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Impact of Bank Merger of Corporation Bank in Union bank on Employees in Thane District

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KEYWORDS

Bank Merger, Corporation Bank, Union Bank, Employee, Thane.

ABSTRACT

Employee satisfaction and employee engagement in the banking sector are vital for fostering a productive and motivated workforce, which directly impacts customer service and organizational success. Employee satisfaction refers to how content employees are with their job roles, work environment, and compensation, influencing their overall morale and retention rates. In contrast, employee engagement measures the emotional commitment and involvement of employees in their work and the organization's goals. Engaged employees are more likely to go above and beyond their duties, driving innovation, efficiency, and customer satisfaction. In the competitive banking sector, high levels of employee satisfaction and engagement lead to lower turnover, enhanced performance, and a stronger organizational culture, ultimately contributing to better financial outcomes and customer loyalty. The merger of Corporation Bank into Union Bank has had a significant impact on employees in the Thane district, encompassing both opportunities and challenges. On the positive side, the consolidation has brought enhanced job security and career progression prospects due to the larger organizational structure and increased financial stability. Employees benefit from streamlined operations, improved technology, and a wider range of products and services, which can lead to professional growth and skill enhancement. However, the merger also presents challenges such as potential redundancies, role overlaps, and the need for adaptation to new corporate cultures and systems. These changes can create uncertainty and stress among employees, necessitating robust change management and communication strategies to ensure smooth transitions and maintain morale..

1. INTRODUCTION

A bank merger occurs when two or more banking institutions consolidate to form a single entity. This process is driven by various strategic objectives, such as enhancing financial stability, expanding market reach, and achieving economies of scale. By merging, banks can combine their resources, customer bases, and operational infrastructures, leading to improved efficiency and competitiveness. The merger process involves legal, financial, and operational integration, requiring meticulous planning and execution to align the merging entities' systems, cultures, and business practices.

The benefits of bank mergers include increased capital base, diversified risk, and enhanced customer service capabilities through a broader array of products and services. Additionally, merged banks often experience cost savings by eliminating redundancies and optimizing resource utilization. However, mergers can also pose significant challenges, such as cultural integration issues, potential layoffs, and the complexities of harmonizing different technological systems and processes. Effective communication, stakeholder engagement, and strategic change management are crucial for ensuring a successful merger and mitigating any adverse impacts on employees, customers, and the broader financial ecosystem

Corporation Bank and Its Merger with Union Bank of India:

Corporation Bank, established in 1906 and headquartered in Mangalore, was a significant public sector bank in India. Known for its extensive network and diverse range of banking services, Corporation Bank played a crucial role in the country's.

financial sector for over a century. It provided various banking products, including retail banking, corporate banking, and investment services, catering to a broad customer base across urban and rural areas.

In 2020, Corporation Bank was merged with Union Bank of India as part of the Indian government's initiative to consolidate public sector banks, aiming to create larger and more robust financial institutions. This merger was intended to enhance the operational efficiency, financial stability, and competitive edge of the banks involved. For employees, this merger brought a mix of opportunities and challenges. Positively, they could benefit from a more extensive organizational structure offering better career prospects, access to advanced training programs, and enhanced job security due to the merged entity's increased financial stability. However, they also faced the stress of adapting to new corporate cultures, potential role redundancies, and the need for retraining to align with the new systems and processes of Union Bank of India.

Impact on employees:

The merger of banks can have a significant impact on employees, bringing both positive changes and challenges. On the positive side, employees may experience enhanced career opportunities as the larger, merged organization offers access to a wider range of roles and responsibilities, potentially leading to more leadership positions and professional development opportunities. The increased financial stability of the merged entity can enhance job security, reducing the risk of layoffs during economic downturns. Employees can also benefit from advanced training programs and exposure to cutting-edge banking technologies, which can enhance their skills and career prospects. Additionally, working with a broader range of banking products and services can expand employees' expertise and improve their customer service abilities.

