Behavioural and Cultural Dimensions of Public Sector Bank Mergers in India: An Exploratory Factor Analysis of Employee Perceptions

Anjali Gupta*
School of Business Management & Commerce
MVN University, India
https://orcid.org/0009-0002-8027-8362
Netra Pal Singh
School of Business Management & Commerce
MVN University, India
https://orcid.org/0000-0002-3006-9522

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Abstract

Bank mergers have come out as a fundamental approach towards improving the banking industry stability, competitiveness, and efficiency. Mergers between Public Sector Banks (PSBs) in India have caused important structural, behavioral, and cultural change, which affects the perception of employees, their experiences at work, and their flexibility to organizational change. This paper examines employees' perceptions of mergers, behavioural changes, cultural compatibility, and future expectations.

The research design consists of primary data gathered through 349 employees of the selected merged PSBs by the use of a five-point Likert scale questionnaire. It uses behavioral and cultural compatibility model to implement the Lewin change theory. Descriptive statistics, exploratory factor analysis (EFA) and Pearson correlation analysis are applied as analytical tools.

The result shows that there are important cultural factors (conflict, shift, integration) and behavioral factors (job security, adaptation, engagement). Also, the concerns about career development, competitiveness, and quality of the services provided by employees can be called as the future perspective, which emphasizes the necessity of the effective changes management system.

Keywords: Public Sector Bank Mergers, Employee Perception, Behavioural Change, Cultural Compatibility, Lewin's Change Model.

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Summary

Bank mergers have become one of the major reform steps to enhance Indian Public Sector Banks (PSBs) in order to make them more efficient in their operations, competitive, and sustainable in the long-term. In addition to the financial effects the mergers have major effects on the employees, who are also important to the successful integration of the merged institutions. This study examines the employees' mentalities about mergers in the selected Indian PSBs and their expectations in the post-merger scenario, along with behavioural change of employees and cultural fitment compatibility.

The study is based on primary data which were obtained from 349 employees of the selected merged Indian PSBs using a structured questionnaire on a five-point Likert scale. Based on Lewin's Change Theory, employees' reactions to organizational changes as a result of bank consolidation are explored. The data were analyzed using descriptive statistics, exploratory factor analysis (EFA) and Pearson correlation analysis.

The results show that the cultural factors such as conflict, cultural transition and integration are significant factors shaping employees' perceptions of the merger process. Other factors that were identified as key determinants of employees' responses were behavioral factors including job security, adaptability and employee engagement. Moreover, the issues of career advancement, organizational competitiveness and service quality are indicative of employee expectations for the future. The study emphasizes the importance of having an effective change management strategy for cultural integration, minimizing employees' uncertainty, and making mergers within Indian Public Sector Banks successful.

1. Introduction

The banking industry in India has undergone substantial organizational and structural changes as a result of the consolidation of public sector banks. These mergers have an impact on workplace dynamics, organizational culture, and employee perceptions in addition to improving operational efficiency and financial stability. Therefore, assessing the success of merger integration in public sector banks requires an understanding of how employees react to these changes.

The introduction of the study is divided into three parts. The first part discusses the background and recent developments related to mergers in Indian public sector banks. The second part explains the behavioural and cultural aspects of mergers from the employees' perspective. The third part highlights the research context and the need for examining employees' perceptions regarding PSB mergers.

1.1 Background of Public Sector Bank Mergers in India

Banking industry has a significant role to play in ensuring that economic growth, financial stability and proper distribution of financial resources are achieved in an economy. The banking system in India has been dominated by the public sector banks (PSBs), which have been significant towards enhancing financial inclusiveness, priority sector lending and government development programmes. Nonetheless, the Indian banking sector has undergone a number of structural issues in the past few years, such as; increasing non-performing assets (NPAs), decreasing profitability, lack of operational efficiency and rising competition by the banks of the private sector. To endure these hurdles and enhance the banking system, the Government of India embarked on various structural reforms to deal with the financial stability and efficiency of the operations conducted by the banks in the public sector (Reserve Bank of India [RBI], 2020).

In the Indian banking sector, one of the most important reforms done was the merger of the public sector banks that occurred between 2017 and 2020. Before this process of consolidation, India had 27 state-owned banks with many of them experiencing the problem of capital sufficiency, increased bad assets and lack of cohesiveness in their operations. The Government of India initiated a series of mergers that brought down the number of state-owned banks to 12 more robust banks, the purpose of which was to establish well-capitalized banks, which can not only achieve economies of scale but also be competitive in the global banking system (Press Information Bureau [PIB], 2020; RBI, 2020).

In 2017, State Bank of India initiated its process of consolidation with mergers of five associate banks and Bharatiya Mahila Bank that greatly improved the operational capacity and market share of SBI (RBI, 2020). Then, in 2019, Bank of Baroda was integrated with Vijaya Bank and Dena Bank and formed the third-largest government-sponsored bank in India and improved the synergies of operations and financial efficiency (PIB, 2019).

The largest merger took place in 2020, with the Government of India merging the ten public sector banks to four bigger banks. In the restructuring, Punjab National Bank was amalgamated with Oriental Bank of Commerce and United Bank of India; Canara Bank was amalgamated with Syndicate Bank; Indian Bank was amalgamated with Allahabad Bank and Union Bank of India was amalgamated with Andhra Bank and Corporation Bank (PIB, 2020). These mergers were aimed at consolidating the banking industry to have larger banks with better capital base, better risk management and competitiveness in the financial market.

Though the main focus of these mergers was to enhance financial performance and operational effectiveness, the effectiveness of such extensive restructuring of organizations also relies largely on the rate at which the employees can successfully adjust to the changes in the organization.

1.2 Importance of Employee Perception in Bank Mergers

Mergers and acquisitions do not only change the structure of an organization but also cause serious behavioral and psychological alterations to the employees. In the course of the merger, employees might feel uncertain about the job security, role and responsibility changes, career progression and relationships at the work place. These kinds of uncertainties have the potential of impacting the attitude, job satisfaction, and commitment of employees to the organization.

The earlier research has emphasized that the views of the employees are a key factor in ensuring that a merger and acquisition is successful. As an illustration, Cartwright and Cooper (1993) highlighted the fact that in most cases, organizational mergers cause psychological anxieties among employees because of the uncertainty on their future position and organizational identity.

In the same line of thought, Buono and Bowditch (2003) contended that integration may pose challenges because of the difference in culture between merging organizations resulting in resistance to change and low employee engagement.

The recent studies have also given significance to the role of the employee perceptions in restructuring of the organization. Bajgai (2021) discovered that merger and acquisitions may have a considerable impact on the perception of employees in terms of job security, working conditions, and organizational commitment. On the same note, Rayemajhi (2024) noted that employees tend to feel uncertain and have a hard time adjusting during a merger integration especially when the cultures and management practices of different institutions are different.
Employees are at the centre of service delivery, management of customer relations and continuity in operations within the banking sector. Hence, the perceptions of employees with respect to the behavior change and compatibility with the culture can have a significant impact on the success of merger integration and long-term performance of the merged institutions.

1.3 Theoretical Framework: Lewin's Change Model

In terms of organizational change, the Change Management Model by Lewin can be an effective model used to understand how employees reacted to organizational change. Lewin (1947) theorized organization change as a three-stage process that included Unfreeze, Change, and Refreeze.

