Impact of Mergers on Employee Job Satisfaction: A study on Commercial Banks of India

Hargun Sahni
Research Scholar,
Department of Commerce and Business Administration,
University of Allahabad
h.sahni1996@gmail.com

Dr. Hariom Gupta
Assistant Professor,
Department of Commerce and Business Administration,
University of Allahabad

Abstract

In corporate world the merger is treated as the amalgation of two or more companies for their mutual benefits. It is defined as the strategic tool for reforming of companies that formulate as a new entity in market for the purpose of adapting new competitive environment. This study was done to examine how employee satisfaction post-merger affects their commitment to the company and their plans to leave. So, the objective of this paper is to look into how happy employees are in commercial banks of India after a merger. 100 employees of commercial banks that had just merged were used as a sample. Most of the people who replied were happy with their jobs after the merger. So, the study comes to the conclusion that banks should figure out what their employees need and give them a good place to work.

Keywords : Satisfaction, Mergers, Commercial Banks, Employees

Introduction

Employee Satisfaction

"Employee satisfaction" means how employees feel about whether or not their needs are being met at work. Most of the time, an employee's feelings of satisfaction are based on how happy they think they are in general. If a worker is happy all day, they are more likely to be happy with their job overall. Employees who are only happy part of the day may also feel happy if they have had bad experiences with other employers.[1]

As a whole, satisfaction can be measured for an organization, a department, or even a team. Most of the time, you can't tell how happy an employee is because it's too subjective and biased. In general, if an employer wants to make the workplace more satisfying, they should focus on group efforts.

The HR field uses the broad term "employee satisfaction" to talk about how happy or content employees are with things like their jobs, their employee experience, and the companies they work for. One important way to figure out how healthy an organization is as a whole is to look at how happy its employees are. This is why many companies do regular surveys to find out how happy their employees are and how their happiness has changed over time. If the satisfaction level is high, it means that employees are happy with how their boss treats them.[2]

People often use the terms "employee satisfaction" and "employee engagement" interchangeably. However, they are not the same thing. Engagement is one factor that affects overall satisfaction, and the same could be said about the other way around. Satisfaction is important for keeping employees, but it doesn't always predict performance. On the other hand, engagement, which shows, among other things, how passionate an employee is about their job, is directly linked to output. In an ideal world, satisfaction would come from both concrete things like pay and benefits and less obvious things like engagement, recognition, and strong leadership. If a company doesn't address both sides of the equation, they may end up with a team of complacent workers who are happy to do just enough to keep their jobs, or they may have a staff of highly engaged workers who do good work while they look for new opportunities at companies that are more willing or able to meet their material needs.

Importance:

People are very good at making changes when things get hard. If your workers don't like what they do, they will probably look for other jobs. In the worst cases, some employees may also adapt by sabotaging your progress or even committing fraud. When a lot of workers are unhappy, they could start a union or all quit at once to start their own business.[3]

Extreme actions are rare when people are very unhappy, but even moderate levels of dissatisfaction could cost your company a lot of money. If someone doesn't like their job, they won't work as hard at it. Most importantly, unhappy employees almost never have new ideas. When everyone in your company is happy, on the other hand, they will be more likely to go out of their way to help.

Factors for Satisfaction

There are many things that can change how happy your workers are with their jobs. How employees feel they are treated is one of the most important things that affects how happy they are at work. When employees are praised for their work and their pay matches how well they do their job, they feel respected.[4]

Many companies that want to make their employees happier focus on giving their employees more power. Most decisions have to be made by management, but employees will feel better about their jobs if they have a certain amount of freedom. Other things that can make the work environment more satisfying are company activities, chances to move up, and a good attitude from management.

Determinants of Employee Satisfaction

Employee satisfaction is hard to define because it depends on a lot of different things. There are a number of things that affect how happy employees are with their jobs. These things can be put into two different groups.[5]

A) Variables of the organization:

A very significant part of the equation is played by the aspects of the workplace that contribute to an employee's level of contentment. Because people spend the majority of their waking hours at work, there are a variety of organizational elements that influence the degree to which workers feel satisfied with their jobs. It is possible for organizations to become better places to work for their employees by better organizing and managing the variables that make up the organization.

