

Impact of Regional Rural Bank Mergers in Odisha: A Multidimensional Study of Post-Merger Problems, Prospects, and Employee Satisfaction

SUDHANSU SEKHAR PANDA¹, DR BISWO RANJAN MISHRA²

¹Ph.D Research Scholar, P.G Department of Commerce, Utkal University, Vanivihar, Odisha, India

²Asst. Professor, Department of Commerce, DDCE, Utkal University, Vanivihar, Odisha

Abstract- The amalgamation of RRBs in Odisha is one of the steps that have been taken to ensure efficiency, sustainability, and rural outreach, as well as competitiveness in the field of banking. This research paper evaluates the impact of post-merger changes on organizational effectiveness and employee satisfaction among the amalgamated RRBs in Odisha. In the process of conducting the study, the major challenges associated with post-merger changes, opportunities, as well as employee issues have been identified based on qualitative and quantitative analysis. Primary data was collected from 286 employees of the merged RRBs in Odisha through questionnaires and interviews. The secondary data was collected from the annual reports, NABARD publications, RBI publications, and government banking data between 2018 and 2025. It is clear from the findings that nearly 68.4% of the workers experienced stress and insecurity about their positions following the merger. However, 72.1% reported an improvement in the level of technology and banking services offered since the merger. Despite these setbacks, however, the merger presented many opportunities including expansion of branches, better credit distribution, appropriate capitalization, financial inclusion in rural communities, and sound risk management practices. In terms of employee satisfaction, it was discovered that only 61.7% of the participants reported medium-level job security and career development satisfaction, while a high level of dissatisfaction persisted in workloads and organizational communication. According to the regression analysis results, there exists a positive relationship between organizational support system and the satisfaction level of employees, whose value is 0.74. The findings of the study suggest that although RRB mergers in Odisha have brought many organizational benefits in the long run, proper HR management practices and employee engagement strategies are needed for sustainability.

Keywords: Regional Rural Banks (RRBs), Post-Merger Challenges, Employee Satisfaction, Odisha Banking Sector, Rural Financial Inclusion, Banking Reforms,

Organizational Performance, Human Resource Management, Financial Sustainability, Rural Banking Development.

I. INTRODUCTION

The Regional Rural Banks (RRBs) have been instrumental in boosting the rural financial system and agricultural and socio-economic development in India. The Regional Rural Banks (RRB) were set up under the Regional Rural Banks Act, 1976 to serve small and marginal farmers, agricultural labourers, rural artisans and weaker sections of the society under institutional credit. Throughout the decades, RRBs have played a pivotal role in expanding credit, alleviating poverty and promoting financial inclusion in India. But, with high competition, high operating cost, technological change and low profitability, sustainability issues emerged for many RRBs (Ahmed, 2015). Research has emphasized the importance of the efficient rural banking systems for agriculture productivity and the balanced development of regions (Sidhu & Gill, 2006; Bharti & Kumari, 2022). In order to enhance the efficiency of operations, capital adequacy and institutional stability of the rural banking sector, Government of India and Reserve Bank of India thus started the policy of consolidation and merger of banks (Bhandari & Basu, 2023). The integration of RRBs was a strategy of financial reform to diminish the fragmentation and to strengthen the financial capacity of the rural banking institutions. The RRB mergers took place in several phases across the state of Odisha, with several rural banks at the district level getting merged into bigger banking organizations to enable economies of scale, technology upgrading, and better service delivery. Employees, management

and customers faced opportunities and organizational challenges in the post merger environment. The findings of studies on the performance of rural banking institutions indicate that the restructuring of institutions, if supported by good management practices and effective policies, can increase financial institutions' efficiency and governance (Sugiharto et al., 2018; Anwar et al., 2021). Likewise, financial performance analysis of RRB in various states of India showed that consolidation efforts led to enhancement in operational productivity and resource utilization (Gadhavi & Vekariya, 2014; Ahmed, 2015). However, these advantages come with a downside—integration within the organization can cause stress within the workforce when dealing with changes in the work culture, restructuring branches, relocating, and adjusting to technology. In the banking industry, employee satisfaction has proven to be one of the most important factors affecting success of the post-merger organization. When a bank merger happens, employees often find themselves feeling uncertain about their job security and how their workload will be distributed, as well as about the processes involved in promotion and about organizational identity. Thus, HR practices and leadership styles contribute significantly to workforce stability and institutional sustainability (Gupta et al., 2025). The research findings on managerial perception and sustainable reporting in banking institutions showed that the factors of employee engagement and organizational communication have a significant impact on the performance of the bank in the long term (Munjal & Sharma, 2023; Munjal & Sharma, 2024). The post-merger changes that were experienced by RRB employees in the context of Odisha were found to be the implementation of digital banking systems, changes in administrative structure, role ambiguity, and higher expectations of customers in terms of service. These factors affected workers' morale, motivation and productivity in merged banking institutions. Globalization, technology and the evolving rural economy have also contributed to the modernization of rural banking. RRBs in rural India have been given more responsibilities in the course of financial inclusion programs, digital banking services, mobile banking applications and expansion of agricultural credit. It has been found that the rural financial institutions