Unfreeze stage is the process of equipping the employees to embrace organizational change by dealing with resistance and the minimization of doubts about the impending changes. Employees working in the public sector may be facing issues of job security, organizational identity and alteration of their roles during this phase in case of merging two banks.

Change stage is the period of transition where the employees are accommodating to the new organizational structures, leadership models and new levels of operations developed by the merger. At this stage, the employees might have to adapt to new tasks, working conditions, as well as cultural activities.

Refreeze stage is aimed at stabilizing the institution by refreezing the new behaviors, new work practices, and new cultural practices in the merged institution. At this point, the workers finally become used to the new organizational culture and have a feeling of permanence and involvement.

The current study uses two conceptual models, which are built on Change Model by Lewin, to explore the perception of employees with respect to mergers in the banks of the public sector. The former is based on the behavioral change of the employees involving job security, adjusting to the new environment, and post-merger involvement. The second model is concerned with cultural compatibility in which the cultural conflict, cultural shift and cultural integration of employees who work in other banks are discussed. Having applied the Lewin model to the behavioural model as well as Cultural Compatibility Model, the study offers an extensive model to the perception of employees in the process of merging within the Indian public sector banks.

1.4 Research Objectives

The study aims to examine employees' perceptions regarding mergers in Indian Public Sector Banks and to identify the key behavioural and cultural factors influencing employees during the merger process. The specific objectives of the study include the following:

1. To examine employees' perceptions regarding mergers in Indian Public Sector Banks (PSBs).
2. To identify the behavioural factors influencing employees during PSB mergers using the Behavioural Model.
3. To analyse cultural compatibility factors affecting employees during PSB mergers using the Cultural Compatibility Model through Exploratory Factor Analysis (EFA).

1.5 Research Hypotheses

Based on the conceptual framework of the study, the following hypotheses guide the analysis:

1. **H1:** Employees' perceptions regarding behavioural changes during PSB mergers are explained through the factors identified in the Behavioural Model.
2. **H2:** Employees' perceptions regarding cultural compatibility during PSB mergers are explained through the factors identified in the Cultural Compatibility Model.
3. **H3:** Employees' perceptions regarding PSB mergers are influenced by multiple underlying behavioural and cultural factors identified through Exploratory Factor Analysis.

2. Review of Literature

2.1 Bank Mergers and Consolidation in the Banking Sector

Mergers and acquisitions (M&As) are generally accepted as key competitive and operational efficiency mechanisms in the banking industry. According to the studies conducted before, consolidation helps financial institutions to gain economies of scale, manage their operations more efficiently and increase their market share in the ever competitive world (Berger et al., 1999; DeYoung et al., 2009; Haleblian et al., 2009). Moreover, mergers also enable superior resource distribution and integration of operations which results in enhanced performance (Ravenscraft and Scherer, 1987; King et al., 2004).

In addition to economic gains, mergers promote strategic goals like better capital sufficiency, better risk management and geographical spread (Kumar and Bansal, 2008; Goyal and Joshi, 2012). World experience indicates that consolidation increases institutional stability and is a means by which banks can survive competition (Angwin, 2004; Hitt et al., 2001). What is more, the literature in the area of corporate restructuring underlines the fact that mergers amalgamate complementary resources, which enhances the competitiveness in the long-term (Bruner, 2004; Gaughan, 2017). Nonetheless, financial performance does not give enough information on whether or not a merger is successful. More focus is put on organizational and human factors, such as cultural compatibility and adjustment of employees (Appelbaum et al., 2000; Stahl and

Voigt, 2008; Weber and Tarba, 2012). In recent studies, integrating employees has become an important consideration in the determination of the success of mergers (Larsson and Finkelstein, 1999; Zollo and Singh, 2004; Zollo and Meier, 2008).

2.2 Employee Perception and Behavioral Responses during Mergers

The perception of employees is one of the key factors of effective merger integration. Restructuring of organizations usually causes an element of uncertainty about job security, roles, and career opportunities. Early reports established that mergers cause psychological stress levels because of uncertainty and ambiguity (Schweiger and DeNisi, 1991; Napier, 1989). On the same note, the employees can also suffer anxiety, demotivation, and resistance to change (Marks and Mirvis, 2001). Later studies also confirm that mergers are largely viewed as disruptive and have negative influence on job satisfaction and organizational commitment (Mylonakis, 2006; Meyer and Altenborg, 2007). These perceptions greatly affect the attitude of the employees, who on the one hand become less engaged and less productive (Hunt and Downing, 2006; Puranam et al., 2006).

Communication, leadership support, and transparency greatly influence the reactions of the employees throughout the integration process (Appelbaum et al., 2000; Stahl et al., 2013). Resistance can be minimized and flexibility increased with the help of effective communication and supportive leadership (Weber and Tarba, 2012; Angwin et al., 2016). The importance of employee perception is also highlighted in recent researches in the banking industry. Bajgai (2021) discovered that the expectation of career development, as well as organizational stability, affect the attitude of employees towards mergers. On the same note, Sharma et al. (2024) noted that lack of communication and leadership support aggravates resistance in the course of post-merger integration. Gupta and Singh (2026), in their study of the Tata Sons–Air India and Vistara merger, also highlighted the importance of effective communication, leadership, employee involvement, and cultural alignment in managing post-merger integration challenges. Their findings indicate that organizational transformation during a merger requires attention not only to financial and operational objectives but also to employee and cultural dimensions. The results in these findings emphasize the need to deal with employee perceptions to achieve successful merger results.

2.3 Cultural Compatibility and Post-Merger Integration

One of the determinants of the success of a merger is the cultural compatibility. The employee behavior and decision-making are influenced by organizational culture, which entails shared values, beliefs and norms. When different organizations are coming together, employees can experience difficulties in changing the work practices, leaders' styles, and organizational norms.
The initial studies emphasized that cultural incompatibility contributes to the conflict among employees and difficulties in integration (Cartwright and Cooper, 1993; Buono and Bowditch, 2003). On the same note, Chatterjee et al. (1992) discovered that the cultural disparities could underly the difference in shareholders' value and merger performances significantly.

The significance of cultural integration was furthered on in later works and that organizational cultural differences usually lead to the emergence of interpersonal conflict and lower integration efficiency (Sarala and Vaara, 2010). The cultural compatibility is noted to be one of the key determinants of success or failure of mergers (Stahl and Voigt, 2008). Recent evidence from the Tata Sons–Air India and Vistara merger further supports the importance of cultural compatibility and acculturation in post-merger integration. Gupta and Singh (2026) observed that cultural and organizational differences can create integration challenges and therefore require appropriate post-merger integration strategies, including absorption and symbiotic approaches. The study further emphasizes that effective cultural alignment can support operational integration, service improvement, and long-term transformation.

The recent studies indicate that employee engagement and organizational commitment improve when the companies integrate based on the cultural alignment (Smeulders et al., 2023; Angwin et al., 2016). Good practices regarding cultural integration can ensure that resistance is reduced and collaboration among employees with different organizational backgrounds is encouraged (Stahl et al., 2013; Weber and Tarba, 2012). In the context of Indian public sector banks, Gupta, Singh, and Tewatia (2025) found that post-merger outcomes varied across banks, with differences in profitability, operational efficiency, NPAs, and financial stability. Their findings suggest that the benefits of mergers depend considerably on effective integration, operational rationalization, and the ability of banks to address inherited organizational and operational weaknesses. Thus, cultural and organizational integration should be considered alongside financial performance while evaluating the overall success of bank mergers.