Moreover, the financial strength of the merged bank may lead to better compensation packages, including competitive salaries and enhanced benefits such as health insurance, retirement plans, and performance incentives. The merged entity's ability to offer improved benefits can contribute to a more stable and supportive work environment. However, it is also important to acknowledge the challenges that come with mergers, such as the need for employees to adapt to new corporate cultures, policies, and systems, which can create stress and uncertainty. Effective change management and clear communication are crucial in mitigating these challenges and ensuring that employees can fully benefit from the opportunities presented by the merger.

2. REVIEW OF LITERATURE:

Allen N. Berger, et.al (1999), In the research paper titled "The Consolidation of the Financial Services Industry: Causes, Consequences, and Implications for the Future". Berger et al. explored the causes and consequences of bank mergers, emphasizing the negative impacts on employees such as job displacement and reduced job security. They highlighted the challenges associated with organizational consolidation and suggested that effective change management strategies are crucial to mitigate adverse effects on employees during mergers.

Eric J. Frumin, (2002) In the research paper titled "Bank Mergers and Human Resources: Employment and Compensation Effects of the Fleet Bank of BankBoston Merger". Frumin examined the employment and compensation effects of a specific bank merger and found that while it resulted in job losses, remaining employees experienced wage increases and improved benefits. He emphasized the importance of considering both the positive and negative impacts on employees during mergers and suggested that proactive measures should be taken to address employee concerns.

Astrid Schornick and T. Berry Porter, (1999). In the research paper titled "Bank Mergers and Acquisitions: A Behavioral Theory of the Merger Phenomenon". Schornick and Porter proposed a behavioral theory to explain bank mergers, suggesting that the motivations behind mergers often overlooked the human aspect, leading to negative consequences for employees such as job insecurity and decreased morale. They emphasized the need for a more holistic approach to mergers that considers the impact on employees' well-being.

Sabine Urban and Steven R. Grenadier (2011). In the research paper titled "Information and Employee Evaluation: Evidence from a Randomized Intervention in Public Schools". Urban and Grenadier studied the impact of information provision on employee evaluation and emphasized the importance of transparent communication in mitigating negative impacts on employees during organizational changes. While not directly related to bank mergers, their findings underscored the significance of effective communication strategies in managing employee concerns during mergers.

Robert E. Hoyt and Larry D. Schall (1996). In the research paper titled "The Impact of Bank Mergers on Shareholder Wealth: Evidence from U.S. Banking Deregulation". Hoyt and Schall found that bank mergers positively impacted shareholder wealth but often resulted in job losses among employees due to redundancies. Their study highlighted the trade-off between shareholder value creation and employee welfare during mergers.

Ioannis Oikonomou, Chris Brooks, and Stephen Pavelin (2012). In the research paper titled "The Effects of Corporate Social Performance on the Cost of Corporate Debt and Credit Ratings". Oikonomou et al. suggested that positive corporate social performance could enhance employee morale and reduce turnover, potentially mitigating negative impacts of mergers on employees. While their study focused on a different context, their findings had implications for managing employee concerns during bank mergers.

Adriana B. Fernandez, Eet.al (2014). In the research paper titled "Flexibility Stigmatization in the Modern Workplace: A Research Agenda Guided by Stigma Consciousness Theory". Fernandez et al. explored the importance of addressing stigma associated with organizational changes, which could help mitigate adverse impacts on employees during mergers. Their research underscored the significance of promoting a supportive organizational culture to manage employee concerns effectively.