- Satisfaction with the company as a whole: Employees should be happy with the company as a great place to work.
- Pay and benefits: This is the most important factor in whether or not an employee is happy. Compensation is the amount of pay a worker expects to get from their job.
- Nature of Work: The nature of the work has a big effect on how happy employees are with their jobs.
- Work Environment and Conditions: When employees feel safe, comfortable, and motivated at work, they are highly motivated to do a good job. On the other hand, bad working conditions make people worry about their health.
- Job Content: This refers to things like recognition, responsibility, advancement, achievement, etc. Employees are happier with their jobs when they do a

variety of tasks and don't have to do the same thing over and over again. Unhappiness at work comes from having a job with bad tasks.

- Job satisfaction: Job satisfaction is how happy or unhappy an employee is with his or her job.
- Organizational Level: Jobs at higher levels are seen as important, respected, and a chance to be in charge of yourself. The people who work at higher-level jobs are happier with their jobs than the people who work at lower-level jobs.
- Chances to get promoted: Getting promoted can be seen as a big accomplishment in life. It promises and gives more money, more responsibility, more power, more freedom, and a higher status. So, the chances for employees to move up determine how happy they are with their jobs.
- Work Group: It's natural for people to want to interact with other people, so it's not unusual for organizations to have groups. Because of this trait, people tend to work together in groups at the office. Isolated workers dislike their jobs. The work groups have a big effect on how happy employees are with their jobs. A lot of what makes a person happy is how he or she gets along with the other people in the group, how the group works, how well the group sticks together, and how much the person needs to belong.
- Leadership Styles: The way people are led at work can affect how happy they are there. A democratic way of running a business makes employees much happier. Because democratic leaders encourage friendship, respect, and warmth among their workers. On the other hand, employees who work for leaders who are authoritarian or dictatorial are not happy with their jobs.[6]
- Methods of Communication: When employees are told about administrative policies and other important news, it makes them feel better about their jobs. How people choose to talk to each other is also very important. Some of the things that could be done are using an intranet, sending out monthly newsletters, holding weekly meetings, etc...[7]

B) Personal Variables:

The personal factors of employees also help a lot to keep them motivated and help them do their jobs well and efficiently.

- Personality: A person's personality can be figured out by looking at his or her psychological state. Perception, attitudes, and learning are the things that determine a person's level of happiness and mental health.
- Age: Age is an important factor in figuring out how happy an employee is. This is because employees who are younger and have more energy are likely to be happier with their jobs. As people get older, they want to do more and more. They are completely unhappy where they are because they can't find what they want.
- Education: Education is an important factor in employee satisfaction because it gives people a chance to grow as people. Education helps people become wiser and better at judging things. The highly educated workers can understand the situation and make a positive assessment of it because they are persistent, logical, and able to think.
- Differences between men and women: The gender and race of an employee are important factors in how happy they are with their job.

Mergers

- A merger is a deal between two companies that makes them into one new company. There are many different kinds of mergers, and companies merge for many different reasons. Mergers and acquisitions (M&A) are a common way for companies to grow, move into new markets, or gain market share. All of these things are done to boost the value for shareholders. During a merger, companies often have a "no-shop clause" that says other companies can't buy or merge with them.
- Mergers are a way for companies to reach more people, move into new markets, or get a bigger share of the market.
- A merger is when two companies that are roughly equal in size and value decide to join together to form a new legal entity.

Latest Mergers in Indian Banking Industry:

The Government of India has combined ten different public sector banks into just four. This mega-merger was announced in 2019 by Nirmala Sitharaman, who is the Minister of Finance for the Union. However, in its circular issued at the end of March, the RBI recommended that they consolidate their operations in preparation for the new fiscal year (1st April 2020). The minister of finance stated that the merger would assist in making more efficient use of the available capital. The number of nonperforming loans held by each PSB and the location of those loans played a role in the decision to merge the institutions.