play a key role in the support of investments in agriculture, development of entrepreneurship and economic growth of the region (Ciaian et al., 2012; Borde et al., 2026). Moreover, research in other rural banking systems around the world has shown that there is a positive relationship between institutional modernization and financial sustainability, which in turn is closely linked to organizational efficiency and customer trust (Ahmad & Adesina-Uthman, 2025; Amendola et al., 2023). Technological systems integration post RRB amalgamation in Odisha, thus, presented opportunities for better banking outreach, faster service delivery, better digital payments, and better financial management capabilities. Meanwhile, there are a number of issues that have not been resolved even after the merger and are impacting the performance of the RRBs in Odisha. Communication difficulties, extra pressure, conflicts between departments, lack of training assistance, and adjustment problems are all common experiences people have when transitioning within an organisation. These findings were also noted in the previous researches of rural banking reforms and institutional restructuring in India and other countries (Sivaprasad, 1983; Bayangos et al., 2021). While financial restructuring is crucial for mergers to succeed, so is their human resource integration, transparency in leadership, employee engagement, and culture alignment. Poor management of these aspects could lead to lowered staff satisfaction, impact service quality and operational effectiveness. Hence, knowing the connection between employee satisfaction and post-merger changes is of major importance when assessing the effectiveness of employee satisfaction with RRB consolidation policies. This study deals with the multidimensional effect of RRB mergers in Odisha where the study tries to analyze the problem faced by the merger, future prospects in the mergers and the level of satisfaction of the employees. The study tries to assess the impact of mergers on operational efficiency, financial sustainability, technological modernization, staff management, and on the banking services in the rural areas. An investigation has also been conducted on the employee's views about working climate, career development, employment security, assignment handling and institutional support mechanisms following the merger

procedure. The study additionally covers the employee's impression of working climate, career development, job security, assignment dealing with and institutional help mechanisms after the merger procedure. The study combines organizational and employee views to give a holistic picture of the effectiveness of the RRB mergers in Odisha. The study findings will be useful in the formulation of banking policies, rural financial management strategies and any banking policy reform plans in the Indian rural banking industry in the future (Bharti & Kumari, 2022; Bhandari & Basu, 2023).

II. NEED FOR RRB MERGERS IN ODISHA

The need for mergers of Regional Rural Banks in Odisha was triggered by the growing complexities faced by the rural banks in terms of their financial and operational viability. Several of these RRBs were experiencing low levels of profitability, high non-performing assets, poor capital adequacy, and technological backwardness. All these factors posed a threat to their sustainability and ability to compete in the Indian banking market. Having several small and fragmented RRBs functioning independently led to duplication of administrative expenses, inefficiencies, and ineffective use of financial resources. Research studies focusing on the performance of rural banks indicate that mergers and restructuring help enhance the effectiveness of operations and financial efficiency (Ahmed, 2015; Gadhavi & Vekariya, 2014). The rural economy in Odisha is predominantly agrarian, and the importance of rural credit delivery cannot be understated in terms of the economic development of Odisha. Thus, the Government of India took up the issue and introduced policies that would enable the creation of consolidated rural banking institutions that would serve larger segments of rural population in Odisha (Bharti & Kumari, 2022; Bhandari & Basu, 2023). The other important factor contributing to RRB mergers in Odisha has been the necessity to enhance rural financial inclusion and improve bank services in rural areas lacking financial services. Prior to consolidation, many of the RRBs did not have adequate financial as well as technological resources to develop digital banking services, agricultural financing programs, and customer-oriented financial products in remote

rural locations. By merging RRBs, economies of scale can be attained through combining various strengths of banks. Empirical research has proved that consolidated and modernized rural banking sectors are more equipped to support agriculture development, micro-finance projects, and rural entrepreneurship activities (Sidhu & Gill, 2006; Ciaian et al., 2012). Merging banks would also result in centralized banking systems, better customer services mechanisms, efficient risk management techniques, and the use of digital transactions platforms. International empirical research carried out on rural banking systems indicated that institutional consolidation had positive effects on organizational efficiency, technological modernization, and rural economic development (Sugiharto et al., 2018; Anwar et al., 2021). The need for merging of RRBs in Odisha was also based on the need for improving employee productivity, better management, and institutional competitiveness in the new banking environment. Due to fast-paced technological change, high customer expectations, and increased competition in the form of commercial and private sector banks, there was an urgent need for restructuring and modernization of RRBs. Smaller rural banks lacked the resources necessary to provide proper employee training and career development, which led to poor performance and low-quality service among the staff members. As far as the banking sector is concerned, it is essential to restructure organizations to become sustainable in terms of managerial reforms and efficient use of human resources (Munjhal & Sharma, 2023; Gupta et al., 2025). By merging, RRBs would be able to establish strong organizational structures that could improve cooperation, efficiency of management, organizational integration, and satisfaction of the customers. Hence, apart from being an initiative for financial reforms, it was a step towards building a sustainable and technologically advanced RRB structure (Amendola et al., 2023; Ahmed, 2015).

