

## FACTORS ASSOCIATED WITH JOB SATISFACTION AMONG BANK EMPLOYEES, POST-MERGER

<sup>1</sup>**JAHADHIYA FIRDAUSI M** (Reg No: 21113111272007), Full time Ph.D Research Scholar, Department of Commerce, Nesamony Memorial Christian College, Marthandam, Kanyakumari District, (Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli 627 012, Tamil Nadu, India), Email id:firdausijahadhiya@gmail.com

<sup>2</sup>**Dr. P.V LAL WILSON**, (Supervisor), Head and Associate Professor, Department of Commerce, Nesamony Memorial Christian College, Marthandam, Kanyakumari District (Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli 627 012, Tamil Nadu, India).

<sup>3</sup>**Dr. AMUTHA G WILLIAMS** (Co-Supervisor), Assistant Professor, Department of Management Studies, MSU Constituent College, Kanyakumari, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli 627 012, Tamil Nadu, India).

### Abstract

With the rapid advancement in technology and increased competition between corporations, Mergers and Acquisitions (M&A) become the immediate and wisest choice to get into new markets. This approach is employed by corporations with the intention to extend their business into a new domain and overcome an unrealizable state. Banks being the strong foundation of our economy, are constantly encouraged to merge to expand globally which will benefit the country economically. Currently, the Indian banking industry is considered to be growing rapidly altering itself into a dynamic industry. This sector has witnessed a new dimension through mergers and acquisitions enabling banks to attain a high ranking, giving huge recognition to the shareholders. The SBI Merger with its associates on April 1, 2017, was one such example. The foremost challenge for the management is regarding the human resource of the Organization. It is very important to understand the people-related issues in connection with the merger. This study aims to throw light on the employee perception on factors affecting job satisfaction level, post-merger. The research methodology is descriptive in nature and purely dependent on secondary sources such as books, e-books, journals, etc.

The study recommends having a high degree of integration as the banks experience differences in culture due to the merger.

**Keywords:** Job satisfaction, Merger, Factors.

## **Introduction**

As far as an Organization is concerned, a merger is regarded as a phenomenological and significant event. Its relevance lies in the fact that how people cope with and respond to the changes caused by the merger has a direct impact on Organizational performance. It is important to understand the employee perceptions of relevant work constructs within these organizations. The majority of merger studies have put down their focal point on economic and political unreliability and the least attention was given to the people dimension during the course of transformation. The human capital is neglected and left out and many studies have proved that M&As have an adverse impact on employee behaviour.

Several studies have been carried out to understand employee reactions, post-merger. It is evident that employee motivation and employee productivity are positively linked and help to preserve employee morale, which is inevitable for the growth of an Organization.

## **The Objective of the Study**

The main objective of the study is to examine the factors associated with Job Satisfaction among bank employees, post-merger.

## **Need of the Study**

The Merger in the Banking Sector is likely to alter the Organizational climate and it will definitely affect the satisfaction level of employees. Many Merger-related studies focused only on costs and efficiency and data on staff perception is limited. When a Merger is announced, a situation of disturbance is created among employees. It may be due to the fear of job loss or clashes of corporate culture. This may affect Individual as well as Organizational Performance. It is very important to understand various challenges associated with the Merger and assist employees physically as well as emotionally. For this, factors associated with employee satisfaction level must be examined thoroughly and proper measures should be taken to facilitate the change process. This Paper aims to explore the factors affecting employee job satisfaction levels, post-merger.

## Statement of the Problem

The Indian financial sector has witnessed a huge growth in the number of financial institutions by adopting an economic liberalization regulation. Nevertheless, the unusual rise in the Banking and Financial Institutions has brought out several financial challenges. To overcome these challenges, Merging turns out to be a good option. However, many Mergers failed as they gave more preference to financial and technical aspects and totally ignored the people-related issues associated with it. Hence, it is significant to focus on the human side associated with M&As to reduce the risk of failure rates. This gave a spark to conduct a study on Employee Perception regarding Job Satisfaction post-merger.

## Research Methodology

The Research Methodology adopted in this study is Descriptive in nature. For collecting data, secondary sources such as websites, books, research papers, journals, etc. are referred.

## Literature Review

Sekaran, U. (1989) investigated the impact of factors such as job involvement and sense of competence on the job satisfaction level of bank employees at the workplace. A sample of 267 bank employees was taken. The findings proved that job, personal, and organizational climate factors influenced the job involvement of people in their jobs significantly and this in turn has influenced the sense of competence. All these had a direct impact on employee job satisfaction levels.

