

The Perceived Effects of the Equitable PCI Bank
/ Merger BF Aguirre Branch on
Corporate Public Image and Customer Satisfaction

An Undergraduate Thesis
presented to
the Faculty of the
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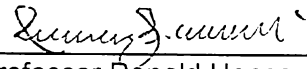
In Partial Fulfillment
of the Requirement for the Course
Organizational Communication 200

By
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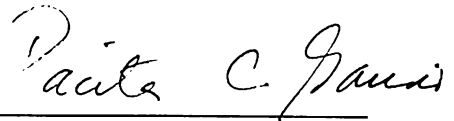
APPROVAL SHEET

The thesis entitled, "The Perceived Effects of the Equitable PCI Bank Merger BF Aguirre Branch on Corporate Public Image and Customer Satisfaction" presented by Ms. Rizza Acuña in partial fulfillment of the requirements for the degree of Bachelor of Arts in Organizational Communication, is hereby accepted.

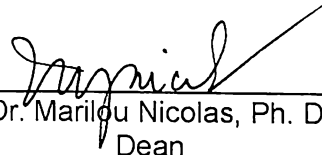


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ABSTRACT

Recently, organizational change and development are the trends that we see in the economy. They have become more rampant. It may be because of our country's need for globalization or just a good business decision on hand.

Mergers and acquisitions are without a doubt the good examples of organizational changes. It entails total organizational renovation and revamp. This then calls for a new, innovative and attention –getting corporate public image. It would be natural for the organization to change its mission and vision statement, products and services and management. The dilemma lies in how the new organization can entice the attention and elicit the continued support of customers. Aside from this, they have to maintain or better the satisfaction level of their customers.

A fitting example of this is the recent Equitable PCI Bank merger. The two leading banks recently merged in the hopes of fixing their management troubles and to give their clients better service and products. Equitable Bank and PCI Bank combined their two impeccable reputations to build a new corporate public image, which will lead them to the 22nd century. They are now able to offer their customers a very wide range of products and services, which cannot be found in other banks.

Equitable PCI Bank launched a new corporate public image and this of course had a very big effect on their customers. The new management had to consider how all these changes would affect their relationship with their customers. This then leads us to our study, which focuses on the corporate public image and customer satisfaction level of the Equitable PCI Bank.

We are now faced with our problem which is *“How did the recent Equitable PCI Bank merger affect the corporate public image and customer satisfaction?”*. The

study generally tackles the issue of whether the customers are aware of the new corporate public image of the merged bank and were their reaction towards it positive. This then would lead to the satisfaction level of customers. Was there an improvement or downward move of customer satisfaction level?

Generally, this study would like to see if a move of this proportion is good for an organization and how does it affect the reputation and the customers of the organization. To be able to gather this information, questionnaires focusing on the corporate public image and customer satisfaction level were provided. Specifically, the questionnaire gathers information about the respondents' previous bank and what information they know regarding the corporate public image of their bank then compares it with the information disseminated by the new Equitable PCI Bank. The latter part of the questionnaire compares the satisfaction level of the respondents towards the services offered by their previous bank and the new and merged Equitable PCI Bank.

Interviews were also set up with some key people to get a better understanding of how the merger information was disseminated. A little of their opinion was also asked to get a clearer view of how this merger was perceived from the inside.

The Equitable PCI Bank merger is generally perceived as a good organizational move. The respondents of the study showed that their satisfaction level towards the different services afforded to them has improved. It was also seen that the corporate public image of Equitable PCI Bank was very positive even if the respondents had reservations about the merger of the two banks. Though, Equitable PCI Bank was very involved in providing customers with information about the merger, these results did not solely rely on the efforts of the corporate communications department of the bank.

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CHAPTER I INTRODUCTION

Change is perpetual by nature. One should always be prepared for it. In the business setting, organizations are open to change. They have to be prepared at all times. Their organization must be conducive to change and structured to absorb change. Mergers and acquisitions are two very obvious examples of organizational change.

One of the most noticeable changes in the Philippine business setting today is the trend of organizations participating in mergers, acquisition and joint ventures. The most remarkable and historical business dealing that happened in 1999 was the merger and acquisition of Equitable and Philippine Commercial and International Bank. This move made them the second largest bank here in the Philippines and stopped the monopoly of big banks in the banking industry.

It is very clear to see that other banks have gone on to the same path. Their move had set the wheels turning for the Philippine banking industry. This move of Equitable PCI Bank puts them ahead of the other banks because they have had almost a year to adjust and streamline their organization specially their operations.

This research then will be able to see what progress the organization has made and how it has affected them in terms of its corporate public image and customer satisfaction. This organization exists to give service to its customers and a merger of this proportion will have major effects on its operations and of course, its performance. This would mean that their service and relationship with their customers would be affected.

Organizational moves of this proportion can be perceived as good news or bad news depending on the receiver. News that affects banking operations is always a shock to people. It may even cause panic at times. Investors, employees and clients when alarmed have the tendency to do drastic things and harm the organization. This when not handled properly can result to bank runs and bankrupt the organization.

Background

Equitable PCI bank is a combination of the two top and trusted banks that have been here for some years now. Both banks are products of several mergers.

Mergers are one the most radical strategies used by any organization when relating to the units of their organization. It is usually done by two or more independent organizations to become a single collective organization.¹ The high movement of stock market usually triggers mergers and gives expectations of high future growth of the organization along with different opportunities and structural changes.² The history of mergers consists of three waves. The "1st Wave (1895-1905)" occurred during the turn of the century.³ It was during this period that a lot of large firms were created through mergers. This resulted in a more concentrated market. The "2nd Wave (1920-1930)" was mainly composed of horizontal mergers, which resulted in many petroleum firms and food products company.⁴ The last wave occurred in 1950 and was recorded as the largest account of organizational mergers in man's history.

¹ W. Richard Scott., Organizations Rational, Natural and Open System , 3rd ed. (New Jersey : Prentice – Hall International Editions, 1992), 203.

² Malcolm Warner. , International Encyclopedia of Business and Management (New York : Rutledge International, 1996), 3457.

³ Charles H. Berry, Corporate Growth and Diversification (New Jersey: Princeton University Press, 1930), 207-209.

⁴ James V. Roch, Industrial Organization & Prices (New Jersey, Prentice-Hall Inc., 1942), 209.

A merger arises when there is a big financial problem for an organization and the only solution is to infuse the organization with new money. That new money usually comes from another organization and if the other company is able to buy a large amount of shares, a merger occurs. The situation of Equitable PCI Bank is another matter altogether.

The board members of PCI Bank have been having problems with the way John Gokongwei Jr. (Chairman) was running the company. Conflict has been arising between Eugenio Lopez Jr. and Gokongwei since both own the biggest stocks of the said bank, 25% and 34% respectively. Lopez wanted to gain more control of the bank to unleash bigger potential for the bank and so he purchased the stocks of Gatchalian. This was going behind the back of Gokongwei because the two had a deal that no one would buy anymore stocks from other members so that a balance will be maintained. The bank was literally in chaos so Lopez and Gokongwei decided to sell their shares together seeing that they will not be able to reach an agreement and will not be able to work harmoniously with each other anymore.

The combined stock was 72% and bidders were starting to show interest in the block sale of PCI Bank. In the end, Equitable Bank along with some financing from two government agencies namely, GSIS and SSS, bought the whole 72% stock for P31.9 Billion.

Equitable Bank is situated at the heart of commercial neighborhood. Its head office can be located at Binondo, Manila. Their vision: "To be the top tiered bank"⁵ here in the Philippines can be clearly seen in their movement of growth throughout the years. Equitable Bank began its operation in 1950 and has been known to have a

⁵ <http://www.equitable.com>

⁶ <http://www.equitablepcib.com>

relationship of stability, prudent honesty and reliable service with its customers. Throughout the years, their growth has been slow but very steady. In 1994, the bank saw the different challenges and changes that the coming years were to bring. This resulted in to several mergers, which strengthened their organization and put them at the top twenty list of banks here, in the Philippines. From 60 branches in 1994, they grew in to more than 170 branches when they acquired MDB Bank and Ecology Bank in pursuit of their branching out program.

Equitable Bank focused its efforts in "plans of expanding its capital base, intensifying its market presence, increasing intermediation activities, introducing new products and services, improving operating systems and enhancing the whole organizational structure."⁶ This gave the bank a better financial position to be of service to its customers. By the end of 1998, Equitable Bank had a network of 230 banking units and was still quietly growing.

Equitable Bank offers most bank services like savings and checking account. They also accept post-dated checks and cash advances for their Visa cards through over-the-counter transactions. They offer dollar account remittances, Equitable Hello Service and EC link- SSS net through their Equitable Card network. These are the services they offer which are not offered by PCI Bank.

Philippine Commercial International Bank (PCI Bank) on the other hand was founded in 1938. It is a product of several mergers throughout the years. In the seventies, it merged with Philippine Bank of Commerce and Merchants Bank. PCI Bank grew steadily and in 1981 they were listed as the 4th universal bank of the Philippine Stock Exchange. PCI Bank then merged with Insular Bank of Asia and

America in 1985. Throughout its years of service, Euromoney and Asiamoney have numerously cited them as "Bank of the Year" It is ranked as number ten in the top twenty banks here in the Philippines.

PCI Bank specializes in treasury and corporate banking. Aside from this, they are able to offer their customers with services like "Fast-Phone, E-banking and One – account, On-Line Banking, Electronic Transfer of Funds (FAST Sweep), Interest Bearing Checking Accounts (ONE Account), Investment Savings Accounts (Optimum, FAST Saver, HIGH Saver), ATM Savings Account (FASTeller), Phone Banking (Phonelink, FASTPhone)."⁷

The merger and acquisition of Equitable of PCI Bank sent ripples along the Philippine economy. It brought a change so drastic that it was not only the two banks involved that got affected. The banking industry felt most of its effects, which led to a lot of mergers between other banks.

Information is the best friend of any major change. This was the very first thing that Equitable PCI Bank dealt with. They established the Equitable PCI Bank Merger Integration Team, which is concerned with all the aspects of the merger to make it easier and run as smoothly as possible. The merger team contains 12 working teams, six for front-office activities, five for the back- office operations and administration and one committee for the internal and external communications of the company.

The committee which was responsible for the internal and external communication of the merged bank produced "The Merger Times and the Merger Newsgram" to keep the employees and the customers up-to-date with the different

changes and moves that the company was doing which is related to the merger. These two company newspapers dealt with the different issues of the merger and any other concerns related to it. It discussed the major steps the bank is thinking of doing, employee concerns about their job tenure and customer concern about any change in their banking relationship.

They have also commissioned news articles and press releases to inform the public of the major movement they are undertaking.

The management knew that they had to use communication as their primary tool so as to re-establish and retain the new corporate public image of the combined Equitable PCI Bank and to avoid uncertainty and panic from clients. Ultimately, this will prevent bank run and the company from going under.

Statement of the Problem

The merger and acquisition of Equitable PCI Bank probably brought a lot of adjustments to the organization and its key players. A lot of changes are going to be made but what is the most important thing that we should look at with respect to this organizational change that they have made?

A bank in itself is useless without its banking operations but their corporate public image is crucial to retain customer patronage. This is the central core of their organization. They exist to be of service to clients with monetary concerns. What were the changes that were brought about by this merger? How were they able to prevent panic from their clients? How was their reputation affected by this and how did their clients take the news?

Our problem therefore is *"How did the recent Equitable PCI Bank merger affect its corporate public image and customer satisfaction?"*

Objectives

This study has several goals. It is written with the intention of learning how the recent merger changed the corporate public image of the organization. We also need to find out how this organizational move affect the level of customer satisfaction. The new Equitable PCI Bank management was able to deal with these changes by providing information to the clients

1. To determine the previous history, existence and situation of both banks before the merger.
2. To determine how the Equitable PCI Bank Corporate Communications Department informed the public of the merger.
3. To determine what were the direct changes as a result of the merger in terms of the new and combined services of Equitable PCI Bank.
4. To determine the corporate public image of both banks before the merger.
5. To determine the effects of the merger on the corporate public image of Equitable PCI Bank.
6. To determine the effect of the merger in customer satisfaction.

Hypothesis

1. The knowledge of customers about the corporate public image of Equitable Bank and of PCI Bank is independent from the organization's corporate communications department's efforts in disseminating information.
2. There was no improvement in the customers' knowledge about the corporate public image of Equitable PCI Bank.
3. The satisfaction level of customers did not change after the merger.

Framework

A. Theoretical Framework

The word public relations center on the fact that the most important goal to reach is the public. It was established for that purpose alone, to better communicate with the public. How does one sift through all the information being driven to us all at the same time? Public relations entail the use of information and all channels possible to be able to reach its audience. This is what makes results happen. The communication lines must be clear and well defined so that the target publics understand the information they are given right away. The theory of Daniel Katz and Paul Lazarsfeld was adapted and the model was modified to suit the study at hand

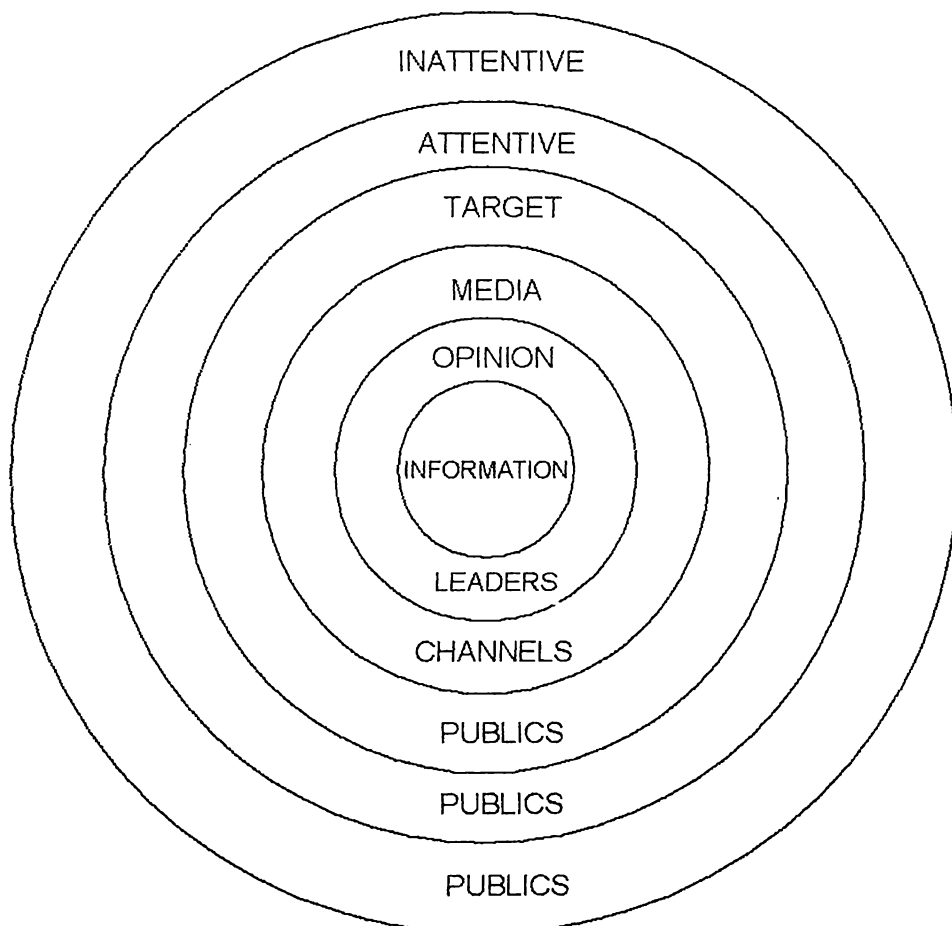
The **Multiple – Step of Communication Theory** of Daniel Katz and Paul Lazarsfeld in 1940 shows how people give importance to communication and how they understand all the information being given to them.⁸ It states that the opinion of people only forms after they have taken the time to listen and absorb the information they have received. They form evaluation, which is then expressed to others, and from these, other people form their own opinion about the matter. The theory also describes mass media as an *agenda-setter*. This means that they are able to control or direct the attention and belief of the public especially if only one side of the situation is given to the people.

The theory is illustrated in concentric circles, which shows the flow of the information and the communication that occurs when a specific information is given. The epicenter of the adapted model contains *information*. This contains the raw data, news or the issue. Information now, is the most important part of the theory because

⁸ Dennis L. Wilcox, Phillip H. Ault & Warren K. Agee, Public Relations: Strategies and Tactics (New York: Harper & Row Publishers, 1986), 216-218.

it is the source of everyone's interest. It has the capacity of capturing the attention of everyone around it.