2.4 Lewin's Change Model and Organizational Transformation

The concept of organizational change theories offers a powerful theoretical perspective on how mergers cause responses in employees. The change model of Lewin is one of the most popular models that consists of three phases: Unfreeze, Change, and Refreeze (Lewin, 1947). Unfreeze stage is the preparation of the employees to the change by minimizing resistance and forming awareness. Change stage is concerned with adopting new systems, processes, and structures. Refreeze stage ensures that the organization is stabilized by adhering to the new behaviors and norms.

The merger context has also been subject to the extensive application of Lewin model by scholars. According to Burnes (2004), it was a baseline theory of planned organizational change. According to Kansal and Chandani (2014), communicational and leadership abilities play a crucial role in controlling the resistance when integrating a merger. The applicability of the Lewin model is also demonstrated by the recent research in the banking industry, which mentions that the achievement of adaptation during mergers highly depends on the readiness of the employee, the communication, and the leadership (Akter et al., 2021; Sharma et al., 2024). The findings of Gupta and Singh (2026) also provide support for understanding merger integration as a process involving strategic, cultural, operational, and organizational transformation. Similarly, Gupta et al. (2025) demonstrated that the post-merger performance of selected public sector banks depends on the effectiveness of integration and operational rationalization. These findings are consistent with the logic of Lewin’s model, where successful transformation requires preparation for change, effective implementation, and stabilization of the new organizational systems and practices.

Further, Gupta and Singh (2026), in their study on NPA auction and recovery in Punjab National Bank, highlighted the importance of post-merger institutional and operational adjustments in strengthening the recovery framework after the 2020 merger. Such evidence reinforces the view that merger-related transformation is not limited to structural consolidation but also involves changes in systems, processes, management practices, and organizational functioning. Therefore, the model offers an efficient model towards explaining behavioral and cultural change in merger situations.

3. Method

3.1 Research Design

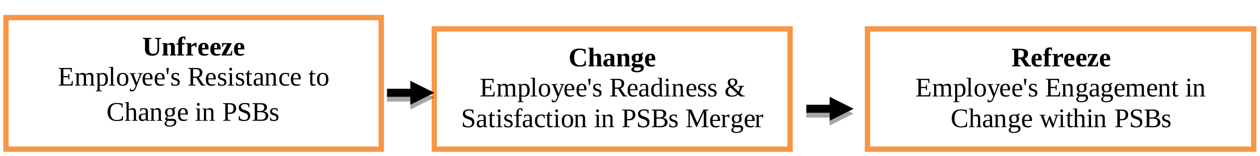
The study adopts a quantitative, cross-sectional research design to examine employee perceptions of mergers in Indian Public Sector Banks (PSBs). Mergers bring structural, behavioral, and cultural changes influencing employee attitudes and job security perceptions. The study aims to identify key behavioral and cultural issues during merger integration. A conceptual framework combining the Behavioural Model and Cultural Compatibility Model is used, supported by Lewin’s Change Model, which explains organizational change through Unfreeze, Change, and Refreeze stages (Lewin, 1947; Burnes, 2004).

3.2 Conceptual Framework of the Study

The conceptual framework of the present study examines employees’ perceptions regarding mergers in Indian Public Sector Banks (PSBs) through two models: the Behavioural Model and the Cultural Compatibility Model, both based on Lewin’s three-stage Change Model—Unfreeze, Change, and Refreeze (Lewin, 1947).

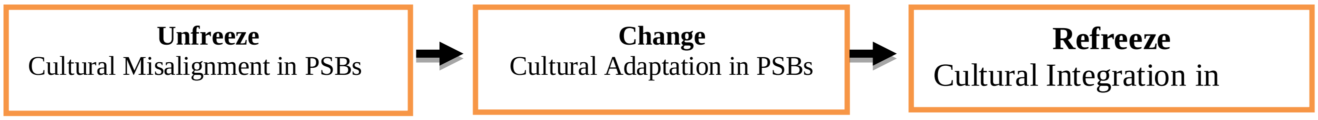
In the Behavioural Model, Unfreeze represents Job Security and Stability, Change represents Adapting to New Environment, and Refreeze represents Stabilization and Engagement. Similarly, in the Cultural Compatibility Model, the three stages are represented by Cultural Conflict, Cultural Shift, and Cultural Integration, respectively. Together, the two models examine the behavioural and cultural dimensions of employee perceptions during the merger process.

Conceptual framework 1 of Behavioral Change Model for Employee Perception in PSBs



Source: Modified by the author based on Lewin’s Change Model (1947).

Conceptual framework 2 of Cultural Compatibility Model for Employee Perception in PSBs



Source: Modified by the author based on Lewin's Change Model (1947).

3.3 Data Collection and Sample

This study uses primary data collected from employees working in Indian Public Sector Banks that experience merger and consolidation. A structured questionnaire helps collect information related to employees' perceptions regarding behavioral changes and cultural compatibility during the merger process. The study includes 349 valid responses obtained from employees working in various public sector banks. The respondents represent employees from several banks such as Bank of Baroda, Canara Bank, Indian Bank, Punjab National Bank, State Bank of India, and Union Bank of India, which ensures representation from different merged banking institutions.
The questionnaire was circulated from March 2025 to October 2025. A total of 400 questionnaires were distributed, out of which 349 usable responses were obtained, resulting in a usable response rate of 87.25%. The data were collected from respondents across India using a non-probability sampling approach.

3.4 Measurement Scale

The questionnaire consists of statements designed to assess employees' perceptions regarding mergers within public sector banks. The degree of agreement of respondents with each statement was measured using a five-point Likert scale. The Likert scale is an efficient and organized method for measuring attitudes and perceptions in social science research (Likert, 1932; Boone and Boone, 2012). The scale ranged from 1 = Strongly Disagree to 5 = Strongly Agree, allowing respondents to indicate different levels of agreement with the statements included in the questionnaire. The questionnaire covered three key constructs examined in the study, namely the Behavioural Model, the Cultural Compatibility Model, and the Future Outlook of Employees.

3.6 Methods of Data Analysis

The data were analysed using the Statistical Package for the Social Sciences (SPSS). Descriptive statistics were used to present the demographic characteristics of the respondents and summarize the distribution of the data. Principal Component Analysis (PCA) with Varimax rotation was performed to identify the underlying components related to behavioural change and cultural compatibility (Hair et al., 2019). The suitability of the data for factor analysis was assessed using the Kaiser-Meyer-Olkin (KMO) measure and Bartlett's Test of Sphericity. Reliability was assessed using Cronbach's alpha (Cronbach, 1951), while Pearson correlation analysis was used to examine the relationships between the key variables.

Vol. 10, No.08; 2026

ISSN: 2456-7760

3.7 Ethical Considerations

Participation in the study was voluntary. Respondents were informed about the academic purpose of the study, and their responses were treated confidentially. The questionnaire did not require personally identifying information, and the information collected was used only for academic research purposes.