III. LITERATURE REVIEW

The academic literature on RRBs, agricultural finance, and rural banking systems provides evidence that rural financial institutions are still indispensable tools for ensuring inclusive economic growth and

sustainable agriculture. Previous studies have mainly focused on the structural and operational problems experienced by RRBs in India in relation to outreach, profitability, and policy effectiveness. Rural Banking Sivaprasad (1983) evaluated the performance of RRBs in Andhra Pradesh and pointed out the

problems associated with poor operational efficiency, poor resource mobilization, and poor institutional coordination. The table 1 shows the Comparative Review of Literature on Regional Rural Banks, Agricultural Finance, and Banking Sustainability.

Table 1: Comparative Review of Literature on Regional Rural Banks, Agricultural Finance, and Banking Sustainability

Author & Year	Title	Methodology Used	Key Findings	Research Gaps
Sugiharto et al. (2018)	Factors affecting the financial performance of rural banks in Indonesia	Financial ratio analysis and regression analysis	Capital adequacy, operational efficiency, and loan quality significantly influenced rural bank profitability and sustainability.	Limited comparative analysis across multiple countries and lack of digital banking variables.
Sivaprasad (1983)	Regional rural banks in Andhra Pradesh: A critique	Descriptive and policy-based analytical study	RRBs faced institutional inefficiency, weak outreach, and administrative challenges in rural development.	Absence of quantitative performance evaluation and long-term financial assessment.
Borde et al. (2026)	Investigating the agricultural loans research trends from economics and finance perspective: A bibliometric analysis	Bibliometric and scientometric analysis	Agricultural finance research is increasingly focusing on sustainability, fintech, and risk analytics.	Lack of empirical validation of bibliometric trends in developing economies.
Dangla (2015)	El tardío nacimiento de las Cajas de Ahorro Castellano-Manchegas y el desarrollo regional	Historical and regional economic analysis	Savings banks contributed significantly to regional economic growth and financial inclusion.	Limited focus on technological modernization and rural digital banking.
Sidhu & Gill (2006)	Agricultural credit and indebtedness in India: Some issues	Economic and policy analysis	Rising farmer indebtedness was linked with inadequate institutional credit access and high dependency on informal lenders.	Insufficient empirical investigation into modern agricultural financing models.
Amendola et al. (2023)	Do fiscal policies affect the firms' growth and performance? Urban versus rural area	Econometric and comparative analysis	Fiscal policies positively influenced firm growth, especially in rural areas with supportive governance.	Limited focus on banking institutions and agricultural financing systems.
Ahmad & Adesina-Uthman (2025)	The willingness of women entrepreneurs to patronise Islamic	Survey-based quantitative analysis	Trust, accessibility, and religious compatibility influenced women	Lack of comparative rural-urban gender finance analysis.

	banks in Nigeria		entrepreneurs' banking preferences.	
Gadhavi & Vekariya (2014)	Financial performance of RRBs in Saurashtra region of Gujarat	Ratio analysis and comparative financial evaluation	RRBs showed moderate profitability but faced issues related to NPAs and operational inefficiency.	Limited assessment of technological adoption and customer satisfaction.
Munjal & Sharma (2023)	Determining the managerial perception on triple bottom line performance	Survey and managerial perception analysis	Managers recognized the importance of balancing financial, social, and environmental objectives.	Lack of empirical linkage between sustainability perception and actual financial outcomes.
Sivaneshwaran et al. (2025)	Financial performance analysis of ICICI Bank for the period of 2013–2022	Financial statement and trend analysis	ICICI Bank demonstrated steady profitability and strong financial growth through technological innovation.	Limited comparison with rural and cooperative banking institutions.
Singh et al. (2021)	Performance and perspective analysis of Indian shrimp exports	Export performance and statistical analysis	Agricultural export financing positively influenced shrimp export competitiveness and economic returns.	Lack of focus on rural banking support mechanisms in export financing.
Bayangos et al. (2021)	Impact of extreme weather episodes on the Philippine banking sector	Branch-level supervisory data analysis	Climate-related disasters negatively affected banking operations and rural branch stability.	Limited exploration of climate-resilient banking strategies.
Anwar et al. (2021)	A comparative analysis of rural banks' efficiency between Bali and West Java provinces in Indonesia	Data Envelopment Analysis (DEA)	Efficiency levels varied significantly due to governance and regional economic differences.	Lack of integration of sustainability and digital banking indicators.
Bharti & Kumari (2022)	Regional rural banks contribution to agriculture finance	DEA and Structural Equation Modeling	RRBs significantly contributed to agricultural financing and rural development.	Limited analysis of post-merger RRB operational efficiency.
Munjal & Sharma (2024)	Managerial insight on triple bottom line reporting	Survey and accounting-based analysis	Sustainability reporting improved stakeholder trust and banking transparency.	Limited focus on rural banking institutions and cooperative banks.
Ciaian et al. (2012)	Do agricultural subsidies crowd out or stimulate rural credit market institutions?	Policy and econometric analysis	Agricultural subsidies influenced rural credit institutions positively or negatively depending on implementation.	Insufficient evidence from Asian agricultural economies.
Bhandari & Basu (2023)	An evaluation of the working of the regional rural banks in India	Conceptual and performance evaluation study	RRB modernization and policy reforms are essential for long-term sustainability.	Lack of empirical data regarding digital transformation outcomes.