This information is then immediately absorbed by the *opinion-leaders*. These are the people with the immediate contact with the news. Their opinions are very much valued and important. They have the capacity and the means to use whatever *media/channels* they think is more appropriate for the situation. This means that the media affects all the publics from start to finish because they are being used as a tool and channel of the information to notify the public. The information, after passing whatever channel is then absorbed by the *target publics*,



*Figure 1.1 Adapted model of The Multiple-Step of Communication Theory
(Katz and Lazarsfeld, 1940)*

The publics is divided in to two. The first one is the *attentive publics*. These are the publics with a direct interest on the information. They have a relationship with the information being given. The last circle is composed of the *inattentive publics* where in they have no direct relationship with the information but may be able to develop future relationship with the information being given.

B. Conceptual Framework

The talk of a merger between Equitable Bank and PCI Bank was news to people. This was very big news. The fact that the organization was having leadership problems with Gokongwei was very big news. It is news because the people involved here are key players in our economy. It is also big news because a merger of this proportion will affect not only the economy but also the public who engage in business with the said organizations. From the start of the leadership conflict of Gokongwei and Lopez, the media has been full of different news about the merger and how it will affect not just the clients but the Philippine economy itself. Clients became worried believing that their money is in jeopardy. The basic worry that clients have to think of is that Equitable Bank is a relatively much smaller bank than PCI Bank and yet it is the one acquiring the bigger bank. This presents worry about the services that will be afforded to them by the merged bank.

The *information* here is the news about the merger of Equitable PCI Bank. The distribution of information about the merger of Equitable PCI Bank can still the worries of the clients and dispel any rumors so that the organization will not collapse. If the publics' trust is lost by this organization, their business can go under because a bank is only stable if its clients trust it. Opinion- leaders composed of writers then receive this information; media people whose concern has always been the Philippine economy.

These people then write articles, produce television and radio segments about the merger. They can employ any channel they wish so long as they are able to give the information to the clients.

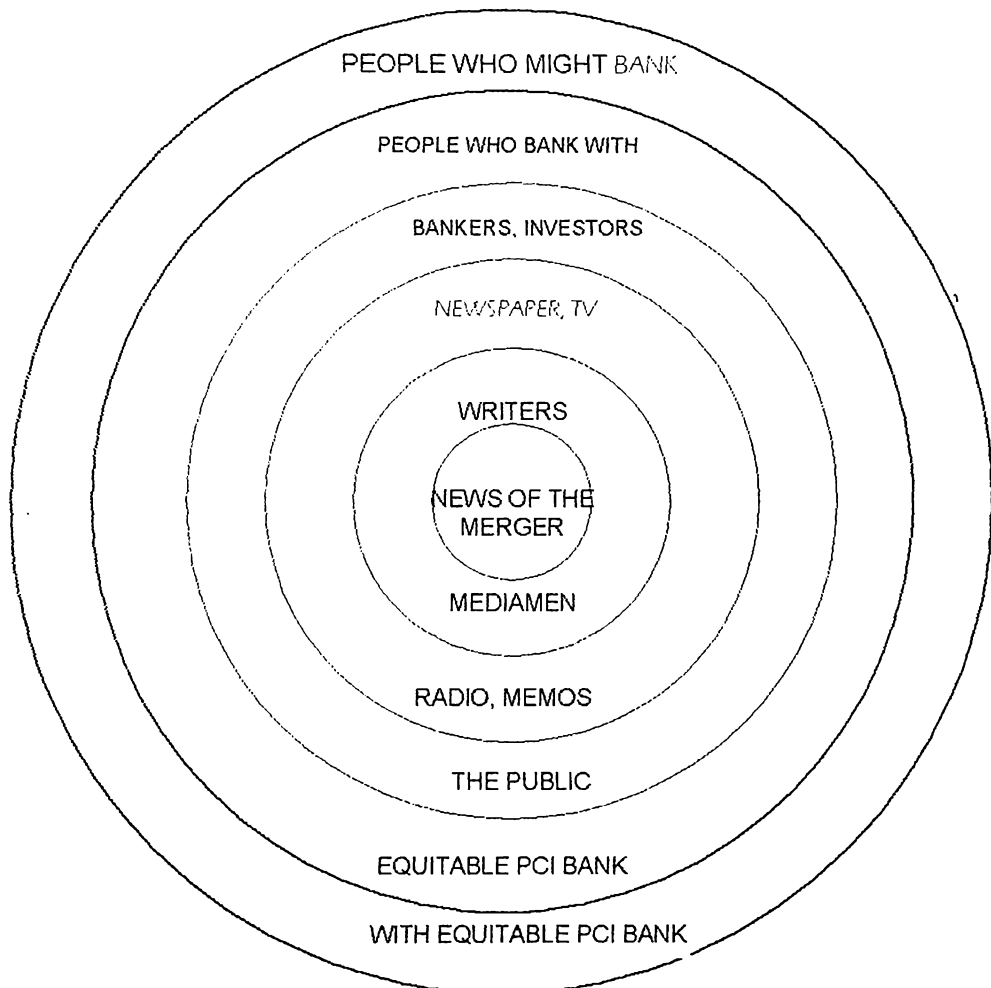


Figure 1.2 The Process of the Public Image of Equitable PCI Bank

This is clearly shown through the efforts of Equitable PCI Bank. They have given and sent clients letters and memos regarding the changes that their

organization is having. The new services they have now can be accessed through their website (www.equitablepcib.com) or through their customer hotline. They have also written and disseminated newsletters about the on-going merger. Questions about customer relations are answered in the newsletter and the website. They have even set up segmented shows, which are shown in every branch to inform for the convenience of the public.

The *target public* is the customer population of the Philippines. The merger of the two banks brought a lot of questions and maybe even anxiety on the part of the customers. The most common concern would probably be about whether their money will still be handled the same. Another concern is if the bank will encounter any big problems wherein their banking relationship with customers will be affected. Will the organization be able to handle it?

Upon hearing rumors, reading the newspaper and watching television they then form an opinion about the situation. The *attentive public* is then composed of people who engage in any kind of business with both banks. The clients slowly learn of the changes that the organization is trying to instill in itself. It also begins to learn of the different services they can afford themselves of. They begin to learn more about the on-going merger and the step-by-step integration it is doing. The clients begin to understand the steps that the organization is undertaking. They then begin to change their previous opinion about the situation. They begin to see that instead of panicking over the change that Equitable PCI Bank is trying to do,

The last circle is the *inattentive public*. They are the remainders of the population who conducts business with other banks and might form a business relationship with Equitable PCI Bank.

C. Operational Framework

- ▶ *Publics* –it is a social unit who is affected by a common issue and become active parts of the society that seeks working solutions.
- ▶ *Public opinion* –a collective expression of individual views about a shared issue. This determines the issue and why it is considered for public concern.
- ▶ *Target public*- the targeted audience of the public relations strategy. They pass certain criteria which make them part of a certain group which is then targeted by the issue.
- ▶ *Agenda – setter* – composed of the mass media. Considered as such because they have control over the issues that the public learns about. They control the selection of ideas, stories and headlines, which are to be read by the public. They guide the interest of the people and direct it to what they believe is the most important issue for the time being.
- ▶ *Information* – the news, issue and data which is considered to be pertinent to the interest of the public.
- ▶ *Opinion-leaders*- these are individuals who have high interest on a particular subject and are better informed about an idea or issue. They have knowledge on what tool to employ to spread their knowledge about certain issues.
- ▶ *Attentive public*- the individuals directly affected by the information given by the opinion-leaders. This is composed of the individuals who do business with Equitable PCI Bank.

- ▷ *Inattentive public*- these are people who have no direct interest on the information given but may develop it through the course of time. These are individuals who are potential investors of Equitable PCI Bank

Significance of the Study

Mergers and acquisitions are the most popular business news in our society today. It began with Magnolia Inc. and Nestle Philippines followed closely by Selecta and Hershey's in the early nineties. Both were competing to be the number one in their field.

The merger of Equitable PCI Bank was very unexpected but it was the merger that had a colossal effect on our society. It gave balance to the banking industry, which was slowly turning in to a monopoly of big capitalist banks. It started a chain of events, which is still being felt up to now by the banking industry. Because of their move, several banks have taken the leap and followed namely, Metropolitan Bank with Solid Bank and Bank of the Philippine Islands with Far East Bank and Trust Co.

Any kind or type of organizational move, may it be vertical or horizontal will bring changes. The changes itself can come in many forms. It is up to the organization how they will face this and what strategies they will employ to help the organization for it not to lose its footing. How does an organization deal with this? What does an organization have to keep in mind specially when faced with this kind of a challenge?

Since, the merger of Equitable PCI Bank is the first of its proportion here in the Philippines, it is but natural that it will make changes, big decisions and mistakes. Studying their moves will help future organizations in strategizing for their own possible mergers. The merger occurred almost a year ago, this means that their organization has had a lot of time to adjust and has already implemented some of the

changes needed in their organization. The depositors can now slowly feel the effects of the merger since the organization is slowly integrating their objectives to achieve their vision.

The study can serve as a basis for the other merged banks to see what is a better organizational move for them. It can also show other organizations if a merger is the right way for them to go. It can show them if their organization is equipped in facing a change in their corporate public image. This study will show the previous public image of both banks to their clients and how the merger affected it. The clients of this bank will be able to see if having a merged bank was good for their money or if it was not. This study will also show if the depositors are satisfied with the services offered to them by the merged bank and if their banking relationship improved or worsened.

Since a bank's main bread and butter is its depositors, this study can provide the depositors information of the services now being offered by the bank as a result of the merger. They can in turn see and decide if the services offered are the best move for their money.

The study can give insight to students on how much impact a move like this can have on an organization. Interaction between the organization and its customers will give organizational communications students a better perspective on how to approach people in this kind of situation. The study will provide students a better understanding of the situation and make suggestions that can help future organization undergoing a similar situation. Students will see corporate public relations at work and see if this is the kind of work that they can do in the future. This study will help students in providing better relationships with the organization and their customers.

It serves as a basis to see if the merger and public image affected the customer satisfaction level.

Scope and Limitation

The subject of the merger of Equitable PCI Bank has many angles from which a thesis can be made of. The time constraints given for this study is limited to one year and the focus will be on its corporate public image and how it has affected customer satisfaction.

The study will cover the history and situation of both banks before the merger occurred. It will cover what kind of merger occurred. This study will also give information on how the organization dealt with the dissemination of information about the merger and how it has affected the satisfaction level of customers.

It will give us a general view of the products and services retained and conceptualized as a result of the merging of the two banks. The study will focus on the banks corporate public image before and after the merger. It will show how the merger has affected the public's view of the bank. It will show the public's perceived image of the bank as a merged entity. It will show if the perceived public image has in anyway affected the bank's relationship with its clients. It will show the changes in customer satisfaction as a result of the merger. It will show if the customers are satisfied with the services offered to them and if their banking relationship has changed in any way.

The study will however not deal with the merging process itself that was undergone by the two organizations. It will not discuss the systematic process of a merger. It will not discuss how the organization dealt with the combination of the two organization's services and products. It will not discuss the effect of the merger on its employees and its management. It will not discuss the internal relationship of both banks. This study will not discuss the steps undertaken by the organization to unify

and integrate the two banks together. The study will not touch on how the organization's management is dealing with its employees and the changes on its management operations. It will not discuss in detail the banking operations done and used by the bank. It will not discuss specifically each of the services offered by the bank to their clients. It will not talk about the specific problems the Merger Integration Team was faced with nor will it talk about the steps and strategies being undertaken by the said group.

Because of time constraints, the study will only discuss what the customers recall with regards to their satisfaction with the services offered to them by their previous bank and not discuss the duration and entire span of the merger.

The study will only take respondents, which have previously been customers of Equitable and of PCI Bank as separate banks and then as a merged bank. The study will focus purely on the perceived public image of the banks as a merged organization and how it has affected customer satisfaction.

CHAPTER II RELATED LITERATURE

"The ultimate weapon in an organization's armory for managing problematic competitive and symbiotic interdependencies is a takeover of a competing organization."
-- Gareth Jones

In a relatively fast-paced society, man will always try to adapt and survive. In a time where technology and automation is the name of the game, human relations will be somewhat put at the backseat of the car. Organizations will become more engrossed on how to make their resource capital less expensive.

An organization's way of adapting to change is through combining resources and power. Mergers and acquisitions are classical examples of these. They both allow great leverages for the organization undergoing such a change. It is ample to note that if the organization is in the business of service, the integration of the merger is not just their only problem. The main concern is how will the customers react to this kind of change.

The changes they incur will cause a lot of problems for them. How then will they be able to absorb these changes without causing too much chaos and angst from their customers?

Public relations are a tool for organizations to keep friendly relations with its publics. It is a process of filtering and providing information to the publics, which the organization believes, is for their benefit. Corporate public relations, on the other hand is a strategic move for any organization undergoing the process of merging? This can sometimes be viewed as just an added expense for the organization seeing

that it has no measurable results. But for an organization that is in the process of changing its name, identity and vision, this is a very wise decision.

Organizations, most often than not are in the business of providing services for their customers. Taking good care of their relationship with customers should be considered at all times especially when decisions made affect their relationship. The services afforded to them should always be top of its line. Customer satisfaction is their number one goal. Without the patronage of customers, organizations will fall and never survive.

Mergers & Acquisitions

Mergers and acquisitions are two of the most active and aggressive strategies of organizational move that a company can perform. It is usually a result of pressure from the environment of the organization. Combined together, they present a very daunting combination of organizational change.

Mergers are usually a reaction to a drastic change in the balance in the existing economy and stand of the organization. They are usually a reaction or counter reaction for the improvement of an organization.⁹ This is a step utilized by organizations to be able to survive any extreme change in the environment. A *merger* is defined as " a combination of two corporations in which only one organization survives."¹⁰ A move of this proportion is usually considered as a *large-*

⁹ Raymond Vernon, Storm Over the Multinationals: The Real Issues (Cambridge: Harvard University Press, 1977), 74.

¹⁰ Elwood S. Buffa & Barbara A. Pletcher, Understanding Business Today (Illinois: Richard D. Irwin, Inc., 1980), 99-

scale acquisition.¹¹ Size, business activities, patterns of management and control have to be considered before a merger is pursued.

Any kind of merger shows interorganizational relationships at work. They show the potential of an organization to blossom and work under a new goal and vision. "Mergers and takeovers can improve a company's competitive position by allowing the company to strengthen and enlarge its domain and increase its ability to produce a wider range of products to better serve more customers".¹²

The movement undertaken by Equitable-PCI Bank is considered as a *horizontal merger*.¹³ Mergers that fall under this are combining organizations, which are performing similar or the same services. They are usually under the same industry. Mergers of this kind are done to increase the scale of the organizations operation. They are tasked with diversifying their operations nationally and internationally.

There are reasons for mergers but they also become a direct result and gain for the organization in every aspect. These are referred to as *Motives for Merger*.¹⁴

1. For Profit

This can increase the profitability of the organization. It enables the organization to reach business heights that was not possible as a single entity. It also increases that market power of an organization. It then gains control and say in the economy because of its sheer size and reach.

¹¹ Charles H. Berry, *Corporate Growth & Diversification* (New Jersey: Princeton University Press, 1930), 161.

¹² Gareth R. Jones, *Organizational Theory: Text & Cases* (Massachusetts: Addison-Wesley Publishing Co., 1995), 240.

¹³ W. Richard Scott, *Organizations Rational, Natural & Open Systems* 3rd ed. (New Jersey: Prentice-Hall International Publications, 1992), 203.

¹⁴ Charles H. Berry, *Corporate Growth & Diversification* (New Jersey: Princeton University Press, 1930), 211.

2. Reduce Risks

The said organization will be more adept to cope up with the economic changes constantly being felt. They have to be very adaptable to every kind of situation they might face. It could be financial, economic, resources and labor in nature.

3. Stock-market Effects

This is another result of the economic changes, which we are constantly at odds with. This is also based on the expectations of the investors. Their money changes a whole lot for all organizations. They are very much dependent with each other. The competition for ownership can topple or support the organization depending on the way it will move.

4. Gain Efficiency

This can result in lesser resource capital. Most of the resources it needs is computed well and balanced so reductions can be made. This results in less expense and less future worry.