Covin et al. (1996) studied post-acquisition attitudes & behaviours and analysed the impact of merger satisfaction on attitudinal and behavioural outcomes. A sample of 2,845 employees in a division of a large manufacturing company was taken and the results indicated that there exists significant differences in merger satisfaction, both within and between acquiring firm and acquired firm employees. It was observed that employee satisfaction, post-merger was found to be strongly associated with various attitudinal as well as demographic variables such as satisfaction with supervision, career future and company identification, communication with top management, turnover intent, union status, etc.

According to Pilloff, the value gains claimed after the merger had not been confirmed. No significant gain in value or improvement in performance was noted due to the merger

activity. Another significant finding was that the market was not able to predict accurately the success of mergers (Steven J, 1996)

According to Covin et al. (1997), leadership style does not influence employee satisfaction in the post-merger phase. It is highly important to provide proper and frequent information to their employees from the management side.

Zhu et al. (2004) investigated relationships among dimensions of information adequacy and job satisfaction in a new entity created through the acquisition of one Chinese Internet company by another one. Findings showed that information adequacy is not always positively related to employee job satisfaction. The study recommends that information should be communicated to employees only when it is properly designed. Communication during the merger needs to vary in its openness based on the nature of the information to be communicated, the firm's goals, needs and concerns of the employees, and most importantly, different needs and expectations of acquiring as well as acquired company employees.

Amiot et al. (2006) tested the utility of a stress and coping model of employee adjustment with respect to a merger. A sample of 220 employees was taken and Structural equation modelling was used for the analysis. Findings have shown that problem-focused coping predicted higher levels of job satisfaction and identification with the merged firm, whereas avoidance coping predicted lower identification.

Martin, A., & Roodt, G. (2008) investigated how people cope with and react to a Merger which has a direct impact on Organizational performance. A predictive model of turnover intentions was developed for South African tertiary institution employees who have experienced the Merger. A structural equation modelling and step-wise linear regression was used and the results indicated 47% of the variance in turnover intentions. It was found that commitment does not correlate more strongly than satisfaction does with turnover intentions.

Hunjra, A. I et al. (2010) studied the impact of various HRM practices like leadership behaviour, job autonomy, and teamwork environment on job satisfaction. This study tried to evaluate the level of difference in job satisfaction levels among male and female employees. 450 employees were taken as the sample size and the data was collected through the questionnaire. Independent sample T-test, Correlation and regression analysis were used for the data analysis and the study concluded that there exists a positive and significant link between job satisfaction and leadership behaviour, teamwork environment, and job

autonomy. It was found that male and female workers have significantly different levels of job satisfaction.

Khalid, S., & Irshad, M. Z. (2010) examined the job satisfaction level of bank employees in Punjab province. They identified five components of job satisfaction such as pay, promotion, work, salary, and recognition. A structured questionnaire survey was used to collect the data and the results revealed that employees of private banks were more satisfied with pay, recognition, and working hours than public sector bank employees. The public sector employees were more satisfied with job security than private sector bank employees.

The study which was based on 45 banks, consisting of foreign, public, and private sector banks in India, revealed the fact that the share of the top 5 players got consumed by the next 15 players. The main benefits that resulted from Merger included diversification of loan portfolio, reduction in the cost of funds and wide expansion of services available to the customers. The study pointed out that the least priority was given to employee welfare, incentives, and career opportunities. The research recommends putting more focus on people-related issues related to the Merger (Prajapati, 2010)

Goyal, K. A., & Joshi, V. (2011) studied the motives of banks for M&A in the Indian banking industry. A sample of 17 bank mergers was taken. The study was conducted on the basis of the number of branches, merger benefits and geographical penetration in the market. The article pointed out various HR issues associated with the merger in addition to financial aspects.

A case study of banking employees in Pakistan who have experienced the Merger disclosed that the motivation level was not up to their expectations. They opined that they had strong job insecurity. However, the results were better in the case of employees who had only post-merger experience (Muhammad Naveed, 2011)

Saeed, R. et al. (2013) conducted a study to analyse the satisfaction level of employees in various telecom companies in Pakistan. The results showed that employee relations, efficiency, salary, and fringe supervision are the most important factors influencing job satisfaction. The data was collected through close-ended questionnaires and 200 telecom sector employees were taken as the sample size. Correlation and multiple regression were used for data analysis. The study concluded that the overall job satisfaction of the employees in the telecom sector in Pakistan is at a positive level. This study mainly focussed on

investigating the impact of factors such as job security, working conditions, fairness, pay and promotion, relationships with co-workers and supervisors on job satisfaction.