There are currently 12 banks that are part of the country's public sector in India, including the State Bank of India (SBI) and the Bank of Baroda (BoB). This will result in the establishment of seven large public banks in addition to five smaller ones. In 2017, there were a maximum of 27 public service commissions.

Additionally, it is essential to take into account that the government invested more than Rs. 55,000 crores in the capital of public sector banks (PSBs). The intention behind the decision made by the government to reduce the number of Public Sector Banks from 21 to 12 is to make room for three or four banks of a global scale.

In addition, customers of the banks that are merging, including depositors, will be treated the same as customers of the banks that have taken over the merging banks after the merger takes place.

i. Punjab National Bank: As an anchor bank, Punjab National Bank (PNB) will take over the responsibilities previously held by both the Oriental Bank of Commerce and the United Bank of India. It will be the second-largest bank in the country after the State Bank of India (SBI), which has business worth more than Rs 52 lakh crore. The Punjab National Bank (PNB) has adopted a new logo as a result of its merger with the United Bank of India and OBC, which took effect on April 1. On the new logo, each of the three public sector lenders will have their own sign representing them.

ii. Canara Bank: Canara Bank has announced that it intends to acquire Syndicate Bank and therefore become the fourth largest public sector bank in the country. Following the merger, the combined company will have a value of 15.20 million billion rupees. Canara Bank would receive approximately Rs 6,500 crore in capital from the government if it maintains a gross NPA percentage that is 8.77 percent or lower.

iii. UBI: Andhra Bank and Corporation Bank will be taken over by Union Bank of India. It will be the fifth largest PSB after the merger. The new bank will have a business base of Rs. 14.59 lakh crore. The Net NPA ratio for Union Bank is 6.85%, which is high. The government will give Union Bank Rs 11,700 crore to help with the merger.

iv. Indian Bank: Indian Bank and Allahabad Bank will have a combined revenue of Rs 8.07 lakh crore. After the merger, it will be the seventh largest PSB in the country. At Indian Bank, the total amount of net non-performing loans was 3.75 percent. In order for the merger to take place, the government will provide the bank with a capital injection of Rs 2,500 crore.

Effects of the Mergers of PSU Banks

The merging of PSU banks has both good and bad points. From the move toward a merger, it's easy to figure out that staff and networks will be added. What else could happen as a result of the merger? Not sure? Let's look at what's below.

The Pros of Merging:

- If the acquirer banks had a lot of capital, they could lend a lot of money.
- The way services are given can get better.
- To cut down on the need for government reinvestment,
- Customers will be able to choose from a wide range of products, such as mutual funds and insurance, as well as the usual loans and deposits.
- Cards and other things are getting more technologically advanced.
- With less banks, the ministry can pay more attention to the ones it is in charge of.

Demerits of Merger:

- It would be hard to handle problems with human resources.
- Few large banks that work together can make the

economy as a whole more vulnerable to financial risks.

- Small banks won't make a big deal about being local.

Methodology

Research Approach

The quantitative approach is used in the study as part of a descriptive method. Descriptive studies try to collect data that can be used to measure something about a certain subject. The whole point of a descriptive method is to find "what," not "why or how." In the fields of Human Resource management, descriptive methodology is more often used. In these fields, it is also known as a "thumb rule."

Also, the goal of the research is to figure out satisfaction level of employee after merger in commercial banks of India. For this study, first-hand information was used. To get the quantitative data needed for the study, the main data was collected through Google forms. The information came from students, people with jobs, and people looking for work.

So, it makes sense that a descriptive method is the best way to go about this study.

Instrument Development

A Google form was passed around to collect the information. The questionnaire was well-made, and a five-point Likert scale was used to figure out satisfaction level of employee after merger in commercial banks of India. With the help of a five-point Likert scale, the respondents came up with different values. This study is based on a mix of open-ended and multiple-choice questions.