5. Attain Market Power

This gives the organization an upper hand and an edge over the competition. They have a little leverage over other organizations in the same business. This means that they have more control over the said market and they have more say in decisions concerning the industry. They also will gain the respect due them because of their size and their decisions will be heard more and probably followed.

6. Growth

This is one of the things to be most expected in a merger, growth. The growth of an organization produces expansion and profit maximizing results. This is the next step, the only way to go. This is not just by sheer size but it also indicates the manpower, capital and support of an organization.

The changes that the merger brought about clearly show the *dimensions of organizations*, which is about *complexity/diversity* and *uncertainty/unpredictability*.¹⁵

Complexity/Diversity means that the organization must be prepared to deal with the different elements and situations happening and they must be dealt simultaneously by the organization. Each of these must be dealt with equal fervor and concentration. The organization must try to handle all of the concerns all at the same time for them to maintain their status and gain momentum in the industry.

Uncertainty/Unpredictability is something that everyone and every organization must be prepared to face and handle. The elements of the organization must be handled in such a way that it would be possible to predict their behavior in advance. Strategies and organizational projections are usually used to maintain a little balance and predictability among the organization's elements.

Organizations face this everyday in terms of the economy's fluctuations, consumer behavior and resource availability. A form of stability is aimed for but the organization must always be on its guard and prepared for whatever eventuality.

Public Relations = Corporate Advertising

This then brings us to the public relations of the merged organization. One of the most important things to remember in a merger is to inform the publics of any drastic plans that can send ripples to other businesses. When clients are left in the dark about organizational changes and movement, the risk of alienating them is great. In addition, there is a great chance that they might bring their business elsewhere.

¹⁵ W. Richard Scott, Organizations Rational, Natural & Open Systems 3rd ed. (New Jersey: Prentice-Hall International Publications, 1992), 230.

Public relations has the role of always being in the middle. It has the ability to maintain relationships between the organization and its clients. It has the power of influencing the thinking of the people and changing their behavior. "It is attuned to the thinking and needs of the organization dynamics and the needs of the publics so that they are able to interpret it to the clients of the organization."¹⁶ Its purpose is to make the organization thrive in a climate that it has generated. It has the responsibility of making the organization "adapt itself to its environment and interpret itself to society."¹⁷

Public relations is not just a role, it is also a management function. For it to be truly effective, it must maintain beneficial relationships from both the organization and the publics. Public Relations are an approach that should be part of the whole organization's entire marketing process.¹⁸

In every public relations endeavor, there are steps to be followed so that their operation will not be chaotic and bungled. This is where the *Four-Step Public Relations Process* comes in.¹⁹ The process is composed of:

1. Defining the public relations problems
2. Planning and programming
3. Taking action and communication
4. Evaluating the program

¹⁵ Dennis L. Wilcox, Phillip H. Ault & Warren K. Agee, *Public Relations: Strategies & Tactics* (New York: Harper & Row Publishers, 1986), 13.

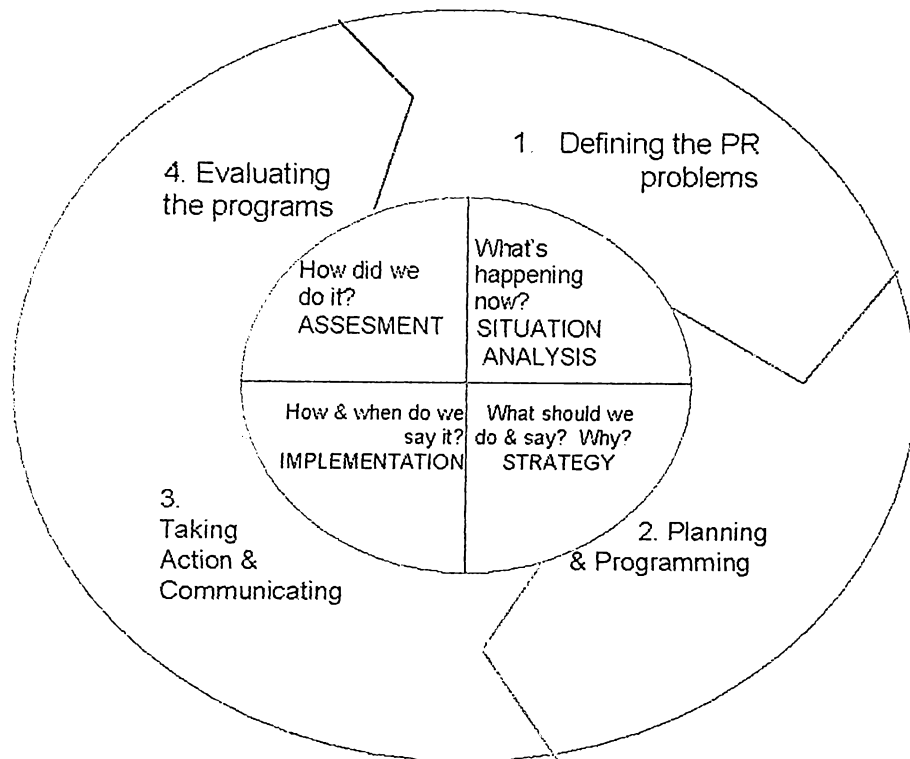
¹⁶ Frank Jefkins, *Public Relations 2nd ed.* (Illinois: McDonald – Evans Ltd., 1983), 60.

¹⁷ W. Richard Scott, *Organizations Rational, Natural & Open Systems 3rd ed.* (New Jersey: Prentice-Hall International Publications, 1992), 233.

¹⁸ World Executive Digest, *The Manager's Guide Book Vol.3.* (World Publication Printers Pte. Ltd., 1994), 161.

¹⁹ Scott M. Cutlip, Allen H. Center & Glen M. Broom, *Effective Public Relations 7th ed.* (New Jersey: Prentice-Hall International, Inc., 1994), 318.

This can be further explained and understood by looking at the model.



*Figure 2.1 4-Step Public Relations Process
(Cutlip, Broom & Center, 1994)*

Following this process helps public relations people to keep perspective on the matter at hand. Before plunging ahead, defining the problem and planning what steps to take are the most important ones. To do that, we must first consider the situation, analyze it to see what steps are feasible for it. In taking action (communicating) the techniques and tactics at play should be stressed in putting it into course and the end result would be evaluating the program.

One of the most important kinds of public relations is the one found in the organization. They are usually referred to as the corporate public relations. They

have the ability to relate to the various corporate publics, which is the basic concern of corporate public relations. They are concerned with the organizations' relationship with its environment and the business it operates in. They focus on corporate advertising. The organization's vision philosophy and policies govern them. They are guided and must keep in mind the big picture that the organization wants to present to its audience. They handle specific tasks, which are generic for all *corporate public relations*.²⁰

1. Reputation

This deals first and foremost with the protection and the enhancement of the organization. They should be able to build the image of the organization and promote good will among its external environment. They should be able to protect the organization from attacks. They also have the responsibility of "image-building". This is promoting the services and the good stuff of the organization. The "image" must not be empty and it must be very honest for it is something, which is supposed to be remembered by the public.

2. Information Service

They handle the task of disseminating information. This entail having representatives whom can build the organization's reputation with its clients, and suppliers. They have the duty of answering all the questions and erasing all the anxiety the clients may be feeling. They provide their publics news about the different decision and changes that they are undertaking and the stages they are currently in.

Information becomes their best friend and they try to work it to their advantage. Providing bad news may not always be the worst thing to do. It gives the clients a

¹⁹ Dennis L. Wilcox, Phillip H. Ault & Warren K. Agee, Public Relations: Strategies & Tactics (New York: Harper & Row Publishers, 1986), 20.

feeling of respect from the organization they are dealing with. This helps in stabilizing the reaction and actions of clients.

3. Product Publicity

They also have the task of promoting their business and services offered. They can use numerous techniques to inform the publics of their business. They have the chance to inform the clients of all the services available to them. This makes it easier for the clients to decide what they want. It makes them aware of all the choices they have and what is better suited to their lifestyles.

4. Investor Relations

The corporate public relations also provide the information to the stockholders about the organization's status and financial achievements. They give the investors the information on how their money is doing. They produce annual stock reports, which provide the investors with the important money facts from which they can base their decision over.

5. Public Affairs

They have the obligation and the duty to have contact with the legislators and the different lobbyists. Being in good terms with the said public is always a good way to go because they have the power to help and coordinate with the organization.

6. Feedback

Being in public relations means being sensitive to the needs of the customers. It means listening to their voices and to their needs. This then helps the company management in keeping in mind what they should aim for and how the organization can be of better service to its clients. They have the responsibility of looking for information about the public, employee attitudes and social and economic trends.

These responsibilities of corporate public relations however will not be effective if they are not able to reach the goals and *objectives of public relations*.²¹

1. Message Exposure

They are able to distribute the messages using the channels which they think is more applicable to their situation. They are also able to control the spread of the message. The important thing is that they get the desired information out there towards the right audience.

2. Accurate Dissemination of the Message

The message sent by the public relations group was received and retained by the intended audience. The audience must make some action of acknowledging that they have received the message and understood the information it was conveying.

3. Acceptance of the Message

The message they disseminated is now viewed as a reality. It no longer is just a piece of information; the audience has understood it and accepts the message now as a factual information. They have had the time to process and digest the data given to them and it is now part of their reality.

4. Attitude Change

After processing and accepting the information given to the audience and after it has become part of their reality, the audience now makes a conscious effort verbally and mentally to commit to the information that they have garnered.

They have made the choice to accept the information and make a commitment to act on that piece of information.

²¹ Dennis L. Wilcox, Phillip H. Ault & Warren K. Agcc, Public Relations: Strategies & Tactics (New York: Harper & Row Publishers, 1986), 175.

5. Change in Overt Behavior

This is the desired result of any public relations endeavor. After everything has been said and done, they now have an attitudinal change. They begin to see the perspective of the organization.

Focusing on the movement and decisions of an organization exhibits corporate advertising at work.

“Corporate advertising is an endeavor that not all organizations take because of its disputable nature. Its controversial nature arises from its high cost, the intangible nature of its results and, equally importantly, from a mixture of fear and misunderstanding among the most senior company executives. It does not deliver the direct and measurable impact on market share that a marketing campaign might be expected to achieve and this makes it difficult to justify.”²²

Corporate advertising is a very aggressive move for any organization because it becomes the voice and the face of the organization. This kind of advertising is a specialized one and focuses on the organization itself and what it stands for. This may be about the organization’s vision, growth, philosophy and history.

Every corporate communications department has their own structure into which they are able to work best. A corporate public relations department usually has its own pattern to follow but they usually are arranged in this manner.

²² Angus Maitland, *Executive Corporate Relations: Applying Public Relations in Business & Industry* (New Jersey: McGraw-Hill Book Co., 1987), 125.

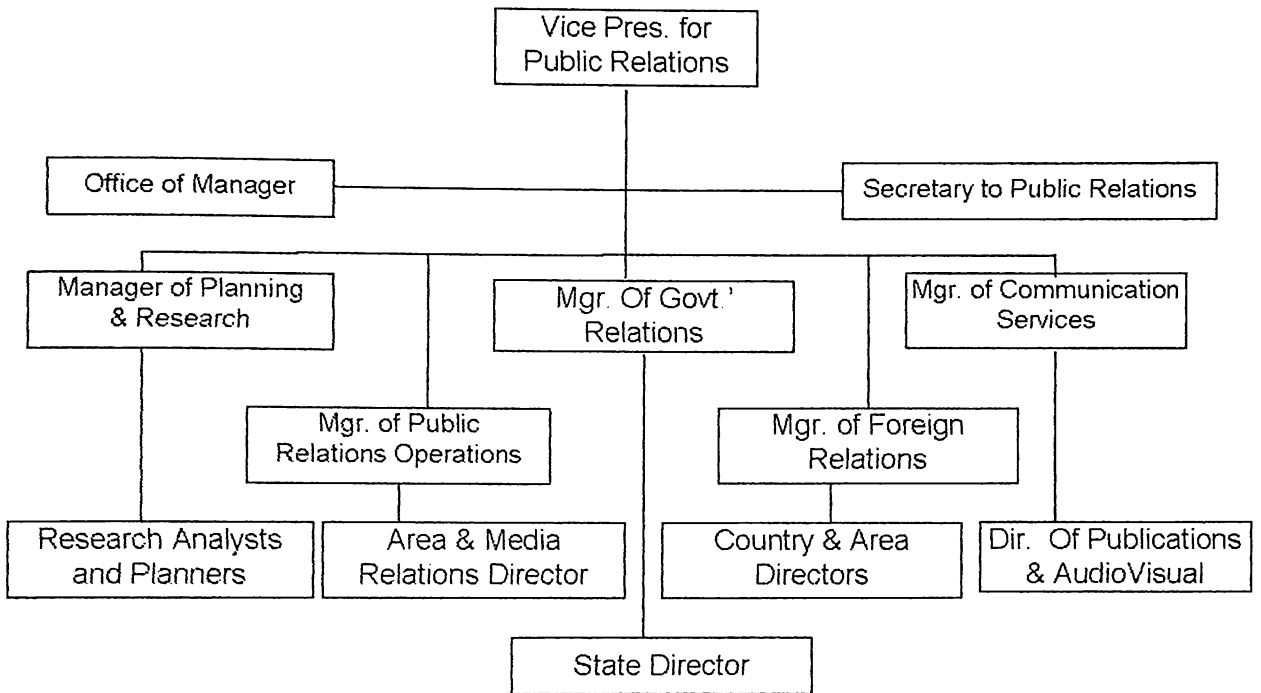


Figure 2.2 Corporate Public Relations Department²³

Promoting the organization is the one main most important concern. However, there are objectives, which go for all organizations and are the long-term vision of companies. These objectives are organizationally centered. Their main concern is just for the benefit of the organization.

These objectives are "to ensure that the a company's activities are properly understood, derive behavioral benefits that greater knowledge and understanding can give and to shape the behavior of staff, customers, consumers and others to the benefit of the company."²⁴

It does not matter what technique the organization employs. Anything goes and it is the organization's prerogative to use whatever means they can to promote their

²³ Scott M. Cutlip, Allen H. Center & Glen M. Broom, *Effective Public Relations 7th ed.* (New Jersey: Prentice-Hall International, Inc., 1994), 69.

²⁴ Angus Maitland, *Executive Corporate Relations: Applying Public Relations in Business & Industry* (New Jersey: McGraw-Hill Book Co., 1987), 128.

organization. There is one thing that they can not do with out and this goes for all the organizations interested in undertaking corporate advertising. Before anything else, organizations should go through the process of "understanding their publics, defining their company objectives, selecting their own techniques to employ and developing the program."²⁵

In launching your corporate advertising move, you should always be aware of the *Five Primary Variables* used in market segmentation.²⁶

1. Socioeconomic

The target market may be grouped according to their social and economic characteristics. These can be the different social classes that define us now. This segmentation is very important because it reflects the behaviors and lifestyle of your market.

2. Demographic

The customers here are classified according to their sex, age religion race and etc. This is the easiest to get and observe because its division is clearly delineated and easily identified. Members of this category usually have the same patterns of behavior and usage patterns.

3. Geographic

People are classified according to their location, their density and climate. There are reasons why people live in certain places and all of these have to be considered.

²⁵ Maitland , 129

²⁶ Mark N. Clemente & David S. Greenspan, *Winning at Mergers & Acquisitions* (New York: John Wiley & Sons, Inc., 1998), 112-114.

4. Behavioral

This involves identifying the different customer groups and seeing how they use and perceive a product. Occasions, sudden trends and changes can affect this. It should have the ability of improving a consumer's lifestyle, health, view or standing.

5. Psychographic

The groups here are divided by the lifestyles that they ascribe to; activities, hobbies and interests they share; their personality that has the ability to relate to other consumers and to the degree to which they are affected.

Knowing the segmentations of your variables are not enough. Practicing corporate public relations entails knowing which channels are open for you to use. These are referred to as *Public Relations Tools*.²⁷

1. Daily/Weekly Press

Broadsheets have financial and business sections which can hold news and information about the things happening in the business sector. They have the advantage of being distributed nationwide and even to the remote places. The information is released in very gigantic proportions because of the reach and scope of newspapers.

Weekly newspapers have the advantage of reaching specific audiences. They contain the very specific and integral parts of the news because they get published only once a week. The topics chosen are also done in great depth. They do not have the problem of competing with other broadsheets and risk over exposure.