4. Results

4.1 Demographic Profile of Respondents

Understanding the demographic characteristics of respondents is important for interpreting employees' perceptions regarding mergers in public sector banks. Demographic variables such as gender, age, marital status, education, income level, and bank of employment provide important background information about the respondents included in the study.

Table 4.1 presents the demographic distribution of the respondents who participated in the survey.

Table 4.1: Demographic Profile of the Respondents

Demographic Variable	**Category**	**Frequency**	**Percentage (%)**
Gender	Male	251	71.9
	Female	98	28.1
	Total	**349**	**100**
Age	Up to 30 Years	56	16
	31–40 Years	113	32.4
	41–50 Years	86	24.6
	Above 50 Years	94	27
	Total	**349**	**100**
Marital Status	Married	299	85.7
	Unmarried	50	14.3
	Total	**349**	**100**
Educational Qualification	Undergraduate	71	20.3
	Postgraduate	151	43.3
	Professional Qualification	126	36.1
	Others	1	0.3
	Total	**349**	**100**
Annual Income	Up to ₹3 Lakhs	40	11.5
	₹3.1–₹5 Lakhs	112	32.1
	₹5.1–₹7 Lakhs	48	13.8
	Above ₹7 Lakhs	149	42.7
	Total	**349**	**100**
Bank of Employment	Bank of Baroda	71	20.3
	Canara Bank	44	12.6

Vol. 10, No.08; 2026

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	Indian Bank	51	14.6
	Punjab National Bank	60	17.2
	State Bank of India	60	17.2
	Union Bank of India	63	18.1
	Total	**349**	**100**

Source: Author's compilation based on primary data

Table 4.1 represents the demographics of the respondents who were included in the research. Among the 349 respondents, most of them (71.9) are men employees and only 28.1% are women employees who work in the banks in the public sector. When it comes to the age distribution, the highest percentage of respondents (32.4) is between the age group of 31-40 years then the next highest percentage is 24.6 between the age groups of 41-50 years. The age category between 30 and under 50 years is 16, with 4.9% of all the respondents being above 50 years.

On matters of marital status, most of the respondents (85.7) are married with only 14.3% being unmarried. In the field of educational qualifications, 43.3% of the respondents have postgraduate, 36.1% professional, and 20.3% undergraduate degrees. With regard to annual earnings, the highest percentage (42.7 per cent) of respondents earns more than 7 lakhs per year with 32.1 per cent having earnings between 3.1 lakhs and 5 lakhs per year. The sample of the respondents is a sample of employees of various merged banks in the public sector. Bank of Baroda (20.3%), Union Bank of India (17.8%), Punjab National bank (17.2%), state bank of India (17.2), Indian Bank (14.6) and Canara bank (12.6) have the highest representation. The distribution will allow the study to capture the perception of the employees of different merged banks in the public sector.

4.2 Descriptive Statistics of Behavioural Change Perception (Lewin Model)

Descriptive statistics help summarize employees' perceptions regarding behavioural changes associated with mergers in public sector banks. The behavioural change variables in this study are based on Lewin's Change Model, which includes the stages of Unfreeze, Change, and Refreeze.
Table 4.2 presents the mean and standard error of Mean values for the variables related to employees' behavioural perceptions during the merger process.

Table 4.2 Mean perception sore of the statement/ items of the component of Behavioral Change Perception

Statement/ Items	Statement	Mean ± SE (Mean)	Median (Mode)
Unfreeze Phase – Job Security and Stability			
J1	Before the PSBs merger, I was uncertain about my job security.	3.01 ± 0.040	3.01(3)
J2	Prior to the PSBs merger, I was concerned about losing my professional identity.	2.98 ± 0.041	3.01(3)
J3	I was apprehensive about potential organizational changes due to the PSBs merger.	3.02 ± 0.040	3.01(3)
J4	The uncertainty surrounding the PSBs merger affected my job performance negatively.	2.99 ± 0.040	3.01(3)
J5	Before the PSBs merger, I was worried about potential layoffs in my department.	3.01 ± 0.041	3.01(3)
J6	The uncertainty about changes in salary and benefits concerned me before the PSBs merger.	3.02 ± 0.042	3.01(3)
Change Phase – Adapting to New Environment			
A1	The new leadership has positively impacted my work experience.	2.98 ± 0.040	3.01(3)
A2	I received adequate training and support during the transition.	2.97 ± 0.042	3.01(3)
A3	At the time of the PSBs merger, I adjusted well to the new role expectations.	2.96 ± 0.041	3.01(3)
A4	At the time of the PSBs merger, my workload increased significantly.	2.93 ± 0.040	3.01(3)
A5	During the PSBs merger, I faced initial difficulties in understanding my new responsibilities.	2.97 ± 0.039	3.01(3)
Refreeze Phase – Stabilization and Engagement			
S1	My motivation has improved post-PSBs merger.	2.99 ± 0.040	3.01(3)

S2	After the PSBs merger, my job satisfaction has increased.	3.05 ± 0.041	3.01(3)
S3	I feel more engaged and valued in the new organizational structure.	3.01 ± 0.038	3.01(3)
S4	My productivity has improved after the PSBs merger.	2.97 ± 0.040	3.01(3)

Source: Author's compilation based on primary data; analysed using SPSS

The results presented in Table 4.2 indicate the mean perception score (Mean ± SE) of employees regarding behavioural changes during PSB mergers. During the Unfreeze phase, the mean perception score of the items ranges from 2.98 ± 0.041 to 3.02 ± 0.042, indicating moderate levels of concern among employees regarding job security, professional identity, and organizational uncertainty prior to the merger. During the Change phase, the mean perception score ranges from 2.93 ± 0.040 to 2.98 ± 0.040, suggesting that employees moderately adapted to changes related to leadership, training support, role adjustments, and increased workload during the merger process.

During the Refreeze phase, the mean perception score ranges from 2.97 ± 0.040 to 3.05 ± 0.041, indicating moderate perceptions among employees regarding improvements in motivation, job satisfaction, engagement, and productivity after the merger. Overall, the results indicate that employees demonstrate moderate behavioural perceptions across the different stages of Lewin's change model during PSB mergers.

4.3 Correlation Analysis of Behavioural Change Variables

The merging of banks in the public sector tends to cause massive behavioural shifts among the employees especially in regard to their perception of job security, acclimatisation to the new work environment as well as their post-merger participation. The transition period in a merger may leave the employees with doubts and psychological adaptation. To test the correlation between these behavioural variables, Pearson correlation was undertaken.

The behavioural variables, adopted in this study are based on the three stages of the Kurt Lewin Change Model, i.e. Unfreeze, Change, and Refreeze. The Unfreeze stage as stipulated by the theory of Lewin is the first stage of change wherein the employees feel uncertain and have anxieties about their job responsibilities and organizational security. The stage, in reference to the current study, indicates how the employees perceive the matter of job security and job stability prior to the merger (J1-J6).

Change stage is the transition stage where the employees are getting acclimatized to the new structure of the organization, new organizational culture and management practices that have been put in place following the merger. Change stage is described in this study using variables that describe how employees are adjusted to the new working environment (A1 5).

The Refreeze phase is the last phase, and it is the stabilization phase where employees will slowly acclimatize to the new organizational setting and establish a feeling of engagement and productivity in the newly formed bank. In the current work, this step is manifested in the variables of stabilization and post-merger engagement with employees (S1-S4).

