

'Assuaging the fears of staff key in managing mergers'

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Mumbai, September 17

Putting in place various functional groups with participation from top officials of public sector banks (PSBs) going in for an amalgamation, addressing the anguish among employees about postings and position, and assuring employees of even-handed treatment are among the important aspects that top bankers should take care of as they work on the nitty-gritty of amalgamations in the PSB space, according to Papia Sengupta, Executive Director, Bank of Baroda (BoB).

Giving the analogy of a stepmother, who is much-maligned although she might be really good, Sengupta told *BusinessLine* that this feeling will always be there in an amalgamation when there is a bigger entity and two smaller entities. So, bankers have to be quite wary of these things and be impartial. Excerpts:

How did you go about the amalgamation of Dena Bank and Vijaya Bank with BoB?

The way we went about the merger was very participative. We had groups for each and every function. All three banks had equal representation in the groups. My experience with the State Bank Group (before joining BoB, she was

with an Associate Bank till 3/4th of its merger with State Bank of India was complete) helped as I knew half of the things that needed to be done, and also the things that didn't need to be done. Our MD and CEO would see to it that we talk only on those points where everybody agreed. On the other points where there were disagreements, he would say, 'Let us park them aside, we will tackle it later'. So, there was no acrimony.

What did you do to address employee concerns?

There was lot of anguish among employees. And everybody was concerned about two things – postings and their position in the amalgamated entity. So, we always had to keep on telling them that the only thing that matters is performance. So, keep performing. That alone is going to matter and nothing else. Performers need not worry. But if you are not performing, then don't expect to be dealt with very favourably.

How many employees went in for VRS?

As per the scheme of amalgamation, all employees of the other two entities had to agree to come to BoB on the present terms and conditions. If they did not exercise

any option, it was construed that they agreed. But if they explicitly wanted not to come to BoB, then they had to choose that option and they were treated as having retired on that day. It was not voluntary retirement. Although the number has not been high, there have been people (about 40-odd, mostly from Dena Bank), more at the Assistant General Manager and Deputy General Manager levels, who took retirement.

How challenging was it to strike a balance between the interests of employees of BoB and the other two banks?

I would like to give the analogy of a stepmother. Now a stepmother is a much-maligned person, although she might really be (a) good (human being). So, in an amalgamation when there is a bigger entity and two smaller entities, that feeling is always there. People will always judge whether they are being

treated (in a) step-motherly (fashion). So, we have to be quite wary of these things. And sometimes in our attempt to be seen as being impartial, probably the bias is on the other side. So, you are bending backwards. That might create another imbalance. I think, the biggest challenge is that while we have to be impartial, the balance has to be maintained. Right now, all of us have to remember that we are on a very fragile platform. It will take another year or so for things to evolve. And then, people will not even remember from where they came.

So, when will the perception of being a stepmother change?

I think, when the technology integration happens, everything happens. I would give myself a year or two for the full integration, including emotional integration, to happen. The tendency right now is that if we have three branches in the same location, people say that is a BoB branch and the other two are erstwhile e-Dena Bank and e-Vijaya Bank branches.

So, unknowingly, you create these barriers. So, the idea is to stop calling any branch e-Dena Bank or e-Vijaya Bank. The other thing is that we want to give confidence to customers that nothing is going to change overnight, and we have not been doing any drastic changes.

What is the growth projection for the unified bank for FY20?

The growth percentage now would be on a higher base. But we are looking at a 15 per cent growth rate. Before the merger happened, BoB had already started on a lot of transformation exercises.

We did a lot of process changes; we did a lot of back-office shifting to Baroda Global Shared Services Ltd (BoB's subsidiary). We found that our branch staff is actually not spending time talking to customers. They are spending much of their time doing transactions. And transactions are best automated.

So, the entire account opening, loan processing, and all such processing jobs were shifted to the back-office. That meant a lot of time was made available to the front office staff to do a lot of marketing, sales, and cross-selling. These are the things that were already started in BoB. We started customer segmentation. So, a lot of changes have started happening in BoB.

Now, before we could actually start reaping the benefits, we got this merger. Now with the merged entity, we have to see that those same transformations are made available to the entire entity.

And with this, I am sure that 15 per cent growth is not too much.

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