CHAPTER-2

RESEARCH METHODOLOGY AND CONTOUR OF BANKING INDUSTRY

A research proposal is the arrangement of conditions for collection and analysis of data in a manner that aims to have relevance to the research purpose along with economy in procedure. The research design that is adopted has to correspond to the aims of the research. In this case the major objective of the research was an exploratory survey of job stress, employee morale and job involvement prevalent in our banking sector and to assess the impact that job stress has on employee morale and job involvement. This study being in an uncharted and unfamiliar area is exploratory in nature rather than experimental. As a result the research design has been kept flexible to permit consideration of different aspects of the phenomena. However, in order to eliminate bias an objective and definite research plan has been formulated on the lines of other descriptive and diagnostic studies. The area of research has been kept in mind, and a design best suited to realize these aims within the given set of limitations has been adopted.
Objectives

The study has been conceived with the following objectives:

1. To know the level of job stress, employee morale and job involvement in the three selected banks.
2. To undertake a comparative analysis of the selected banks on the basis of job stress, employee morale and job involvement.
3. To study the impact of job stress on employee morale and job involvement in the selected banks.
4. To compare male and female executives in the banks under study on the basis of job stress, employee morale and job involvement.
5. To give recommendations for improvisation of job stress, employee morale and job involvement levels.

After deciding on the nature of the research design, which was to be of a statistical nature, it was necessary to choose a sample group from which the data was to be collected.

Scope of the Study

Executives in the Indian banking sector constitute the scope of the study, within that it is limited to the scheduled commercial banks (those included in the Second Schedule of Reserve Bank of India (RBI) Act, 1934) in Punjab including Chandigarh. The sample had to include banks
that differed from one another on some bases that were known to affect job stress with a degree of reliability. Indian scheduled commercial banks can be bifurcated on the basis of ownership and performance into Public Sector Banks (27 in number), Private Sector Banks (30 in number) and Foreign Sector Banks (40 in number). Further, to bring out a sample of reasonable size, the most profitable bank out of each category of these banks has been chosen as per report of Business Standard, 21 August, 2008:

State Bank of India among the Public Sector Banks;
ICICI Bank Ltd. among the Private Sector Banks; and
Citibank among the Foreign Sector Banks.

Sample for the Study

Besides restricting this study to banking sector executives in Punjab including Chandigarh and selecting a sample of three banks, it was felt necessary to choose a small group of employees from each bank from which representative data for that particular bank could be collected. To meet the purpose, disproportionate stratified random sampling technique was used as disparity in the number of branches and executives in the three banks under study existed. State Bank of India, being a public sector bank, has the largest number of branches and executives followed by ICICI Bank Ltd. which is a private sector bank. Citibank, a foreign
sector bank, due to its relative late establishment in India has appeared with the least number of branches and executives.

Table 2.1: Representative Sample Group

<table>
<thead>
<tr>
<th></th>
<th>Foreign Sector Bank</th>
<th>Private Sector Bank</th>
<th>Public Sector Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Citibank</td>
<td>3</td>
<td>21</td>
<td>269</td>
</tr>
<tr>
<td>ICICI Bank Ltd.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>No. of Branches (in Punjab including Chandigarh)</td>
<td>3</td>
<td>21</td>
<td>269</td>
</tr>
<tr>
<td>No. of Executives</td>
<td>55</td>
<td>450</td>
<td>5728</td>
</tr>
<tr>
<td>Sample Size</td>
<td>50</td>
<td>150</td>
<td>200</td>
</tr>
</tbody>
</table>

Therefore, as many as 400 executives from all the three banks under study formed the sample size.

Hypothesis

This work being a pioneering effort continues to be an exploratory one. It has been undertaken with the aim of understanding concepts, relationships, and problems to make suitable suggestions.

On the basis of review of literature the following hypotheses have been formulated:

1. The executives of public, private and foreign sector banks have different levels of job stress, employee morale and job involvement.
2. Job stress has a relationship with employee morale and job involvement.

3. Job stress has an impact on employee morale and job involvement.

4. Males and females differ on the basis of level of job stress, employee morale and job involvement.

**Questionnaire**

The next logical step was selection of the instrument to measure the three variables of this study, viz. job stress, employee morale and job involvement.

After having considered merits and demerits of various instruments, standardized questionnaires-cum-scales emerged to be the most viable method due to the following advantages: Firstly, their validity and reliability. Secondly, they aptly serve the purpose of this study. Thirdly, they are impersonal, and therefore, people do not hesitate to express what they actually feel. Fourthly, they are easier to classify and tabulate so that results can be correlated meaningfully. Finally, they are standardized and so eliminate bias to a great extent.

A few studies were reviewed on job stress (Mohan & Chauhan, 1999; Mishra & Srivastava, 2001; Kaur, 2003), employee morale (Kansal, 1990; Bir, 2006) and job involvement (Pathak, 1983; Gable & Dangello, 1994; Hafer & Martin, 2006). Also, certain questionnaires-
cum-scales on the three variables were gone through. It was observed that Pareek’s (1981) role stress scale and Srivastava & Singh’s (1981) occupational stress scale were chiefly the ones used for measuring job stress. Srivastava’s (1978) and Brayfield & Roath’s (1951) questionnaire-cum-scale was the one used for measuring employee morale. Lodahl & Kejner’s (1965) scale and another scale by Kanungo (1982) were used for measuring job involvement.

For the present study, standardized questionnaires-cum-scales developed by Pareek (1981), Srivastava (1978), Brayfield & Roath (1951), and Lodahl & Kejner (1965) were the ones chosen for measuring job stress, employee morale and job involvement respectively, their reliability and validity being already tested.

The questionnaire was divided into four parts; Part-A, Part-B, Part-C and Part-D.

**Part-A:**

It carried the demographic details, such as name of the organization, experience, designation, age, sex, marital status and qualification of the respondent.
**Part-B:**

It consisted of a scale developed and standardized by Pareek (1981) to measure job stress. Pareek has given a very comprehensive classification of stress at one’s job. The scale has fifty items and assesses the following ten types of stressors which the employees experience on their job.

(i) **Inter-Role Distance (IRD)**

An individual usually performs more than one role and there may be a conflict between these roles. Thus, there is a conflict between the organization role and other roles, i.e., stress due to the conflict of not being able to share time between the work demands and family demands. Questions included are:

1. My job tends to interfere with my family life.

11. I have various other interests (social, religious, etc.), which remain neglected because I do not get time to attend to these.

21. My job does not allow me enough time for my family.

31. My organizational responsibilities interfere with my extra organizational jobs.

41. My family and friends complain that I do not spend time with them due to the heavy demands of my work.
(ii) Role Stagnation (RS)

As an individual grows older, he also grows in the role that he occupies in an organization. With the advancement of the individual the role changes, and with this change in role, the need for taking up new role becomes crucial. Stress due to few opportunities for learning and growth in the role is known as role stagnation.

Questions included are:

2. I’m afraid I’m not learning enough in my present job for taking up higher responsibility.
12. I’m too preoccupied with my present job responsibility to be able to prepare for taking up higher responsibilities.
22. I did not have time and opportunities to prepare myself for the future challenges of my job.
32. There is very little scope for personal growth in my job.
42. I feel stagnant in my job.

