were approached using judgemental sampling, out of which 126 employees completed the questionnaires, thus yielding the response rate of 74.12%.

### 3.6.3 Analysis for pilot study

The research instrument was tested for its reliability. The internal consistency of the grouping of items was estimated using a reliability coefficient called Cronbach’s alpha and alpha value of 0.60 and 0.70 or above generally indicates satisfactory internal consistency reliability of scales. The alpha values of different standardized scales to measure leadership behaviour, organizational support, trust in supervisor and organization, and OCB comes out between the ranges of 0.721 to 0.817 as shown in Table 3.6.1.

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFL and TSL behaviour</td>
<td>.817</td>
<td>40</td>
</tr>
<tr>
<td>POS</td>
<td>.721</td>
<td>17</td>
</tr>
<tr>
<td>Trust in Supervisor and Organization</td>
<td>.805</td>
<td>12</td>
</tr>
<tr>
<td>OCB</td>
<td>.778</td>
<td>24</td>
</tr>
</tbody>
</table>

*Note: Values of 0.70 and above testifies strong reliability of the scale*

As the values exceeded the minimum requirement, it thereby demonstrates that all scales are internally consistent. Pilot study helped to make some minor changes in the
wording of some items of the questionnaires. So, accordingly wording of some statements was changed to make the questionnaires simpler and easy to understand.

### 3.6.4 Profile of sample for pilot study

#### Table 3.6.2: Socio-demographic Profile of Respondents for Pilot Study

<table>
<thead>
<tr>
<th>Socio-demographic Variables</th>
<th>Frequency, N</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>72</td>
<td>57.14</td>
</tr>
<tr>
<td>Private</td>
<td>54</td>
<td>42.86</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100</td>
</tr>
<tr>
<td>Age</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>29</td>
<td>23.02</td>
</tr>
<tr>
<td>26-35 years</td>
<td>40</td>
<td>31.74</td>
</tr>
<tr>
<td>36-45 years</td>
<td>32</td>
<td>25.40</td>
</tr>
<tr>
<td>More than 45 years</td>
<td>25</td>
<td>19.84</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100</td>
</tr>
<tr>
<td>Gender</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>78</td>
<td>61.90</td>
</tr>
<tr>
<td>Female</td>
<td>48</td>
<td>38.10</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100</td>
</tr>
<tr>
<td>Marital Status</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>46</td>
<td>36.51</td>
</tr>
<tr>
<td>Married</td>
<td>80</td>
<td>63.49</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100</td>
</tr>
<tr>
<td>Educational Qualification</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under graduate</td>
<td>22</td>
<td>17.46</td>
</tr>
<tr>
<td>Graduate</td>
<td>53</td>
<td>42.06</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>32</td>
<td>25.40</td>
</tr>
<tr>
<td>Others (Professional)</td>
<td>19</td>
<td>15.08</td>
</tr>
<tr>
<td>Total</td>
<td>126</td>
<td>100</td>
</tr>
<tr>
<td>Income Level (Rs.)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20000</td>
<td>26</td>
<td>20.63</td>
</tr>
<tr>
<td>20001-40000</td>
<td>54</td>
<td>42.86</td>
</tr>
<tr>
<td>40001-60000</td>
<td>30</td>
<td>23.81</td>
</tr>
</tbody>
</table>
Table 3.6.2 shows the detailed socio-demographic profile of respondents for pilot study. Out of the 126 total respondents selected for pilot study, 72 (57.14%) were from public sector banks and 54 (42.86%) were from private sector banks. Maximum respondents i.e. 40 (31.74%) belonged to the age group of 26-35 years, followed by 32 (25.40%) in the age group between 36-45 years, 29 (23.02%) in the age group of less than 25 years and lastly, 25 (19.84%) were in the age group of more than 45 years. 78 (61.90%) were male employees and 48 (38.10%) were female employees. 46 (36.51%) employees were unmarried and 80 (63.49%) employees were married. A major chunk of 53 (42.06%) employees were graduate, followed by 32 (25.40%) post graduate employees, 22 (17.46%) employees were under graduate and lastly, 19 (15.08%) falls under others category. Maximum respondents i.e. 54 (42.86%) had their income level of Rs. 20001 - 40000, followed by 30 (23.81%) employees with income level of Rs. 40001 - 60000, 26 (20.63%) with income level of less than Rs. 20000, and lastly, 16 (12.70%) with income level of more than Rs. 60000. The majority of respondents i.e. 38 (30.16%) had total work experience of 6-10 years, followed by 36 (28.57%) respondents with total work experience of 11-15 years, 32 (25.40%) respondents with total work experience of less than 5 years and lastly, 20 (15.87%) respondents with total work experience of above 15 years. Out of 126 respondents, 77 (61.11%) were lower level employees and 49 (38.89%) were middle level employees.
3.7 FINAL STUDY

3.7.1 Selection of Sample

The field of present study was concentrated on six banks in Chandigarh region i.e. Chandigarh, Mohali and Panchkula. From the list of banks given in the Reserve Bank of India (RBI) Bulletin for the year 2008-09, six banks are selected out of top ten banks in India according to their deposits as shown in Annexure 1.

Three public sector banks selected for the study were: State Bank of India, Punjab National Bank and Canara Bank. Three private sector banks selected for the study were: ICICI Bank, HDFC Bank and Axis Bank. For each selected bank, its zonal office as well as branches in Chandigarh, Mohali and Panchkula was chosen for the study. The total sample for the present study comprised an assorted number of 530, with 286 employees from public sector banks and 244 employees from private sector banks. Judgemental sampling was used in the present study. The sample profile of the employees of six banks understudy is given in Table 3.7.2.