The correlation matrix is provided in two parts because the behavioural scale has a rather high number of variables that provide a better understanding and readability.

Table 4.3 Pearson Correlation Matrix for Behavioural Change Variables

Items	J1	J2	J3	J4	J5	J6	A1	A2	A3	A4	A5	S1	S2	S3	S4
J1	1														
J2	.556**	1													
J3	.573**	.612**	1												
J4	.514**	.563**	.546**	1											
J5	.545**	.588**	.555**	.549**	1										
J6	.601**	.632**	.586**	.575**	.601**	1									
A1	-.146**	-0.072	-0.073	-0.073	-0.085	-.119*	1								
A2	-0.044	-0.044	-0.043	-0.015	-0.047	-0.088	.564**	1							
A3	-0.102	-0.036	-0.06	-0.041	-0.034	-.106*	.537**	.570**	1						
A4	-0.081	-0.097	-0.013	-0.047	-0.078	-.120*	.590**	.557**	.585**	1					
A5	-.121*	-0.057	-0.078	0.01	-0.035	-0.049	.529**	.560**	.553**	.565**	1				
S1	-0.041	-0.07	-0.025	-0.071	-0.064	-0.029	-0.006	0.019	-0.006	0.004	0.02	1			
S2	-0.011	-0.087	-0.017	-0.094	-0.03	-0.002	-0.059	-0.007	-0.056	0.007	0.054	.566**	1		
S3	-0.049	-.105*	-0.049	-.155**	-0.047	-0.078	-0.016	0.006	0.011	0.001	0.006	.524**	.570**	1	
S4	0.026	-0.072	-0.004	-0.037	-0.04	0.001	-0.038	0.037	-0.049	0.021	0.041	.533**	.578**	.522**	1

Source: Author’s compilation based on primary data; analysed using SPSS

The Pearson correlation matrix between the variables of behaviour change in the three stages of the Change Model of Lewin is shown in Tables 4.3.

The results indicate that Job Security and Stability variables (J1-J6) are moderately positively correlated which means that those employees, who are more concerned with job security, also feel more uncertainty and difficulties in the organizational environment and professional identity. On the same note, the variables of Adapting to the New Environment (A1-A5) exhibit high positive interrelationships, and this indicates that the effective leadership support and communication have a positive effect on the ease with which employees adapt to post-merger changes.

Moreover, there are high positive correlations between the Stabilization and Engagement variables (S1-S4), indicating an increase in the degree of motivation, job satisfaction, and productivity by the employees during the post-merger stage. Nevertheless, low and negative dependences between Unfreeze (J-items) and Change (A-items) variables suggest that the employees with more pronounced security issues before merger are not inclined to embrace new organizational conditions in a positive way. Overall, the results indicate meaningful relationships among the behavioural variables corresponding to the three stages of Lewin’s Change Model.

4.4 Descriptive Statistics of Cultural Compatibility Perception

Cultural compatibility is an important factor influencing the success of mergers in organizations. Differences in work culture, leadership styles, and organizational practices may create challenges for employees during the merger integration process.
Table 4.5 presents descriptive statistics related to employees’ perceptions of cultural compatibility during the merger process.

Table 4.4 Mean Perception Scores of the Items Measuring Cultural Compatibility Model

Statement/Items	Statement	Mean ± SE (Mean)	Median (Mode)
Cultural Conflict Phase (Pre-Merger Challenges – Unfreeze)			
CP1	Before the PSBs merger, I was concerned about major differences in work culture between the merging banks.	3.07 ± 0.027	2.99(3)
CP2	Prior to the PSBs merger, I was worried that power struggles might occur among employees from different banks.	2.97 ± 0.047	2.99(3)
CP3	Before the PSBs merger, I was concerned that the acquisition could negatively impact workplace relationships.	3.00 ± 0.054	2.99(3)
Cultural Shift Phase (Integration Process – Change)			
CI1	At the time of the PSBs merger, the new work culture was effectively communicated to employees.	3.01 ± 0.031	2.99(3)
CI2	During the PSBs merger, changes in organizational policies and procedures were clearly explained.	2.95 ± 0.038	2.99(3)
CI3	At the time of the PSBs merger, leadership played a role in easing the transition into the new culture.	2.99 ± 0.038	2.99(3)
CI4	During the PSBs merger, I received support from HR in adapting to the new culture.	2.97 ± 0.035	2.99(3)
Cultural Integration Phase (Stability and Alignment – Refreeze)			
CS1	I feel part of a unified organizational culture after the PSBs merger.	3.00 ± 0.040	2.99(3)
CS2	Team collaboration and synergy have improved post-PSBs merger.	2.99 ± 0.030	2.99(3)

CS3	The organization has successfully merged different leadership styles.	2.97 ± 0.035	2.99(3)
CS4	The PSBs merger has benefited my career growth.	2.98 ± 0.047	2.99(3)
CS5	The organization has taken sufficient steps to retain talent after the PSBs merger.	2.97 ± 0.037	2.99(3)

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.4 presents the mean perception scores of employees regarding cultural compatibility during the merger process in public sector banks. The mean scores for the Cultural Conflict stage range from 2.97 ± 0.047 to 3.07 ± 0.027. These scores indicate that employees had moderate perceptions regarding differences in work culture and possible workplace difficulties before the merger.

For the Cultural Shift stage, the mean scores range from 2.95 ± 0.038 to 3.01 ± 0.031. This shows a moderate perception of changes in work culture, organizational policies, and leadership support during the integration process. In the Cultural Integration stage, the mean scores range from 2.97 ± 0.035 to 3.00 ± 0.040, indicating moderate perceptions regarding the development of a common organizational culture and improvement in cooperation after the merger.

Overall, the findings show that employees had moderate perceptions across the different stages of cultural compatibility during the merger process.

4.5 Descriptive Statistics of Future Outlook of Employees

Employees' perceptions regarding the future outlook of merged organizations provide important insights into their expectations regarding organizational competitiveness, service quality, and career development opportunities.

Table 4.5 presents descriptive statistics related to employees' perceptions regarding the future outlook of merged public sector banks.

Table 4.5 Mean perception sore of the statement/ items of Future Outlook of Employees

Items	**Statement**	**Mean ± SE (Mean)**	**Median (Mode)**
F1	The PSBs merger has made my bank more competitive globally.	3.03 ± 0.037	3.01 (3)
F2	Service quality has improved after the PSBs merger.	3.03 ± 0.031	3.01 (3)
F3	I would recommend other employees to stay in the merged entity for career growth.	2.99 ± 0.037	3.01 (3)

Source: Author's compilation based on primary data; analysed using SPSS

ISSN: 2456-7760

Table 4.5 presents the mean perception score (Mean ± SE) of employees regarding the future outlook of merged public sector banks.

The mean perception score of the items ranges from 2.99 ± 0.037 to 3.03 ± 0.037, indicating moderate perceptions among employees regarding the future prospects of merged public sector banks.

The median and mode values of 3 indicate that employees generally expressed neutral perceptions regarding improvements in global competitiveness, service quality, and career growth opportunities following the merger.

Overall, the results indicate that employees had moderate expectations regarding the future outlook of merged public sector banks.