Saleem, S. et al. (2013) identified the factors affecting the job satisfaction of employees of the banking industry at Bahawalpur. The study analysed the impact of the nature of work, recruitment & selection procedures, job stress, organizational policy & strategy, personality and communication on employee job satisfaction. A questionnaire on a 4-point Likert scale was used for data collection and linear regression and correlation were used for data analysis. The results showed that Organizational policy and strategy, recruitment & selection procedures, and nature of work have a significant and strong impact on employee job satisfaction.

Pan, B et al. (2015) examined the level of job satisfaction among university teachers and studied the associated factors. A cross-sectional study was conducted among 1500 teachers from six universities in Shenyang, China. The data was collected using the Minnesota Satisfaction Questionnaire (MSQ). Hierarchical linear regression analyses were made use of to analyse the related factors. The results showed that turnover intention, chronic diseases, and occupational stress had negative impacts on job satisfaction. Perceived organizational support, psychological capital, and higher monthly income were the factors that were positively associated with job satisfaction levels. Age was also linked to the level of job satisfaction. The study concluded that Chinese university teachers had a moderate level of job satisfaction.

Akhimien & Kadiri (2017) recommended a fair pay system in the organizations. They opined that an equitable promotion policy should be made which has the potential to boost employee engagement thereby creating and maintaining a peaceful organizational culture.

Yu, X et al. (2020) conducted research on frontline medical staff in China to investigate the factors influencing job satisfaction. A sample of 455 medical staff who worked at the frontline, designated with the prevention and control of COVID-19 in Hubei province was taken. The data was collected using a self-developed general information questionnaire as well as the Minnesota Satisfaction Questionnaire (MSQ) during the time period, January 10- March 10, 2020. Education, Years of work experience, form of participation, and daily sleep duration. The study concluded that the job satisfaction level of frontline medical staff was at a “relatively decent” level higher than the previous similar measures taken among medical staff.

Bhardwaj, A., Mishra, S., & Jain, T. K. (2021) investigated various factors influencing employee job satisfaction. The study was performed in various commercial banks, including private and public banks in Rajasthan. The findings showed that there exists a positive correlation between job satisfaction and remuneration, job security, promotion opportunities, and good employee relations. It was found that the majority of bank employees in the banking sector are satisfied with the work culture. However, salaries and timings remain to be a major concern for them.

Shrestha, E et al. (2021) tried to explore post-merger employee satisfaction of commercial banks in Nepal. A sample of 310 commercial banks was taken and the results showed that employees were moderately satisfied, post-merger. Lack of effective communication was found to be the major challenge faced by the employees. The study recommended implementation of training and development opportunities to cope with the challenges arising from post-merger activities. It was pointed out that banks should identify employee needs and provides an environment where they can work flexibly and comfortably.

Raj, P., & Pathak, P. (2022) investigated the effects of the merger and acquisition process on the job satisfaction level of bank employees in the Patna district of Bihar. A sample of 100 bank employees aged between 25 to 50 years was taken and the data analysis was done with the help of statistical techniques like t-test, mean, and SD. The findings showed that there exist significant differences in job satisfaction levels among Erstwhile and Acquisition Bank Employees. Moreover, the satisfaction level differs among officers and clerks belonging to the same bank.

### **Factors associated with Job Satisfaction among employees**

There are so many factors associated with employee satisfaction at the workplace. How employees feel they are valued and treated by others is one among the dominant variables that affects how happy and content they are at workplace. They feel respected and valued when they are appreciated for their work and their rewards seem fair.

It is very important to ensure employee participation in decision making. This gives them more power, making them happier and satisfied. Working environment should be made more constructive, providing more opportunities to grow and develop. Moreover, the Management should project a supportive attitude so that employees feel more encouraged.

Factors which contribute employee satisfaction level at workplace Employee satisfaction can be put into two different groups.