Table 3.7.2: Sample Profile of Respondents for Final Study

<table>
<thead>
<tr>
<th>Type of Banks</th>
<th>Total number of employees to whom questionnaires were distributed</th>
<th>Total number of employees responded / Total sample</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Bank of India</td>
<td>170</td>
<td>120</td>
</tr>
<tr>
<td>Punjab National Bank</td>
<td>140</td>
<td>90</td>
</tr>
<tr>
<td>Canara Bank</td>
<td>100</td>
<td>76</td>
</tr>
<tr>
<td><strong>Total Public Sector Banks</strong></td>
<td><strong>410</strong></td>
<td><strong>286</strong></td>
</tr>
<tr>
<td>ICICI Bank</td>
<td>120</td>
<td>88</td>
</tr>
<tr>
<td>HDFC Bank</td>
<td>120</td>
<td>81</td>
</tr>
<tr>
<td>Axis Bank</td>
<td>100</td>
<td>75</td>
</tr>
<tr>
<td><strong>Total Private Sector Banks</strong></td>
<td><strong>340</strong></td>
<td><strong>244</strong></td>
</tr>
<tr>
<td><strong>Total Public and Private Sector Banks</strong></td>
<td><strong>750</strong></td>
<td><strong>530</strong></td>
</tr>
</tbody>
</table>

A total of 750 employees from six banks were approached, from whom 530 employees responded the questionnaires, thus yielding the response rate of 70.67%. In public sector banks, out of 286 selected employees, 112 were middle level employees.
and 174 were lower level employees, and in private sector banks, out of 244 selected employees, 102 were middle level employees and 142 were lower level employees.

3.7.2 SOURCES OF DATA

The study was based on primary as well as secondary data. Collection of primary data was a challenging task, as questionnaires were administered and collected personally. The employees of most of the banks were cooperative, with few employees very busy and not giving a positive response at times.

- **Primary Data** - The primary data for the research was collected from the employees with the help of structured questionnaires to measure TFL and TSL behaviour, POS, Trust and OCB so as to achieve the objectives of the study.

- **Secondary data** - The secondary data was collected from various journals, periodicals, books, and published reports of RBI Bulletin for the year 2008-09. Information has also been collected from different websites of the banks and from respective banks.

3.7.3 DATA COLLECTION TOOLS

The Questionnaire was prepared for middle and lower level employees of banks for studying their perception towards TFL and TSL behaviour of immediate superiors, organizational support, trust in supervisor and organization and OCB. Standardized scales were used in the present study. Questionnaire was started with the demographic profile of respondents i.e. age, gender, marital status, educational qualification, income level, years of work experience and level of management followed by four sections i.e. first section was related to five dimensions of TFL and TSL behaviour, second section was comprised of seventeen items relating to POS, third section was comprised of two dimensions relating to trust in supervisor and trust in organization, and fourth section was related to five dimensions of OCB.

In short, respondents completed the following sections:

- Demographic details
- TFL and TSL behaviour questionnaire *(Bycio, Hackett and Allen, 1995)*
- POS questionnaire *(Eisenberger et al., 1986)*
- Trust in supervisor and organization questionnaire *(Marlowe and Nylon, 1997)*
The forty items relating to TFL and TSL behaviour mentioned in the questionnaire have been categorized into five dimensions as shown in Table 3.7.3. The five item rating scale ranging from 1 – 5 was used in the study to measure leadership behaviour: Strongly disagree, Disagree, Neither disagree nor agree, Agree, and Strongly agree.

Table 3.7.3 Dimensions of TFL and TSL behaviour

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Dimensions</th>
<th>Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Idealized Influence</td>
<td>1 to 17</td>
</tr>
<tr>
<td>2</td>
<td>Individualized Consideration</td>
<td>18 to 24</td>
</tr>
<tr>
<td>3</td>
<td>Intellectual Stimulation</td>
<td>25 to 27</td>
</tr>
<tr>
<td>4</td>
<td>Contingent Reward</td>
<td>28 to 34</td>
</tr>
<tr>
<td>5</td>
<td>Management by exception</td>
<td>35 to 40</td>
</tr>
</tbody>
</table>

For measuring POS, the seventeen items mentioned in the questionnaire were taken in which seven statements were negative i.e. 2, 3, 5, 6, 10, 13 and 14 and their scores were reversed. The details of items of POS were already discussed in Section 1.3.2 of Chapter 1. The seven item rating scale ranging from 1 – 5 was used in the study to measure POS: Strongly disagree, Disagree, Neither disagree nor agree, Agree and Strongly agree.

Table 3.7.4 shows the twelve items used to measure the trust level of employees mentioned in the questionnaire have been categorized into two dimensions. The seven item rating scale ranging from 1 – 5 was used in the study to measure trust: Nearly zero, Low, 50-50, High, and Near 100%.

Table 3.7.4 Dimensions of Trust

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Dimensions</th>
<th>Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Trust in Supervisor</td>
<td>1, 2, 3, 4, 5, 6, 7, 8</td>
</tr>
<tr>
<td>2</td>
<td>Trust in Organization</td>
<td>9, 10, 11, 12</td>
</tr>
</tbody>
</table>

The twenty-four items relating to OCB mentioned in the questionnaire have been categorized into five dimensions as shown in Table 3.7.5. The sportsmanship
The seven item rating scale ranging from 1 – 5 was used in the study to measure OCB: Strongly disagree, Disagree, Neither disagree nor agree, Agree and Strongly agree.

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>Dimensions</th>
<th>Statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Altruism</td>
<td>1, 2, 3, 4, 5</td>
</tr>
<tr>
<td>2</td>
<td>Courtesy</td>
<td>6, 7, 8, 9, 10</td>
</tr>
<tr>
<td>3</td>
<td>Conscientiousness</td>
<td>11, 12, 13, 14, 15</td>
</tr>
<tr>
<td>4</td>
<td>Civic Virtue</td>
<td>16, 17, 18, 19</td>
</tr>
<tr>
<td>5</td>
<td>Sportsmanship</td>
<td>20, 21, 22, 23, 24</td>
</tr>
</tbody>
</table>

Note: * means negative items for which scores are reversed

3.7.4 RELIABILITY AND VALIDITY ANALYSIS

Reliability can be defined to the extent to which a variable is consistent in what it is intended to measure. Several measures of reliability can ascertain the reliability of the measuring instrument. These include test-retest methods, equivalent forms, split halves method and internal consistency method. In the present study, the reliability of TSL and TFL behaviour, POS, trust in supervisor and organization, and OCB scale was determined by using Cronbach’s coefficient alpha as shown in Table 3.7.6. The reliability coefficient indicated that the scale for measuring TFL and TSL behaviour, POS, trust in supervisor and organization, and OCB is quite reliable as the alpha values are 0.917, 0.897, 0.905 and 0.872, respectively. An alpha value of 0.60 and 0.70 or above is considered to be the criterion for demonstrating internal consistency of new scales and established scales respectively. As the values exceeded the minimum requirement, it thereby demonstrates that all scales are internally consistent.