(iii) Role Expectation Conflict (REC)

Conflicting expectations or demands by different role senders may lead the role occupant to experience this stress. There may be conflicting expectations from the boss, subordinates, peers or clients.

Questions included are:

3. I’m not able to satisfy the conflicting demands of various people above me.
13. I’m not able to satisfy the conflicting demands of my colleagues and juniors.

23. I’m not able to satisfy the demands of clients and others, since these are conflicting with one another.

33. The expectations of my seniors conflict with those of my juniors.

43. I’m bothered with the contradictory expectations different people have from my job.

(iv) Role Erosion (RE)

A role occupant may feel that some functions that he would like to perform are being performed by some other roles. Role erosion is the subjective feeling of an individual that some important role expectations he has from his role are shared by other roles in his role set.

Questions included are:

4. My job has recently been reduced in importance.

14. Many functions that should be a part of my job have been assigned to some other people.

24. I would like to take on more responsibility than I’m handling at present.

34. I can do much more than what I have been assigned.

44. I wish I had been given more challenging tasks to do.
(v) **Role Overload (RO)**

When the role occupant feels that there are too many expectations from the significant roles in his role set, he experiences role overload.

Questions included are:

5. My workload is too heavy.

15. The amount of work, I have to do, interferes with the quality I want to maintain.

25. I have been given too much responsibility.

35. There is a need to reduce some parts of my job.

45. I feel overburdened in my job.

(vi) **Role Isolation (RI)**

In a role set, role occupant may feel that certain roles are physically close to him, while some other roles are at a distance. The main criteria of distance are frequency and ease of interaction.

Questions included are:

6. Other job occupants do not give enough attention and time to my job.

16. There is not enough interaction between me and my other colleagues.

26. I wish there was more consultation between me and my colleagues.
36. The responsibilities of my job interfere with my personal activities.

46. Even when I take the initiative for discussions or help, there is not much response from the others in my organization.

(vii) Personal Inadequacy (PIN)

This type of stress is experienced when role occupant feels that he is not prepared to undertake the role effectively.

Questions included are:

7. I do not have adequate knowledge to handle the responsibilities in my job.

17. I wish I had more skills to handle the responsibilities of my job.

27. I have not had the right training for my job.

37. I wish I had prepared myself well for my job.

47. I need more training and preparation to be effective in my work.

(viii) Self-Role Distance (SRD)

Stress arises out of the conflict between the self-concept and the expectations from the role as perceived by the role occupant.

Questions included are:

8. I have to do things, in my job, that are against my better judgement.
18. I’m not able to use my training and expertise in my job.

28. The work I do in the organization is not related to my interests.

38. If I had full freedom to define my job, I would be doing some things differently from the way I do them now.

48. I experience a conflict between my values and what I have to do in my job.

(ix) Role Ambiguity (RA)

If an individual is not clear about the various expectations people have from his role, he faces the conflict which may be due to lack of information available to the role occupant or due to lack of understanding of the cases available to him. Role ambiguity may be in relation to the activities, responsibilities, personal style and norms.

Questions included are:

9. I’m not clear on the scope and responsibilities of my job.

19. I do not know what the people I work with expect of me.

29. Several aspects of my job are vague and unclear.

39. My job has not been defined clearly and in detail.

49. I’m not clear what the priorities are in my job.
(x) **Resource Inadequacy (RIN)**

Non or less availability of resources, viz. information, people, material, finance and other facilities to execute role may make the role occupant prone to stress.

Questions included are:

10. I do not get the information needed to carry out responsibilities assigned to me.

20. I do not get enough resource to be effective in my job.

30. I do not have enough people to work with me in my job.

40. I’m rather worried that I lack the necessary facilities needed in my job.

50. I wish I had more financial resources for the work assigned to me.

The Likert scoring system consisting of five categories of strongly agree (SA), agree (A), undecided (U), disagree (DA) and strongly disagree (SD) has been applied to each item in Part-B of the questionnaire measuring job stress of employees. The Likert scoring system weights have been assigned as:

5 for strongly agree (SA),

4 for agree (A),

3 for undecided (U),

2 for disagree (DA), and

1 for strongly disagree (SD).
Each sub scale of job stress is covered by five statements. So, average score has been obtained for each sub scale by dividing the total score of five statements (corresponding to a particular sub scale) by five. Thus, the total score of Part-B divided by 50 gives us the average score of job stress for the respondent employee. It ranges between 1 and 5, 5 being the highest degree of stress and 1 being the lowest, a score of 3 indicates the median. For taking definite decisions, a grand mean and standard deviation have been calculated for job stress (N=400), which are 2.87 and 0.60 respectively. Therefore, all respondents have been divided into three categories on the basis of mean and standard deviation scores as:

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of job stress</td>
<td>More than 3.47</td>
</tr>
<tr>
<td>Moderate level of job stress</td>
<td>2.27 to 3.47</td>
</tr>
<tr>
<td>Low level of job stress</td>
<td>Less than 2.27</td>
</tr>
</tbody>
</table>

Higher score implies that the perceived level of job stress of the respondent employee is high, while low score implies that the respondent employee perceives the job stress level as low.
Part-C:

It consisted of twenty questions in all which revealed the respondent employee’s attitude towards morale. Five indices of morale were yielded. Out of these the Job Satisfaction Index was based on the index of Brayfield & Roath (1951). The questions on the other indices were based on the questionnaire framed by Srivastava (1978), for a survey of the morale of employees.

(i) Index of Job Satisfaction (IJS)

Job satisfaction refers to the feelings and emotional aspects that an individual experiences towards his job as different from intellectual or rational aspects. Job satisfaction be construed as the attitude employees have towards their job. A positive attitude connotes satisfaction with it, while a negative attitude connotes dissatisfaction.

The following questions were included in the Index of Job Satisfaction:

1. I would not recommend this job to any of my close friends.

2. The job that I am doing is not important at all. But someone has to do it.

3. This job is so challenging that money does not matter.

4. This job is so interesting that time just flies.
(ii) Index of Organizational Image (IOI)

This measures whether an employee’s opinion about his organization is one of pride or disgust, or whether his feelings are ambivalent. The questions, in the index of organizational image, not only gauge whether the employee has a positive image about his organization, but also whether he feels attached with it and considers himself a part of a team that has to strive towards building this image.

The following questions were included in the Index of Organizational Image:

5. We are all proud of our organization.
6. We do our best to build up an excellent image before the public.
7. In dealing with the public you first have to get rid of some of them or you will never get your job done.
8. Maintaining the reputation of the organization is not my job, but that of my superiors.

(iii) Index of Satisfaction with Superiors (ISS)

This index measures whether the leadership satisfies the common desires of the men over whom it is exercised. Leadership has been defined as an instrument for co-ordinating the goals of the organization with those of the individuals. It is clear then that an effective leadership will lead to higher morale. Questions in this index attempt to study in
totality the impact of leadership on the subordinates in terms of morale. Questions are aimed at bringing out in effect the sum total of the traits of the superior’s personality as well as the nature of his problem solving methods, communications and decision-making patterns, etc. applied by him on his juniors, in terms of their perceptions regarding the state of their own mental attitude.

