CHAPTER 3
RESEARCH METHODOLOGY

Before deciding which prototype to use, it is necessary to first evaluate the chosen prototype in order to justify its appropriateness. The research is done in banks, corporate, firms and financial institutions. The researcher has studied the effects of Merger and Acquisition of banking sectors and other sectors as to what can be done to increase its benefits. The researcher has adopted the survey research design.

The Research Methodology Consists Of:-

Review of Literature:
A systematic literature search and realist review is done to understand the basic concept of Merger and Acquisition of banking sector and other sectors. This implies that the procedures adopted to understand the effects of pre-merger and post-merger as well as the legal procedures for the M&As.

Sample Method:
Random sampling method is used so that every item in the population defined in the research has an equal chance of being selected.

Sample Size:
The study population is from various people from banks and customers of the banks such as; HDFC, SBI, ICICI, KOTAK MAHINDRA and from various bank's customers of different age groups and who is connected with the banks from different periods. To study the nature of merger and its effects and the outcomes of the same. To study the exact effect of Merger and Acquisition on Banking sector and other corporate sector and its consequences, questionnaires were administered in a field survey. Total 500 questionnaires are distributed. The
targeted population consists of junior, middle as well as higher level employees of public and private sector banks and customers of the merged banks. Another 51 general customers of the core bank and the 2 corporate sectors are taken as respondents for the survey to prove the first hypothesis. Also, 30 bank employees were also taken as respondents for the survey to prove the third hypothesis.

Sources of Data:
The researcher has used primary as well as secondary sources of data from internet. The study is consistent with:-

- **Quantitative & Qualitative Prototype:**

  Both the quantitative and qualitative prototype offers a tool for understanding the words and the phenomena which exist in it. The researcher has tried to highlight the dimension of Merger and Acquisitions and its effect through the quantitative analysis of customers of the banks, like perceptions of services provided by the banks, provided facilities before and after the scheme, the effects on banks, governments, customers, employees and all the stakeholders. The qualitative analysis of accounts of respondents to a questionnaire. The research will be explorative in nature, where the phenomenon of the failure and negative effects of M&A and its benefits is studied.

- **Case Studies:**

  The researcher has taken secondary source of literature such as case studies to apply and analyze the factors being responsible for Merger and Acquisition. Apart from this internet, newspapers, textbooks, annual reports of the banks etc. have also been used.
Main Survey:
A data base was thus generated on the basis of the questionnaires and direct interviews.

Area of Research Work:
The area covered is western Mumbai only i.e. between Churchgate to Borivali, comprising of approximately 50 Banks / Registered offices and approx. 1/3rd of the Banks were surveyed due to time and budget constraints.

Actors:
The researcher will interact with customers of merged banks and employees of various Banks establishments to understand the phenomenon.

Data Analysis:
Along with the data collection, the analysis of the data happened simultaneously. The various steps included collection of data through questionnaires and direct interviews and then sorting out the information into various categories so as to get the final consolidated report. The process of analyzing the data was based on computation of various percentages; coefficients etc., by applying various well defined statistical formulas and interpretation of data.

The study is a cross sectional survey design, in which the employees and customers of the banks will be approached only once, at a single point of time. This will help in investigating the benefits of M&As of banking sectors and the negative effects out of it and employees outcomes.

Various Laws, Guidelines, Notifications etc. as embodied in / through our Companies law and many sector related laws along with competition act and specifically for banking sector RBI's guidelines are taken as the basis of this
study. A critical analysis of the legislative measures is undertaken, which means that the process of investigation is free from any hitches and the process so adopted and the procedures so used are able to withstand critical scrutiny.

Tools of Analysis:
The tools used for analysis of data is SPSS and the analysis is presented with the help of pie-charts, clustered bar graph, tables etc.

The outcome and reason behind the objective of the research:-

1. Through study of various legislatures as mentioned in this research, it becomes possible to understand the legislature related to the Merger & Acquisition in general and in particular with reference to banks. This also helps in finding out the differences in the M&A in the banking sector as against the other corporate sectors and the details of M&A’s procedure.

2. To identify the overall impact of Merger & Acquisition with special reference to banking sector. – M&A’s impact is studied through literature review and other readings and the trends going on for the same which shows the importance of the synergy and through the study of various M&As adopted by many since years which shows its positive impact as well as negative impact, that makes this deals or say synergy fail, having an impact on overall survival and profitability of the merged entity. For banking sector impact of M&A can studied through its after merger effects.

3. To analyze if Merger & Acquisition increase the burden of cost on the merged entity. : - the objective here is to get a clear picture as regarding the effect on the cost surrounding the merged entity. The help of study through various analytical procedures and questioners.
4. To understand the impact of M & A’s on competition. : - Study the mergers effect on competition means to check synergy not creating Monopolistic effect in market. That is the reason, Competition Commission of India (CCI) plays important role, their approval is very important before merger.

5. To evaluate the gains and losses arising through M&A. :- This objective gives the solution for the hypothesis of significant effect of the M&A and overall impact of the merger through the questioners to the customers and bankers and the case study provides an actual picture of the process of the M&A. The annual reports of the companies on the other hand help in solving the specific objectives and to find out the short term as well as long term effect of the M&A.

**Hypothesis observed from:**

- There is no difference between other corporate sector and banking sector Merger & Acquisition. – This hypothesis is about comparison between the other sectors and banking sector which is part of the corporate only. Every sector has their regulations if we talking about specifically about banking sector, RBI are the crown of that. further to prove this hypothesis , secondary data like profits and other factors from annual reports, banks websites and other data taken in to consideration. And as primary data, questioners given to 50 general people. M&A process is similar for all corporate sectors but for banking sector there is various laws and RBI guidelines are there.

- There is no significant effect of the Merger & Acquisition on the banking sector.- This hypothesis proved through questioners to the 500 Customers of Core Banks. To observe the effect of M&As on banks.

- Costing and competition will not be minimized by Merger & Acquisition. This is proved through questioners to bankers. Total 37 questionnaires were distributed
to the bankers out of which, 7 bankers denied to reply and only 30 bankers responded.