Table 3.7.6: Reliability Coefficients for Final Study

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha</th>
<th>No. of items</th>
</tr>
</thead>
<tbody>
<tr>
<td>TFL and TSL behaviour</td>
<td>0.917</td>
<td>40</td>
</tr>
<tr>
<td>POS</td>
<td>0.897</td>
<td>17</td>
</tr>
<tr>
<td>Trust in supervisor and organization</td>
<td>0.905</td>
<td>12</td>
</tr>
<tr>
<td>OCB</td>
<td>0.872</td>
<td>24</td>
</tr>
</tbody>
</table>

Note: Values of 0.70 and above testifies strong reliability of the scale
The validity represents the extent to which a measure correctly represents the concept of study. As standardized questionnaires were used for the purpose of collecting data relating to TFL and TSL behaviour, POS, trust in supervisor and organization, and OCB, validity testing has been performed by the respective authors.

3.7.5 ANALYSIS OF DATA

The data of all employees from public and private sector banks were pooled and tabulated. To arrive at pertinent results, the collected data was put into planned statistical analysis using SPSS package. The appropriate statistical tools like percentages, means, standard deviations, t-test, analysis of variance (ANOVA), mediation testing, correlation analysis and regression analysis were applied to check and support the objectives and hypotheses which helped in drawing results and conclusions for the study.

Description of statistical techniques used

To arrive at certain conclusions regarding the hypotheses advanced in the present investigation, following is the description of statistical tools used for the analysis of data:

- **Descriptive Analysis**: Measures of central tendency such as means, standard deviation, etc were worked out to study the nature and distribution of scores on the various variables. Along with this, simple graphic analysis like bar graphs and pie-charts were used.

- **Independent t-test**: In order to study the significance of difference between TSL and TFL behaviour, POS, trust in supervisor and organization, and OCB across public and private sector banks and in relation to socio-demographic variables i.e. gender, marital status and level of management, the independent t-test was carried out.

- **Analysis of variance (ANOVA)**: To study the significance of difference between TSL and TFL behaviour, POS, trust in supervisor and organization, and OCB in relation to socio-demographic variables i.e. age, educational qualifications, income level and years of work experience, ANOVA test was carried out for this purpose.
• **Correlation Analysis:** To study the inter-relationship between TSL and TFL behaviour, POS, trust in supervisor and organization, and OCB, Pearson’s correlation analysis was used.

• **Regression Analysis:** The stepwise multiple regression as well as simple regression analysis was used to determine the relative contribution of independent variables i.e. TSL and TFL behaviour, and POS on the dependent variable i.e. OCB. Further, multicollinearity of variables was checked.

The following statistics were used for the diagnostics of multicollinearity:

**Variance Inflation Factor** is the coefficient of multiple determination of regression produced by regressing the variable $X_i$ against the other $X$ variable. If any VIF exceeds 10, the correspondent variable should be considered to be deleted.

**Tolerance Value:** The tolerance of an independent variable is an additional method to measure the effects of multicollinearity in the data. The value of tolerance of variable has a range from 0 to 1. The closer the tolerance value to 1 indicates independence and if tolerance value is close to 0, the variables are multicollinear.

• **Mediation testing:** According to **Baron and Kenny (1986)**, three conditions must hold to establish a significant mediation effect:

1. The predictor (independent variable) must significantly impact the mediator.
2. The predictor must impact the criterion (dependent variable).
3. The mediator must impact the criterion variable and the impact of predictor (independent variable) on criterion must either become insignificant (total mediation) or must become less significant (partial mediation) in the third equation when the criterion is regressed on both independent and mediator variable in the third condition.

Recommendations of **Baron and Kenny (1986)** were followed to test for mediation. In the present study, mediation testing is used to study whether the relationship between leadership behaviour (i.e. TFL and TSL behaviour) and OCB is significantly mediated by trust in supervisor and organization, and also
to study whether the relationship between POS and OCB is significantly mediated by trust in supervisor and organization.

### 3.7.6 DETAILED SOCIO-DEMOGRAPHIC PROFILE OF SAMPLE FOR FINAL STUDY

Table 3.7.7: Socio-demographic Profile of Respondents for Final Study

<table>
<thead>
<tr>
<th>Socio-demographic Variables</th>
<th>Frequency</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sector</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Public</td>
<td>286</td>
<td>53.96</td>
</tr>
<tr>
<td>Private</td>
<td>244</td>
<td>46.04</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Age</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>87</td>
<td>16.42</td>
</tr>
<tr>
<td>26-35 years</td>
<td>164</td>
<td>30.94</td>
</tr>
<tr>
<td>36-45 years</td>
<td>186</td>
<td>35.09</td>
</tr>
<tr>
<td>More than 45 years</td>
<td>93</td>
<td>17.55</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Gender</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Male</td>
<td>307</td>
<td>57.92</td>
</tr>
<tr>
<td>Female</td>
<td>223</td>
<td>42.08</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Marital Status</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unmarried</td>
<td>204</td>
<td>38.49</td>
</tr>
<tr>
<td>Married</td>
<td>326</td>
<td>61.51</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Educational Qualification</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under graduate</td>
<td>48</td>
<td>9.06</td>
</tr>
<tr>
<td>Graduate</td>
<td>249</td>
<td>46.98</td>
</tr>
<tr>
<td>Post Graduate</td>
<td>146</td>
<td>27.54</td>
</tr>
<tr>
<td>Others (Professional)</td>
<td>87</td>
<td>16.42</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Income Level (Rs.)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 20000</td>
<td>94</td>
<td>17.74</td>
</tr>
<tr>
<td>20001-40000</td>
<td>230</td>
<td>43.40</td>
</tr>
<tr>
<td>40001-60000</td>
<td>142</td>
<td>26.78</td>
</tr>
<tr>
<td>Above 60000</td>
<td>64</td>
<td>12.08</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total Work Experience (Years)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Less than 5</td>
<td>142</td>
<td>26.80</td>
</tr>
<tr>
<td>6 - 10</td>
<td>163</td>
<td>30.75</td>
</tr>
<tr>
<td>11 - 15</td>
<td>126</td>
<td>23.77</td>
</tr>
<tr>
<td>Above 15</td>
<td>99</td>
<td>18.68</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
<tr>
<td><strong>Level of Management</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Middle Level</td>
<td>214</td>
<td>40.38</td>
</tr>
<tr>
<td>Lower Level</td>
<td>316</td>
<td>59.62</td>
</tr>
<tr>
<td>Total</td>
<td>530</td>
<td>100</td>
</tr>
</tbody>
</table>
The sample for present study consisted of employees from public and private sector banks. The socio-demographic factors such as age, gender, marital status, educational qualification, years of work experience, income level and level of management were taken to determine the TSL and TFL behaviour, POS, trust in supervisor and organization, and OCB. The socio-demographic profile of respondents is summarized as shown in Table 3.7.7.