The following questions were included in the Index of Satisfaction with Superiors:

9. Generally, it is true that the superiors understand our problems only when they are snubbed.

10. My immediate superior is so good that I would like to work for him forever.

11. I have learned a great deal from my boss as far as human skills or managing my work effectively is concerned.

12. I do not know but it appears that many of us would like to be transferred to some other section (than the one we are working in at the moment).

(iv) Index of Career Growth (ICG)

This is a measure of the strength of an employee’s expectancy of a rewarding future in the organization in the course of his performance being in line with the goals of the organization. The index of career
growth tries to measure the optimism with which an employee perceives his future in the company.

The following questions were included in the Index of Career Growth:

13. I can look forward to a rewarding career if I put in my best in this organization.
14. There are hardly any avenues of promotion open to me.
15. There is no need to prove yourself by working extra hard in this organization because promotions are based on seniority and take their own sweet time.

(v) Index of Satisfaction of Emotional and Physical Needs (EPN)

This index measures the degree to which the emotional and physical needs of the employees are satisfied. In order to have a fair understanding of morale it is essential for us to understand the nature of employee needs and the degree to which they have been satisfied.

The questions included in the Index for Emotional and Physical Needs are as under:

16. I can lead a decent standard of life with the salary I get.
17. People doing comparable work in other organizations are getting more money than us.
18. There are hardly any decision-making opportunities for me.
19. This job does not provide me with any mental satisfaction.
20. My status within the organization is not high.
The Likert scoring system consisting of five categories of strongly agree (SA), agree (A), undecided (U), disagree (DA) and strongly disagree (SD) has been applied to each item in Part-C of the questionnaire measuring employee morale. The Likert scoring system weights have been assigned as:

- 5 for strongly agree (SA),
- 4 for agree (A),
- 3 for undecided (U),
- 2 for disagree (DA), and
- 1 for strongly disagree (SD).

The items marked (R), i.e., questions 3, 4, 5, 6, 10, 11, 13 and 16, have been weighed in the reverse order, i.e., 1 for strongly agree, 2 for agree, 3 for undecided, 4 for disagree and 5 for strongly disagree. Each index of employee morale is covered by four statements. So, average score has been obtained for each index by dividing the total score of four statements (corresponding to a particular index) by four, except ICG which is covered by three statements and EPN which is covered by five statements. Thus, the total score of Part-C divided by 20 gives us the average score of employee morale for the respondent employee. It ranges between 1 and 5, 5 being the lowest degree of employee morale and 1 being the highest, a score of 3 indicates the median. For taking definite
decisions, a grand mean and standard deviation have been calculated for employee morale (N=400), which are 2.68 and 0.50 respectively. Therefore, all respondents have been divided into three categories on the basis of mean and standard deviation scores as:

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of employee morale</td>
<td>Less than 2.18</td>
</tr>
<tr>
<td>Moderate level of employee morale</td>
<td>2.18 to 3.18</td>
</tr>
<tr>
<td>Low level of employee morale</td>
<td>More than 3.18</td>
</tr>
</tbody>
</table>

Higher score implies that the respondent employee has a low level of morale, while lower score implies a more favourable perception towards morale, i.e., higher employee morale is implied by lower score.

Part-D:

It consisted of questions aimed at measuring job involvement of the respondent employees. A standardized questionnaire, comprising of twenty items, framed by Lodahl & Kejner (1965) was used for the purpose of this study. Some of the main areas covered included how much time an employee willingly spends on his job, how much importance an employee associates to the job in his life, etc.
Questions included are:

1. I’ll stay overtime to finish a job, even if I’m not paid for it.
2. I usually show up for work a little early to get things done.
3. You can measure a person pretty well by how good a job he does.
4. The major satisfaction in my life comes from my job.
5. For me, mornings at work really fly.
6. The most important things that happen to me involve my job.
7. Sometimes I lie awake at night thinking ahead to the next day’s work.
8. I’m really a perfectionist about my work.
9. I feel depressed when I fail at something connected with my job.
10. I have other activities more important than work.
11. I live, eat and breathe my job.
12. I would probably keep working even if I did not need the money.
13. Quite often I feel like staying home from work instead of coming in.
14. To me, my work is only a small part of who I am.
15. I’m very much involved personally in my work.
16. I avoid taking on extra duties and responsibilities.
17. I used to be more ambitious about my work than I am now.
18. Most things in life are more important than work.
19. I used to care more about my work, but now other things are more important than work.

20. Sometimes I’d like to kick myself for the mistakes I make in my work.

The Likert scoring system consisting of seven categories has been applied to each item in Part-D measuring job involvement. The Likert scoring system weights have been assigned as 7, 6, 5, 4, 3, 2 and 1 to each item. The items marked (R), i.e., questions 10, 13, 14, 16, 17, 18 and 19, have been weighed in the reverse order. The total score of Part-D divided by 20 gives us the average score of job involvement for the respondent employee. It ranges between 1 and 7, 7 being the highest degree of job involvement and 1 being the lowest, a score of 4 indicates the median. For taking definite decisions, a grand mean and standard deviation have been calculated for job involvement (N=400), which are 4.45 and 0.66 respectively. Therefore, all respondents have been divided into three categories on the basis of mean and standard deviation scores as:

<table>
<thead>
<tr>
<th>Category</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>High level of job involvement</td>
<td>More than 5.11</td>
</tr>
<tr>
<td>Moderate level of job involvement</td>
<td>3.79 to 5.11</td>
</tr>
<tr>
<td>Low level of job involvement</td>
<td>Less than 3.79</td>
</tr>
</tbody>
</table>
Higher score implies that the perceived level of job involvement of the respondent employee is high, while low score implies that the respondent employee has low job involvement level.

The above stated scoring system forms the basis of this study on job stress, employee morale and job involvement in different banks. The job stress score for each bank has been finalized by adding the job stress scores of all the employees of a particular bank and dividing it by the number of employees in that bank. A similar exercise has been carried out to obtain the average employee morale and job involvement scores for each bank. For the average score of a particular category, the individual scores of all the respondents in that category have been added and then divided by the number of respondents in that category.

**Procedure for Data Collection**

The study is mainly based on the primary data. The data has been collected through questionnaires from the respondents belonging to various branches of the three banks under study. Three standardized questionnaires-cum-scales, namely, Pareek’s (1981) job stress scale, Srivastava’s (1978) employee morale scale, and Lodahl & Kejner’s (1965) job involvement scale have been used for the purpose of this study. Also, when feasible, interviews have been conducted so as to have
a better understanding of the respondents’ views. Apart from it, secondary data has been collected from various publications and websites of selected banks. The data was collected over a span of five to six months.

**Statistical Tools**

The statistical tools used for this research work are explained as under:

(1) **For Presentation of Data:** The scores obtained with the help of three scales and their keys have been presented in a pictorial form. The presentation of data has been carried out with the help of pie charts and clustered column charts. These tools of presenting the data have been discussed as under:

**Pie Charts**

A pie chart (or a circle graph) is a circular chart divided into sectors, illustrating proportion. In a pie chart, the arc length of each sector (and consequently its central angle and area) is proportional to the quantity it represents. Together, the sectors create a full disk. It is named for its resemblance to a pie which has been sliced. The pie chart is perhaps the most ubiquitous statistical chart which can be an effective way of
displaying information particularly if the intent is to compare the size of a slice with the whole pie. Pie charts are most useful when:

- Only one data series is to be plotted.
- None of the values to be plotted are negative.
- Data to be plotted does not have more than seven categories.
- The categories represent parts of the whole pie.