4.6 Correlation Analysis of Cultural Compatibility Factors

Cultural compatibility is a major determining factor of success of mergers in Public Sector Banks (PSBs) since integration entails the integration of employees of different organizational cultures, practices, and values. The variation in the communication level, leadership style and work culture after the merger makes the integration complicated, and it is necessary to evaluate the employees perception.

Pearson correlation analysis would be conducted to test the relationship between three of the major cultural dimensions: Cultural Conflict, Cultural Shift, and Cultural Integration. Cultural Conflict (CP1CP3) measures the employee concerns about variation in organizational values and working practices at the initial integration stage. Cultural Shift (CI1–CI4) indicates the adaptation of the employees to the new change in the leadership, communication, and organization structures. Cultural Integration (CS15) is the phase of stabilization, which focuses on how employed people feel about working together, integrating and aligning with one another in the new organization.

Table 4.6 Pearson Correlation Matrix of Cultural Compatibility Factors

Items	**CP1**	**CP2**	**CP3**	**CI1**	**CI2**	**CI3**	**CI4**	**CS1**	**CS2**	**CS3**	**CS4**	**CS5**
CP1	1											
CP2	.595**	1										
CP3	.560**	.575**	1									
CI1	-0.08	0.022	-0.027	1								
CI2	-	-	-	.571*	1							

	0.041	0.035	0.022	*								
CI3	-0.03	0.005	-0.011	.544**	.548**	1						
CI4	-0.056	-0.041	-0.063	.495**	.532**	.524**	1					
CS1	0.088	0.032	0.076	-0.039	-0.033	-0.028	0.035	1				
CS2	.137*	0.068	0.02	0.037	0.004	0.021	0.065	.596**	1			
CS3	0.09	0.024	0.016	-0.032	-0.008	0.038	-0.002	.574**	.537**	1		
CS4	0.038	-0.052	-0.048	-.119*	-0.061	-0.055	-0.081	.608**	.565**	.552**	1	
CS5	0.054	-0.022	0.016	-0.043	-0.024	0.016	-0.007	.511**	.525**	.510**	.545**	1

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.6 provides the results of Pearson correlation between Cultural Conflict (CP), Cultural Shift (CI) and Cultural Integration (CS) in PSB mergers. The results reveal that there are positive strong correlations between Cultural Conflict variables, including CP1-CP2 ($r = 0.595$, $p < 0.01$), CP1-CP3 ($r = 0.560$, $p < 0.01$) and CP2-CP3 ($r = 0.575$, $p < 0.01$), which can be explained by consistency in employee perception of cultural differences. In the same manner, variables related to Cultural Shift exhibit high levels of interrelationships and include CI1-CI2 ($r = 0.571$, $p < 0.01$), CI1-CI3 ($r = 0.544$, $p < 0.01$) and CI2-CI4 ($r = 0.532$, $p < 0.01$) meaning that when there is a changing practice in the organization, employees do feel that cultures shift as well.

In Cultural Integration, the high correlations like CS1CS4 ($r = 0.608$, $p < 0.01$), CS1CS2 ($r = 0.596$, $p < 0.01$) and CS2CS4 ($r = 0.565$, $p < 0.01$) indicate that the perceived cultural alignment has a strong relationship with collaboration and cohesion. The non-significant correlations between Cultural Conflict and the other cultural dimensions indicate that no statistically significant linear association was observed between these variables in the present sample.

4.7 Exploratory Factor Analysis of Behavioural Change Variables

Exploratory Factor Analysis (EFA) is applied to identify the underlying factor structure of the behavioural change variables associated with mergers in public sector banks. Prior to conducting factor analysis, it is necessary to examine the suitability of the dataset. The Kaiser–Meyer–Olkin

(KMO) Measure of Sampling Adequacy and Bartlett's Test of Sphericity help determine whether the data are appropriate for factor analysis.

Table 4.7 KMO and Bartlett's Test of Sampling Adequacy

Test	**Value**
Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy	0.868
Bartlett's Test of Sphericity (Chi-Square)	2290.865
Degrees of Freedom	105
Significance (p-value)	0

Source: Author's compilation based on primary data; analysed using SPSS

According to the findings of Table 4.7, the value of KMO is 0.868, which implies that sampling adequacy is high. Based on the generally accepted rules, the value of KMO that is greater than 0.80 means that the data is fit to be analysed using the factor analysis. Moreover, the Test of Sphericity by Bartlett is statistically significant (2 = 2290.865, p = 0.001) which means that the variables are correlated with each other and Bartlett's Test of Sphericity was statistically significant ($\chi^2 = 2290.865$, df = 105, $p < 0.001$), indicating that the correlation matrix was suitable for factor analysis.

4.8 Total Variance Explained

Total variance explained indicates the proportion of total variance accounted for by the extracted factors. In factor analysis, factors with eigenvalues greater than one are typically retained for interpretation.

Table 4.8 Total Variance Explained by Extracted Factors

Factor	**Factor Name**	**% of Variance Explained**	**Cumulative %**
Factor 1	Job Security and Stability (Unfreeze Phase)	27.153	27.153
Factor 2	Adapting to New Environment (Change Phase)	20.692	47.845
Factor 3	Stabilization and Engagement (Refreeze Phase)	17.396	65.241

Source: Author's compilation based on primary data; analysed using SPSS

The variance explained by the extracted factors via principal component analysis is presented in table 4.8. The initial one, Job Security and Stability (Unfreeze Phase), captures 27.153% of the variance. Adapting to New Environment (Change Phase), is the second factor, which explains 20.692% of the variance. The third factor, Stabilization and Engagement is an explanatory factor of 17.396%.

The three variables alone constitute 65.241 percent of cumulative variance, which means that the three factors are enough to capture the latent structure of the perceptions of change of behavior among employees in merged banks in the public sector.

4.9 Rotated Component Matrix of Behavioural Change Variables

To obtain a clearer interpretation of the factor structure, Varimax rotation is applied. Rotated factor loadings help identify the variables associated with each factor.

Table 4.9 Rotated Component Matrix of Behavioral Change Variables

Item	Job Security and Stability (Unfreeze)	Adapting to New Environment (Change)	Stabilization and Engagement (Refreeze)	Communalities
J6	0.83			0.696
J2	0.819			0.678
J3	0.805			0.648
J5	0.795			0.634
J1	0.783			0.621
J4	0.774			0.608
A4		0.819		0.673
A2		0.808		0.654
A3		0.805		0.651
A5		0.795		0.635
A1		0.795		0.641
S2			0.84	0.706
S4			0.811	0.657
S1			0.801	0.643
S3			0.798	0.643

Source: Author’s compilation based on primary data; analysed using SPSS

The table below (Table 4.9) shows the component rotated matrix through principal component analysis with a Varimax rotation. These findings indicate that there are three different factors that relate to the behavioural change model proposed by Lewin. The former is the first factor which is Job Security and Stability (Unfreeze Phase) and comprises six variables associated with

Vol. 10, No.08; 2026

ISSN: 2456-7760

the approach of the employees towards job security as well as professional identity and organizational uncertainty before the merger.