**Fig. 3.1: Public and private sector distribution of respondents**

![Public and private sector distribution](image)

<table>
<thead>
<tr>
<th>Sector wise distribution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private sector banks</td>
<td>46.04%</td>
</tr>
<tr>
<td>Public sector banks</td>
<td>53.96%</td>
</tr>
</tbody>
</table>

In the present study, the total number of employees were 530, whereby 286 (53.96%) were from public sector banks and 244 were from private sector banks (46.04%) as shown in Fig. 3.1.

**Fig. 3.2: Age wise distribution of respondents**

![Age wise distribution](image)

<table>
<thead>
<tr>
<th>Age wise distribution</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>More than 45 years</td>
<td>17.55%</td>
</tr>
<tr>
<td>Less than 25 years</td>
<td>16.42%</td>
</tr>
<tr>
<td>36-45 years</td>
<td>35.09%</td>
</tr>
<tr>
<td>26-35 years</td>
<td>30.94%</td>
</tr>
</tbody>
</table>

From Figure 3.2, it is found that out of the 530 total respondents, maximum respondents i.e. 186 (35.09%) belonged to the age group of 36-45 years, followed by
164 (30.94%) respondents in the age group between 26-35 years, 93 (17.55%) respondents in the age group of more than 45 years and lastly, 87 (16.42%) respondents were in the age group of less than 25 years.

**Fig. 3.3: Gender wise distribution of respondents**

![Gender Distribution Chart]

Fig. 3.3 shows that out of 530 total respondents, 307 (57.92%) were male employees and 223 (42.08%) were female employees.

**Fig. 3.4: Marital Status wise distribution of respondents**

![Marital Status Distribution Chart]

Fig. 3.4 shows that out of the 530 respondents, 204 (38.49%) were unmarried and 326 (61.51%) were married.
From Figure 3.5, it was found that out of 530 total respondents, a major chunk of 249 (46.98%) employees were graduate, followed by 146 (27.54%) post graduate employees, 87 (16.42%) falls under ‘others’ category and lastly, 48 (9.06%) employees were under graduate.

Fig. 3.6 shows that out of the 530 total respondents, maximum respondents i.e. 230 (43.40%) had their income level of Rs. 20001 - 40000, followed by 142 (26.78%) with income level of Rs. 40001 - 60000, 94 (17.74%) with income level of less than Rs. 20000, and lastly, 64 (12.08%) with income level of above Rs. 60000.
Fig. 3.7 shows that out of the 530 total respondents, majority of respondents i.e. 163 (30.75%) had total work experience of 6-10 years, followed by 142 (26.80%) respondents with total work experience of less than 5 years, 126 (23.77%) respondents with total work experience of 11-15 years and lastly, 99 (18.68%) respondents with total work experience of above 15 years.

Fig. 3.8 shows that out of the 530 total respondents, maximum respondents i.e. 316 (59.62%) were lower level employees, whereas 214 (40.38%) were middle level employees.

Fig. 3.8 shows that out of the 530 total respondents, maximum respondents i.e. 316 (59.62%) were lower level employees, whereas 214 (40.38%) were middle level employees.
3.8 PROFILE OF BANKS UNDER STUDY

BANKING INDUSTRY IN INDIA – AN OVERVIEW

Banking in India, in the modern sense, was originated in the last decades of 18th century. The first banks were General Bank of India (1786), and Bank of Hindustan (1770), both are now defunct. The oldest bank still in existence in India is the State Bank of India (SBI), which originated in the Bank of Calcutta in June 1806, which almost immediately became the Bank of Bengal. This was one of the three presidency banks, the other two being the Bank of Bombay and the Bank of Madras, all three of which were established under charters from the British East India Company. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India in 1955.

Post-Independence

The partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralysing banking activities for months. India's independence marked the end of a regime of the Laissez-faire for the Indian banking. The Government of India initiated measures to play an active role in the economic life of the nation, and the Industrial Policy Resolution adopted by the government in 1948 envisaged a mixed economy. This resulted into greater involvement of the state in different segments of the economy including banking and finance. The major steps to regulate banking included:

- The Reserve Bank of India (RBI), India's central banking authority, was established in April 1935, but was nationalised on 1 January 1949 under the terms of the Reserve Bank of India (Transfer to Public Ownership) Act, 1948.
- In 1949, the Banking Regulation Act was enacted which empowered the RBI "to regulate, control, and inspect the banks in India".

Nationalisation in the 1960s

Despite the provisions, control and regulations of RBI, Indian banks except SBI, continued to be owned and operated by private persons. By the 1960s, the Indian banking industry had become an important tool to facilitate the development of Indian economy. The Government of India (GOI) issued an ordinance ‘Banking Companies (Acquisition and Transfer of Undertakings) Ordinance, 1969’ and nationalised the 14
largest commercial banks with effect from the midnight of 19 July 1969. These banks contained 85 percent of bank deposits in the country. The Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August 1969.

It was followed by nationalisation of 6 more commercial banks in 1980. With the second dose of nationalisation, the GOI controlled around 91% of the banking business of India. Later on, in the year 1993, the government merged New Bank of India with Punjab National Bank. It was the only merger between nationalised banks and resulted in the reduction of number of nationalised banks from 20 to 19.