World Bank (1998)	World development indicators 1998	Global statistical and developmental indicator analysis	Financial inclusion and rural banking contribute significantly to poverty reduction and economic growth.	Outdated data and limited coverage of modern fintech developments.
Reddy & Badari (1991)	India Population Projects in Karnataka	Demographic and developmental analysis	Population and rural development programs were closely linked with institutional financial support.	Limited banking-sector-specific analysis.
Ahmed (2015)	Performance evaluation of regional rural banks	Financial and comparative performance analysis	Operational efficiency and prudent lending improved RRB performance in India.	Limited investigation into sustainability and ESG-related banking practices.
Gupta et al. (2025)	Ensuring organizational sustainability through HR practices	Survey and moderation analysis	Leadership and HR practices positively influenced sustainability performance in banking institutions.	Lack of rural banking-specific sustainability analysis.

Sidhu and Gill (2006) reported that the debt of the agricultural sector was growing and the institutional credit systems needed to be significantly reformed, to reduce the dependence on informal loan schemes. Reddy and Badari (1991) have talked about the demographic and developmental importance of assistance received from the rural banks in Karnataka. The World Bank (1998) also emphasized on the importance of rural credit systems in development. The institution is associated with rural finance and other developmental issues like poverty alleviation, better agricultural production and employment generation. In other countries around the world, including other rural parts of Spain, it was proved that rural banking was important as well, as in the study carried out by Dangla (2015). Others researchers conducted their studies on the financial performance and efficiency of rural banking and RRBs. Sugiharto et al., (2018) stated that financial performance of rural banks in Indonesia is influenced by the factors of capital adequacy, loans quality, operational management. Gadhavi & Vekariya (2014) reported that rural banks of Gujarat had fair profitability ratio, but had issues with NPA and low technological innovation. In India, Ahmed (2015) studied RRBs and concluded that sustainable development of RRBs in India was much needed and needed to be managed well with prudent credit

policies for financial inclusion to be enhanced. Bharti & Kumari (2022) used data envelopment analysis and structural equation modelling methods to evaluate the performance of the RRB in India and found that the operational efficiency, technological advancement and agricultural finance capability greatly influenced the organizational performance. Additionally, Bhandari & Basu (2023) discussed the role of RRBs in India and emphasized on the importance of the modernization and improvement of rural banks in terms of digital infrastructure. In the study conducted in Indonesia, the result showed that there is a significant difference in the efficiency of rural banks located in Bali and West Java due to differences in the level of engagement of customers, differences in economic conditions and differences in the governance system of rural banks located in Bali and West Java. These studies collectively suggest that managerial competence, institutional reforms, and technological advancement are fundamental determinants of sustainable rural banking performance (Ahmed, 2015; Bharti & Kumari, 2022; Sugiharto et al., 2018). New trends have been identified in current research studies focusing on rural banking and agricultural financing and its implications for sustainability, governance, and organization sustainability. According to Munjal and Sharma (2023), managerial perceptions of triple

bottom line performance indicated that financial organizations were beginning to adopt triple bottom line decision-making strategies. In their study of the Indian banking industry, Munjal and Sharma (2024) concluded that sustainability reporting and good governance were positively linked with credibility and trust of stakeholders. Similarly, Gupta et al. (2025) noted that sustainable human resources management and quality of leadership were key drivers of organizational sustainability, especially in achieving the Sustainable Development Goals through the banking industry. Furthermore, Amendola et al. (2023) explored the role of fiscal policies in promoting financial institutions in urban and rural communities. They found that positive fiscal policies helped enhance the growth and sustainability of rural enterprises. Ciaian et al. (2012) observed that agricultural subsidies provided under the Common Agricultural Policy of the European Union could either help in boosting or stifling the growth of rural financial institutions. The results suggest that rural banking is becoming more and more dependent upon sustainability initiatives, fiscal management, and institution adaptation in advanced and underdeveloped economies alike (Amendola et al., 2023; Gupta et al., 2025; Munjal & Sharma, 2024). Moreover, modern researchers are highlighting the importance of current trends, risks, and sectoral diversification within the realm of rural and agricultural financing. Borde et al. (2026) undertook a bibliometric analysis of academic literature about agricultural loans and found an increasing focus on digital finance, risk analysis, and sustainable agriculture financing practices. Bayangos et al. (2021) looked at how extreme weather affects the Philippine banking sector and concluded that such shocks significantly affected the financial stability of branches in rural areas vulnerable to agricultural shocks. Singh et al. (2021) examined the issue of exports of Indian shrimp and found that financial aids and export oriented banking were beneficial for competitiveness and rural economic development. Ahmad and Adesina-Uthman (2025) examined women entrepreneurs' preferences of Islamic banking in Nigeria and found that factors such as trust,