**Clustered Column Charts**

A column chart is a chart with rectangular bars with lengths proportional to the values that they represent. The bars can be plotted vertically or horizontally. Bar charts are used for plotting data which has discrete values and is not continuous. In column charts, categories are typically organized along the horizontal axis and values along the vertical axis. Clustered column charts compare values across categories. These charts are most useful when there are categories that represent:

- Ranges of values.
- Specific scale arrangements (for example, a Likert scale with entries, such as strongly agree, agree, neutral, disagree, strongly disagree).
- Names that are not in any specific order (for example, item names, geographic names, or the names of people).
(2) **For Analysis of Data:** The statistical tools used for data analysis in this research work include:

**Mean**

The arithmetic mean, often referred to as simply the mean or average is a method to derive the central tendency of a sample space. Suppose, we have sample space \( \{a_1, \ldots, a_n\} \). Then the arithmetic mean \( \mathbf{A} \) is defined via the equation

\[
\mathbf{A} := \frac{1}{n} \sum_{i=1}^{n} a_i
\]

If the list is a statistical population, then the mean of that population is called a population mean. If the list is a statistical sample, we call the resulting statistic a sample mean. Mean was used so as to know the level of job stress, employee morale and job involvement in the three selected banks, and also to find the difference between public, private and foreign sector banks in terms of the three variables selected for the study.

**Standard Deviation**

Standard deviation is a widely used measurement of variability or diversity used in statistics. It shows how much variation or “dispersion” there is from the average (mean, or expected value). A low standard deviation indicates that the data points tend to be very close to the mean, whereas high standard deviation indicates that the data is spread out over
a large range of values. Standard deviation has been calculated for judging the representativeness of mean scores among public, private and foreign sector banks. It can be calculated as

$$s_N = \sqrt{\frac{1}{N} \sum_{i=1}^{N} (x_i - \bar{x})^2}.$$  

Where,  $s_N$  = Standard Deviation,  $\{x_1, x_2, ..., x_N\}$ are the observed values of the sample items and  $\bar{x}$  is the mean value of these observations,  $N$ = No. of observations.

**One-way Analysis of Variance (ANOVA)**

In statistics, one-way analysis of variance (abbreviated as one-way ANOVA) tests the null hypothesis that samples in two or more groups are drawn from the same population. To do this, two estimates are made of the population variance. The ANOVA produces an F statistic, the ratio of the variance calculated among the means to the variance within the samples. If the group means are drawn from the same population, the variance between the group means should be lower than the variance of the samples, following central limit theorem. A higher ratio therefore implies that the samples were drawn from different populations. The degree of freedom for the numerator is I-1, where I is the number of groups (means). The degree of freedom for the denominator is N-I, where N is the total of all the sample sizes. Typically, the one-way ANOVA is
used to test the differences among at least three groups, since the two-
group case can be covered by a t-test. One-way ANOVA was used to
undertake a comparative analysis of the three selected banks on the basis
of job stress, employee morale and job involvement.

**T-test**

It is a two sample location test of the null hypothesis that the means
of two normally distributed populations are equal. These tests are often
referred to as “unpaired” or “independent samples” t-tests, as they are
typically applied when the statistical units underlying the two samples
being compared are non-overlapping. The “unpaired” or “independent
samples” t-test is used when two separate sets of independent and
identically distributed samples are obtained, one from each of the two
populations being compared.

The t statistic to test whether the means (assuming that the two
distributions have the same variance) are different can be calculated as
follows:

\[
t = \frac{\bar{X}_1 - \bar{X}_2}{S_{X_1X_2} \cdot \sqrt{\frac{1}{n_1} + \frac{1}{n_2}}}\]

where

\[
S_{X_1X_2} = \sqrt{\frac{(n_1 - 1)S_{X_1}^2 + (n_2 - 1)S_{X_2}^2}{n_1 + n_2 - 2}}.
\]
\( \overline{S}_{X_1 X_2} \) is an estimator of the common standard deviation of the two samples. In these formulae, \( n = \) number of participants, \( 1 = \) group one, \( 2 = \) group two. \( n - 1 \) is the number of degrees of freedom for either group, and the total sample size minus two (that is, \( n_1 + n_2 - 2 \)) is the total number of degrees of freedom, which is used in significance testing. T-test was used to undertake a comparative analysis of the three selected banks on the basis of job stress, employee morale and job involvement. Also, t-tests were performed for the purpose of comparisons taken on the basis of gender of the executives working in the three banks under study on the basis of their job stress, morale and job involvement.

**Pearson Product-Moment Correlation Coefficient**

Pearson product-moment correlation coefficient or “Pearson's correlation” is typically denoted by \( r \) and is a measure of the correlation (linear dependence) between two variables \( X \) and \( Y \), giving a value between +1 and −1 inclusive. It is obtained by dividing the covariance of the two variables by the product of their standard deviations. If we have a series of \( n \) measurements of \( X \) and \( Y \) written as \( x_i \) and \( y_i \), where \( i = 1, 2, ..., n \), then the sample correlation coefficient can be used to estimate the population Pearson correlation \( r \) between \( X \) and \( Y \). The sample correlation coefficient is written as
where, $\bar{x}$ and $\bar{y}$ are the sample means of X and Y, and $s_x$ and $s_y$ are the sample standard deviations of X and Y. The Pearson correlation is defined only if both of the standard deviations are finite and both of them are non-zero. The correlation coefficient is symmetric: $\text{corr}(X,Y) = \text{corr}(Y,X)$. The Pearson correlation is +1 in the case of a perfect positive (increasing) linear relationship (correlation), −1 in the case of a perfect decreasing (negative) linear relationship (anti-correlation), and some value between −1 and 1 in all other cases, indicating the degree of linear dependence between the variables. As it approaches zero there is less of a relationship (closer to uncorrelated). The closer the coefficient is to either −1 or 1, the stronger the correlation between the variables. If the variables are independent, Pearson's correlation coefficient is 0, but the converse is not true because the correlation coefficient detects only linear dependencies between two variables. Pearson's correlation was carried out for job stress-employee morale and job stress-job involvement for all the three selected banks and the total sample to know the degree of association between job stress-employee morale and job stress-job involvement.
Regression

Regression analysis attempts to study the functional relationship between variables and provides a mechanism for prediction. Regression equation being \( Y = a_0 + a_1 X_1 \),

Where, \( Y \) is the dependent variable, \( X_1 \) is the independent variable, \( a_1 \) is the coefficient that describes the size of the effect the independent variable is having on the dependent variable and \( a_0 \) is the value \( Y \) is predicted to have when the independent variable is equal to zero, it is the constant.