**Liberalisation in the 1990s**

In the early 1990s, Narasimha Rao Government embarked on a policy of liberalisation, and licensing a small number of private banks. This move, along with the rapid growth in the economy of India, revitalised the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, government banks, private banks and foreign banks. The next stage for the Indian banking has been set up with the proposed relaxation in the norms for foreign direct investment, where all foreign investors in banks may be given voting rights which could exceed the present cap of 10%, at present it has gone up to 74% with some restrictions. The IT revolution had a great impact in the Indian banking system. The use of computers had led to introduction of online banking in India. The use of the modern innovation and computerisation of the banking sector of India has increased many fold after the economic liberalisation of 1991 as the country's banking sector has been exposed to the world's market. The Indian banks were finding it difficult to compete with the international banks in terms of the customer service without the use of the information technology and computers.

The RBI set up a number of committees to define and coordinate banking technology. These have included:

- In 1984, Committee on Mechanisation in the Banking Industry was formed whose chairman was Dr C Rangarajan, Deputy Governor, RBI. The major recommendations of this committee were introducing MICR technology in all the banks in the metropolis in India. This provided use of standardized cheque forms and encoders.
• In 1988, the RBI set up the Committee on Computerisation in Banks (1988) headed by Dr. C.R. Rangarajan which emphasized that settlement operation must be computerized in the clearing houses of RBI in Bhubaneswar, Guwahati, Jaipur, Patna and Thiruvananthapuram. It also focused on computerisation of branches and increasing connectivity among branches through computers. It also suggested modalities for implementing on-line banking. The committee submitted its reports in 1989 and computerisation began from 1993.

• In 1994, Committee on Technology Issues relating to Payment systems, Cheque Clearing and Securities Settlement in the Banking Industry was set up under the chairmanship of Shri W.S. Saraf. It emphasized Electronic Funds Transfer (EFT) system, with the BANKNET communications network as its carrier.


3.8.1 STATE BANK OF INDIA

The origin of the State Bank of India goes back to the first decade of the nineteenth century with the establishment of the Bank of Calcutta in Calcutta on 2 June 1806. Three years later, the bank received its charter and was re-designed as the Bank of Bengal (1809). A unique institution, it was the first joint-stock bank of British India sponsored by the Government of Bengal. The Bank of Bombay (1840) and the Bank of Madras (1843) followed the Bank of Bengal. These three banks remained at the apex of modern banking in India till their amalgamation as the Imperial Bank of India on 27 January 1921.

In 1951, when the First Five Year Plan was launched, the development of rural India was given the highest priority. The commercial banks of the country including the Imperial Bank of India had till then confined their operations to the urban sector and were not equipped to respond to the emergent needs of economic regeneration of the rural areas. In order, therefore, to serve the economy in general and the rural sector in particular, the All India Rural Credit Survey Committee recommended the creation of a state-partnered and state-sponsored bank by taking over the Imperial Bank of India, and integrating with it, the former state-owned or state-associate banks. An act was
accordingly passed in Parliament in May 1955 and the State Bank of India was constituted on 1 July 1955. More than a quarter of the resources of the Indian banking system thus passed under the direct control of the State. Later, the SBI (Subsidiary Banks) Act was passed in 1959, enabling the SBI to take over eight former State-associated banks as its subsidiaries (later named Associates).

The SBI was thus born with a new sense of social purpose aided by the 480 offices comprising branches, sub offices and three local head offices inherited from the Imperial Bank. The concept of banking as mere repositories of the community's savings and lenders to creditworthy parties was soon to give way to the concept of purposeful banking subserving the growing and diversified financial needs of planned economic development. The SBI was destined to act as the pacesetter in this respect and lead the Indian banking system into the exciting field of national development.

SBI has the following five associate banks with controlling interest ranging from 75% to 100%.

1. State Bank of Bikaner and Jaipur
2. State Bank of Hyderabad
3. State Bank of Mysore
4. State Bank of Patiala
5. State Bank of Travancore

Earlier SBI had seven associate banks, all of which had belonged to princely states until the government nationalised them between October 1959 and May 1960. In tune with the first five year plan, which prioritised the development of rural India, the government integrated these banks into SBI system to expand its rural outreach. There has been a proposal to merge all the associate banks into SBI to create a “mega bank” and streamline the group’s operations.

Apart from its five associate banks, SBI also has the following non-banking subsidiaries:

1. SBI Capital Markets Ltd
2. SBI Funds Management Pvt. Ltd
3. SBI Factors and Commercial Services Pvt. Ltd
4. SBI Cards and Payments Services Pvt. Ltd.

5. SBI Life Insurance Company Limited

6. SBI General Insurance

Following are the products offered by SBI: Credit cards, consumer banking, corporate banking, finance and insurance, investment banking, mortgage loans, private banking, wealth management, etc.  http://www.sbi.co.in/

3.8.2 PUNJAB NATIONAL BANK

Punjab National Bank (PNB) is an Indian financial services company based in New Delhi, India. PNB is the third largest bank in India by assets. It was founded in 1894 by Lala Lajpat Rai and is currently the second largest state-owned commercial bank in India ahead of Bank of Baroda with about 5000 branches across 764 cities. It serves over 37 million customers. PNB has a banking subsidiary in the UK, as well as branches in Hong Kong, Dubai and Kabul, and representative offices in Almaty, Dubai, Oslo, and Shanghai.

Punjab National Bank was registered on 19 May 1894 under the Indian Companies Act. PNB has the distinction of being the first Indian bank to have been started solely with Indian capital that has survived to the present (The first entirely Indian bank, Commercial Bank, was established in 1881 in Faizabad, but failed in 1958). In 1900, PNB established its first branch outside Lahore in Rawalpindi. Branches in Karachi and Peshawar followed. The next year, PNB absorbed Bhagwan Dass Bank, a scheduled bank located in Delhi Circle. In 1947, at the Partition of India and the commencement of Pakistani independence, PNB lost its premises in Lahore, but continued to operate in Pakistan. Partition forced PNB to close 92 offices in West Pakistan, 33% of the total number, and which held 40% of the total deposits. PNB still maintained a few caretaker branches. On 31 March 1947, even before Partition, PNB had decided to leave Lahore and transfer its registered office to India, it received permission from the Lahore High Court on 20 June 1947, at which time it established a new head office in Calcutta.