²⁷ Oscar M. Beveridge, *Financial Public Relations: Tested Techniques for Communications with Financial Publics* (New Jersey: Mc Graw – Hill Book Inc., 1967), 33-43.

2. Business and Financial Magazines

Magazines of this nature contain not just new business ventures but detailed reports on the industry and other organizations in the same field. They report analyses of stocks, dividend data, mergers, facilities, products, name changes, earnings and etc.

These are public records news that not everyone has the time and resources to gather for their investments.

2. Trade Magazines

These magazines report on the news about new endeavors undertaken by corporations. They can be specific for a certain industry or broad for a whole economy. News about acquisitions, sales and property development is its specialty. Trade magazines are usually focused on scientifically based organizations.

3. TV and Radio

Television and radios have the ability to reach potential customers and investors. Sometimes, the business people themselves are celebrities. News about business and finance increases along with its importance because of the growth and expansion of our economy.

4. Market letters and Investment advisory services pragmatic

These contain news about potential investments. They are usually available to prospective customers. They contain news about short-range and long-range business investments. They usually include analyses and evaluations about companies on the market.

5. Direct Mail

The newspapers can cover the immense outflow of information and publicity about different business all at the same time, not everything. The big organizations with the biggest news are usually the ones featured most of the time. This leaves

other organizations to fend for themselves. The use of direct mail has become important in reaching the specific audience it needs. Each organization has its own mailing lists (investment analysts, market writers, customers, representatives, institutional investors, stockholders and employees) and sending them direct mail gives the clients the feeling of importance and involvement.

6. Corporate ads

This is a means employed to inform investors, business leaders, suppliers and customers of any change or growth in the organization. This specializes in the corporation itself and not the products or services it offers. Any kind of news about the organization can be placed here. This invites the reader to know more about the organization and what it stands for.

7 Annual and Interim reports

Annual reports are one of the most important financial information providers. They are specifically made to provide information about the financial movement of the organization the previous year. Whatever the organization did for the past year is to be seen in the annual report.

Customer Satisfaction

Defining satisfaction is always related to job and employee satisfaction. The emphasis is always on labor capital. Customer satisfaction seems to be just an end result. "Satisfaction is a wholistic, affective response to the success of behaviors that are selected based upon expectations."²⁸ This entails the response of the consumer. Satisfaction is usually about comparing two products, choosing one and maximizing

²⁸ Robert S. Cathcart & Larry H. Samovar, Small Group Communication: A Reader 6th ed. (New York: Wm. C. Brown Publishers, 1992), 236.

its use. This influences repeat purchase and entails preference judgement.²⁹ When the consumer experiences a feeling of emotion that affects his whole system and that reaction is the desired reaction, satisfaction is attained. Satisfaction is derived from the *exchange theory*. This conceives that human behavior is determined by an individual comparison of rewards and costs, and when rewards exceed costs, we experience satisfaction.³⁰

Consumer satisfaction is a more defined and specific term. It can be defined as using a particular product to its fullest thus emphasizing the character and ability of the product.³¹ Customer satisfaction dictates what is needed in the market. They have the ability of identifying which product is good, which is better and which is best for them. Different people have different needs, that is why there are different brands out in the market. The reason is to cater to customer needs.

Consumer satisfaction is the act of browsing and comparing a chosen product with another product, which later becomes a rejected product.³² It has the ability of influencing repeat purchase and support of the product. This entails preference judgement of a consumer over another product.

In the case of a merger, when customers are left in the dark about changes, this gives them fear and this can disrupt their relation with the organization. The service being provided will also be disrupted. To attain satisfaction with the service being afforded to the customers, the organization must combine the best features from both systems. "You must objectively assess the power and functionality of each

²⁹ Frank R. Kardes, *Consumer Behavior and Managerial Decision-Making* (New York: Addison-Wesley Longman Educational Publishers, 1999), 110.

³⁰ Calheart & Samovar, 236.

³¹ Thomas S. Robertson, Joan Zielinski & Scott Ward, *Consumer Behavior* (Illinois: Scott Foresman & Co., 1984), 13.

³² Frank R. Kardes, *Consumer Behavior & Managerial Decision-Making* New York: Addison-Wesley Longman Educational Publishers Inc., 1999), 110.

system and determine which should be maintained and which should be dismantled."³³

Corporate Image vs. Corporate Identity

"Your image is the reflection of the people's perception."

---- *Joe Marconi*

There are a lot of images public relations can focus on. It can be current, personal, public or multiple. It depends on the individual they are dealing with. A merger is a good reason to change a company's name and identity. Image is the impression people have as a result of their knowledge and experience.³⁴ Maintaining a good public image never hurt anyone. Public image is the establishment and maintaining mutual lines of communication, understanding, acceptance and cooperation between an organization and its publics.³⁵ They have the ability of informing people and effectively utilizing change to their advantage. Our focus is on the corporate image of an organization.

Whatever endeavor an organization takes, corporate image must always be considered. It has the power to direct the attention of customers and potential investors. It should at all times be taken care of. The goal of establishing corporate image is to control the flow and direction of information about the organization.³⁶ To achieve this, the organization has the power to provide specific information, which they think, clearly defines them and puts them in the best light. A lot of organizations

³³ Mark N. Clemente & David S. Greenspan, Winning at Mergers & Acquisitions (New York: John Wiley & Sons Inc., 1998), 114.

³⁴ Frank Jenkins, Public Relations Technique 2nd ed. (Oxford: Butterworth-Heinemann Ltd. Lineacre House, 1994), 78.

³⁵ Dennis L. Wilcox, Phillip H. Ault & Warren K. Agee, Public Relations: Strategies & Tactics (New York: Harper & Row Publishers, 1986), 7.

³⁶ Joe Marconi, Image Marketing: Using Public Perceptions to Attain Business Objective (Illinois: NTC Business Books, 1996), 13.

³⁶ James R. Gregory & Jack G. Wiechmann, Market Corporate Image: The Company as Your # 1 Product (Illinois: NTC Publishing Group, 1991), 59.

live by corporate image alone and without a good one, the organization can topple specially if it is in the business of providing services. Corporate image advertising, especially of the name change variety, goes hand in hand with the recent merger/acquisition craze.³⁷ Corporate image influences investors and customers to do business with a certain organization. It is a weapon used to struggle with a change in the corporation. A demand in changing name is not enough; image advertising is needed for a company to pass implementing a new corporate identity.

“Corporate image is the combined impact on an observer of all the planned--and unplanned--visual and verbal components generated by the corporation or outside influences. It is the sum total of a company’s advertising.”³⁸ To have a good corporate image is every organizations’ aim. This is when people say; “Our reputation is at stake!” How does an organization go about achieving this? They do it by launching the organization. This can only be effective if the organization has a personality, in other words, corporate identity. An organization needs an identity whose benefit is that it enables a company to react to challenges as a single unit—quickly, orderly, and without dissent.³⁹

Corporate Identity is defined as a visual statement of who and what a company is.⁴⁰ This is indicative of how an organization perceives itself and will have bearing on how other people will perceive their organization. To provide an organization with a viable corporate identity, we should recognize the play of *Basic Elements of Corporate Identity*, which are company logo, symbol and name. “ These

³⁷ James R. Gregory & Jack G. Wiechmann, *Market Corporate Image: The Company as Your # 1 Product* (Illinois: NTC Publishing Group, 1991), 63.

³⁸ David Berreby, *What, Exactly, Is a Company, Anyway?*, (New York: World Executive Digest, June 1998), 22.

⁴⁰ James R. Gregory & Jack G. Wiechmann, *Market Corporate Image: The Company as Your # 1 Product* (Illinois: NTC Publishing Group, 1991), 61.

are planned visual elements in their many varied applications that are used to distinguish one corporation from all the others."⁴¹

Any material, which is used by the organization with its name and logo, promotes the organization and its recognition. They are easily identified and it allows the public to see the people behind the organization. It has the ability of "shaping the behavior of staff, customers, consumers and others to the benefit of the company."

⁴²The goal is to be seen, and identified. Achieving this entails having employees who believe in the organization and are at ease with it.

This gives the audience an accepted image. The image of the organization then becomes "the simplified impressions persons hold of an otherwise complex entity."⁴³ It becomes easier for the customers, clients, and investors to picture what image it is the organization wants to portray. They make it easier for the public to make their own interpretation and thus becoming easier to understand and recall.

Publics

This is where application and performance can be seen at work. Every information has an individual it needs to reach. "Public is defined as an active social unit consisting of all those affected who recognize a common problem for which they can seek common solutions."⁴⁴ They are identified with their relation to the information to be given out. Public is defined on the basis of their connection to the organization in particular.⁴⁵ They are the people that public relations strategies hopes of reaching. They are the focus of every task taken by public relations. The publics are seen as

⁴¹ Gregory & Weichmann, 61.

⁴² Angus Maitland, Executive Corporate Relations: Applying Public Relations in Business & Industry (New Jersey: McGraw-Hill Book Co., 1987), 128.

⁴³ Philip Kotler, Marketing Management 3rd ed. (New Jersey: Prentice-Hall International Inc., 1976), 276.

⁴⁴ Scott M. Cutlip, Allen H. Center & Glen M. Broom, Effective Public Relations 7th ed. (New Jersey: Prentice-Hall International Inc., 1994), 245.

⁴⁵ Glen M. Broom & David M. Dozier, Using Research in Public Relations: Applications to Program Management (New Jersey: Prentice-Hall Inc., 1990), 32.

the people with direct interest and relation to the information being given out. It has to have some importance and relevance in their lives.

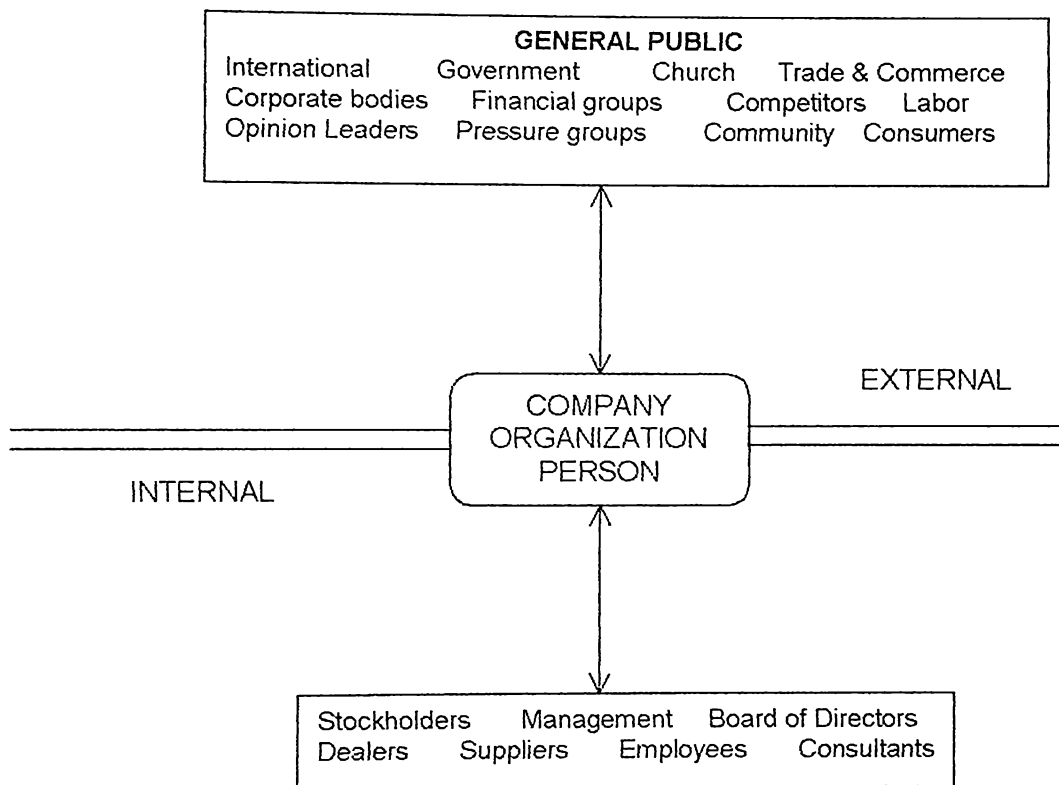


Figure 2.3 Publics of Public Relations

The figure shows the general public, which information can cater to and it shows what sectors are included.

After knowing your public, it is imperative to research your audience thus identifying your *target publics*. "Target publics is defined as a group of consumers, decision-makers, towards whom the marketing and information policy is directed."⁴⁶ These people have direct relation to the information. They are the people who have

⁴⁶ Gerrit Antonides & Fred Van Raaij, *Consumer Behaviour: A European Perspective* (Chichester: John Wiley & Sons, 1998), 548.

been singled out and given importance by the public relations. People who fall here are the intended audience. Detailed research and information has been gathered about them to know how to reach them and know what they like.

"We build relationships specifically for *target publics*."⁴⁷ In identifying target publics, there are classifications which *Define Target Publics*.⁴⁸

1. Geographics

This is defined by the national and political boundaries in an area. This is related to the population density of a location. This indicates where specific kind of people can be found.

2. Demographics

People are classified here according to their income, gender, age, race, status, education, class etc. these are very specific characteristics where an individual can be categorized.

3. Psychographics

This is defined by the psychological and lifestyle characteristics of an individual. They are based on the psychological stage in which the individual is in an their psychological maturity.

4. Covert Power

These are the behind-the-scenes people. They are the ones who have the ability to exert economic power. These are people at the top of the power hierarchy.

⁴⁶ Scott M. Cutlip, Allen H. Center & Glen M. Broom, *Effective Public Relations* 7th ed. (New Jersey: Prentice-Hall International Inc., 1994), 245.

⁴⁷ Cutlip, Center & Broom, 361-362.

5. Position

These are positions held by individuals that have the ability of identifying them. These people become important players in the target publics.

6. Reputation

These people are known and easily identified to belong in a group. They are people who have knowledge and use this for power.

7. Membership

This can be attributed to an organization they belong to. They have attributes, which is particular and relevant to a situation.

In the cases of merger and acquisitions, the kinds of information they will receive about the plans of the organization are tailored for them. It is very specific and detailed because they require some information that is not necessary to other target publics. The messages that they receive are termed as the *Merger Communication Objectives*.⁴⁹

1. General Awareness

It is the obligation of the organization to give information about the details of the merger transaction specially if it is in the business of service. They have the responsibility of informing shareholders and the financial community.

2. Generate Enthusiasm and Secure Buy-In

The specific results of the merger should be communicated to the publics. The build-up of good investment news will eventually pile up and reinforce the belief of the clients of the organization. This will generate support from the important groups and the organization will continue its growth.

⁴⁹ Mark N. Clemente & David S. Greenspan, *Winning at Mergers & Acquisitions* (New York: John Wiley & Sons, Inc., 1998), 280-282.

3. The Change

It is a forgone conclusion that a merger will bring changes to the organization's service. There could be interruptions but all of these are geared for the improvement of the organization. It is imperative that the key publics are warned if not given specific details of what these changes will be.

4. Allay fears

Merger causes unease and worry over customers. This is because the organization is venturing in to something unknown to the public. People are afraid that the merger will jeopardize and put their relationship with the organization in chaos. The changes that mergers bring will always be cause for concern that is why telling their key public in advance is very important.

5. Building Process of Corporate Identity

This is the arduous task that a corporate public relation has to face so as to forge the new identity that the organization is hoping to take. This requires testing and planning to see if the target publics will accept the change being imparted to them.

RELATED STUDIES

Every merger is different. There will always be some defining factor between them that are very much different from other mergers. There are different groups to which one must focus their efforts and not all of them work for all kinds of merger.

There are however, some similarities between mergers of some organizations specially one in the same industry. Looking at several situations of different nature can show us the similarities and applicability of some steps they used to apply in another situation.

Case Studies

The merger of Equitable Bank and PCI Bank is very much the same with the merger of Chemical Bank and Chase Manhattan Bank. The merger occurred in 1995. Both were mergers are characterized by occurring in the same industry. Chemical Bank and Chase Manhattan Bank were also in the banking industry and both had the same steps to undergo for the integration of both banks and classification of target publics.

An interview with Susan Schoon, Head of Chase Manhattan's Marketing Department said, "The challenge to the marketing department was to come up with a new personality before the personality was formed. It was a challenge to come up with the look and feel both external and internal communication-wise before the personality had been formed."⁵⁰

They had to think of the effects that the merger was going to have on their customers. When organizations enter changes like these, customers immediately have expectations and it was their job to see how they can appease the customers and tell them what will change. After they have distributed the information, it is then up to the customers to decide.