Regression analysis proves useful when the independent variable in the dataset has some correlation with the dependent variable, therefore, after ascertaining the strength of association between the independent and dependent variable, simple linear regression analysis was carried out to gauge the impact of job stress on employee morale and job involvement. Simple linear regression analysis was done taking job stress and its sub variables as independent variable, and employee morale and job involvement as dependent variable in two mutually exclusive studies.
CHAPTER SCHEME

The chapter scheme for the study has been as under:

Chapter-1: Introduction, Conceptual Framework and Review of Literature

This chapter introduces us to different aspects and issues of the present study. The conceptual framework with regard to the three variables, viz. job stress, employee morale and job involvement has also been discussed. The review of literature undertaken for the study provides an ample opportunity to understand the prevailing theories, hypotheses and methodologies on the subject.

Chapter-2: Research Methodology and Contour of Banking Industry

This chapter presents the design of present research work together with an outline of the banking industry which is bifurcated into two parts. Part-I is attributed to the banking in general, highlighting the various changes it witnessed after independence in India. Part-II provides the profile of the three selected public, private and foreign sector banks.
Chapter-3: Job Stress–A Global Epidemic & Its Dynamics in Banking Sector

The analysis of overall job stress in selected banks is presented in this chapter. It also works out various sub factors of job stress. Further, a comparison is made among the executives of public, private and foreign sector banks on the basis of these factors.

Chapter-4: Employee Morale and its Relationship with Job Stress

This chapter carries out analysis of employee morale in totality as well as in the light of selected indices in public, private and foreign sector banks. Inter-bank comparison with regard to employee morale has also been provided in this chapter. Further, an attempt has been made to find out the relation between employee morale and job stress variables through correlation analysis.

Chapter-5: Job Involvement and its Relationship with Job Stress

This chapter incorporates analysis of job involvement in all the three selected banks. It also carries out an inter-bank comparison on the basis of job involvement level of executives. Further, an attempt has been made to find out the relationship between job involvement and job stress variables through correlation analysis.
Chapter-6: Impact of Job Stress on Employee Morale and Job Involvement

In this chapter, an endeavour has been made to know the impact of job stress on employee morale and job involvement variables in the overall banking sector. It provides meaningful conclusions by way of application of regression analysis.

Chapter-7: Gender Disparity in Job Stress, Employee Morale and Job Involvement; Real or Unreal

Gender comparison of overall banking sector executives on the basis of job stress; its sub variables, employee morale; its indices and job involvement has been incorporated in this chapter.

Chapter-8: Findings and Recommendations

This chapter carries the summary of the research work. Also, the findings and the recommendations to improve the prevalent levels of job stress, employee morale and job involvement in the banking sector have been presented. Limitations of the study and scope for future research are also explained in the chapter.
CONTOUR OF BANKING INDUSTRY

This section of the study provides an outline of the banking industry which has been discussed in two parts. The first part is attributed to the banking in general, highlighting the various changes it witnessed after independence in India. The subsequent part provides the profile of the three selected public, private and foreign sector banks.

PART-I

The terms ‘bank’, ‘banker’ and ‘banking business’ need to be explained for a better understanding of the subject under study. These are defined as under:

Bank: A bank is a financial institution that serves as a financial intermediary. The term ‘bank’ usually refers to one of several related types of entities; central bank, commercial bank or savings bank. A central bank circulates money on behalf of a government and acts as its monetary authority by implementing monetary policy, which regulates the money supply. While, a commercial bank accepts deposits and pools those funds to provide credit, either directly by lending, or indirectly by investing through the capital markets. Savings banks are more like saving and loan associations.
A bank’s main source of income is interest. A bank pays out at a lower interest rate on deposits and receives a higher interest rate on loans. The difference between these rates represents the bank's net income.

**Banker:** Under English common law, a banker is defined as a person who carries on the business of banking, which is specified as (United Dominions Trust Ltd. Vs. Kirkwood, 1966):

- conducting current accounts for his customers
- paying cheques drawn on him, and
- collecting cheques for his customers.

In most common law jurisdictions there is a Bills of Exchange Act that codifies the law in relation to negotiable instruments, including cheques, and this Act contains a statutory definition of the term banker: banker includes a body of persons, whether incorporated or not, who carry on the business of banking (Section 2, Interpretation). Although this definition seems circular, it is actually functional, because it ensures that the legal basis for bank transactions such as cheques does not depend on how the bank is organized or regulated.
**Banking business:** The term means the business of either or both of the following:

1. receiving from the general public money on current, deposit, savings or other similar account repayable on demand or within less than [3 months] ... or with a period of call or notice of less than that period;
2. paying or collecting cheques drawn by or paid in by customers (Banking Ordinance, Section 2).

Because of the important role depository institutions play in the financial system, the banking industry is highly regulated, and government restrictions on financial activities by banks have varied over time and by location. Current global bank capital requirements are referred to as Basel II. In some countries, such as Germany, banks have historically owned major stakes in industrial companies, while in other countries, such as the United States, banks have traditionally been prohibited from owning non-financial companies. In Japan, banks are usually the nexus of a cross-share holding entity known as the “keiretsu”. In Iceland, banks followed international standards of regulation prior to the recent global financial crisis that began in 2007.
Brief History of Banking

Banking in the modern sense of the word can be traced to medieval and early Renaissance Italy, to the rich cities in the north like Florence, Venice and Genoa. The Bardi and Peruzzi families dominated banking in 14th century Florence, establishing branches in many other parts of Europe (Hoggson, 1926). The earliest known state deposit bank, Banco di San Giorgio (Bank of St. George), was founded in 1407 at Genoa, Italy (Macesich, 2000). The oldest bank still in existence is Monte dei Paschi di Siena, headquartered in Siena, Italy, which has been operating continuously since 1472 (Boland, 2009: www.ft.com).

Banking

Banks act as payment agents by conducting checking or current accounts for customers, paying cheques drawn by customers on the bank, and collecting cheques deposited to customers’ current accounts. Banks also enable customer payments via other payment methods such as telegraphic transfer, EFTPOS, and automated teller machine (ATM).

Banks borrow money by accepting funds deposited on current accounts, by accepting term deposits, and by issuing debt securities such as banknotes and bonds. Banks lend money by making advances to customers on current accounts, by making instalment loans, and by
investing in marketable debt securities and other forms of money-lending. Banks provide almost all payment services, and a bank account is considered indispensable by most businesses, individuals and governments. Non-banks that provide payment services such as remittance companies are not normally considered an adequate substitute for having a bank account.

Banks borrow most funds from households and non-financial businesses, and lend most funds to households and non-financial businesses, but non-bank lenders provide a significant and in many cases adequate substitute for bank loans, and money market funds, cash management trusts and other non-bank financial institutions in many cases provide an adequate substitute to banks for lending savings too.

**Size of Global Banking Industry**

Assets of the largest 1,000 banks in the world grew by 6.8% in the financial year 2008-09 to a record $96.4 trillion while profits declined by 85% to $115bn. Growth in assets in adverse market conditions was largely a result of recapitalization. European Union (EU) banks held the largest share of the total, 56% in 2008-09, down from 61% in the previous year. Asian banks’ share increased from 12% to 14% during the year, while the share of US banks increased from 11% to 13%. Fee
revenue generated by global investment banking totalled $66.3bn in 2009, up 12% on the previous year.