Research Questions

The following research questions were formed to serve the research objective:

Do merger effect employees confidence?

Do merger effect employees the will to persist with present employer?

Do merger effect employees enthusiasm to come forward for innovative assignment?

Do merger effect employees professional happiness when introduced to new reforms, company policies and working circumstance?

Sampling Design

In this project we have used convenience sampling. This type sampling is needed when we have limited time to conduct a study. 100 people were asked to take part in this study.

Since the test heavily depended on answers that had not been changed or manipulated, convenience sampling was the most legitimate method that could be used.

The information was gathered using Google forms, and 100 answers were gathered between March and April of 2022.

Tools of Analysis

In order to analyses the primary data form substantial coherent results, the following test were conducted on IBM SPSS software.

Test 1- ANOVA test was conducted keeping all the variables in consideration.

Test 2- Pearson Chi-Square is used for hypothesis testing.

ANALYSIS

Using descriptive analysis, the collected data were then analyzed. The main goal of this study's analysis is to come up with an employee satisfaction index, find out what challenges and barriers employees face after a merger or acquisition, and find the right way for managers to improve employee satisfaction after a merger in commercial banks in India. The goal of this study is to find out how happy employees are with their jobs after the merger.

Statistics Relating to Socio-demography

A socio-demographic statistic will typically focus on the personal characteristics of the people being surveyed, such as their age, gender, educational level, and amount of professional experience. A survey questionnaire was given to 100 people. The information can be found in table 1. There were a total of 44% percent women and 56% men that responded to the survey. The proportion of men and women working in the banks demonstrates that mens are more in numbers in the banks as compared to female employees. The fact that the majority of respondents (72 percent) are between the age range of 36-40 years demonstrates that a sizeable number of young people, regardless of gender. It was observed that 12% respondents are 12th pass, 22% of the respondents are graduates and 66% of the respondents are post graduates.

Variables	Number	Percentage
Sex		
Male	56	56%
Female	44	44%
Age		
20-35	13	13%
36-40	72	72%
Above 40 years	15	15%
Education		
12^{th} Pass	12	12%
Graduation	22	22%
Post Graduates	66	66%
Work Experience		
0-3 Years	17	17%
4-8 Years	28	28%
More than 8 Years	55	55%

Working experience shows how knowledgeable, skilled, and able a person is in a certain field. It gives a general idea of how skilled employees are and what they learn from their jobs. Most of the people who answered the survey (110%) had worked for more than 8 years in the banking industry.

Employee Satisfaction After a Merger: This section shows how employee satisfaction after a merger is affected by five factors, such as rewards, support, individual freedom, interaction with co-workers, and development.

ANOVA test was conducted keeping all the variables in consideration.

Model Summary				
Model	**R**	**R Square**	**Adjusted R Square**	**Std. Error of the Estimate**
1	.984[a]	.968	.966	.183
a. Predictors: (Constant), Rewards,Support,Individual freedom, Interaction with Co-workers, Development.				

ANOVA[a]					
Model		**Sum of Squares**	**df**	**Mean Square**	**Sig.**
1	Regression	95.591	5	19.118	.000[b]
	Residual	3.159	94	.034	
	Total	98.750	99		
a. Dependent Variable: Employee Satisfaction					
a. Predictors: (Constant), Rewards,Support,Individual freedom, Interaction with Co-workers, Development.					