Another case, which is similar to this situation, is the acquisition of Ingersoll-Rand and Torrington Company in 1985. Their move created the largest broad line-bearing manufacturer in the United States.⁵¹

They announced their move of integrating the two organizations by launching an eight-page color pamphlet in 1985. It contained the histories, products, markets and

⁵⁰ Mark N. Clemente & David S. Greenspan, *Winning at Mergers & Acquisitions* (New York: John Wiley & Sons, Inc., 1998), 282.

⁵¹ James R. Gregory & Jack G. Weichmann, *Market Corporate Image: The Company as your #1 Product* (Illinois: NTC Publishing Group, 1991), 62.

in-depth interviews of the presidents of both organizations.⁵² They mailed it all to the consumer lists of both organizations. In 1986, they launched the new corporate image in a two-page ad campaign. This contained their illustrations of their two major products linked together showing the merging of both organizations. This was followed with another ad containing the same message that the two organizations have merged. They ran the ads for two years until they were sure that the market had been covered sufficiently.

Their move was able to combine the promotion of their product along with the emerging corporate image. They were able to answer the inquiries of customers and showed how the new organization could better serve them as a combined organization.

Another case of merger resulting to a change of image and identity was Tenneco and International Harvester (IH). One of the reasons for change was because it was legally obligated. International Harvester's rights were sold to Tenneco along came with it the company logo and name.⁵³ The changing of the organization's identity will help it adapt better to its new business direction.

The new organization undertook a new name, which is more suitable to their combined forces. They became Navistar. The integration of the merger was very hard for everyone.

John McDonald, the company's Director of communications said, "To help us determine the scope and direction of our project, the first phase of our reidentification program involved opinion research. For approximately two and a half months we conducted interviews with employees, key suppliers, customers, dealers, retirees,

⁵² Gregory & Weichmann, 63.

⁵³ James R. Gregory & Jack G. Weichmann, Market Corporate Image: The Company as Your # 1 Product (Illinois: NTC Publishing Group, 1991), 76.

lenders, the media, and even our competitors through this research we gained an understanding of how International Harvester was perceived, what specific identity needs the company had, and what our strength and weaknesses were.”⁵⁴

This shows that before plunging into any campaign and moves towards the organization’s identity, careful study must be done. Different organizations have very different needs and it helps a lot if you are prepared. Research of the publics and clients of the organization gave them an opportunity to tap in to what kind of business International Harvester offered its clients. This will give them a better chance of making the integration and transition of the combining organization smoother.

As mentioned before, corporate advertising needs time before its success can be seen. An example of this is the case of Shell. Shell is one of the petroleum companies that engage in corporate advertising. In 1972, it called a halt to all its advertising in the market because of the oil crisis that lasted for two more years (1972-1974). “Soon the company’s advertising agency, Ogilvy and Mather, began to notice small but significant downward movements in the attitudinal measurements in their tracking studies conducted among general public.”⁵⁵ As a result, Shell consented to a corporate advertising campaign in the autumn of 1975. Their campaign lasted for only two months but the results were very dramatic, showing the increase of the organization’s popularity over other petroleum companies. Shell was then able to tap on the good will of its supporters and increased and maintained their numbers through the years.

⁵⁴ Gregory & Weichmann, 77.

⁵⁵ Erdos and Morgan Inc., The Image of Corporate Advertising: An assessment of Corporate Advertising by its Target Audiences (New York: Dow Jones & Co., 1984), 139.

Theses

The crash of the Cebu Pacific Airline caused great negative impact towards the public image of the organization. Questions of whether they were fully equipped and capable of flying were raised. They were in the business of service and public safety. When that became in doubt, their company experienced great losses from the customers.

The thesis "The Public Image of Cebu Pacific & their Social Responsibility & Responsiveness" was done by Sharon L. Reyes in 1999.⁵⁶ This tackled the public image of the organization before and after the crash. They found out that Cebu Pacific was responsive but not very responsible towards its customer.

The question of how Cebu Pacific will build their image after the crash came to them. The crash meant that their reputation was at stake and was suffering greatly because of the different perceived ways on how they could have handled the situation.

They had to start from scratch in terms of their public image. They had to build the image they used to enjoy because a lot of people lost faith in them and began to bring their business elsewhere.

The Philippine National Police is an organization in need of a good public image. They have always had a corrupt and volatile image with the people. Movies showing how bad a man can be once armed with a gun and a badge has stuck to the people's minds. They lacked the peoples support and faith. People always seem to associate vices and bribery with them.

⁵⁶ Sharon Stephanie L. Reyes, *The Public image of Cebu Pacific and their Social Responsibility and Responsiveness: A Case Study*. (Undergraduate Thesis: University of the Philippines Manila, 1999).

A thesis written by Maria Alnee Machon Arugay in 1995 was about the "Public Relations Practice in PNP". This tackled the steps that the PNP was trying to do to improve their public image to the people.

The organization had to restore the faith of the Filipino people in the PNP. They had to remove the existing public perception and replace it with what being a police is all about. Their goal was to "win the trust, confidence and support of the people by focusing on the concept of doing their best and telling people about it."⁵⁷

If they are able to win the peoples' confidence then they would be able to perform their work much easier. This would mean community participation and awareness from the people. They wanted to project the image that they were there for the people's benefit as their servants. The police activities would be positively perceived and they would get the benefit of the doubt from the Filipino people that they are indeed able to do their jobs well.

⁵⁷ Maria Alnee Machon Arugay. *The Public Relations Practice in the Philippine National Police. (Undergraduate Thesis: University of the Philippines, 1995)*, 8.

CHAPTER III METHODOLOGY

Research Design

This research will be a combination descriptive and exploratory method. The aim of this study is to know the corporate public image of the organization and the level of customer satisfaction. A survey questionnaire will be given out and interviews will also be conducted towards the branch management and some key people. This will give us a tangible view of the opinion of both sides. This will give us insight on whether the organization believes its public relations campaign to be effective and whether the customers think it so. The organization under study is Equitable PCI Bank and its depositors will be the ones surveyed.

Sampling

A. Frame

The topic calls for clients of banks. The sampling frame is purposive because it only includes customers of Equitable Bank and PCI Bank before they became customers of the merged Equitable PCI Bank.

B. Unit

Considering that the organization being studied is Equitable PCI Bank, it is the depositors of Equitable Bank and PCI Bank that will be the sampling unit of this survey. The respondents will be a mix of clients from both banks before the merger occurred and the combined clients after the merger itself. Customers who had a previous relationship with one of the two banks are the only respondents, which will be included in this survey this characterizes the respondents because they have had a relationship with the bank before and after the merger. This will enable us to

determine if there were changes in the corporate public image of the organization and their banking relationship with the new Equitable PCI Bank.

C. Locale

The survey will be taken at the Equitable PCI Bank BF Aguirre branch. This branch is a combination of both Equitable Bank and PCI Bank in the vicinity before the merger. The respondents here will be a combination of previous Equitable and PCI Bank depositors.

D. Size

The estimated number of depositors given by the bank manager in this branch is 200. This is the combined number of customers from Equitable Bank and PCI Bank. Getting 60% of the population yields in a 120-sample size.

E. Technique

The survey technique that will be used is purposive sampling. Since the organization will not provide an exact list of the number and identity of their customers to protect their privacy and rights, a category in the survey must be checked to see which bank they previously belonged to.

Instrumentation

The survey used is a purposive sampling. Questionnaires will be given out to customers of the bank purposively for them to answer. The questionnaire is composed purely of closed questions and is divided into five parts.

A. Part I- Demographics of the respondents

⇒ The first part of the questionnaire deals with the demographics or basic information about the respondents, which is pertinent to the study. The

customer is asked whether he or she is a former client of Equitable Bank or of PCI Bank. The survey is specifically designed to find out the following:

B. Part II- *Perceived previous corporate public image of the two banks, Equitable Bank and PCI Bank.*

⇒ Question gathering information about the vision, goals, and management of the bank will be asked. Questions about other services of the bank will also be asked to the respondents. This will give us an idea if their previous bank (Equitable or PCI Bank) was able and very successful in giving their customers information about the organization and the services that they offer.

C. Part III- *Perceived customer satisfaction level of Equitable Bank and PCI Bank clients*

⇒ This part of the questionnaire will tackle the question of whether the bank is able to provide its clients with the best possible service. This will enable us to gauge whether the customers of the two banks were satisfied with the service provided to them. This will also give us an idea, which of the services of the banks need more focus. Since the survey will be handling two groups, this will also give us the chance to compare the satisfaction level of customers in each bank. We will be able to see if it is solely dependent on the bank or it is not.

D. Part IV - *Perceived current public image of Equitable PCI Bank*

⇒ The same question pertaining to the bank's previous corporate image will be asked. This will give us a chance to determine if the merged bank was more effective in giving information about their bank and their services.

This will give us the chance to compare the effectiveness of giving information of the merged bank and compare it with the two banks as single entities.

E. Part V- Perceived customer satisfaction level of Equitable PCI Bank clients as a merged bank

- ⇒ The same questions pertaining to the services offered of the two previous banks will be asked. This will give us the chance to compare, which of the three banks satisfied their customer's satisfaction levels the highest.

Data Gathering Tools

The data gathering tools used are divided in to two. It is composed of a survey and interviews with some key and select personnel of the bank. This will help us in gathering information about the plans and changes within the bank that could affect the customers. This will give us an idea how the management in the branches is handling questions posed by the customers and how the customers reacted to the merger.

Analysis

The analysis of the survey is divided into four parts. Part One and Part Four are analyzed descriptively. We interpreted it with the use of frequency and percentages. This will give us an idea how much of the respondents belong to a certain group and how much they know about the recent merger. This gives us the percentage of what among the different news of Equitable PCI Bank are customers aware of especially

during the time of the merger. This will show what customers know about Equitable PCI Bank's corporate public image.

To be able to interpret, compare and understand the corporate public images of Equitable and PCI Bank (Part Two), the *Fisher Test* and *phi coefficient* is used to show the independence of the two compared variables. The *Fisher Exact Test* will determine if the results are significant in the population tested. It will determine whether the customers' knowledge about the their bank's corporate public image is independent from the efforts of the Corporate Communications Department in terms of disseminating information. The *phi-coefficient* is solved manually with the formula of $r = \frac{AD-BC}{\sqrt{(A+B)(C+D)(A+C)(B+D)}}$ The *phi coefficient* shows the strength of the relationship of the two variables. The results of the *phi coefficient* will then be compared to Robert Koenker's general guide to interpreting correlation.⁵⁸

The *Wilcoxon Signed Rank Test* was used for the last part of the survey which is to determine the level of satisfaction of customers of the previous and the new merged bank.⁵⁹ To be able to effectively use this test, the data must pass some criteria first. The data scales have to be ordinal, the samples generated from a matched pair experiment and the comparison is of two samples. *Wilcoxon Signed Rank* tests equality of the variables and shows its correlation value.

A computation of the mean and standard deviation of the paired test is also provided to show which among the two increased or decreased. This will also show how much it improved or how much the condition worsened.

All the computations were run through the Intercooled Stata 6.0 for Windows 98/99. This helped in the accuracy of the computations of the data.

⁵⁸ John C. Reinard. Introduction to Communication Research. (California: Brown & Benchmark Publishers, 1994) p. 267.

CHAPTER IV ANALYSIS AND PRESENTATION

Organizational Profile

In the banking industry, one of the most overwhelming occurrences happened in the year of 1999. Equitable Bank with the help of Social Security System (SSS) and Government Service and Insurance System (GSIS) acquired and merged with Philippine Commercial Industrial Bank.

The consolidation of these two institutions moved them up the rankings of Philippine banking industry making them the 2nd largest bank in the Philippines. The combined financial resources of the two banks has a base of P250 billion, loans of P 120 billion and deposits of over P 160 billion. The bank also has the largest equity base of P 50 billion.⁶⁰ Put together, Equitable PCI bank has 1.6 million depositors with over 500 branches and 400ATMs.

Aside from the company's new equity, they are able to offer the combined services of both banks. Most of the services offered by PCI Bank was retained specially the ones in corporate and financing banking and all consumer loans. As a combined organization, Equitable PCI Bank launched new services like "Mobile-Banking" in co-ordination with Globe Telecoms and Smart Gold. The treasury and placement services of both banks were adopted and retained to give better service to their clients.

⁵⁹ Gerald Keller, Brian Warnack & Henry Bartel. Statistics for Management and Economics: A Systematic Approach (California: Wadsworth, Inc., 1987), p.530-531.

⁶⁰ <http://www.equitablepcib.com>

The ultimate objective of Equitable PCI Bank "to be a dominant domestic player in all major business lines and be world class regional financial services provider" is slowly reaching its point.⁶¹

They presented the new Equitable PCI Bank corporate logo which consists of the five elements. Metal (yellow) for rectitude, fire (tomato red) for prudence, wood (brilliant green) for benevolence, water (turquoise) for wisdom and earth (tangerine) for integrity.⁶² All represents the bank's vision.

The new Equitable PCI Bank combined the forces of the two banks and came up with services that cater to almost every financial need of a customer. Listed below are some of the services offered by Equitable PCI Bank.⁶³

1. Peso Deposits
2. Foreign Currency Deposits
3. Savings Accounts
4. Consumer Loans
5. Business Loans
6. Commercial Loans
7. Agribusiness Loans
8. Leasing (through PCI Leasing and Finance)
9. Card Products
10. International Banking
11. Non-Life Insurance (through EBC Insurance and PCI Insurance)
12. Life Insurance (through PCIB Cigna)
13. Trust Banking
14. Investment Banking (through EBC Investments and PCI Capital)
15. Specialized Financial Services
16. Private Securities

⁶¹ "Equitable PCI Bank Vision," *Equitable PCI Bank The Merger Times*, April 13, 2000, 1.

⁶² "Introduction The New Banking Giant: Equitable PCI Bank," *Equitable PCI Bank The Merger Times*, August 12, 1999, 1.

⁶³ <http://www.equitablepcib.com>

Interviews

A. Member of the Corporate Communications Department of Equitable PCI Bank

As a member of the CorCom (Corporate Communications Department), the merger was an expected move for them. News about the possible selling of PCI Bank has already been in the air but the surprise came when a relatively smaller bank purchased the shares of PCI Bank.

Their job as CorCom began right away after the selling contracts were signed. They had to inform all the employees before the news hit the broadsheets.

Most of the information they provided the customers was based and gotten from the internal public relations they provided the employees. Their next move, aside from informing the customers about the merger was basically to advise them what their *next financial moves* should be. "The Merger Integration Team" was built so that the different concerns of the Equitable PCI Bank regarding the merger can be addressed.

They sent out letters to the customers coming from the top management explaining the merger, the merger teams and other areas of concern. They also employed press releases but was very careful regarding the type of information they provided clients so that competitors will not be able to use it against them.

They gave out press releases and developed advertising campaigns to reassure the customers of their stability. They also provided their branches with standard answers to customer concerns. Their strategy in providing the customers with information about the merger helped dispel rumors that could potentially hurt the bank. They sent out feedback sheets to see how the customers regarded the merger and how they could further reassure them that Equitable PCI Bank is a financially

stable institution and that the changes happening are for their benefit. As a merged bank, Equitable PCI Bank is a stronger institution and will now be able to provide better services.

B. Combined interviews from the different branches of Equitable PCI Bank

Our interviews yielded very similar answers. The initial reaction of the employees along with customers is shock. The question of why the bank is merging with another organization was very big news and the fact that it was merging with a smaller organization is even bigger news.

There was of course a feeling of sadness from everyone involved in the bank. Everyone was very aware that this move of the bank will bring about many changes in their organization and the employees will be the first once to feel it. PCI Bank will lose its corporate identity since they will be taken over by the Equitable Bank.

The new Equitable PCI Bank was able to handle the news of the merger well. There were updates about the changes occurring within the management. The Merger Integration Team was able to handle all the information dissemination of the upcoming changes really well. They were very effective with the updates internally and really gave the employees information of what was to come next.

Most of the concerns of the customers were not with the services but with the news of the merger itself. The customers still seemed satisfied with the services. They were prepared for some transitions and minor service interruptions, which is brought about by the merger itself.

The bank itself provided customers with feedback sheets to give them information on how the merger was affecting them and how the new bank can be of better service to them. The bank also provided the employees FAQ's which they can use in answering the questions of clients and of course allaying any fears.