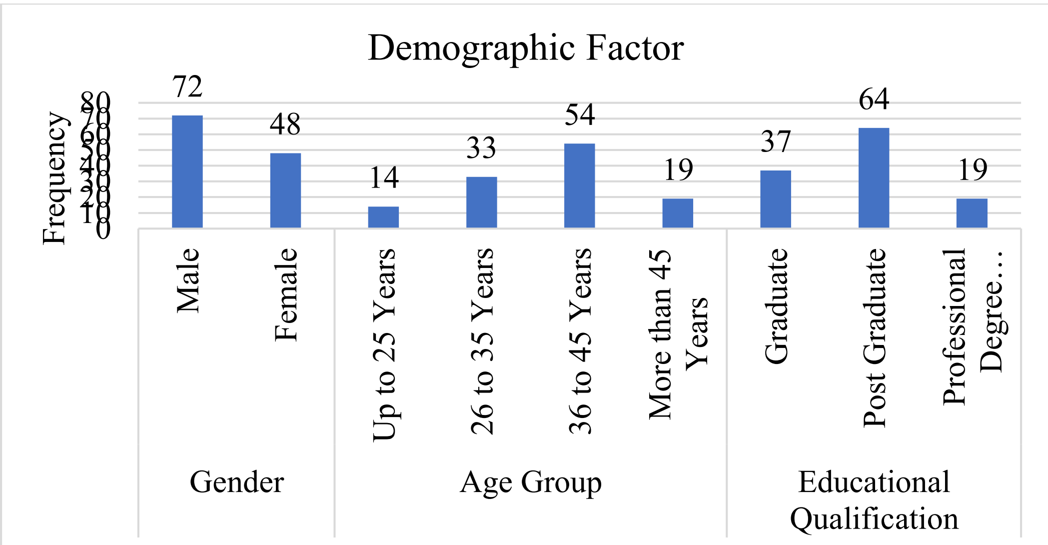
Ian C. MacMillan and Ian O. MacMillan (2002), In the research paper titled "Decisions by Boards of Directors in Corporate Acquisitions: Determinants and Consequences". MacMillan and MacMillan examined the decision-making process of boards of directors in corporate acquisitions and highlighted the importance of considering the impact on employees. They suggested that boards should prioritize employee welfare and implement measures to mitigate negative impacts during mergers.

Data Analysis:

The following table indicates the demographic Factor of the study:

Sr.no	Demographic factor	Category	Frequency	Percent
1	Gender	Male	72	60.0
		Female	48	40.0
2	Age Group	Up to 25 Years	14	11.7
		26 to 35 Years	33	27.5
		36 to 45 Years	54	45.0
		More than 45 Years	19	15.8
3	Educational Qualification	Graduate	37	30.8
		Post Graduate	64	53.3
		Professional Degree (MBA/CA/CS)	19	15.8

The demographic breakdown of this dataset reveals a predominance of males over females, with 72 males compared to 48 females. In terms of age groups, the majority falls within the 36 to 45 years bracket, comprising 54 respondents, followed by those aged 26 to 35 years (33 respondents). Educational attainment is varied, with post-graduates being the most common (64 respondents), followed by graduates (37 respondents), and a smaller group holding professional degrees such as MBA/CA/CS (19 respondents). Overall, this dataset portrays a diverse demographic profile with significant representation across age groups and educational qualifications, indicating potential insights into various segments of the population.



The table below indicates the monetary satisfaction factor:

Sr.no	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9.1	There is change in my salary	11	6	36	49	18
9.2	There is change in incentives	0	17	40	47	16
9.3	There is change in retirement benefits	3	18	35	43	21

Above question is rated as follows:

Strongly Disagree =1

Disagree = 2

Neutral = 3

Agree = 4

Strongly Agree = 5

Using above responses, mean score of Monetary Satisfaction is obtained using formula given below.

Mean score of Monetary Satisfaction = $\frac{\boldsymbol{Totalscoreof\ rating\ of\ respondent(for\ 3\ statements)} \times 100}{\boldsymbol{Maximum\ rating}(15)}$

Using above formula mean scores are obtained for each respondent and also for all 120 respondents. Descriptive statistics is as follows:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Monetary Satisfaction	120	33	100	70.00	15.914
Valid N (listwise)	120				

Above table indicate that mean score of Monetary Satisfaction is 70.00 per cent with standard deviation 15.91, suggesting moderate variation in the responses.