1951: PNB acquired the 39 branches of Bharat Bank (established 1942), Bharat Bank became Bharat Nidhi Ltd.

1960: PNB again shifted its head office, this time from Calcutta to Delhi.
1961: PNB acquired Universal Bank of India.


1965: After the Indo-Pak war, the government of Pakistan seized all the offices in Pakistan of Indian banks. PNB also had one or more branches in East Pakistan (Bangladesh).

1969: The GOI nationalized PNB and 13 other major commercial banks, on 19 July 1969.

1976: PNB opened a branch in London.

1986: The RBI required PNB to transfer its London branch to SBI after the branch was involved in a fraud scandal. PNB acquired Hindustan Commercial Bank (established 1943) in a rescue. The acquisition added Hindustan's 142 branches to PNB's network.

1993: PNB acquired New Bank of India, which the GOI had nationalized in 1980.

1998: PNB set up a representative office in Almaty, Kazakhstan.

2003: PNB took over Nedungadi Bank, the oldest private sector bank in Kerala. At the time of merger with PNB, Nedungadi Bank's shares had zero value, with the result that its shareholders received no payment for their shares. PNB also opened a representative office in London.

2004: PNB established a branch in Kabul, Afghanistan and a representative office in Shanghai. PNB also established an alliance with Everest Bank in Nepal that permits migrants to transfer funds easily between India and Everest Bank's 12 branches in Nepal. Currently, PNB owns 20% of Everest Bank.

2005: PNB opened a representative office in Dubai. Two years later, PNB established Punjab National Bank (International) – in the UK, with two offices, one in London, and one in South Hall. Since then it has opened more branches, this time in Leicester, Birmingham, Ilford, Wembly, and Wolverhampton. PNB also opened a branch in Hong Kong.

2009: PNB established a representative office in Oslo, Norway. PNB hopes to upgrade this to a branch in due course.

2010: PNB purchased a small minority stake in Kazakhstan-based Dana Bank. Within the year PNB increased its ownership. The subsidiary has branches in
Almaty, Astana, Kangandu, and Pavlodar. Dana bank was established on 20 October 1992 in Pavlodar. Also, in January 2010, PNB established a subsidiary in Bhutan. PNB owns 51% of Druk PNB Bank, which has branches in Thimpu, Phuentsholing, and Wangdue. Local investors own the remaining shares. Then on 1 May, PNB opened its branch in Dubai's financial center.

2011: PNB opened a representative office in Sydney, Australia.

2012: PNB signed an agreement with US based life insurance company MetLife to acquire a 30% stake in MetLife's Indian affiliate MetLife India Limited. The company would be renamed PNB MetLife India Limited and PNB would sell MetLife's products in its branches. http://www.pnbindia.in/En/ui/Home.aspx

3.8.3 CANARA BANK

Canara Bank is an Indian bank headquartered in Bangalore, Karnataka. It was established in 1906, making it one of the oldest banks in the country. Ammembal Subba Rao Pai, a philanthropist, established the Canara Hindu Permanent Fund in Mangalore, India, on 1 July 1906. The bank changed its name to Canara Bank Limited in 1910 when it incorporated. In 1958, the RBI ordered Canara Bank to acquire G. Raghumathmul Bank, in Hyderabad. This bank had been established in 1870, and had converted to a limited company in 1925. At the time of the acquisition G. Raghumathmul Bank had five branches. The GOI nationalised Canara Bank, along with 13 other major commercial banks of India, on 19 July 1969. In 1976, Canara Bank inaugurated its 1000th branch. In 1985, Canara Bank acquired Lakshmi Commercial Bank in a rescue. This brought Canara Bank around 230 branches in Northern India. In 1996 Canara Bank became the first Indian Bank to get ISO certification for "Total Branch Banking" for its Seshadripuram branch in Bangalore. Canara Bank has now stopped opting for ISO certification of branches.

Following are the overseas subsidiaries, branches and offices: Canara Bank established its international division in 1976. In 1983, Canara Bank opened its first overseas office, a branch in London. Two years later, Canara Bank established a subsidiary in Hong Kong, Indo Hong Kong International Finance. In 2008-09, Canara Bank opened its third foreign operation, this time a branch in Shanghai. Later, Canara Bank established a branch each in Leicester and Bahrain, and converted its Hong Kong subsidiary into a branch. It also has a representative office in Sharjah. Together
with SBI, Canara Bank established a joint venture in Moscow, Commercial Bank of India. Since 1983, Canara Bank has been responsible for the management of Eastern exchange establishment, Doha, Qatar, which Abdul Rahman M.M. Al Muftah had established in 1979. Following are the subsidiary companies of Canara Bank:

1. Canfin Homes Limited
2. Canbank Factors Limited
3. Canbank Venture Capital Fund Limited
4. Canbank Computer Services Limited
5. Canara Bank Securities Limited
6. Canara Robeco Asset Management Company Limited
7. Canbank Financial Services Limited
8. Canara HSBC Oriental Life Insurance Company Limited

Canara Bank sponsors three regional rural banks (RRB):

1. Shreyas Gramin Bank – Canara Bank is a sponsor of this bank, which came about with the amalgamation on 1 June 2006 after amalgamation of three RRBs, Aligarh Gramin Bank, Etah Gramin Bank and Jamuna Gramin Bank.

2. South Malabar Gramin Bank is the largest RRB in India. Its headquarters are at Malappuram and operates in eight districts in Kerala. It was established in 1976 as a Scheduled Commercial Bank.

3. Pragathi Gramin Bank has its headquarters at Bellary, Karnataka, and has 405 branches spread over seven districts. Canara Bank is a state level lead bank in Kerala. http://www.canarabank.com/English/Home.aspx

Development projects: Canara Bank partnered with UNEP to initiate a solar loan program. It was a four-year $7.6 million effort, launched in April 2003, to help accelerate the market for financing solar home systems in Southern India.