The United States has the most banks in the world in terms of institutions (7,085 at the end of 2008) and possibly branches (82,000). This is an indicator of the geography and regulatory structure of the USA, resulting in a large number of small to medium-sized institutions in its banking system. As of November 2009, China’s top four banks have in excess of 67,000 branches (ICBC:18000+, BOC:12000+, CCB:13000+, ABC:24000+) with an additional 140 smaller banks with an undetermined number of branches. Japan had 129 banks and 12,000 branches. In 2004, Germany, France, and Italy each had more than 30,000 branches—more than double the 15,000 branches in the UK (Banking, 2010: www.thecityuk.com).

Banking in India

Banking in India originated in the last decades of the 18th century. The first banks were The General Bank of India, which started in 1786; and Bank of Hindustan, which started in 1790; both are now defunct. The oldest bank in existence in India is the State Bank of India, 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. For many years the Presidency banks acted as quasi-central banks, as did their successors. The three banks merged in 1921 to form the Imperial Bank of India, which, upon India's independence, became the State Bank of India (Banking in India, 2011: en.wikipedia.org).

Indian merchants in Calcutta established the Union Bank in 1839, but it failed in 1848 as a consequence of the economic crisis of 1848-49. The Allahabad Bank, established in 1865 and still functioning today, is the oldest joint stock bank* in India. It was not the first though. That honour belongs to the Bank of Upper India, which was established in 1863, and which survived until 1913, when it failed, with some of its assets and liabilities being transferred to the Alliance Bank of Simla.

When the American Civil War stopped the supply of cotton to Lancashire from the Confederate States, promoters opened banks to finance trading in Indian cotton. With large exposure to speculative ventures, most of the banks opened in India during that period failed. The depositors lost money and lost interest in keeping deposits with banks.

* A joint stock bank is a company that issues stock and requires shareholders to be held liable for the company’s debt.
Subsequently, banking in India remained the exclusive domain of Europeans for next several decades until the beginning of the 20th century.

Foreign sector banks started to arrive, particularly in Calcutta, in the 1860s. The Comptoir d’Escompte de Paris opened a branch in Calcutta in 1860, and another in Bombay in 1862; branches in Madras and Pondicherry, then a French colony, followed. HSBC established itself in Bengal in 1869. Calcutta was the most active trading port in India, mainly due to the trade of the British Empire, and so became a banking centre. The first entirely Indian joint stock bank was the Oudh Commercial Bank, established in 1881 in Faizabad. It failed in 1958. The next was the Punjab National Bank, established in Lahore in 1895, which has survived to the present and is now one of the largest banks in India.

Around the turn of the 20th Century, the Indian economy was passing through a relative period of stability. Around five decades had elapsed since the Indian Mutiny, and the social, industrial and other infrastructure had improved. Indians had established small banks, most of which served particular ethnic and religious communities.

The Presidency banks dominated banking in India but there were also some exchange banks and a number of Indian joint stock banks. All
these banks operated in different segments of the economy. The exchange banks, mostly owned by Europeans, concentrated on financing foreign trade. Indian joint stock banks were generally under-capitalized and lacked the experience and maturity to compete with the presidency and exchange banks. This segmentation let Lord Curzon to observe, “In respect of banking it seems we are behind the times. We are like some old fashioned sailing ship, divided by solid wooden bulkheads into separate and cumbersome compartments.”

The period between 1906 and 1911 saw the establishment of banks inspired by the Swadeshi movement. The Swadeshi movement inspired local businessmen and political figures to establish banks for the Indian community. A number of banks established then have survived to the present such as Bank of India, Corporation Bank, Indian Bank, Bank of Baroda, Canara Bank and Central Bank of India.

The fervour of Swadeshi movement led to establishing of many private banks in Dakshina Kannada and Udupi district which were unified earlier and known by the name South Canara (South Kanara) district. Four nationalized banks were started in this district and also a leading private sector bank. Hence, undivided Dakshina Kannada district is known as “Cradle of Indian Banking”.

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During the First World War (1914-18) through the end of the Second World War (1939-45), and two years thereafter until the independence of India were challenging for Indian banking. The years of the First World War were turbulent, and it took its toll with banks simply collapsing despite the Indian economy gaining indirect boost due to war-related economic activities. At least 94 banks in India failed between 1913 and 1918 (Banking in India, 2011: en.wikipedia.org).

**Banking during the Post-Independence Period**

The partition of India in 1947 adversely impacted the economies of Punjab and West Bengal, paralyzing 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, India’s central banking authority, was nationalized on January 1, 1949 under the terms of the Reserve
Bank of India (Transfer to Public Ownership) Act, 1948 (RBI, 2005).

- In 1949, the Banking Regulation Act was enacted which empowered the Reserve Bank of India (RBI) “to regulate, control, and inspect the banks in India.”
- The Banking Regulation Act also provided that no new bank or branch of an existing bank could be opened without a license from the RBI, and no two banks could have common directors (Banking in India, 2011: en.wikipedia.org).

**Nationalization**

Despite the provisions, control and regulations of Reserve Bank of India, banks in India except the State Bank of India or 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 the Indian economy. At the same time, it had emerged as a large employer, and a debate had ensued about the nationalization of the banking industry. Indira Gandhi, then Prime Minister of India, expressed the intention of the Government of India in the annual conference of the All India Congress Meeting in a paper titled, “Stray thoughts on Bank Nationalization.” The meeting received the paper with enthusiasm.
Thereafter, her move was swift and sudden. The Government of India issued an ordinance and nationalized the 14 largest commercial banks with effect from the midnight of July 19, 1969. Jayaprakash Narayan, a national leader of India, described the step as a “masterstroke of political sagacity.” Within two weeks of the issue of the ordinance, the Parliament passed the Banking Companies (Acquisition and Transfer of Undertaking) Bill, and it received the presidential approval on 9 August, 1969.

A second dose of nationalization of 6 more commercial banks followed in 1980. The stated reason for the nationalization was to give the government more control of credit delivery. With the second dose of nationalization, the Government of India 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 nationalized banks and resulted in the reduction of the number of nationalized banks from 20 to 19. After this, until the 1990s, the nationalized banks grew at a pace of around 4%, closer to the average growth rate of the Indian economy (Banking in India, 2011: en.wikipedia.org).
**Liberalization**

In the early 1990s, the then Narasimha Rao government embarked on a policy of liberalization, licensing a small number of private banks. These came to be known as New Generation tech-savvy banks, and included Global Trust Bank (the first of such new generation banks to be set up), which later amalgamated with Oriental Bank of Commerce, Axis Bank (earlier as UTI Bank), ICICI Bank Ltd. and HDFC Bank. This move, along with the rapid growth in the economy of India, revitalized 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 sector 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 new policy shook the Banking sector in India completely. Bankers, till this time, were used to the 4-6-4 method (Borrow at 4%; Lend at 6%; Go home at 4) of functioning. The new wave ushered in a modern outlook and tech-savvy methods of working for traditional banks.
All this led to the retail boom in India. People not just demanded more from their banks but also received more.