The table below indicates the Communication and Work Culture Factor:

Sr. No.	Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
12.1	I was communicated about the merger	5	18	27	46	24
12.2	Communication was factual, timely, and accurate	10	13	21	44	32
12.3	There is a sense of team building	4	8	20	37	51
12.4	I have a good relationship with the branch manager and colleagues	2	9	21	50	38
12.5	Work culture is the same and adaptive	3	14	31	49	23

Above question is rated as follows:

Strongly Disagree =1

Disagree = 2

Neutral = 3

Agree = 4

Strongly Agree = 5

Using above responses, mean score of Communication and Work Culture is obtained using formula given below.

Mean score of Communication and Work Culture = $\frac{\textbf{Totalscoreof rating of respondent(for 5 statements)} \times 100}{\textbf{Maximum rating}(25)}$

Using above formula mean scores are obtained for each respondent and also for all 120 respondents. Descriptive statistics is as follows:

Descriptive Statistics					
	N	Minimum	Maximum	Mean	Std. Deviation
Communication and Work Culture	120	48	100	75.07	10.624
Valid N (listwise)	120				

Above table indicate that mean score of Communication and Work Culture is 75.07 per cent with standard deviation 10.62, suggesting moderate variation in the responses.

Objective-1: To study the satisfaction of monetary benefits of employees of corporation bank after mergering with Union Bank.

Null Hypothesis H_{01}: There is no change in satisfaction of monetary benefits of employees of corporation bank after mergering with Union Bank.

Alternate Hypothesis H_{11}: There is a change in satisfaction of monetary benefits of employees of corporation bank after mergering with Union Bank.

To study the above null hypothesis, one Sample T-test is applied and results are as follows:

One-Sample Test				
	Test Value = 60			
	t	df	P-value	Mean Difference
Monetary Satisfaction	6.883	119	.000	10.000

Interpretation: Above table indicate that p-value is 0.000. It is Less than 0.05. Hence, one Sample T-test is rejected. Therefore, Null hypothesis is rejected and alternate is accepted.

Conclusion: There is a change in satisfaction of monetary benefits of employees of corporation bank after mergering with Union Bank.

Findings: To understand the findings of hypothesis, mean score are obtained and presented in the following table.

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Monetary Satisfaction	120	70.00	15.914	1.453

The average monetary satisfaction score among the 120 respondents surveyed is 70.00, indicating a moderate level of contentment with their financial circumstances. This score suggests that while there might be room for improvement, the majority of respondents likely feel reasonably satisfied with their current monetary situation.

Objective-2: To study the satisfaction of Communication and Work Culture of employees of corporation bank after mergering with Union Bank.

Null Hypothesis H_{02}: There is no change in satisfaction of Communication and Work Culture of employees of corporation bank after mergering with Union Bank.

Alternate Hypothesis H_{12}: There is a change in satisfaction of Communication and Work Culture of employees of corporation bank after mergering with Union Bank.

To study the above null hypothesis, one Sample T-test is applied and results are as follows

One-Sample Test				
	Test Value = 60			
	t	df	Sig. (2-tailed)	Mean Difference
Communication and Work Culture	15.535	119	.000	15.067

Interpretation: Above table indicate that p-value is 0.000. It is Less than 0.05. Hence, one Sample T-test is rejected. Therefore, Null hypothesis is rejected and alternate is accepted.

Conclusion: There is a change in satisfaction of Communication and Work Culture of employees of corporation bank after mergering with Union Bank.

Findings: To understand the findings of hypothesis, mean score are obtained and presented in the following table.