Employees along with customers were very supportive and positive about the different changes. Customers tried their best to give their cooperation with the changes that the bank was undertaking. This change will only be for the betterment of the organization, which ultimately is what everyone wants. They see the merged products and services of both banks as a start of something great, which will lead their organization forward into the 22nd century even faster.

Profile of Respondents

A. DEMOGRAPHICS CUSTOMERS OF EQUITABLE PCI BANK

Table 4.1 Gender of Respondents

| RESPONDENTS | FREQUENCY | PERCENTILE |
|-------------|-----------|------------|
| Female | 88 | 74% |
| Male | 31 | 26% |
| Total | 119 | 100% |

Most of the respondents were female. They comprised 74% of the respondents gathered for this statistical survey and 26 % of the respondents were male. 88 of the respondents were female.

Table 4.2 Previous Bank of the Respondents

| RESPONDENTS | FREQUENCY | PERCENTILE |
|----------------|-----------|------------|
| Equitable Bank | 22 | 26% |
| PCI Bank | 97 | 74% |
| Total | 119 | 100% |

The majority of the respondents were PCI Bank customers with them having comprised 74% of the respondents or a frequency of 97 times. Equitable bank only had 26% respondents, which meant that the location of the branch had a bigger market for PCI Bank customers.

Table 4.3 Type of Business Transacted by the Respondents

| RESPONDENTS | FREQUENCY | PERCENTILE |
|----------------|-----------|------------|
| Current Acct. | 35 | 29% |
| Savings Acct. | 110 | 93% |
| Other Services | 60 | 50% |

93% of the respondents maintain saving account. The frequency of respondents who used savings account as their type of business transaction reached 110. The other services offered reached the next highest percentage of the transactions done by the respondents. 50% of the respondents engaged in business like loans, credit cards and etc. The least used transaction is the current account or checking account of the bank. Only 29% of the respondents or a total of 35 respondents use this service of the bank.

Table 4.4 Years of Conducting Business with their Bank

| RESPONDENTS | FREQUENCY | PERCENTILE |
|---------------|-----------|------------|
| 1-3 Years | 37 | 32% |
| 4-7 Years | 36 | 30% |
| 8-12 Years | 23 | 19% |
| 12-more Years | 23 | 19% |
| Total | 119 | 100% |

The highest rate of conducting business with the bank is 1-3 years, which is comprised of 37 respondents or 32%. The table also shows that the bank has an equal number of respondents that have been banking with them for more than eight years. This could mean that they have been satisfied with their banking services, which is why they have stayed with their bank for more than eight years now. The table also shows that every year, the bank is able to get new clients and retain them for more years.

Table 4.5 Time of Transaction Most Respondents Use

| RESPONDENTS | FREQUENCY | PERCENTILE |
|---------------|-----------|------------|
| Morning | 43 | 36% |
| Mid- Morning | 33 | 28% |
| Afternoon | 41 | 34% |
| Mid-Afternoon | 2 | 2% |
| Total | 119 | 100% |

Most of the respondents do their banking transactions in the morning. 36% or 43 of the respondents find it more convenient to do their banking in the morning. The period in the afternoon closely follows with it having 41 respondents or 34% of the respondents. The least favored time in conducting their banking transaction is during the mid-afternoon, which only garnered 2% of the respondents.

B. CUSTOMER'S KNOWLEDGE OF THEIR PREVIOUS BANK'S CORPORATE PUBLIC IMAGE

As mentioned before, to effectively gauge the knowledge of the of customer's towards the corporate public image of their bank, we used the *Fisher Exact Test* and the *phi-coefficient test* to see the relationship of the two. Each category was tested at $\alpha=0.05$ or 95% confidence. What we need to know is whether the corporate public image of each bank is dependent on the specific bank or if the customer's knowledge is not dependent on the bank's ability to provide information to the customers. This means that if the *Fisher Exact Test* results into a figure, which is greater than or equal to $\alpha=0.05$ or 95% confidence, the knowledge of the customers is independent from each other. If the result is less than $\alpha=0.05$ or 95% confidence, this means the knowledge of the customers are dependent on the ability of the bank in providing information.

The *phi-coefficient* will then be used to show the strength of the relationship of both banks. This will show the degree of relationship of the test previously

performed. The degree is measured from 0-1. The Koenker scale is used to compare the relationship.

Table 4.6 General guide to interpreting correlation

| Koenker's Scale | |
|-----------------|---------------------------------|
| .80 –1.00 | Highly dependable relationship |
| .60 - .79 | Moderate to marked relationship |
| .40 - .59 | Fair degree of relationship |
| .20 - .39 | Slight relationship |
| .00 - .19 | Negligible/ chance relationship |

Table 4.7 Previous Bank Vision

| Bank's Vision | EQUITABLE | PCI BANK | Total |
|---------------|-----------|----------|-------|
| Yes | 7 | 63 | 70 |
| No | 15 | 34 | 49 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.005

Phi-coefficient = 0.26

The table above shows us that more customers in Equitable Bank are not aware of their bank's vision and in comparison with PCI Bank, which yielded 63 responses of yes for their 97 population.

In Table 4.7 the *Fisher Test* yielded a 0.005 result and a *phi-coefficient* of 0.26. Since the Fisher Test resulted in a value which is less than $\alpha=0.05$. This means we are rejecting the hypothesis that the bank visions of both banks are independent. The knowledge of customers about their bank's vision is dependent on the bank that they are under. The conclusion is further strengthened by the *phi-coefficient*, which classifies 0.26 and compared to Table 4.7 shows that the relationship is only a **slight relationship** between the two bank results.

Table 4.8 Previous Bank Goals

| Bank's Goals | EQUITABLE | PCI BANK | Total |
|--------------|-----------|----------|-------|
| Yes | 7 | 55 | 62 |
| No | 15 | 42 | 57 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.030

Phi-coefficient = 0.19

The knowledge of customers about PCI Bank's goals had a difference, which is marginally small. A difference of 13 respondents did not know the goals of their bank.

The *Fisher Test* for the knowledge of customers about the bank's goals showed a 0.030. This then makes us reject the null hypothesis of the bank's independence. We are able to conclude that the customers are aware of the bank's goals through the efforts of the bank itself.

This conclusion is further supported by the *phi-coefficient test*, which yielded a 0.19, which mean that the relationship is **negligible or by chance** only. The knowledge of respondents about their bank's goals is not entirely dependent on the banks' efforts because of the negligible relationship it showed.

Table 4.9 Previous Bank President

| Bank's President | EQUITABLE | PCI BANK | Total |
|------------------|-----------|----------|-------|
| Yes | 18 | 88 | 106 |
| No | 4 | 9 | 13 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.197

Phi-coefficient = 0.11

For both bank's the majority of their customers knew who their bank's presidents were. Only a very small part of the respondents were not aware of their

bank's current president. Table 4.9's *Fisher Exact Test* had a result of 0.197. This is greater than our $\alpha=0.05$ which makes us accept the hypothesis that the customer's knowledge of their bank's president is independent from the efforts of the bank.

The *phi-coefficient* yielded a total of 0.11 and going back to Table 4.9 shows us that the relationship is **negligible or by chance** only. The chance that the respondents learned of their bank's president from the bank itself is very negligible.

Table 4 10 Previous Bank's Major Stockholders

| Bank's Major Stockholders | EQUITABLE | PCI BANK | Total |
|---------------------------|-----------|----------|-------|
| Yes | 16 | 71 | 87 |
| No | 6 | 26 | 32 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.577

Phi-coefficient = 0.0041

Similar to the previous table, the respondents of both banks' have very considerable knowledge about the major stockholders of their bank. The *Fisher Exact Test* rendered 0.577 which is greater than our $\alpha=0.05$. This means that the knowledge of customers pertaining to their bank's major stockholders is independent from the efforts of the bank in informing their customers.

This conclusion is further supported by the *phi-coefficient test*, which is 0.0041. This means that their relationship is even less than the scale of Koenker, which leads us to conclude that the relationship, is **very negligible**. There is very minimal relationship between the bank's efforts towards the respondents' knowledge.

Table 4.11 Previous Bank Treasury

| Bank's Treasury Services | EQUITABLE | PCI BANK | Total |
|--------------------------|-----------|----------|-------|
| Yes | 9 | 59 | 68 |
| No | 13 | 38 | 51 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.072

Phi-coefficient = 0.16

Table 4.11 shows that a greater number of the Equitable Bank customers are not aware of the different services offered by the treasury of their bank while in PCI Bank, the majority of the respondents have knowledge of their bank's treasury services.

The *Fisher's Exact* yielded a 0.072 which is marginally greater than our $\alpha=0.05$. We are able to conclude then that the knowledge of customers pertaining to their bank's treasury services is independent from the efforts of the bank in informing them.

The *phi-coefficient* supports this relationship with its result of 0.16. This means that their relationship is **negligible or by chance** relationship only. The knowledge they gained can be gathered anywhere because of this relationship between them.

Table 4.12 Previous Bank Loans Services

| Bank's Loans | EQUITABLE | PCI BANK | Total |
|--------------|-----------|----------|-------|
| Yes | 7 | 73 | 80 |
| No | 15 | 24 | 39 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.000

Phi-coefficient = 0.36

The respondents of Equitable Bank have lesser knowledge about their bank's loan services while the respondents of PCI Bank have a greater knowledge of their bank's loan services which is available to the customers of the bank.

The *Fisher's Exact* yielded an answer of 0.000. This then leads us to reject our null hypothesis of independence. The knowledge of customers about the different loan services offered to them is dependent on the efforts of the bank in informing them. The *phi-coefficient* supports this with its result of 0.36. Referring to Table 4.6 shows us that the relationship of both banks is considered only as a **slight relationship**.

Table 4.13 Previous Banking Services

| Banking Services | EQUITABLE | PCI BANK | Total |
|------------------|-----------|----------|-------|
| Yes | 10 | 85 | 95 |
| No | 12 | 12 | 22 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.000

Phi-coefficient = 0.41

In terms of the banking services provided by each bank, it is noticeable that PCI Bank yielded more respondents in saying that they are aware of the different services of their bank. The majority of the PCI Bank respondents know more about the banking services provided by their bank than the customers of Equitable Bank. The *Fisher's Exact* gave a result of 0.000. This makes us reject the hypothesis and means that the different banking services of the respective banks are dependent on the information provided by their own bank. Whatever information they have about the banking services of their bank is a result of the efforts of their bank.

The *phi-coefficient* further supports this with its result of 0.41. This relationship according to Koenker's scale is considered as having a **fair degree of**

relationship. The dependence of the respondents to the bank's efforts shows a fair degree of relationship between the two.

Table 4.14 Previous Corporate Financing

| Bank's Corporate Financing | EQUITABLE | PCI BANK | Total |
|----------------------------|-----------|----------|-------|
| Yes | 9 | 48 | 57 |
| No | 13 | 49 | 62 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.313

Phi-coefficient = 0.07

It is noticeable that the respondents for both banks are not well informed of the corporate financing services of their respective bank. Although, the differences are fairly small, it is still worth mentioning. The *Fisher's Exact* yielded an answer of 0.313, which makes us accept the hypothesis of independence. This means that the knowledge of customers about their bank's corporate financing services is independent from the efforts of the bank in informing them. They have knowledge of this service but it is not necessarily through the bank's campaigns.

The *phi-coefficient* showed an answer of 0.07. We then conclude that the relationship of the bank campaigns with our respondents' knowledge **is negligible or chance relationship** only.

Table 4.15 Bank's New Plans

| Bank's New Plans | EQUITABLE | PCI BANK | Total |
|------------------|-----------|----------|-------|
| Yes | 8 | 35 | 43 |
| No | 14 | 62 | 76 |
| Total | 22 | 97 | 119 |

Fisher Test = 0.582

Phi-coefficient = 0.0027

The majority of the respondents for both banks had no knowledge of any new plans that their bank had. The customers of both banks were not kept abreast of the new plans of their banks. The *Fisher's Exact* test supports this with its findings of 0.582. This makes us accept our hypothesis. The knowledge of customers about the new plans of their respective banks is independent from the efforts of their bank in providing information for them. This conclusion is further strengthened by the result of the *phi-coefficient*, which is 0.0027. The relationship here then is **very negligible** when compared to the Koenker's scale.

C. CUSTOMERS KNOWLEDGE OF THE NEW CORPORATE IMAGE OF EQUITABLE PCI BANK

The following tables will be described descriptively to give a better idea of how much and what do our respondents know about the new and merged bank, Equitable PCI Bank.

Table 4.16 Equitable PCI Bank's New Plans

| EQUITABLE PCI BANK | | |
|--|--------------|-------------|
| CATEGORY | YES | NO |
| A. Were you updated of the current Bank's new plans? | 33% (44) | 67% (89) |
| B. Aware that Equitable and PCI Bank merged recently | 93% (124) | 7% (9) |
| C. Know about the Bank's plans of a merger | 56% (74) | 44% (59) |

Based on the table above, most of the respondents were not updated with the bank's current new plans. 67% of the respondents were not aware of any organizational plans that the bank had. They are however very much aware that Equitable and PCI Bank merged recently. 93% of the respondents were aware that the two banks are now together. The respondents however had an idea that Equitable Bank and PCI Bank had plans of merging with each other may it be because of the media or because of company insider information.

Table 4.17 Opinion of the Merger

| EQUITABLE PCI BANK | | |
|--|-------------|-------------|
| CATEGORY | YES | NO |
| D. Approve of the merger | 38% (50) | 62% (83) |
| E. Merger was timely | 39% (52) | 61% (79) |
| F. Merger affect your views about the Bank | 68% 90 | 32% 43 |

The survey showed that 62% of the respondents do not approve of the merger that occurred between the two organizations. Along with this came their opinion that the merger was not a very timely decision for both organizations. 61% of the respondents believed it was not yet time for a merger between the two organizations. Because of this, most of the respondents' views about the bank were affected. Around 68% of the respondents were affected by the news of the merger.

Table 4.18 Customer's knowledge about the merger

| EQUITABLE PCI BANK | | |
|--|-------------|-----------|
| CATEGORY | YES | NO |
| G. Bank provide information about the merger | 63% 84 | 37% 49 |
| H. Bank give news about the new management | 55% (73) | 45% 60 |
| I. Were notified of the merger | 65% 87 | 35% 46 |
| J. Letter informing of the merger | 66% 88 | 34% 45 |
| K. Ads about the merger | 67% 89 | 33% 44 |
| L. Memos about the merger | 47% 62 | 53% 69 |
| M. Bank calls about the news of the merger | 66% 88 | 34% 47 |

The question of whether the bank provided enough information towards the merger for the customers is addressed here. 63% of the respondents were not provided with merger information by Equitable PCI Bank but the margin of difference

between the bank giving information about their new management is very small. 55% of the respondents were provided with information about the new management of the merged bank.

Most of the customers were informed or told of the merger news by the bank. 65% of the respondents were informed of the merger of Equitable and PCI Bank and 66% of the respondents were informed through letters about the merger. 67% of the respondents also found out about the merger through the print ads provided by the merged bank. Equitable PCI Bank also provided customers of memos about the merger but it only reached around 53% of the respondents of this survey. The bank also called some of the respondents to inform them of the changes and the merger of the bank.

This means that of all the materials used by Equitable PCI Bank, the memos given out were the most ineffective in reaching the customers. The majority of the respondents found out the news of the merger through some other method aside from the memos given out by the organization.

Table 4.19 New Plans of Equitable PCI Bank

| EQUITABLE PCI BANK | | |
|--|-----------|------------|
| CATEGORY | YES | NO |
| N. Know any of the integration plans of the Bank | 12% 16 | 88% 117 |
| O. Notified of new services and services | 47% 62 | 53% 71 |

This table shows that 88% of the respondents did not know the integration plans of Equitable PCI Bank. This means that the customers of the bank were not really involved with the changes that Equitable PCI Bank undertook. As a result of this, 53% of the respondents were not notified of the new services and changes in the service that the bank will be undertaking. 53% of the respondents were also very

much affected of the service interruptions because of not being provided with information about the services and the changes.

D. SATISFACTION LEVEL OF CUSOTMERS

The test used here is the *Wilcoxon Signed-Rank* test. Our hypothesis will be that the services that their old bank provided is satisfactory and is equal to the services which are now being provided by the new and merged bank. We are again testing it at $z=0.05$. Therefore, if the result of the test for every paired category is equal to $z=0.05$ or 95% confidence, this means that the satisfaction of customers towards the old service provided is equal to the new service provided by the new bank. We will also be able to determine if there the satisfaction level increased or if it decreased depending on the result of the *Wilcoxon Signed-Rank* Test.