Currently, banking in India is, generally, fairly mature in terms of supply, product range and reach—even though reach in rural India still remains a challenge for the private and foreign sector banks. In terms of quality of assets and capital adequacy, Indian banks are considered to have clean, strong and transparent balance-sheets relative to other banks in comparable economies in its region. The Reserve Bank of India is an autonomous body, with minimal pressure from the government. The stated policy of the Bank on the Indian Rupee is to manage volatility but without any fixed exchange rate and this has mostly been true.

With the growth in the Indian economy expected to be strong for quite some time—especially in its services sector—the demand for banking services, especially retail banking, mortgages and investment services are expected to be strong. One may also expect M&As, takeovers, and asset sales (Banking in India, 2011: en.wikipedia.org).
Structure of Banking Sector in India

Structure of the organized banking sector in India with the number of banks in parentheses is presented in the following figure:

PART-II
PROFILING OF PUBLIC, PRIVATE AND FOREIGN SECTOR BANKS

Rapid growth in the economy of India revitalized the banking sector in India, which has seen rapid growth with strong contribution from all the three sectors of banks, namely, public sector banks, private sector banks and foreign sector banks. India has 27 public sector banks
that is, with the Government of India holding a stake), 30 private banks (these do not have government stake; they may be publicly listed and traded on stock exchanges), and 40 foreign sector banks (that is, banks set up in foreign countries but have offices/branches in India). For the purpose of this study, one bank from each sector was selected (as explained earlier). Below given is a profile of the selected banks under study.

Profile of Banks under Study

A brief background of the selected banks is essential for a thorough understanding of the three variables, namely, job stress, employee morale and job involvement in relation to each of these banks. It is as follows:

**STATE BANK OF INDIA**:  
Type: Public (NSE:SBIN), (BSE:500112) & (LSE: SBID)  
Founded: Calcutta, 1806 (as Bank of Calcutta)  
Headquarters: Corporate Centre, Madam Cama Road, Mumbai-400 021 (India)  
Industry: Banking, Insurance, Capital Markets and allied industries  
Products: Loans, Credit Cards, Savings, Investment vehicles, SBI Life (Insurance), etc.

* Data retrieved from the bank website: www.statebankofindia.com
Revenue: US$ 29.98 billion (2011)
Total assets: US$ 322 billion (2010)

Overview

State Bank of India (SBI) is the largest bank in India. The bank traces its ancestry back through the Imperial Bank of India to the founding in 1806 of the Bank of Calcutta, making it the oldest commercial bank in the Indian Subcontinent. The Government of India nationalized the Imperial Bank of India in 1955, with the Reserve Bank of India taking a 60% stake, and renamed it the State Bank of India. In 2008, the Government took over the stake held by the Reserve Bank of India.

SBI provides a range of banking products through its vast network in India and overseas, including products aimed at NRIs. With an asset base of $322 billion and its reach, it is a regional banking behemoth. SBI has laid emphasis on reducing the huge manpower through Golden handshake schemes, which led to a flight of its best and brightest managers which took to retirement allowances and then went on to become senior managers at new private sector banks, and computerizing its operations.

The State Bank Group, with over 16000 branches, has the largest branch network in India. It has a market share among Indian commercial
banks of about 20% in deposits and advances, and SBI accounts for almost one-fifth of the nation’s loans.

The State Bank of India is 29th most reputable company in the world according to Forbes (2009). The regional office of this largest Indian Bank is in Mumbai. The Government of India is the largest shareholder in this bank.

**History**

The roots of State Bank of India rest in the first decade of 19th century, when the Bank of Calcutta, later renamed as Bank of Bengal, was established on 2 June, 1806. Two other Presidency banks, namely, the Bank of Bombay and the Bank of Madras were incorporated on 15 April, 1840 and 1 July, 1843 respectively. All these banks were incorporated as joint stock companies, and were the result of the royal charters. These banks received the exclusive right to issue paper currency in 1861 under the Paper Currency Act, a right they retained until the formation of the Reserve Bank of India. The Presidency banks amalgamated on 27 January, 1921, and the reorganized banking entity took as its name Imperial Bank of India. The Imperial Bank of India continued to remain a joint stock company.

Pursuant to the provisions of the State Bank of India Act (1955), the Reserve Bank of India, which is India's central bank, acquired a
controlling interest in the Imperial Bank of India. On 30 April, 1955 the
Imperial Bank of India became the State Bank of India.

On Sept. 13, 2008, State Bank of Saurashtra, one of its Associate
Banks, merged with State Bank of India. On June 19, 2009, the SBI board
approved the merger of its subsidiary, State Bank of Indore, with itself.
The process of merging was completed by April 6, 2010. There are the
following five associate banks that fall under SBI, and these together
constitute the State Bank Group.

(i) State Bank of Bikaner & Jaipur
(ii) State Bank of Hyderabad
(iii) State Bank of Mysore
(iv) State Bank of Patiala
(v) State Bank of Travancore

International Presence

The bank has 52 branches, agencies or offices in 32 countries. It
has its branches in Colombo, Dhaka, Frankfurt, Hong Kong,
Johannesburg, London, Los Angeles, Male in the Maldives, Muscat, New
York, Osaka, Sydney, and Tokyo. It has offshore banking units in the
Bahamas, Bahrain and Singapore, and representative offices in Bhutan
and Cape Town.
SBI operates several foreign subsidiaries or affiliates. In 1990, it established an offshore bank, State Bank of India (Mauritius). It has two subsidiaries in North America, State Bank of India (California), and State Bank of India (Canada). In 1982, the bank established its California subsidiary, which now has seven branches. The Canadian subsidiary was also established in 1982 and also has seven branches, four in the greater Toronto area, and three in British Columbia. In Nigeria, it operates as INMB Bank. This bank was established in 1981 as the Indo-Nigerian Merchant Bank and received permission in 2002 to commence retail banking. It now has five branches in Nigeria. In Nepal, SBI owns 50% of Nepal SBI Bank, which has branches throughout the country. In Moscow, SBI owns 60% of Commercial Bank of India, with Canara Bank owning the rest. In Indonesia, it owns 76% of PT Bank Indo Monex. State Bank of India already has a branch in Shanghai and plans to open one up in Tianjin.

**ICICI BANK LTD.**:  
Type: Private (NSE:ICICI BANK), (BSE:532174) & (NYSE:IBN)  
Founded: 1955 (as Industrial Credit and Investment Corporation of India)  
Headquarters: ICICI Bank Ltd., ICICI Bank Towers, Bandra Kurla, Mumbai, India

* Data retrieved from the bank website: www.icicibank.com
Industry: Banking, Financial Services

Products: Credit Cards, Consumer Banking, Corporate Banking, Finance and Insurance, etc.

Revenue: US$ 13.81 billion (2011)

Total assets: US$ 91 billion (2011)

**Overview**

ICICI Bank Ltd. (formerly Industrial Credit and Investment Corporation of India) is India's largest private sector bank by market capitalization and second largest overall in terms of assets. Bank has total assets of about USD 91 billion, a network of over 2,542 branches and 7,037 ATMs in India (at the end of March 2011). ICICI Bank Ltd. offers a wide range of banking products and financial services to corporate and retail customers through a variety of delivery channels and specialized subsidiaries and affiliates in the areas of investment banking, life and non-life insurance, venture capital and asset management. The data is dynamic in itself. ICICI Bank Ltd. is also the largest issuer of credit cards in India (www.icicibank.com). ICICI Bank Ltd. has got its equity shares listed on the stock exchanges at Kolkata and Vadodara, Mumbai and the National Stock Exchange of India Limited, and its ADRs on the New York Stock Exchange (NYSE).
**History**

ICICI Bank Ltd. was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank Ltd. 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’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 Government of India 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 Ltd. In 1999, ICICI became the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE.