The second factor is Adapting to New Environment (Change Phase) and consists of five variables describing the support of the leadership, the possibility of training and role changes during transition. The third factor is Stabilization and Engagement (Refreeze Phase) which comprises four variables that are associated with the level of employee motivation, job satisfaction, engagement, and productivity following the merger. The communalities are between 0.608 and 0.706, which means that a large percentage of variance in every variable can be explained by the factors that are extracted. The factor loading of all factors is greater than 0.50 which validates the factor structure.

4.10 Reliability Analysis of Behavioural Change Constructs

Reliability analysis is conducted to evaluate the internal consistency of the measurement scale. Cronbach's Alpha is commonly used to assess the reliability of survey instruments.

Table 4.10 Reliability Statistics (Cronbach's Alpha) of Behavioral Change Constructs

Items	**Number of Items**	**Cronbach's Alpha**
Job Security and Stability (Unfreeze Phase)	6	0.783
Adapting to New Environment (Change Phase)	5	0.808
Stabilization and Engagement (Refreeze Phase)	4	0.811
Overall Behavioral Change Scale	**15**	**0.705**

Source: Author's compilation based on primary data; analysed using SPSS

The statistics of reliability of the behavioral change constructs involved in the study are provided in Table 4.10. Internal consistency of the items to determine perceptions of employees towards behavioral changes in mergers in the public sector banks was measured using Cronbachs Alpha.
The Alpha values of the separate constructs are between 0.783 and 0.811, which means a good internal consistency of the items. The fifteen-item scale of the overall behavioral change shows that it is also reliable with Cronbachs Alpha value of 0.705, which is above the generally accepted value of 0.70.

Thus, the findings confirm that the measurement scale applied to evaluate the perceptions of the employees towards the behavioral changes in the process of the merger is credible and can be further tested statistically.

4.11 Exploratory Factor Analysis of Cultural Compatibility Variables

Exploratory Factor Analysis is also applied to identify the underlying factors related to cultural compatibility during the merger process. Similar to the behavioural model, the suitability of the dataset is evaluated using the KMO measure and Bartlett's Test of Sphericity.

Table 4.11 KMO and Bartlett's Test of Sampling Adequacy (Cultural Compatibility Model)

Test	**Value**
Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy	0.806
Bartlett's Test of Sphericity (Chi-Square)	1555.829
Degrees of Freedom	66
Significance (p-value)	0.000

Source: Author's compilation based on primary data; analysed using SPSS

The findings of the Kaiser Meyer Olkin (KMO) measure and the Bartlett Test of Sphericity to assess the applicability of the data to factors are shown in table 4.11. The value of the KMO is 0.806 and this indicates a good sample adequacy that implies that the dataset can be used to conduct the factor analysis. Moreover, the Test of Sphericity created by Bartlett is statistically significant (2 = 1555.829, p = 0.001), which confirms the fact that the correlation matrix is not an identity matrix and that there are some meaningful relationships between the variables. Thus, they can be used in conducting exploratory factor analysis.

4.12 Total Variance Explained (Cultural Compatibility Model)

The total variance explained indicates the contribution of each extracted factor in explaining the overall variance of the dataset.

Table 4.12 Total Variance Explained by Extracted Factors

Factor	Factor Name	% of Variance Explained	Cumulative %
Factor 1	Cultural Shift Phase	27.07	27.07
Factor 2	Cultural Integration Phase	21.869	48.939
Factor 3	Cultural Conflict Phase	17.767	66.706

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.12 presents the percentage of variance explained by the extracted factors obtained through principal component analysis. Factor 1 explains 27.070% of the variance, followed by Factor 2 explaining 21.869%, and Factor 3 explaining 17.767% of the total variance. Together, these three factors account for 66.706% of the cumulative variance, indicating that the extracted factors adequately represent the cultural compatibility dimensions associated with mergers in public sector banks.

4.13 Rotated Component Matrix of Cultural Compatibility Variables

This sub-section presents the rotated component matrix of cultural compatibility variables. To obtain a clearer factor structure, Varimax rotation is applied. The matrix shows the factor loadings of each variable on the extracted components, which helps in identifying the underlying dimensions of cultural compatibility.

Table 4.13 Rotated Component Matrix of Cultural Compatibility Variables

Items	Cultural Shift	Cultural Integration	Cultural Conflict	Communalities
CS1	0.822			0.68
CS4	0.82			0.687
CS2	0.804			0.657
CS3	0.79			0.626
CS5	0.766			0.588
CI2		0.82		0.674
CI1		0.81		0.658
CI3		0.81		0.656
CI4		0.786		0.621
CP2			0.858	0.736
CP1			0.843	0.72
CP3			0.838	0.702

Source: Author's compilation based on primary data; analysed using SPSS

Vol. 10, No.08; 2026

ISSN: 2456-7760

Table 4.13 shows the rotated component matrix of the cultural compatibility variables against communalities. The findings indicate three aspects of cultural dimensions that are related to PSB mergers.

Cultural Shift Phase has variables that concern communication of new work culture, leadership support, and HR assistance in the process of integration.

The Cultural Integration Phase will indicate employee perceptions of how a collective organizational culture will be developed as well as better collaboration following the merger.

The Cultural Conflict Phase will contain variables with regard to issues regarding work culture differences, power conflicts, and work relationships before the merger.

The communalities are between 0.588 and 0.736 which means that the extracted factors can explain a high percentage of variance in the variables. Factor loadings above 0.50 indicate a clear and interpretable factor structure.

4.14 Reliability Analysis of Cultural Compatibility Constructs

Reliability analysis is conducted to assess the internal consistency of the cultural compatibility constructs.

Table 4.14 Reliability Statistics (Cronbach's Alpha) of Cultural Compatibility Constructs

Items	**Number of Items**	**Cronbach's Alpha**
Cultural Shift Phase (Refreeze)	5	0.822
Cultural Integration Phase (Change)	4	0.810
Cultural Conflict Phase (Unfreeze)	3	0.858
Overall Cultural Compatibility Scale	**12**	**0.690**

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.14 presents the reliability statistics of the cultural compatibility constructs used in the study. The Cronbach's alpha values indicate acceptable internal consistency of the respective constructs. The constructs of Cultural Shift Phase, Cultural Integration Phase, and Cultural Conflict Phase demonstrate acceptable levels of reliability. The overall cultural compatibility scale consisting of 12 items has a Cronbach's Alpha value of 0.690, which indicates an acceptable level of internal consistency for exploratory research. Therefore, the scale can be considered reliable for measuring employees' perceptions regarding cultural compatibility during mergers in public sector banks.

4.15 Exploratory Factor Analysis of Future Outlook Variables

Exploratory Factor Analysis is also conducted to examine the underlying structure of employees' perceptions regarding the future outlook of merged public sector banks.

Table 4.15 KMO and Bartlett's Test of Sampling Adequacy (Future Outlook of Employees)

Test	**Value**
Kaiser–Meyer–Olkin (KMO) Measure of Sampling Adequacy	0.699
Bartlett's Test of Sphericity (Chi-Square)	266.420
Degrees of Freedom	3
Significance (p-value)	0.000

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.15 presents the results of the Kaiser–Meyer–Olkin (KMO) measure and Bartlett's Test of Sphericity used to assess the suitability of the data for factor analysis. The KMO value of 0.699 indicates an acceptable level of sampling adequacy. Furthermore, Bartlett's Test of Sphericity is statistically significant ($\chi^2 = 266.420$, $p < 0.001$), indicating that sufficient correlations exist among the variables to justify the use of factor analysis.