A table with the computations of the mean and standard deviation is provided to show which among the paired test showed a marked increase from each other. The Equitable Bank and PCI Bank is referred to as the **old bank** while the merged Equitable PCI Bank is referred to as the **new bank**.

*Table 4.20 Satisfaction Level Respondents towards Information
About promotions and other activities*

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|--|------------------------|-----|----|----|--------------------|-----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| A. Information about Promotions and other activities | | 20 | 76 | 23 | | 55 | 47 | 17 |
| Total | | 119 | | | | 119 | | |

Table 4.21 Comparison of satisfaction level of respondents over old Information of bank and the New Information provided by the Bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|----------|----------|--------------------|
| Old info | 1.97479 | .60313 |
| New Info | 2.310924 | .7219078 |

Wilcoxon Signed- Rank = 0.000

Based on the table above and the result of the Wilcoxon Signed-Rank Test which yielded an answer of $z=0.000$ makes it unequal to our 0.05 or 95% of confidence. We are then able to reject our hypothesis that the old bank's providing of information about activities and promotions is equal to the new bank's way of providing information about promotions and activities.

The second table provides us with information that satisfaction level for the new bank increased marginally over the old bank's performance in providing the respondents information about the promotions and activities of the bank.

Table 4.22 Satisfaction Level Respondents towards regularity Of delivery of bank statements

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|--|------------------------|----|----|----|--------------------|----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| B. Regularity of delivery of Bank statements | 3 | 34 | 63 | 19 | 7 | 53 | 38 | 21 |
| Total | 119 | | | | 119 | | | |

Table 4.23 Comparison of satisfaction level of respondents over Regularity of Statements for the old bank and the new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|-----------|----------|--------------------|
| Old State | 2.168067 | .7049381 |
| New State | 2.336134 | .8465014 |

Wilcoxon Signed- Rank = 0.1406

The Wilcoxon Signed Rank test provided us with an answer of $z=0.1406$ which makes it unequal to our 0.05 test. We now reject our hypothesis of equality between the paired test. We are able to conclude then from this that the satisfaction level of the respondents of the old bank is not equal to their satisfaction with the performance of the new bank in terms of providing regular bank statements.

Based on table 4.23, we are able to conclude that the respondents are more satisfied with the services of the new bank rather than the old bank.

Table 4.24 Satisfaction Level of Respondents towards Employees attitudes

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|----------------------------|------------------------|-----|----|----|--------------------|-----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| C. Accommodating employees | | 4 | 68 | 47 | | 20 | 65 | 34 |
| Total | | 119 | | | | 119 | | |

Table 4.25 Comparison of satisfaction level of respondents towards employee attitudes from the old and the new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|-------------------|----------|--------------------|
| Old Accommodating | 1.621849 | .5366499 |
| New Accommodating | 1.756303 | .7244681 |

| |
|--------------------------------|
| Wilcoxon Signed- Rank = 0.0995 |
|--------------------------------|

Solving the paired test yields us a $z=0.0995$ which leaves us to conclude that the old bank's employees attitudes is not equal to the new bank's employee attitudes. This rejects our hypothesis that the satisfaction level for the old and the new bank is equal. The following table shows us that the satisfaction level of the respondents over employee attitudes increased for Equitable PCI Bank.

Table 4.26 Satisfaction Level of Respondents towards Employee courtesy

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|-------------------------|------------------------|-----|----|----|--------------------|-----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| D. Polite employees | | 2 | 74 | 43 | | 13 | 71 | 35 |
| Total | | 119 | | | | 119 | | |
| E. Service with a smile | | 8 | 66 | 45 | | 10 | 72 | 37 |
| Total | | 119 | | | | 119 | | |

Table 4.27 Comparison of the satisfaction level of the respondents
Towards employee courtesy from the old and the new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|-------------|----------|--------------------|
| Old polite | 1.655462 | .5115111 |
| New polite | 1.806723 | .692298 |
| Old Service | 1.689076 | .5930087 |
| New Service | 1.722689 | .5955253 |

| |
|--------------------------------|
| Wilcoxon Signed- Rank = 0.0195 |
|--------------------------------|

The Wilcoxon Signed Rank test yielded a $z=0.0195$ for the polite employees and $z=0.4743$ for the service of employees. We reject our hypothesis of equality. Both are not equal to our test of $z=0.05$ which leads us to conclude that both the polite employees and service of employees for the old bank is not equal to the new bank's.

Looking at table 4.27 shows that in both cases, the increase of satisfaction level was found in the new bank's services. The satisfaction level of respondents over the employees' courtesy improved for the new bank.

Table 4.28 Satisfaction Level of Respondents towards Employee services

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|-----------------------------|------------------------|-----|----|----|--------------------|-----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| F. Other employees services | | 2 | 76 | 41 | | 11 | 76 | 32 |
| Total | | 119 | | | | 119 | | |

Table 4.29 Comparison of the Satisfaction level of respondents over Employee service from the old and the new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|---------------|----------|--------------------|
| Old Employees | 1.672269 | .5060522 |
| New Employees | 1.789916 | .5948073 |

Wilcoxon Signed- Rank = 0.152

The Wilcoxon Signed Rank test resulted in $z=0.152$. We are then able to prove our hypothesis wrong. We are able to conclude that the satisfaction level of the respondents over employee service for the old and the new bank is not equal because we tested it at $z=0.05$.

The means for the employee service of the old and the new banks when compared shows that the increase was found in the new bank. This means that the satisfaction level of the respondents for the new bank has improved over the old bank's employee services.

Table 4.30 Satisfaction Level of Respondents towards Length of Processing a Transaction

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|------------------------------------|------------------------|-----|----|----|--------------------|----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| G. Length processing a transaction | | 16 | 77 | 26 | 7 | 34 | 57 | 21 |
| Total | | 119 | | | 119 | | | |

Table 4.31 Comparison of the Satisfaction level of respondents over the Length of Processing a Transaction for the old and the new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|------------|----------|--------------------|
| Old Length | 1.915966 | .590602 |
| New Length | 2.151261 | .7987135 |

Wilcoxon Signed- Rank = 0.0186

Our hypothesis for the satisfaction level of respondents over the length of processing a transaction of the old and the new bank is proved wrong because our test yielded a $z=0.0186$. We are then able to conclude that the satisfaction level for both is not equal.

We see the improvement of the satisfaction level of respondents over the length of processing a transaction in the table 4.31. The increase was found in the new bank, which means the respondents are more satisfied in the processing of transactions now.

Table 4.32 Satisfaction Level of Respondents towards Opening of Account

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|-----------------------|------------------------|-----|----|----|--------------------|----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| H. Opening of account | | 12 | 84 | 23 | 3 | 26 | 71 | 19 |
| Total | | 119 | | | 119 | | | |

Table 4.33 Comparison of the Satisfaction level of respondents over the Opening of Accounts for the old and the New Bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|----------|----------|--------------------|
| Old Open | 1.907563 | .5366499 |
| New Open | 2.092437 | .6508351 |

| |
|--------------------------------|
| Wilcoxon Signed- Rank = 0.0013 |
|--------------------------------|

The Wilcoxon Signed Rank test yielded a $z=0.0013$ which proves our hypothesis wrong. We reject our hypothesis of equality because our results should be equal to $z=0.05$. This means that the satisfaction level of the respondents over the service of opening new accounts for the old and the new banks are not equal. Based on Table 4.33, we see that the satisfaction level of the respondents improved for the new bank's service of opening accounts.

Table 4.34 Satisfaction Level of Respondents towards Tellers

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|--------------------------------|------------------------|---|----|----|--------------------|----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| I. Tellers handling your money | | | 78 | 41 | 1 | 10 | 74 | 34 |
| Total | 119 | | | | 119 | | | |

Table 4.35 Comparison of Satisfaction level of Respondents over Tellers Handling of Money for the old and new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|-------------|----------|--------------------|
| Old Tellers | 1.655462 | .4772267 |
| New Tellers | 1.805085 | .6028206 |

Wilcoxon Signed- Rank = 0.0027

Our hypothesis for this table is rejected because when tested, our $z=0.0027$ which leads us to conclude that the satisfaction level of respondents over the tellers handling their money is not equal. We can note that the satisfaction level of the respondents over the new bank increased based on table 4.35.

Table 4.36 Satisfaction Level of Respondents towards over-all operation of the Bank

| CATEGORY | EQUITABLE and PCI BANK | | | | EQUITABLE PCI BANK | | | |
|-----------------------------------|------------------------|---|----|----|--------------------|----|----|----|
| | VD | D | S | VS | VD | D | S | VS |
| J. Over-all operation of the Bank | | | 72 | 47 | 7 | 20 | 73 | 15 |
| Total | 119 | | | | 119 | | | |

Table 4.37 Comparison of Satisfaction level of respondents over The old and new bank

| CATEGORY | MEAN | STANDARD DEVIATION |
|--------------|----------|--------------------|
| Old over-all | 1.605042 | .4909087 |
| New over-all | 2.042017 | .7058467 |

Wilcoxon Signed- Rank = 0.0000

We reject our hypothesis once again because our test resulted in to $z= 0.000$ which leads us to conclude that the satisfaction level of the respondents for the over all rating of the banks is not equal. Looking at table 4.37, we see that the satisfaction level for the new bank's over all operation increased.

We can conclude that the over all service of the new bank improved even after the merger occurred.

CHAPTER V SUMMARY, CONCLUSION AND RECOMMENDATION

Summary

Our study focused on the customers of Equitable Bank and PCI Bank, which after the merger became customers of Equitable PCI Bank. The majority of our respondents was females and has been transacting with their respective banks for three years and more.

The different statistical tests we have performed on our respondents answers shows us that the relationship of the respondents towards the information about their bank's corporate public image varies. There are some aspects of the ^{their} bank's corporate public image which they know better than some and the majority of this is not through the efforts of their banks corporate communications department.

The feedback of the respondents towards the corporate public image of the new and merged Equitable PCI bank was not glowing. They were very consistent in informing the customers about their new services but not about the merger and the steps the bank was undertaking to safeguard the interest of the customers' money. There were a lot of aspects that the bank neglected to tell the respondents and these were very pertinent information regarding the new bank.

The satisfaction level of the respondents for the old banks (Equitable Bank and PCI Bank) and the new bank (Equitable PCI Bank) was compared on every aspect and the results showed that the satisfaction level of the respondents were not equal. A marked difference was seen for every category compared.

Conclusion

When we began this study, we had six objectives. These were the objectives that guided our study. To be able to conclude, we have to be able to answer them all and throughout this study, we have been answering them one by one.

A. We found out that Equitable and PCI Bank have both been in the banking business for more than 50 years.

We learned that both Equitable and PCI Bank were a product of different mergers and both have had a long period of service towards their customers. Both banks offered services, which were unique and personalized for their customers. Equitable Bank offered EC SSS payment through their bank while PCI Bank had a unique banking service called ONE-banking wherein every service is offered in one account. These are just examples of the numerous services each bank offered before the merger.

The conflict of Gokongwei and of Lopez resulted in the biggest merger ever in the Philippine banking history. The uncertainty of who will be the next owners of PCI Bank ended when Equitable Bank expressed its desire in acquiring PCI Bank and enlisted the help of SSS and GSIS in terms of financial help.

Equitable Bank along with its other financial backers bought 72% of PCI Bank resulting in the biggest merger ever in the history of the Philippine banking industry.

2. The Equitable PCI Bank merger combined the resources, services and expertise of both banks.

They now give services, which offer their customers the best of both worlds. Equitable PCI Bank is now able to offer its customers the largest banking network here in the Philippines. As a result of the merger, they have become more financially stable, stronger bank with better services.

Equitable PCI Bank now offers customers a wide range of products, services and system. The combination of the services of the two banks provides customers with every kind of financial transaction they can think of. Customers now have the best of both worlds in terms of using all the services offered by the new merged Equitable PCI Bank.

3. *The previous corporate public image of Equitable and PCI Bank are generally good but there were some aspects of the bank's image that the Corporate Communications Department was not able to handle well.*

The survey given to respondents determined the public image of both banks before the merger and after the merger of Equitable and PCI Bank. Because of the statistical test we used, we are able to conclude that some of the other information that the respondents knew was not from the information provided by the corporate communications department of their banks. There were some services and other bank information that respondents were not aware their bank provided.

The results of the survey varied for every category asked. Based on the statistical test, we are able to conclude that the relationship of the respondents' knowledge of bank information was dependent on the bank that they were doing business with.

4. *The Corporate Communication Department of Equitable PCI Bank sent out press releases, memos, letters coming from the top management and advertising*

campaigns all in their efforts to inform the public that a merger occurred between Equitable Bank and PCI Bank.

The work of CorCom began immediately after the signing of the selling contracts. They had to inform the employees of Equitable PCI Bank that the sale pushed through before the media printed their news the following day. All the information they sent out to clients was based from the internal information they provided their employees also.

The Merger Integration Team was created to address all the changes and concerns that will occur as a result of the merger. CorCom provided videotapes for the branches, newsletters every two weeks containing customer and employee FAQ's (frequently asked questions) and profiles of officers.

To effectively gauge if their communication efforts were effective, CorCom gave away feedback sheets to the employees and the customers. This enabled them to see which were their strong and weak points. This gave them an idea which aspects of the merger they needed to provide more information and what were the satisfactory ones.

5. The corporate public image of Equitable PCI Bank improved after the merger.

The corporate public image of the merged bank, Equitable PCI Bank was very good at providing information about the new merger and the different steps and changes that the bank was undertaking for the integration process of the merger. They were able to update the clients of their next move and of the new services they are offering their customers.

The results of the statistical tests showed us that there was an improvement in the customers' knowledge regarding Equitable PCI Bank's corporate public image after the merger. The bank provided more information and most of the respondents were able to glean the information from the CorCom.

6 *The customer satisfaction level of the respondents improved after the Equitable PCI Bank merger.*

The merger of Equitable PCI Bank brought some great changes for the bank's services. The statistical data showed us that the customer satisfaction level for Equitable Bank and PCI Bank improved after the merger and integration of Equitable PCI Bank. This leads us to conclude that the services offered by the new and merged bank boosted the customer satisfaction level of the customers.

This leads us to reject our hypothesis because there was indeed an increase in the customer satisfaction level after the merger occurred.

The statistical data provided proved our hypothesis that as a result of the merger, the corporate public image and the customer satisfaction level of the customers of Equitable PCI Bank improved after the merger and its integration.

Recommendation

Changes can sometimes be very shocking specially if the change is of this proportion but good things always come out of it. This study was made with the express intention of encouraging other organizations into engaging themselves in to mergers because of the different benefits and progress for our economy that it brings.

This merger brought about several other mergers in the banking industry, which gave way for other small banking enterprises.

This merger has affected our economy in more ways than we can analyze but this also means that our country is now open and prepared for organizational moves which we think will lead to our country's globalization. I recommend this kind of change for the organizations in our country only if it is foreseen to have good effects on our economy. The betterment of our economy must always be considered.

Further studies about the merger are also recommended. Areas pertaining to the effect of the merger on clients based on system upgrading, internal relationships of both banks, effect of the merger on the employees of both banks, integration strategies used by the Merger Integration Team, changes in employee relationships as a result of the merger and many other aspects.

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Website

<http://www.equitable.com>

<http://www.pcib.com>

<http://www.equitablepcib.com>

SURVEY QUESTIONNAIRE
University of the Philippines Manila

Dear Customer:

I am a 4th year BA Organizational Communications student of the University of the Philippines Manila. I am conducting statistical survey for my undergraduate thesis on the Corporate Public Image and Customer Satisfaction level of Equitable PCI Bank. Your answers to the following questions are integral to my study and highly appreciated.

I am hoping for your cooperation and rest assured all your answers will be held in strict confidentiality. I am available for any questions you might have regarding the survey or the thesis itself. Thank you very much for your time and help.

Sincerely yours,

Rizza Acuña

.....
Please check your answer. Thank you.