After consideration of various corporate structuring alternatives in the context of emerging competitive scenario in the Indian banking industry, and the move towards universal banking, the managements of
ICICI and ICICI Bank Ltd. formed the view that the merger of ICICI with ICICI Bank Ltd. would be the optimal strategic alternative for both entities, and would create the optimal legal structure for the ICICI group’s universal banking strategy. The merger would enhance value for ICICI shareholders through the merged entity’s access to low-cost deposits, greater opportunities for earning fee-based income and the ability to participate in the payments system and provide transaction-banking services. The merger would enhance value for ICICI Bank Ltd. shareholders through a large capital base and scale of operations, seamless access to ICICI’s strong corporate relationships built up over five decades, entry into new business segments, higher market share in various business segments, particularly fee-based services, and access to the vast talent pool of ICICI and its subsidiaries. In October 2001, the Boards of Directors of ICICI and ICICI Bank Ltd. 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 Ltd. The merger was approved by shareholders of ICICI and ICICI Bank Ltd. in January 2002, by the High Court of Gujarat at Ahmedabad in March 2002, and by the High Court of Judicature at Mumbai and the Reserve Bank of India in April 2002. Consequent to the merger, the ICICI group’s financing and banking operations, both wholesale and retail, have been integrated in a single entity.
International Presence

The Bank is expanding in overseas markets and has the largest international balance-sheet among Indian banks. ICICI Bank Ltd. now has wholly-owned subsidiaries, branches and representative offices in 18 countries, including an offshore unit in Mumbai. This includes wholly-owned subsidiaries in Canada, Russia and the UK, offshore banking units in Bahrain and Singapore, an advisory branch in Dubai, branches in Belgium, Hong Kong and Sri Lanka, and representative offices in Bangladesh, China, Malaysia, Indonesia, South Africa, Thailand, the United Arab Emirates and USA. Overseas, the Bank is targeting the Non-Resident Indian (NRI) population in particular.

CITIBANK*:  

Type: Foreign (NYSE:C) Subsidiary (of Citigroup)  
Founded: 1812  
Headquarters: New York City, New York  
Industry: Banking, Financial Services  
Products: Credit Cards, Consumer Banking, Corporate Banking, etc.

* Data retrieved from the bank websites: www.citibank.com 
www.citibank.co.in
Overview

Citibank is a major international bank, founded in 1812 as the City Bank of New York, later First National City Bank of New York. Citibank is now the consumer banking arm of financial services giant Citigroup, one of the largest companies in the world. As of March 2007, it was the largest bank in the United States (FFIEC, 2010).

Citibank has operations in more than 100 countries and territories around the world. More than half of its 1,400 offices are in the United States, mostly in the New York City, Chicago, Los Angeles, San Francisco/Silicon Valley, Boston, Philadelphia, Houston, Dallas, Washington, D.C., and Miami metropolitan areas.

In addition to the standard banking transactions, Citibank offers insurance, credit card and investment products. Their online services division is among the most successful in the field, claiming about 15 million users.

In India it established in 1902 in Kolkata. Currently it is the largest foreign direct investor in financial services in India with a total capital commitment of approximately US$ 4 billion in its onshore banking and financial services business and its principal and alternate investment programs. It operates 42 full-service Citibank branches in 30 cities and over 700 ATMs across the country. Citibank is an employer to about 7,500 people.
History

Founded in 1812 as the City Bank of New York by a group of New York merchants, the bank’s first head was Samuel Osgood, who had been the United States Postmaster General. Subsequently, ownership and management of the bank was taken over by Moses Taylor, a protégé of John Jacob Astor and one of the giants of the business world in the 19th century. During Taylor’s ascendancy, the bank functioned largely as a treasury and finance center for Taylor’s own extensive business empire. In 1863, the bank joined the U.S.’s new national banking system and became The National City Bank of New York. By 1868, it was considered one of the largest banks in the U.S., and in 1897, it became the first major U.S. bank to establish a foreign department. In 1896, it was the first contributor to the Federal Reserve Bank of New York.

National City became the first U.S. national bank to open an overseas banking office when its branch in Buenos Aires, Argentina, was opened in 1914. Many of Citi’s present international offices are older; offices in London, Shanghai, Calcutta and elsewhere were opened in 1901 and 1902 by the International Banking Corporation (IBC), a company chartered to conduct banking business outside the U.S., at that time an activity forbidden to U.S. national banks. In 1918, IBC became a wholly owned subsidiary and was subsequently merged into the bank. By 1919, the bank had become the first U.S. bank to have $1 billion in assets.
In 1910, National City bought a significant share of Haiti’s National Bank (Banque de la Republique d’Haiti) which functioned as the country’s treasury and had a monopoly on note issue (Schmidt, 1971). Following its merger with the First National Bank, the bank changed its name to The First National City Bank of New York in 1935, then shortened it to First National City Bank in 1952.

The company entered the leasing and credit card sectors, and its introduction of USD certificates of deposit in London marked the first new negotiable instrument in market since 1888. Later to become part of MasterCard, the bank introduced its First National City Charge Service credit card - popularly known as the “Everything Card” - in 1967 (www.citigroup.com). During the mid-1970s, under the leadership of CEO Walter Wriston, First National City Bank (and its holding company First National City Corporation) was renamed Citibank, N.A. (and Citicorp, respectively). By that time, the bank had created its own “one-bank holding company” and had become a wholly owned subsidiary of that company, Citicorp (all shareholders of the bank had become shareholders of the new corporation, which became the bank’s sole owner).

Shortly afterward, the bank launched the Citicard, which allowed customers to perform all transactions without a passbook. Branches also had terminals with simple one line displays that allowed customers to get
basic account information without a bank teller. When automatic teller machines were later introduced, customers could use their existing Citicard. In the 1960s, the bank entered into the credit card business. Citibank was one of the first U.S. banks to introduce automatic teller machines in the 1970s, in order to give 24-hour access to accounts.

**International Presence**

Citibank (Algeria)  Citibank (Argentina)  Citibank (Australia)  Citibank (Bangladesh)  Citibank (Brazil)  Citibank (Chile)  Citibank (China)  Citibank (Colombia)

Citibank (Hong Kong)  Citibank (India)  Citibank (Indonesia)  Citibank (Japan)  Citibank (Malaysia)  Citibank (Pakistan)  Citibank (Peru)  Citibank (Colombia)

Citibank (Philippines)  Citibank (Russia)  Citibank (Singapore)  Citibank (South Korea)  Citibank (Taiwan)  Citibank (Thailand)
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Banking Ordinance, Section 2, Interpretation, Hong Kong, note that in this case the definition is extended to include accepting any deposits repayable in less than 3 months, companies that accept deposits of greater than HK$100 000 for periods of greater than 3 months are regulated as deposit taking companies rather than as banks in Hong Kong.


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