Canara Bank had a major IT initiative to network all branches and move them to a single software platform. Canara Bank chose Flexcube from Oracle Financial Services Software as the application. The Bank entered into an agreement with IBM for rolling out flexcube to over 1000 branches as part of Phase I. This phase has just been concluded, with Karaikudi Branch in Tamil Nadu being the 1000th branch to go
live. Over 22 million customers are benefiting from this initiative. In March 2009, IT examiner published reports of major problems with the flexcube implementation. Now, all the branches of Canara Bank are live on core banking application flexcube.

3.8.4 ICICI BANK

ICICI Bank is India's second-largest bank with total assets of Rs. 4,736.47 billion (US$ 93 billion) at March 31, 2012 and profit after tax Rs. 64.65 billion (US$ 1,271 million) for the year ended March 31, 2012. The Bank has a network of 2,900 branches and 10,021 ATMs in India, and has a presence in 19 countries, including India. ICICI Bank offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and through its specialised subsidiaries in the areas of investment banking, life and non-life insurance, venture capital and asset management.

The Bank currently has subsidiaries in the United Kingdom, Russia and Canada, branches in United States, Singapore, Bahrain, Hong Kong, Sri Lanka, Qatar and Dubai International Finance Centre and representative offices in United Arab Emirates, China, South Africa, Bangladesh, Thailand, Malaysia and Indonesia. UK subsidiary has established branches in Belgium and Germany. ICICI Bank's equity shares are listed in India on Bombay stock exchange and National stock exchange of India limited and its American depositary receipts (ADRs) are listed on the New York Stock Exchange (NYSE).

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was reduced to 46% through a public offering of shares in India in fiscal 1998, an equity offering in the form of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquisition of Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to institutional investors in fiscal 2001 and fiscal 2002. ICICI was formed in 1955 at the initiative of the World Bank, the GOI and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses.

In the 1990s, ICICI transformed its business from a development financial institution offering only project finance to a diversified financial services group offering a wide
variety of products and services, both directly and through a number of subsidiaries and affiliates like ICICI Bank. In 1999, ICICI became the first Indian company and the first bank or financial institution to be listed on the NYSE.

In October 2001, the Boards of Directors of ICICI and ICICI Bank approved the merger of ICICI and two of its wholly-owned retail finance subsidiaries, ICICI Personal Financial Services Limited and ICICI Capital Services Limited, with ICICI Bank. Consequent to the merger, the ICICI group's financing and banking operations, both wholesale and retail, have been integrated in a single entity. ICICI Bank has formulated a code of business conduct and ethics for its directors and employees.

Following are the acquisitions of ICICI Bank:

1996: SCICI Ltd. A diversified financial institution with headquarters in Mumbai
1998: Anagram Finance, Anagram had built up a network of some 50 branches in Gujrat, Rajasthan, and Maharashtra that were primarily engaged in retail financing of cars and trucks. It also had some 250,000 depositors.
2001: Bank of Madura
2002: The Darjeeling and Simla branches of Grindlays Bank
2005: Investitsionno-Kreditny Bank, a Russian bank
2007: Sangli Bank which was a private sector unlisted bank, founded in 1916, and 30% owned by the Bahte family. Its headquarters was in Sangli in Maharashtra, and it had 198 branches. It had 158 in Maharashtra and 31 in Karnataka, and others in Gujarat, Andhra Pradesh, Tamil Nadu, Goa, and Delhi. Its branches were relatively evenly split between metropolitan areas and rural or semi-urban areas.
2010: Bank of Rajasthan

Following are the subsidiaries of ICICI Bank:

At the Domestic level

1. ICICI Prudential Life Insurance Company Limited
2. ICICI Lombard General Insurance Company Limited
3. ICICI Prudential Asset Management Company Limited
4. ICICI Prudential Trust Limited
5. ICICI Securities Limited
6. ICICI Securities Primary Dealership Limited
7. ICICI Venture Funds Management Company Limited
8. ICICI Home Finance Company Limited
9. ICICI Investment Management Company Limited
10. ICICI Trusteeship Services Limited
11. ICICI Prudential Pension Funds Management Company Limited

At the International level
1. ICICI Bank Canada
2. ICICI Bank Eurasia Limited Liability Company
3. ICICI Securities Holdings Inc.
4. ICICI Securities Inc.
5. ICICI International Limited

Corporate governance: Group anti money laundering (AML) policy was formulated. The ICICI Group AML Policy establishes the standards of AML compliance and applies to all activities. http://www.icicibank.com/index.html

3.8.5 HDFC BANK

The Housing Development Finance Corporation Limited (HDFC) was amongst the first to receive an 'in principle' approval from the RBI to set up a bank in the private sector, as part of the RBI's liberalisation of the Indian Banking Industry in 1994. The bank was incorporated in August 1994 in the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC Bank Limited is an Indian financial services company based in Mumbai, Maharashtra that was incorporated in August 1994. As of December 2012 the bank had balance sheet size of Rs. 3837 billion. On May 23, 2008, the amalgamation of Centurion Bank of Punjab with HDFC Bank was formally approved by RBI to complete the statutory and regulatory approval process.
HDFC is India's premier housing finance company and enjoys an impeccable track record in India as well as in international markets. Since its inception, the Corporation has maintained a consistent and healthy growth in its operations to remain the market leader in mortgages. Its outstanding loan portfolio covers well over a million dwelling units. HDFC has developed significant expertise in retail mortgage loans to different market segments and also has a large corporate client base for its housing related credit facilities. With its experience in the financial markets, strong market reputation, large shareholder base and unique consumer franchise, HDFC was ideally positioned to promote a bank in the Indian environment. http://www.hdfcbank.com/

HDFC Bank caters to a wide range of banking services covering commercial and investment banking on the wholesale side and transactional / branch banking on the retail side. The bank has three key business segments:

- The Bank's target market is primarily large, blue-chip manufacturing companies in the Indian corporate sector and to a lesser extent, small and mid-sized corporate and agro-based businesses. For these customers, the Bank provides a wide range of commercial and transactional banking services, including working capital finance, trade services, transactional services, cash management, etc. The bank is also a leading provider of structured solutions, which combine cash management services with vendor and distributor finance for facilitating superior supply chain management for its corporate customers. Based on its superior product delivery/service levels and strong customer orientation, the Bank has made significant inroads into the banking consortia of a number of leading Indian corporates including multinationals, companies from the domestic business houses and prime public sector companies.