Coefficients [a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.041	.073		-.563	.574
	Rewards	.237	.061	.303	3.910	.000
	Support	-.098	.060	-.116	-1.633	.106
	Individual freedom	.748	.076	.727	9.867	.000
	Interaction with Co-workers	.055	.069	.046	.803	.424
	Development.	.092	.057	.045	1.602	.113
a. Dependent Variable: Employee Satisfaction						

Hypothesis

In this paper only one hypothesis, is considered that how much employee satisfaction depend on gender, which is mentioned below and other:

Null Hypothesis : There is no significant relationship between gender and employee satisfaction after merger in banking industry

Alternate Hypothesis: There is a significant relationship between gender and employee satisfaction after merger in banking industry

Chi-Square Tests					
	Value	df	Asymptotic Significance (2-sided)	Exact Sig. (2-sided)	Exact Sig. (1-sided)
Pearson Chi-Square	5.133[a]	1	.023		
Continuity Correction[b]	3.901	1	.048		
Likelihood Ratio	4.772	1	.029		
Fisher's Exact Test				.039	.027
Linear-by-Linear Association	5.082	1	.024		
N of Valid Cases	100				
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.10.					
b. Computed only for a 2x2 table					

Interpretation

After merger, when employee gets equal rights, distribution of rewards are same irrespective of gender, friendly working conditions, more flexible schedule all these leads to higher job satisfaction. Considering the analysis done in table, it is found that calculated value of Chi Square is more than the table value of Chi Square from this it can be interpreted that our null hypothesis is rejected. Hence we can say that there is a significant relationship between gender and employee satisfaction after merger in banking industry.

Conclusion

After a merger or acquisition, there are different ways to make employees happier and make sure they know everything about the banks. Employee happiness is the key to getting them to work well in an organization. So, making sure employees are happy is the most important thing a manager can do. Human resource managers face more problems because of the merger. Keeping an organization in a good position comes down to keeping employees happy. Job satisfaction is one reason why people stay at their jobs for a long time. There are different problems that can come up when employees are happy, but some of them can be avoided and some can't. In this case, the answers of the respondents about how to deal with these kinds of problems were looked at to figure out why they couldn't be solved. But in this case, different people gave different ideas about how to make employees happier, so these ideas are only seen as realistic or useful to the organization. So, mergers and acquisitions are an important key option that banks can use to make big jumps in the serious business market. It can help businesses get a bigger share of the market and a wider range of customers. It can also help them get access to new ideas, products, and distribution channels. The study's main contribution is that it is the first study to use the satisfaction index to look at how mergers and acquisitions affect employee satisfaction. Even though a lot of work went into this study, there are still a few areas that need more research. This study only looks at how happy commercial and bank employees are with their jobs after merger. It was concluded that employees are happy with the merger and are satisfied with their jobs, supervision, support and co employees, and development in the banks after merger.

References:

- Hinduan, Z. R., Wilson‐Evered, E., Moss, S., & Scannell, E. (2009). Leadership, work outcomes and openness to change following an Indonesian bank merger. Asia Pacific Journal of Human Resources, 47(1), 59-78.
- Sanda, M. A., & Adjei-Benin, P. (2011). How is the firm dealing with the merger?: a study of employee satisfaction with the change process. Journal of Management and Strategy, 2(2), 28-37.
- Meral, Y., Yaşlıoğlu, M., & Semerciöz, F. (2016). Effects of trust on job satisfaction and mediatory role of new identification between trust and job satisfaction in mergers. International Journal of Managerial Studies and Research (IJMSR), 4(5), 54-67.
- Kyei-Poku, I. A., & Miller, D. (2013). Impact of employee merger satisfaction on organizational commitment and turnover intentions: A study of a Canadian financial institution. International Journal of Management, 30(4), 205.
- Osei-Bonsu, N. (2014). The impact of change management on job satisfaction of employees in Ghana's banking sector. Problems of Management in the 21st Century, 9(2), 140.
- Panchal, S., & Cartwright, S. (2001). Group differences in post‐merger stress. Journal of managerial Psychology.
- Joshi, V., & Goyal, K. A. (2015). An Empirical Case Study on Employees' Satisfaction after Merger in Selected Bank. Productivity, 55(4).
- Goyal, K. A., & Joshi, V. (2011). Mergers in banking industry of India: some emerging issues. Asian Journal of Business and Management Sciences, 1(2), 157-165.