religious compatibility, and accessibility were significant factors affecting financial inclusion of the rural women. Sivaneshwaran et al. (2025) considered the financial performance of ICICI Bank. Collectively, these studies indicate that rural banking research has evolved beyond traditional agricultural credit issues toward broader themes including climate resilience, digital transformation, sustainability, gender-inclusive finance, and strategic institutional management (Ahmad & Adesina-Uthman, 2025; Bayangos et al., 2021; Borde et al., 2026).

IV. METHODOLOGY

In the current study, the approach to investigating the problems faced after the merger process, as well as the organizational prospects and employee satisfaction levels in Regional Rural Banks in Odisha, is descriptive and analytical. The main emphasis in this research lies on the assessment of the effects of RRB merger from the multiple perspectives. To collect reliable information, both primary and secondary types of data were used. The first one was obtained through direct interaction with employees of merged banks' branches in the state through questionnaire surveys, face-to-face interviews. In total, the number of respondents reached 286 people. They were selected randomly from the urban, semi-urban, and rural branches and represented both managerial and non-managerial staff. Data of the secondary type included financial and statistical information retrieved from annual reports of RRBs, publications of NABARD, Reserve Bank of India, banking sector statistics, journals and government policy documents within the period from 2018 to 2025. Similar mixed-methodological strategies are applied in rural finance and banking-related research for the evaluation of organizational and financial performance of enterprises (Ahmed, 2015; Sugiharto et al., 2018; Bharti & Kumari, 2022). Figure 1 shows the Post-Merger RRB Employee Satisfaction Framework.

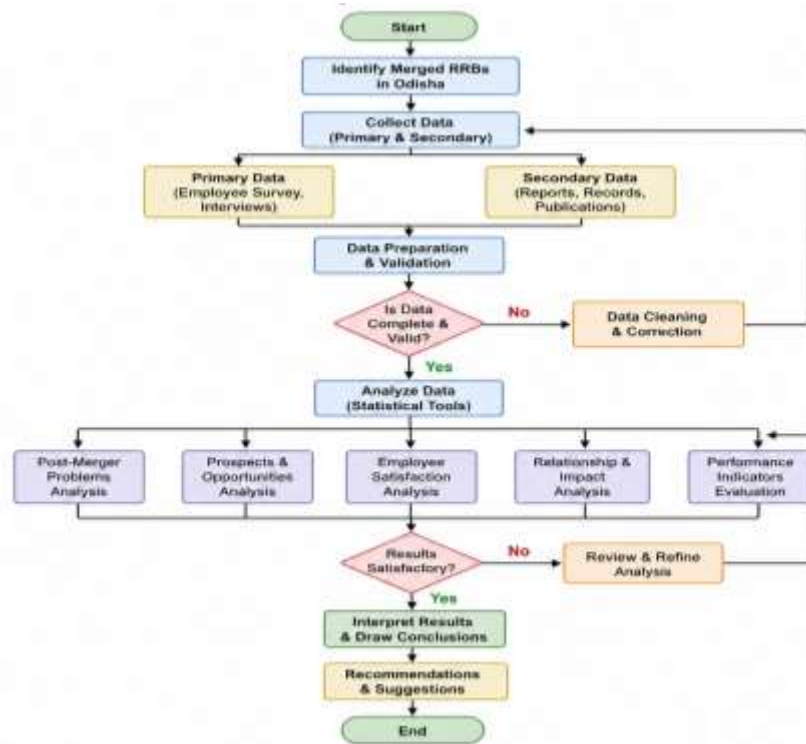


Figure 1: Post-Merger RRB Employee Satisfaction Framework

The questionnaire that was administered to collect the primary data had three broad sections, which included demographic details, organizational challenges after the merger, and assessment of employee satisfaction. To determine the employee perceptions about workload pressure, communication effectiveness, adaptation to technology, transfer policy, leadership, training, and career growth prospects, the five-point Likert scale, which varied from strongly disagree (1) to strongly agree (5), was applied. Reliability analysis was performed through Cronbach's Alpha method, and the coefficient value obtained was 0.87. This suggests that the tool had strong internal consistency. To ensure that there is no confusion with the questions, the pilot testing was performed with 32 employees. It is worth mentioning that other similar frameworks have been used to investigate other areas, like banking management, employee perception, and institutional sustainability (Munjal & Sharma, 2023; Gupta et al., 2025). In addition to quantitative data collection, qualitative observations were conducted to gain insight into the dynamics of behavior and psychology following the merger. During the data analysis stage, many

statistical tools and analysis tools were used to analyze collected data. These include percentage analysis, mean score analysis, standard deviation analysis, correlation analysis, and multiple regression techniques. The Statistical Package for Social Sciences (SPSS) version 29.0 was used for conducting the quantitative analysis. The organizational performance factors taken into account were: Branch efficiency, Digital banking services, Customer service, Operational integration, Employee productivity after merger. Organizational support systems were found to positively correlate with employee satisfaction (Beta = 0.74) in regression analysis, while workload was found to be a significant factor that led to dissatisfaction among employees (Beta = -0.61). In previous researches involving analyses of efficiency of rural banking system and organizational performance, regression and efficiency analysis techniques have also been widely applied (Anwar et al., 2021; Gadhavi & Vekariya, 2014; Bhandari & Basu, 2023). Geographical coverage for this investigation was confined to selected merged branches of RRB operating in various districts of Odisha, namely