Sex: () M () F

Former customer of : () Equitable Bank
() PCI Bank

1. What kind of transaction do you conduct in the bank?
() Saving Account () Current Account () Other Services
2. How long have you been a customer?
() 1-3 years () 4-7 years () 8-12 years () 12- more years
3. What time of the day do you often transact your business?
() morning () mid-morning () afternoon () mid-afternoon

OLD BANK

PUBLIC IMAGE

- | | YES | NO |
|---|-----|-----|
| 4. Did you know your previous bank's vision? | () | () |
| 5. Did you know your previous bank's goals? | () | () |
| 6. Did you know your previous bank's president? | () | () |
| 7. Did you know your previous bank's major stockholders? | () | () |
| 8. Did you know your previous bank's treasury services? | () | () |
| 9. Did you know your previous bank's loans available to you? | () | () |
| 10. Did you know your previous bank's banking services? | () | () |
| 11. Did you know your previous bank's corporate financing business? | () | () |
| 12. Did you know your previous bank's new plans? | () | () |

VD- very dissatisfied D- dissatisfied S- satisfied VS- very satisfied

SERVICES

Are you satisfied with?

| | VD | D | S | VS |
|--|-----------|----------|----------|-----------|
| 13. The information your bank provides you with regards to promotions and other activities | () | () | () | () |
| 14. Bank statements (regularity of delivery) | () | () | () | () |
| 15. Accommodating employees | () | () | () | () |
| 16. Polite employees | () | () | () | () |
| 17. Service with a smile | () | () | () | () |
| 18. Employees service | () | () | () | () |
| 19. Length of service (do they take very long?) | () | () | () | () |
| 20. Opening of account | () | () | () | () |
| 21. Tellers handling your money | () | () | () | () |
| 22. Over-all operation of the bank | () | () | () | () |

Equitable PCI Bank

SERVICE

Are you satisfied with

| | VD | D | S | VS |
|--|-----------|----------|----------|-----------|
| 23. The information your bank provides you with regards to promotions and other activities | () | () | () | () |
| 24. Accommodating employees | () | () | () | () |
| 25. Polite employees | () | () | () | () |
| 26. Service with a smile | () | () | () | () |
| 27. Employees service | () | () | () | () |
| 28. Length of service (do they take very long?) | () | () | () | () |
| 29. Opening of account | () | () | () | () |
| 30. Tellers handling your money | () | () | () | () |
| 31. Bank statements (regularity of delivery) | () | () | () | () |
| 32. Over-all operation of the bank | () | () | () | () |

MERGER NEWS

| | YES | NO |
|---|------------|-----------|
| 33. Do you know your current bank's new plans? | () | () |
| 34. Are you aware that Equitable Bank and PCI Bank merged recently? | () | () |
| 35. Did you know about the Bank's plans of a merger? | () | () |
| 36. Do approve of this merger? | () | () |
| 37. Do you think this merger was timely? | () | () |
| 38. Did the merger affect your views about the bank? | () | () |
| 39. Does your bank provide you information about the merger? | () | () |
| 40. Does your bank give news about the new management? | () | () |
| 41. Were you notified of the merger? | () | () |
| 42. Were you given a letter informing you of the merger? | () | () |
| 43. Were there ads about the merger? | () | () |
| 44. Were there memos about the merger? | () | () |
| 45. Did the bank call you about the news of the merger? | () | () |
| 46. Do you know any of the integration plans of the bank? | () | () |
| 47. Were you notified of the new services and products? | () | () |

Interview Questions
University of the Philippines Manila

THESIS TOPIC:

Perceived Effects of the Equitable-PCI Bank
Merger on Corporate Public Image
And Customer Satisfaction

THESIS QUESTION:

How did the recent Equitable-PCI Bank merger affect its corporate public image and customer satisfaction level?

QUESTIONS:

Equitable-PCI Bank Corporate Communication (Merger Integration Team)

1. What was your reaction to the news of the merger?
2. How did the team handle the news?
3. What were the strategies employed by the team to inform the public about the news of the merger?
4. What are the specific media used for the dissemination of information about the merger?
5. Do you think they were effective?
6. How are you able to gauge this?
7. What is the new image projected by the Bank?
8. How are you able to convey this to the corporate public?
9. What are the strategies employed by the Bank to inform the clients of its new image, management and vision? Are they similar to the ones used for the team?
10. Do you get feedback about your efforts? How?
11. Have you received complaints about the merger or the new integrated Bank? Elaborate.

12. What perceptions do you think does the clients have of the Bank now?
13. Do you think the merger reinforced or worsened the relationship of the Bank to the client? Elaborate.
14. Do you think you were able to successfully convey the new image of the Bank to its clients? Explain.
15. Are there any new plans or strategies your team seeks to employ for better client reception?

Equitable-PCI Bank employee

1. What was your reaction to the news of the merger?
2. Do you think it affected the perception of the Bank's clientele? How?
3. Did you receive any inquiries about the merger?
4. How did you handle these inquiries?
5. What were the effects of the merger on its clients?
6. Do you think that this merger was good or bad for the Bank? Explain.
7. What do you think is the image of the Bank now?
8. What perceptions do you think does the clients have of the Bank now?
9. Do you think the merger reinforced or worsened the relationship of the Bank to the client? Elaborate.
10. What kind of feedback do you usually get from the clients of the Bank? Elaborate.

College of Arts and Sciences
UNIVERSITY OF THE PHILIPPINES MANILA
P Faura St., Ermita, 1000 Manila

01 January 2000

Ms. Leila Dumlao
Branch Manager
Equitable PCI Bank
Escolta Branch

Dear Madam:

I am a 4th year, BA Organizational Communication student of the University of the Philippines Manila. I am currently conducting an undergraduate thesis about the Perceived Effects of Equitable PCI Bank Merger on Corporate Public Image and Customer Satisfaction Level.

Our thesis adviser requires us to conduct a one-on-one interview with people with direct relation to our topic. Being an employee of Equitable PCI Bank and the nature of your work as a Branch Manager reinforces your importance in my study. Any information you can share about the merger and Equitable PCI Bank's new image will of great help to my study.

I am hoping for your kind consideration on this matter. Any time to conduct the interview at your convenience will be greatly appreciated. I have attached a copy of the questions I will be tackling during the interview to give you an idea of the nature of my study.

Thank you very much for your time and help.

Sincerely yours,

Rizza Acuña

TRANSCRIPTIONS OF INTERVIEW

Maritess Bautista
Assistant Vice- President
Business Development Systems

Equitable-PCI Bank employee

1. What was your reaction to the news of the merger?

I felt sad that PCI Bank will “die” as an entity, which has its own corporate identity and personality. It has always been an independent organization with its own set of values and vision but will now be drastically changed to conform to a new organization.

2. Do you think it affected the perception of the Bank’s clientele? How?

Yes, some viewed it as a very sudden move. People reacted by asking; “How come?” most of our clients were very surprised as we employees were because it was totally unexpected.

3. Did you receive any inquiries about the merger?

Yes, many

4. How did you handle these inquiries?

I am an “incurable optimist”, so I ensure that I give very positive responses.

5. What were the effects of the merger on its clients?

Over all, the former PCI Bank clients remained. They had some qualms about the changes but we tried to assure them that no changes in the service offered to them will be done. We tried to assure them of the safety of their money.

6. Do you think that this merger was good or bad for the Bank? Explain.

Generally, it was good, especially for the ex- Equitable Bank employees, which rose becoming the third largest bank in the country in view of the merger. This also meant that their clientele became bigger. The only hitch here is that PCI Bank

was the bigger organization and it was the one acquired so this means we have to change our system and adopt the system of the buying organization.

7. What do you think is the image of the Bank now?

Very good. It was of course "tarnished" for some time because of the very negative publicities about the management conflict that came out in the newspapers. Another thing that had a great effect was the Impeachment Trail, but Equitable PCI Bank is fast recovering from this.

8. What perceptions do you think does the clients have of the Bank now?

Very good and positive. It would be right to note that an organizational change of this proportion is hard to handle but our bank is coping and adapting very well with as little operation interruptions as much as possible.

9. Do you think the merger reinforced or worsened the relationship of the Bank to the client? Elaborate.

Reinforced. The merged bank now offers a wide range of merged products and services to both bank clienteles'. Banking is also made convenient to the clients because we now have a wider scope nationwide seeing that both banks' branches are integrated together.

10. What kind of feedback do you usually get from the clients of the Bank? Elaborate.

It varies really. Mostly, we still get questions why a merger was necessary but the most prevalent one is on just how to go about their basic banking transaction. Since, it hasn't changed that much except for the new account numbers, operation is going as smoothly as can be expected.

TRANSCRIPTION OF INTERVIEW

Leila Dumlao
Branch Manager
Escolta Branch

Equitable-PCI Bank Corporate Communication

1. What was your reaction to the news of the merger?

Shocked! Why Equitable Bank? there are other bigger banks to merge with.

2. How did the team handle the news?

Quite well for there were updates about the news. They provided little information so as not to keep the employees in the dark.

3. What were the strategies employed by the team to inform the public about the news of the merger?

They provided advertisements and printed materials for the employees.

4. What are the specific media used for the dissemination of information about the merger?

They used TV/ newspaper. (external) They used it extensively. The Merger Times was used internally.

5. Do you think they were effective?

Yes.

6. How are you able to gauge this?

I got it from different feed backs from the clients. They usually ask us about the news or whatever they have heard recently. Most of the clients were not scared nor panicky, just curios. They of course have the right to know any news about the developments of the merger that they can get.

7. What is the new image projected by the Bank?

The new image of Equitable PCI Bank is portrayed as a stronger financial institution.

8. How are you able to convey this to the corporate public?

The CorCom of Equitable PCI Bank produced very visible posters in the branches. They also produced memos and letters for the public.

9. What are the strategies employed by the Bank to inform the clients of its new image, management and vision? Are they similar to the ones used for the team?

Yes, they were very similar to the ones provided to the employees. They also provided videotapes for all the branches.

10. Do you get feedback about your efforts? How?

Yes, we get it from client comments, suggestions and feedback sheets we gave out to the customers.

11. Have you received complaints about the merger or the new integrated Bank?

Elaborate.

Not complaints but reactions. Clients have feelings that they just wanted to stay or stick to their old bank.

12. What perceptions do you think the clients have of the Bank now?

They perceive the bank as a little unstable because of the merger and the changes it will bring. They were concerned whether the bank was running out of funds etc.

13. Do you think you were able to successfully convey the new image of the Bank to its clients? Explain.

Yes, we had posters, video tapes and print ads.

14. Are there any new plans or strategies your team seeks to employ for better client reception?

None

Equitable-PCI Bank employee

1. What was your reaction to the news of the merger?

We were all shocked about the news. We had no idea that there were neither plans nor talks of a merger.

2. Do you think it affected the perception of the Bank's clientele? How?

Yes, because Equitable Bank was a smaller bank than PCI Bank was. customers began to think that there was really a problem with PCI Bank.

3. How did you handle customer inquiries?

We were provided with a guided Q&A contained the basic questions that customers will probably ask. This gave us information about the new systems and the integration steps, which will be undertaken, by the bank.

5. Do you think that this merger was good or bad for the Bank? Explain.

I think that the merger was good for the Bank because it strengthened our standing in a more globalized and highly competitive industry.

6. What do you think is the image of the Bank now?

A top-tier diversified financial services institution.

7. What perceptions do you think do the clients have of the Bank now?

We would like to think that they know that the Bank is a financially stable institution, which is one of the country's largest banks.

8. What kind of feedback do you usually get from the clients of the Bank? Elaborate.

Since we're with CorCom, we don't interact directly with clients. It is people from the branches who usually call us for additional information based on client concerns or inquiries. More often than not, their concerns are product- or systems-related so inquiries are usually coursed through the Merger Office.

TRANSCRIPTION OF INTERVIEW WITH A MEMEBER OF THE CORPORATE COMMUNICATION DEPARTMENT

Equitable PCI Bank Corporate Communication

1. What was your reaction to the news of the merger?

It was something that we expected because news had already been going around even before the official announcement came out. Speculations were more on who would buy us. When we found out it was Equitable, we felt relieved because there was a greater chance of retaining more PCIBankers because it was a smaller bank. If the buyer was BPI or Metrobank, the chances were much smaller.

2. How did the team handle the news?

Once we received the official announcement – which was as soon as the agreement was signed – we had to make sure that we fulfilled our role as Corporate Communications, which was to disseminate this information immediately. Fortunately, we were able to inform our employees nationwide even before the news hit the papers the following day.

3. What were the strategies employed by the team to inform the public about the news of the merger?

Based on the internal announcement we had prepared, we came out with a similar announcement for external release. More than announcing the merger, our main responsibility was advising PCIBank clients as well as the banking public general as to what will happen next. It was fortunate that merger teams were formed – consisting of key officers from both Equitable Bank and PCIBank – to address certain areas. A Corporate Communications team was formed to handle information dissemination.

4. What are the specific media used for the dissemination of information about the merger?

First of all, we came out with a letter from top management explaining the formation of these merger teams who will be tasked to look into their specific areas of

concern – e.g. corporate banking, commercial banking, human resources, technology, etc. We also came out with a newsletter solely for the purpose of disseminating merger information. This was issued every two weeks and contained profiles of certain officers of the merged institution as well as a Q&A portion. The Q&A portion featured common concerns of employees, which we answered. In succeeding issues, we requested employees to send us their questions/concerns and we tried our best to respond to them. Employees nationwide were also convened to watch a video of the Bank's officers addressing the most critical concerns such as job assignments, special retirement programs, and the like. We also had press releases that we issued to inform clients as well. These press releases, however, did not include confidential information that might be used by our competitors.

5. Do you think they were effective?

I would like to think so because what we wanted to avoid was the spreading of rumors that will not be good for the employees' morale.

6. How are you able to gauge this?

We sent feedback sheets to employees (enclosed in copies of "The Merger Times") selected at random to find out if we are able to address their concerns and if they had additional suggestions as to how we could be more effective. And their responses were very positive.

7. What is the image of the Bank?

We want to be known as an institution that has been further strengthened by the merger. One of the country's big three banks with one of the largest branch networks in the country. Our image can be gleaned from our vision: "To be a dominant domestic player in all major business lines and be a world-class financial services provider."

8. How are you able to convey this to the public?

Through advertising and press releases.

9. What are the strategies employed by the Bank to inform the clients of its new image, management, and vision? Are they similar to the ones used by the team?

For clients, we utilize letters from top management, press releases, and advertising. The media we used are different from what we used internally.

10. Do you get feedback about your efforts? Why?

Feedback is usually received from employees themselves who interact with the clients although we did not employ a formal system to get feedback. Of course feedback is always important because it helps us develop an appropriate communications program to respond to certain issues/concerns that clients may have.

11. Have you received complaints about the merger or the new integrated bank?

Elaborate.

Client concerns are normal, especially since certain changes had to be implemented. Fortunately, these have significantly decreased after the first few months.

12. What perceptions do you think do clients have of the Bank now?

We would like to think that they know that the Bank is a financially stable institution, which is one of the country's largest banks.

13. Do you think the merger reinforced or worsened the relationship of the Bank to its clients? Elaborate.

As with any changes, there were of course "growing" pains but we would like our clients to understand that everything is being undergone with them in mind – to give them a stronger bank with a better and more innovative array of services, enhanced technology and systems, and a wider network of branches. This is what we aimed to convey through the various media we used. We believe that the merger has strengthened the Bank's relationship with its clients.

14. Do you think you were able to successfully convey the new image of the Bank to its clients? Explain.

I think so, specially since our clients have stayed on with the merged institution. That speaks a lot about their trust and confidence in Equitable PCI Bank's strengths.

15. Are there any new plans or strategies your team seeks to employ for better client reception?

The role of the Communications Team was completed in September 1999, although as the merged Corporate Communications Group of the Bank, we continue to reinforce the strengths of Equitable PCI Bank through advertising and public relations.

Equitable PCI Bank employee:

1. What was your reaction to the news of the merger?

I was glad to find out it wasn't a bigger bank because that means I have more chances of keeping my job.

2. Do you think it affected the perception of the Bank's clientele? How?

Initially, it did specially since clients were concerned as to whether the merger will adversely affect them. But through our communication program, we were able to familiarize them with the strengths of the merged institution and make them realize that this is for the good of everyone.

3. Did you receive any inquiries about the merger?

Branch-based employees probably received inquiries and clarifications from clients. It was thus important for us to provide employees with standard replies to client concerns so that we are always consistent. From our end, inquiries were usually from the press and from employees requesting for additional information.

4. What were the effects of the merger on the clients?

With the merger, clients now have a much larger bank, with far greater resources, a wider branch network, more innovative services, and more state-of-the-art technology.