### A) Variables of the organization

Employees spend the majority of their waking hours at work and it is found that Organizational elements influence the satisfaction level significantly. Some of the relevant variables are:

- **Satisfaction with the company:** Employees should be satisfied with the company where they work and this will be reflected in their commitment and loyalty towards the company.
- **Pay and benefits:** Fair compensation policy should be maintained in the Organization. This will help to attract and retain talented employees.
- **Nature of Work:** It is an essential aspect of employment for organisations as it can affect directly affect the productivity and job satisfaction. This in turn can determine the success of individuals and organisations.
- **Work Environment and Conditions:** Employees feel motivated when they work in a safe and comfortable work environment. The work environment impacts mental as well as physical health which in turn affects the employee performance. Hence creating a positive work environment is critical to a company's success.
- **Job Content:** A job should have elements like recognition, advancement, responsibility, achievement, etc. This will make the jobs interesting and employees will be more involved in their jobs.
- **Promotional opportunities:** It is important to provide opportunities for growth and advancement in career. It promises higher status, more money, more responsibility, more power, and more freedom.
- **Work Group:** The work groups have a significant impact on how happy employees perform at the workplace. The social interactions at work boost the happiness and teamwork which have the potential to enhance the productivity level.
- **Leadership Styles:** The leadership style followed in the Organization has a significant impact on employees. When leaders encourage friendship, and respect, employees will be more motivated and productive.



- **Methods of Communication:** It is important to have a transparent and open communication policy at workplace. This will help employees to understand what others expect out of them.

## B) Personal Variables

The individual factors of employees also have a significant role in making an employee motivated so that he could perform his job efficiently. Some of the relevant factors mentioned below.

- **Personality:** Personality is the sum total of individual traits which is a combination of a person's attitude, belief, values, etc. All these characteristics can significantly contribute to a person's level of happiness as well as satisfaction.
- **Age:** Age also matters in determining the satisfaction level of an individual. Usually younger employees are more enthusiastic and energetic and they seem to happier with their jobs.
- **Education:** Education or the academic qualification helps an employee to become wiser and better at judging things. They can get hold of any situation in a better way and can respond logically and appropriately.
- **Gender differences:** Many studies have proved that there is a significant difference in the satisfaction level based on the gender.

## Post-merger Employee Satisfaction

Post-merger employee satisfaction can be demonstrated in terms of five dimensions such as autonomy, extrinsic rewards, development, supervisory support, and affinity.

- **Extrinsic Rewards:** Extrinsic rewards refer to financial or tangible rewards made available to employees, such as bonuses, pay raises, and benefits. These rewards are controlled by people externally. These rewards play a significant role in making an employee satisfied with his work.
- **Supervisory Support:** It refers to the help and assistance that people receive from their supervisors. This helps the employee to work with confidence, resulting in better productivity.
- **Autonomy:** It grants employees a great deal of freedom to make choices at the workplace. So an employee can decide the best way to achieve the goal which is a great source of job satisfaction.

- **Affinity:** Employees having similar backgrounds or interests form an affinity group and they can have a powerful influence in the workplace. This concept exhibits the understanding and co-ordination existing among employees.
- **Development:** This relates to career development opportunities provided to employees in the organizations. This is highly important to keep employees satisfied as well as motivated. , skill enhancement, growth, and development are all in all

M&As create new positions and opportunities and employees have to cope with the new scenario. It is very significant to ensure the existence of above mentioned dimensions so that employees maintain their satisfaction level. This will facilitate the improvement of individual and Organisational effectiveness.

Due to the Merger activity, HR managers in both acquiring as well as acquired firms face greater challenges. Maintaining employee satisfaction is inevitable for any Organization as it is the core way to retain the goodwill and image of the firm. There are several ways to enhance employee satisfaction and make them committed to the organization post-merger.

When employees are satisfied, they will work effectively in the organization. The most important step that should be taken by the Management is to provide proper training and development opportunities. There should be fair career development opportunities. The organization should have a flexible culture and effective communication between employees and management must be ensured.

### Conclusion

M&A is a key alternative that an organization can make use of in a serious commercial market. It assists organizations in maintaining a competitive position in the market and a widespread client base. Post-merger, it is very important to ensure employee happiness which is the key to getting them to work well in an Organization. Though HR managers face more challenges with respect to M&A, the top priority must be given to people-related issues associated with the merger. It is very important to identify the factors associated with post-merger employee satisfaction and take appropriate measures to cope with the changed scenario. For that, employees need to be given proper communication. Moreover, they need to be involved in the change process. This initiative will maintain employee motivation, which would reflect in the productivity of an employee.

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