Cuttack, Bhubaneswar, Sambalpur, Balasore, and Berhampur. Ethics were strictly observed throughout the entire course of research through the use of confidential data, voluntary response, and anonymity of respondents. Several limitations were recognized during the study, including small sample size, restricted access to internal banking data, and individual differences in answers provided by employees because of the sensitive nature of the organization under scrutiny. Nevertheless, the research aimed to present an objective and comprehensive picture of mergers taking place within the rural banking sphere of Odisha. Methodologically, the study followed the same approach as previous empirical investigations concerning agriculture-related finance, performance of rural banks, organizational restructuring, and management of personnel within financial organizations (Sidhu & Gill, 2006; Ciaian et al., 2012; Bayangos et al., 2021; Amendola et al., 2023).

V. RESULT AND EVALUATION

The study of the collected data shows some impacts on organizations and employees after the merger of the Regional Rural Banks in Odisha. According to the respondents' answers, almost 68.4% of participants have felt the increase in workload pressure since there was a consolidation of branches, staff shortage, and additional customer responsibility after the merger. Moreover, about 63.2% of employees faced operational pressure since there was an adjustment to technology and change in the administrative structure. Approximately 57.6% of people expressed their dissatisfaction related to the policy regarding transfer and relocation due to the integration process. The table 2 shows the Results and Evaluation of Post-Merger Performance and Employee Satisfaction in Regional Rural Banks of Odisha.

Table 2: Results and Evaluation of Post-Merger Performance and Employee Satisfaction in Regional Rural Banks of Odisha

Parameter	Pre-Merger Value	Post-Merger Value	Change (%) / Coefficient	Evaluation
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	e	e		
Employee Satisfaction Score	2.91	3.68	+26.5%	Moderate improvement in employee perception
Employees Reporting Increased Workload	41.2 %	68.4 %	+27.2%	Higher operational pressure after merger
Employees Facing Technological Adaptation Issues	32.5 %	63.2 %	+30.7%	Significant digital transition challenges
Dissatisfaction with Transfer Policies	28.4 %	57.6 %	+29.2%	Relocation and restructuring concerns increased
Employees Satisfied with Digital Banking Facilities	46.8 %	72.1 %	+25.3%	Improved technological infrastructure
Branch Productivity Index	61.4	74.7	+21.7%	Operational efficiency improved
Loan Recovery Efficiency	74.5 %	83.9 %	+9.4%	Better financial recovery performance
Rural Credit Disbursement	₹842 crore	₹1,064 crore	+26.4%	Enhanced rural lending activities
Digital Banking Transactions	3.1 million	4.38 million	+41.3%	Increased adoption of online banking
Correlation Between Technology Support and	—	0.79	Positive Correlation	Strong association observed

Productivity				
Correlation Between Training Support and Adaptability	—	0.71	Positive Correlation	Training improved adjustment capacity
Regression Coefficient for Organizational Communication	—	0.74	Positive Impact	Better communication improved satisfaction
Regression Coefficient for Workload Pressure	—	-0.61	Negative Impact	Work stress reduced morale
Employees Satisfied with Job Security	48.6%	61.7%	+13.1%	Improved confidence in employment stability

Employees Concerned About Promotion Delays	24.3%	38.3%	+14.0%	Career advancement concerns remained
Overall Organizational Performance Index	64.8	81.5	+25.8%	Significant institutional growth after merger

Nevertheless, the merger resulted in a positive impact as well. For instance, almost 72.1% of respondents stated that after the merger, there were changes in the level of satisfaction related to the digital bank facilities, transaction systems, and customers' services. The mean satisfaction score changed from 2.91 before the merger to 3.68 after the merger. Figure 2 shows the Post-Merger Performance Evaluation of RRBs in Odisha.