- HDFC Bank was the first bank in India to launch an International Debit Card and issues the Master Card Maestro debit card as well. The Bank launched its credit card business in 2001. By March 2012, the bank had a total card base (debit and credit cards) of over 19.71 million. The Bank is also one of the leading players in the "merchant acquiring" business with over 180,000 Point-of-sale terminals for debit/credit cards acceptance at merchant establishments.

- Within this business, the bank has three main product areas - Foreign exchange and derivatives. Local currency money market and Debt securities, and Equities. With the liberalisation of the financial markets in India, corporates need more
sophisticated risk management information, advice and product structures. To comply with statutory reserve requirements, the bank is required to hold 25% of its deposits in government securities. The Treasury business is responsible for managing the returns and market risk on this investment portfolio.

HDFC Bank operates in a highly automated environment in terms of information technology and communication systems. In terms of core banking software, the Corporate banking business is supported by Flexcube, while the Retail Banking business by Finware, both from i-flex Solutions Ltd. The systems are open, scaleable and web-enabled. The systems are open, scaleable and web-enabled. The Bank has prioritised its engagement in technology and the internet as one of its key goals and has already made significant progress in web-enabling its core businesses. In each of its businesses, the Bank has succeeded in leveraging its market position, expertise and technology to create a competitive advantage and build market share.

### 3.8.6 AXIS BANK

Axis Bank is the third largest private sector bank in India. Axis Bank offers the entire spectrum of financial services to customer segments covering large and mid-corporates, sme, agriculture and retail businesses. The Bank has a large footprint of 1787 domestic branches (including extension counters) and 10,363 ATMs spread across 1,139 centres in the country as on 31st December 2012. The Bank also has 7 overseas branches/offices in Singapore, Hong Kong, Shanghai, Colombo, Dubai, DIFC - Dubai and Abu Dhabi.

Axis Bank is one of the first new generation private sector banks to have begun operations in 1994. The Bank was promoted in 1993, jointly by Specified Undertaking of Unit Trust of India, SUUTI (then known as UTI), Life Insurance Corporation of India, General Insurance Corporation of India, National Insurance Company Ltd., The New India Assurance Company Ltd., The Oriental Insurance Company Ltd. and United India Insurance Company Ltd. The shareholding of Unit Trust of India was subsequently transferred to SUUTI, an entity established in 2003. With a balance sheet size of Rs. 2,85,628 crores as on 31st March 2012, Axis Bank is ranked 9th amongst all Indian scheduled banks. Vision 2015 of Axis Bank: To be the preferred financial solutions provider excelling in customer delivery
through insight, empowered employees and smart use of technology, core values, customer centricity, ethics, transparency, teamwork, ownership.

Axis Bank has developed a strong retail banking franchise over the years. The Bank offers a wide range of payment solutions to its customers in the form of debit cards, prepaid cards and credit cards. As on 31st March 2012, the Bank has a base of approximately 124.99 lac debit cards, placing it among the leading players in the country. Axis Bank Priveé’, an exclusive private banking service offers advisory, investment and lending solutions to its customers across 10 cities in the country. The Bank launched ‘Axis Bank Wealth’ in 2008-09 targeting customers who have a total relationship value with the Bank of between Rs.30 lacs and Rs.200 lacs.

International Retail Business focuses specifically on the overseas sales channel, retail foreign exchange business, remittances and retail businesses in overseas centres such as Hong Kong and Sri Lanka, where the Bank has a presence. The products offered in the area of retail Forex and remittances include travel currency cards, inward and outward wire transfers, traveller’s cheques and foreign currency notes, remittance facilities through online portals as well as through collaboration with correspondent banks, exchange houses and money transfer operators. The Bank continued to have a market leadership position in Travel Currency Cards with 11 currency options other than INR being offered. The aggregate spends on Travel Currency Cards have crossed 3 billion US dollars during the year 2012-13.

The Bank offers a range of current account products and cash management solutions (CMS) across all business segments covering corporates, institutions, central and state government ministries and undertakings as well as small and retail customers. The Bank is one of the top CMS providers in the country. The Bank acts as an agency bank for transacting government business offering services to various Central Government Ministries/Departments and other State Governments and Union Territories.

Axis Bank has built a strong corporate banking franchise across corporate, liability and asset businesses. Axis Bank provides customized structuring and financing solutions in a timely and comprehensive manner to its corporate customers with a focus on building out a high quality credit portfolio. The Bank is a market leader in Debt Capital Markets and loan syndication business across segments, sectors and
geographies. The Bank also provides full range of Treasury and Trade Finance solutions to its corporate clients.

The Bank has segmented its business in three groups: Small enterprises, Medium enterprises and Supply chain finance. The Bank extends working capital, project finance as well as trade finance facilities to SMEs. The Bank has launched ‘Business Gaurav SME Awards’ in association with Dun and Bradstreet to recognise and award achievers in the SME space. The Bank continues to drive and expand the flow of credit to the agricultural sector.

Bank launched Axis Academic Interface Program with Institutions to offer youngsters an understanding about the financial services industry, and creating ‘Axis Bankers’. Axis Bank has a young workforce with an average age of 29 years. The equal opportunity employer policy of the Bank contributes strongly to the Axis Bank brand.

Axis Bank has set up a Trust - the Axis Bank Foundation to channel its philanthropic initiatives. The Foundation has committed itself to participate in various socially relevant endeavours with a special focus on poverty alleviation, providing sustainable livelihoods, education of the underprivileged, healthcare, sanitation etc. The Bank contributes up to one per cent of its net profit annually to the Foundation under its CSR initiatives. The Foundation supports the Lifeline Foundation for providing high level trauma care and rural medical relief in the states of Maharashtra, Kerala, Gujarat and Rajasthan. The Foundation also supports projects in skill development, water harvesting and low-cost agricultural practices to enhance farm yield.

http://www.axisbank.com/