4.16 Communalities of Future Outlook Variables

Communality values indicate the proportion of variance explained by the extracted factor.

Table 4.16 Communalities of Future Outlook Variables

Item	**Initial**	**Extraction**
F1	1	0.692
F2	1	0.677
F3	1	0.68

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.16 shows the commonalities of the variables of future outlook in the exploratory factor analysis. The extraction values are between 0.677 and 0.692 which means that a large percentage of the variance of every variable is accounted by the extracted factor. As far as all communalities are above the threshold value of 0.50, all the items were not rejected and continued to be analyzed further.

4.17 Total Variance Explained (Future Outlook)

The variance explained table indicates the contribution of the extracted factor.

Vol. 10, No.08; 2026

ISSN: 2456-7760

Table 4.17 Total Variance Explained by Extracted Factor

Factor	Factor Name	% of Variance Explained	Cumulative %
Factor 1	Future Outlook of Employees	68.294	68.294

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.17 presents the variance explained by the extracted factor obtained through principal component analysis. The results indicate that a single factor representing Future Outlook of Employees explains 68.294% of the total variance. This suggests that the three items measuring future perceptions of employees are strongly associated with a single underlying construct.

4.18 Reliability Analysis of Future Outlook Construct

Reliability analysis is conducted to assess the internal consistency of the future outlook scale.

Table 4.18 Reliability Statistics (Cronbach's Alpha) of Future Outlook Construct

Construct	Number of Items	Cronbach's Alpha
Future Outlook of Employees	3	0.768

Source: Author's compilation based on primary data; analysed using SPSS

Table 4.18 shows the reliability of Future Outlook construct. Cronbach's Alpha of 0.768 demonstrates a high internal consistency of the three items, which is greater than the recommended alpha of 0.70 and this proves the reliability of the scale to be further used in the analysis. In the findings of the Exploratory Factor Analysis, it can be seen that there are factor structures that are meaningful concerning employee perceptions of mergers in state sector banks. The variables of behaviour fit the stages of the Change Model introduced by Lewin: Job Security and Stability (Unfreeze), Adapting to New Environment (Change), and Stabilization and Engagement (Refreeze). On the same note, there are Cultural Shift, Cultural Integration and Cultural Conflict as cultural variables. Also, future outlook variables constitute one factor that accounts to a considerable degree of variance. All in all, the model has high factor loading and reliability, which justifies its suitability in explaining behavioural and cultural perceptions of employees.

5. Discussion & Result of Findings

This section discusses the major findings of the study in relation to the research objectives and existing literature. The discussion focuses on employees' perceptions regarding mergers in Indian Public Sector Banks and examines the behavioural and cultural dimensions of the merger process based on the results obtained from descriptive statistics and Exploratory Factor Analysis.

5.1 Discussion with Respect to Research Objectives

Objective 1: To examine employees' perceptions regarding mergers in Indian Public Sector Banks (PSBs).
According to the descriptive statistics in Table 4.2 and 4.3, employees have a moderate perception on behavioural change, compatibility of cultures and future prospects in merged public sector banks. The behavioural variables means are near the neutral scale which implies that there is moderate concern over job security, organizational restructuring, and workplace adjustment.

In the same vein, the results of the cultural compatibility indicate the difficulties in adjusting to the difference in work culture, leadership and organizational practices. The Future outlook results show a pessimistic view about enhancement of competitiveness, service quality and career progressions. These findings can be compared with the previous research which emphasizes the uncertainty of the employees and its influence on the attitude towards organizational stability and opportunities (Schweiger and DeNisi, 1991; Marks and Mirvis, 2001; Stahl and Voigt, 2008). Additionally, the perception of employees is a key success factor in integration of mergers (Appelbaum et al., 2000; Weber and Tarba, 2012).
Objective 2: To identify the behavioural factors influencing employees during PSB mergers using the Behavioural Model.

The results of the Exploratory Factor Analysis indicate that three behavioural factors were identified as per the Change Model proposed by Lewin: Unfreeze, Change, and Refreeze that explain 65.241% of overall variance. These indicate the employee anxieties regarding job security, adjustment to new structures and stabilization following mergers. The findings are consistent with the three-stage structure of Lewin's Change Model, with factors corresponding to Unfreeze, Change, and Refreeze emerging from the analysis. (Lewin and Burnes, 1947; Kansal and Chandani, 2014; Angwin et al., 2016).

Objective 3: To analyse cultural compatibility factors affecting employees during PSB mergers using the Cultural Compatibility Model.

In PSB mergers, the Exploratory Factor Analysis (EFA) and correlation analysis have shown that three dimensions of cultural compatibility exist: Cultural Conflict, Cultural Shift, and Cultural Integration. These aspects are specific dimensions of employee perception and the result of correlation shows internal consistency between constructs. These results affirm that cultural fit plays an important role in the perceptions of employees in the course of mergers. These findings are consistent with the previous research that has stressed the significance of cultural fit during mergers (Cartwright and Cooper, 1993; Chatterjee et al., 1992). Cultural integration and communication also contribute to better performance in the post-merger (Sarala and Vaara, 2010; Stahl et al., 2013).

5.2 Discussion with Respect to Research Hypothesis

H1: Employees' perceptions regarding behavioural changes during PSB mergers are explained through the factors identified in the Behavioural Model.
The Exploratory Factor Analysis identifies three behavioural factors corresponding to Lewin's Change Model, explaining 65.241% of the total variance. The findings provide exploratory evidence of three behavioural factors corresponding to the Unfreeze, Change and Refreeze stages of Lewin's Change Model.

H2: Employees' perceptions regarding cultural compatibility during PSB mergers are explained through the factors identified in the Cultural Compatibility Model.
The factor analysis identifies three cultural factors explaining 66.706% of the total variance. The findings provide exploratory evidence of three cultural dimensions—Cultural Conflict, Cultural Shift, and Cultural Integration—identified through the factor analysis.

H3: Employees' perceptions regarding PSB mergers are influenced by multiple behavioural and cultural factors identified through Exploratory Factor Analysis.
The results indicate that employees' perceptions are associated with both behavioural and cultural dimensions identified through factor analysis. The findings indicate that both behavioural and cultural dimensions are relevant to understanding employees' perceptions of PSB mergers.

6. Conclusion

The focus of the study is on the impact of public sector banks (PSBs) in India merging on employees' behavioural change and cultural compatibility. According to the study, bank mergers are associated with changes in employees' beliefs about job security, workplace adaptability, and organizational culture. The correlation analysis reveals significant relationships between employees' behaviour and culture during mergers, while Exploratory Factor Analysis (EFA) highlights key behavioural and cultural factors.

The study suggests that employees' initial concerns about job stability and cultural differences between banks involved in the merger are significant. However, the merger process involves gradual changes in leadership, communication, and workplace expectations, resulting in employees adapting to the new organizational environment. The findings highlight the relevance of cultural integration and behavioural adjustment for understanding employee perceptions during the merger process. Overall, however, the study highlights that successful mergers involve not only financial and structural integration but also a thorough monitoring of employees' behaviour (e.g. Merging Public Sector Banks can achieve better integration by enhancing communication, leadership support, and human resource practices, which may lessen employee uncertainty).

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