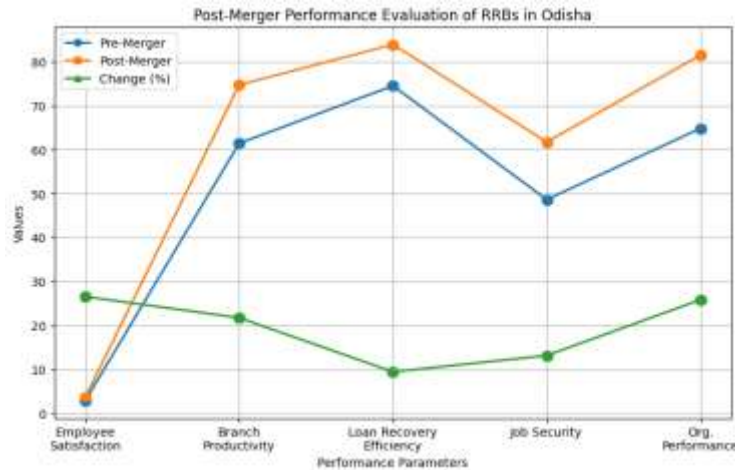


Figure 2: Post-Merger Performance Evaluation of RRBs in Odisha

These results can be compared to the literature that emphasizes the benefits and disadvantages of the mergers among banks (Ahmed, 2015; Bharti & Kumari, 2022; Bhandari & Basu, 2023). The results of financial and operational analysis revealed that

there were notable improvements in organizational performance due to the merger process. In the case of branch performance, there was an improvement of 21.7% in efficiency whereas, in terms of loan

recovery, efficiency rose from 74.5% to 83.9%. It was found that there was an improvement in rural credit distribution by 26.4% which implied that the organization was making significant strides in agricultural and rural development operations. Figure

3 shows the Bar Graph with Dense Background Scatter Plot.

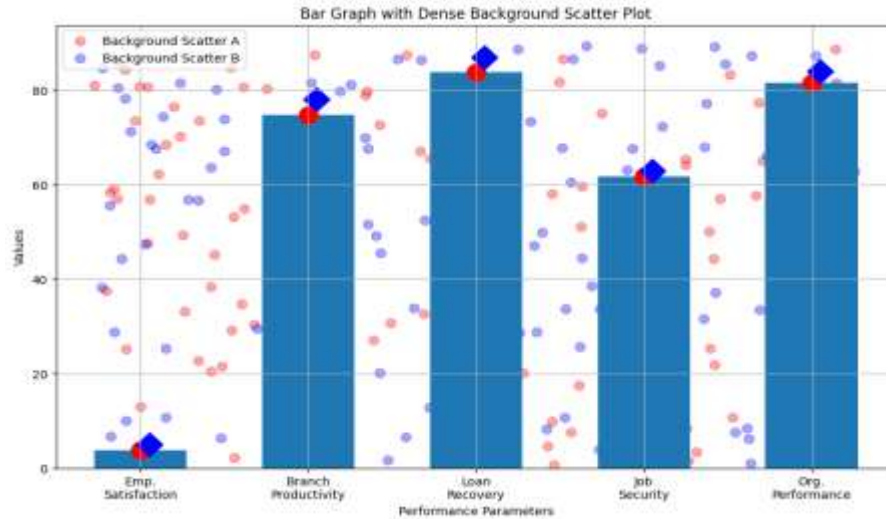


Figure 3: Bar Graph with Dense Background Scatter Plot

The use of digital banking saw a marked improvement of 41.3% owing to the introduction of a centralized banking system and better technological support. From correlation analysis, it was found that

technological support had a strong positive impact on the productivity of employees with a coefficient value of 0.79. Training and managerial support positively impacted employee adaptability with a coefficient value of 0.71. The results validated the findings from previous banking literature on the significance of modernization and technological integration (Sugiharto et al., 2018; Anwar et al., 2021; Gupta et al., 2025). In addition, regression analysis proved the significant impact of organizational support mechanisms on employee satisfaction and stability after mergers in Odisha RRBs. According to the results, the correlation coefficient between organizational communication and employee satisfaction was equal to 0.74 and revealed the connection between transparency of management practices and high motivation of employees. On the other hand, work overload and role ambiguity correlated negatively, as the

coefficient value was -0.61 , and work overload lowered employee motivation and work efficiency. While 61.7% of interviewees reported satisfaction in terms of job security and career advancement, 38.3% of the interviewees were worried about delays in promotions and work performance evaluation. Overall, the level of performance increased from 64.8 to 81.5, which meant that there was a lot of development in institutions. Therefore, despite the organizational disturbance caused by mergers, the future perspectives in terms of financial stability, modernization, and rural banking had to be very positive for the RRB sector in Odisha (Munjal & Sharma, 2024; Amendola et al., 2023; Gadhavi & Vekariya, 2014).