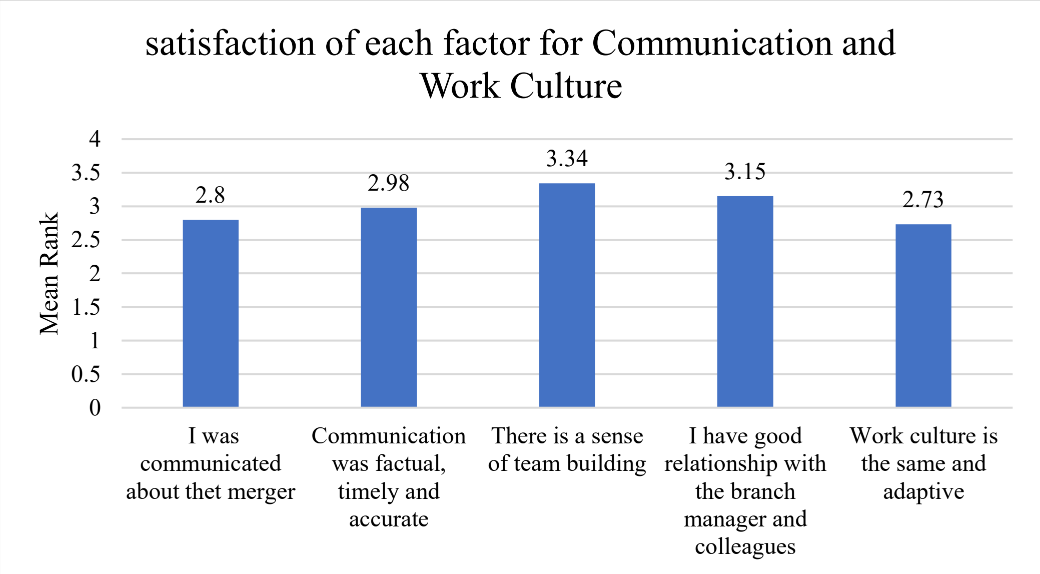
One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Communication and Work Culture	120	75.07	10.624	.970

The mean score for Communication and Work Culture among the 120 individuals surveyed is 75.07, indicating a generally positive perception of communication practices and the prevailing work culture within their organization. This score suggests that respondents likely perceive effective communication channels and a supportive work environment, fostering collaboration, engagement, and overall satisfaction among employees.

To understand the satisfaction of each factor for Communication and Work Culture following table is dervied.

Ranks	
	Mean Rank
I was communicated about thet merger	2.80
Communication was factual, timely and accurate	2.98
There is a sense of team building	3.34
I have good relationship with the branch manager and colleagues	3.15
Work culture is the same and adaptive	2.73

Based on the mean rank values provided, it appears that "Work culture is the same and adaptive" received the lowest mean rank of 2.73, indicating it was ranked highest among the statements, implying that respondents perceived the organization's work culture as consistent and flexible. Following closely behind is "I was communicated about the merger" with a mean rank of 2.80, suggesting that communication about the merger was relatively well-received. "Communication was factual, timely, and accurate" garnered a mean rank of 2.98, reflecting its perceived effectiveness but slightly lower than the previous statements. "I have a good relationship with the branch manager and colleagues" received a mean rank of 3.15, indicating a positive but slightly lower-ranking perception compared to the preceding statements. Lastly, "There is a sense of team building" obtained the highest mean rank of 3.34, suggesting it was perceived as relatively less prominent compared to the other aspects evaluated. Overall, these mean rank values provide insights into how respondents prioritize and perceive various elements related to communication and work culture within their organization.



3. CONCLUSION:

The analysis of employee satisfaction post-merger between Corporation Bank and Union Bank reveals significant shifts in both monetary benefits and communication/work culture perceptions. The findings indicate a notable increase in satisfaction levels for both aspects, suggesting a positive impact of the merger. Employees exhibit heightened contentment with their monetary benefits, reflecting a favorable adjustment to the new organizational structure. Additionally, the perceived improvements in communication effectiveness and supportive work culture signify successful integration efforts, fostering collaboration and engagement among employees. These results underscore the merger's overall positive influence on employee satisfaction and organizational culture, highlighting its potential for long-term success.

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