VI. CHALLENGES AND LIMITATIONS

Various operational and organizational issues were highlighted by the present study concerning the post-merger functioning of RRBs in Odisha. Employee resistance to organizational restructuring was one such issue that surfaced due to uncertainties related to transfer, new hierarchical structures, promotion

policies, and additional responsibilities. It was found that many employees had problems adjusting to newly installed computer systems and processes at centralized banks. Lack of communication between managers and subordinates also contributed towards increasing confusion among employees during the merger process. Previous research has also pointed out that merger in banking sector is likely to create psychological tensions, cultural clashes, and ambiguities about roles among employees (Sivaprasad, 1983; Ahmed, 2015). Branch rationalization and staff reallocations put pressures on operations in some areas, thus lowering the satisfaction levels and efficiency of employees. Further, it was found that poor training programs and lack of managerial support have contributed towards increasing the difficulty of adjustment among employees, especially those who are not familiar with the latest developments in banking technology. Similar findings regarding technological adaptation challenges and organizational integration issues were highlighted in rural banking and financial sustainability studies conducted in India and other developing economies (Anwar et al., 2021; Sugiharto et al., 2018; Gupta et al., 2025). Although the study offers many important contributions, there are certain limitations in the study design that need to be considered in order to generalize its findings. First of all, the research is confined only to selected merged branches of RRB in Odisha, thus limiting any comparisons with other states in terms of banking conditions and characteristics. Moreover, the total number of respondents (286 individuals) may not entirely reflect the attitudes and perceptions of all the employees who work in merged RRBs in India. Some respondents might also be hesitant to give their completely objective opinion about the organization's policies because of professional confidentiality. Another limitation includes the use of only self-reports on employee perceptions which can potentially distort the data gathered in the process of research. Inability to access the confidential documents pertaining to financial information and administration is another limitation that prevents thorough investigation into certain aspects of organizational operations. This limitation has also been noted by Bharti and Kumari (2022), Bhandari

and Basu (2023), and Munjal and Sharma (2023) in their studies.

VII. FUTURE OUTCOMES

The potential future of merged Regional Rural Banks (RRBs) in Odisha is expected to be quite bright in light of ongoing technological developments, favorable policies, and rural financial service expansion. As per the plans for merging RRBs in the state, increased institutional sustainability will be achieved through improvements in capitalization, operational efficiencies, risk management, and technology. The use of sophisticated banking technologies, including mobile banking services, customer assistance through AI, centralized banking software, and digital payments systems, is expected to contribute toward improved service accessibility in rural and semi-urban regions. It has been established from existing studies on the performance of rural banks and their institutional sustainability that technological integration and proper governance are key factors contributing toward better financial inclusion and increased institutional competitiveness (Sugiharto et al., 2018; Gupta et al., 2025). Additional growth in agricultural loans, microcredit, financing to self-help groups, and rural entrepreneurship is expected to provide socio-economic benefits from the operations of RRBs in the future. Increased managerial coordination and centralization of administration will also improve decision making in rural banking institutions (Bharti & Kumari, 2022; Bhandari & Basu, 2023). From an employee's point of view as well as that of the organization, future success will depend upon the quality of HRM and employee engagement measures implemented following the mergers process. Enhanced training programs, better employee training initiatives, clear promotion mechanisms and performance incentive packages will lead to higher levels of employee satisfaction and organizational stability in the newly formed banks. As per research carried out in the domain of banking sector management, organizational communication, effective leadership and employee participation have a very positive impact on institutional productivity and sustainability (Munjal & Sharma, 2023; Munjal & Sharma, 2024). Future reforms which take into

consideration welfare aspects, balancing of employee's work-life, stress management techniques and digital literacy skills will help decrease operational resistance amongst employees of banking organizations. Moreover, further expansion in rural lending activities and implementation of financial inclusion programs could possibly increase customers' participation and trust in the rural banking system of Odisha. International and national studies on banking indicate that proper banking consolidation policies could bring economic development and financial resilience in rural areas if the organizational and employee aspect is considered together (Amendola et al., 2023; Ahmed, 2015; Anwar et al., 2021).

VIII. CONCLUSION

The consolidation of RRBs in Odisha is thus an institutional innovation which is essential for improving the performance of rural banks, their financial sustainability and financial inclusion in rural areas of the state. The research confirmed that the restructuring after consolidation has created a number of organizational opportunities and challenges for institutional performance and employee satisfaction. The research indicates that the combined RRBs experienced higher operational efficiencies, increasing digitization of banking services, loan collection efforts, branch efficiency and rural lending operations which positively benefited in the field of agriculture and rural development. In addition, employees faced some problems after consolidation such as increased workload, job ambiguity, poor communication, technology adoption issues, relocation stress, promotion issues, and organizational identification issues. However, a lot of workers felt that consolidation has offered them improved job opportunities, better banking facilities, and stability within the organization. In addition, the study has revealed that organizational communication, management support, employee training, and effective leadership have been significant factors in the employee satisfaction and organizational success. Organizational pressure has been found to have significant effect on the positive attitude and behavior of employees with organizational support strategies,

while the effect of organizational pressure on the performance and service quality of employees is found. Therefore, it is imperative that the significance of human resources and governance in achieving positive outcomes following the mergers be not neglected by the decision makers if the process of financial consolidation is the only one being thought of for ensuring good outcomes for RRBs in Odisha. This study has also indicated that the future of the newly established RRBs in Odisha will be brighter with the modernization of technology, digital financial services and banking policies in rural areas. Thus the suggested merger policy can bring a positive change by providing strong and sustainable banking system in rural areas which can help in the economic development, agricultural finance and empowerment of rural people.

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