

EMPLOYEES' ATTITUDE DURING TIMES OF PROPOSED MERGER (A CASE OF TWO BANKS MERGER IN PAKISTAN)

Waqar Akbar ^a, Sana Ejaz^b, Sana Riaz ^b, Kashif Arif ^c

^a Shaheed Zulfikar Ali Bhutto Institute of Science and Technology (SZABIST), Pakistan

^{bc} Mohammad Ali Jinnah University (MAJU), Pakistan

Corresponding email: waqar.akbar@szabist.edu.pk

Abstract

There has been a dramatic increment in the pace of change over the last few years. The satisfaction of the employee is the first priority of HRM whereas the company's annual productivity holds the secondary importance due to which this department is criticized. Since change management has no definite starts and ends, the organization faces the multifaceted challenges during the times of merger. The study intends to identify the employees' attitude during the times of proposed merger. The constructs to measure employees' attitude include: job satisfaction, uncertainty, commitment as independent variables and whereas change readiness was measured as dependent variable. The study is based on primary data constituted of a questionnaire. 5-point Likert scale is used to measure the perception of all employees who are considered applicable for a merger. To analyze the data, SPSS software has been used. Reliability and correlation tests are conducted before finding the impact of employees attitude on change readiness. A regression test is performed to find the effect of a merger on change readiness. The results reveal that uncertainty is statistically found to be insignificant with change readiness which indicates that employees are not fearful of being uncertain about changes happening due to merger. However, Job satisfaction and commitment has a positive significant impact on change readiness. The study is very useful for an organization while they are strategically planning for mergers and acquisition. The study is confined to employees' perspectives of banking sectors. Leadership perspective may have further insights for strategic direction for organization.

Keywords: Job Satisfaction, Uncertainty, Commitment and Change Readiness, Employees' Attitude, Merger.

1. Introduction

In last few decades, the researchers have been widely studying and found change readiness of organizational commitment and staff change readiness relates organizational change (Weiner, Amuck, & Lee, 2008). Acceptation to be inclined, cuddle and the adoption of a plan that knowingly change the status. Resistance to any change is used repeatedly when the reaction of employees are undesired and explain the behavior of employees resist the effort of change. During change, employees can easily experience that there is a link between their behavior and uncertainty. The focus of human perspective is highly emphasized on employee's behavior and mental situation during different processes of change (Saraland, 2010). Merger and acquisition can be seen highly stressful at all levels and also have posted negative impact on employees during this complex change processes of the organization. (Teerikangas, 2012).

Prior research shows that mergers have a significant effect on employee health therefore employees' consideration is required during the times of mergers (Kjekshus, et al., 2014). Organizational change is considered a main stressor through which workforce try to understand an event for the purpose of decrease their level of uncertainty. It is considered one of the most frequently happening psychological condition in the perspective of organizational change. For illustration, during a merger period, workforce may possibly experience uncertainty regarding the nature of the merged firm as well as the impact of the merger on their employment contract.

The term uncertainty has been recognized as a main effect of organizational change for the workforce, lack of understanding about the procedures by which workers deal with such perceptions are still there (James et.al; 2007). There are a number of research which state that workforce may experience uncertainty concerning the security of their place, and their expected tasks and duties (Bordia et al., 2004).

Strategic career development has also changed its meaning with the changing organizational affairs along with market turbulence. Under these frequent alterations, the notion of future planning is dependent on the competitive uncertainties (Hallgrímsson, 2008). Strategic change readiness has found the positive effect of worker commitment results in escalating their level of readiness to hold and adjust in changing environment much faster (Persson, 2014). Several research indicate that firm commitment plays a considerable part in employees accepting change at workplace (Armenakis et al., 2007; Holt et al., 2009). Kogetsidis (2012), states that commitment is a key feature for the accomplishment of any strategic alteration, which in turn, is determined by readiness. Ali (2010), reports that no firm is successful without their staff's commitment in a well competitive and universal atmosphere.

As we talk about readiness which enhances positive attitude and reduces discrepancy aims as point of understanding turn out to be higher, and in this manner, create workforce further committed on the way to change as well as making employees more flexible (Chatman and Spataro, 2005). The banking sector in Pakistan has also experienced several mergers with another banks in order increase its size and meet some regulatory requirements in last few years (Abbas, et al., 2014). However, this merger has created anxiety and uncertainty among the employees associated with banking industry. So, in the light of the above basis, this research encountered with the objectives to study the change in employees during the times of proposed merger and the ways that could help develop a better understanding of organizational change.

2. Literature Review

For the purpose of assisting manager the huge collection of literature on organization change is described that will give an initial point for those individual who wish to become known with the evidence.

2.2 Job Satisfaction

Job Satisfaction is defined as the emotional reaction towards the job, followed by an employee's job assessment about their own standards (Janssen 2001). Job-satisfaction portrays opinions, attitudes of a person concerning their employment (Chen, 2008). Obviously, alteration in one's job is possibly to have an impact on worker perceptions (Ang & Slaughter 2000).

The emotional correspondence of employees with its job is referred to as Job satisfaction, taking under its assessment, values and emotional orientation. The research paper titled as "Factors effecting employee job satisfaction of pharmaceutical sector" by Parvin & Kabir (2011), provides the frame study regarding employees' job satisfaction working in different pharmaceutical companies. It deals with the study of importance of satisfaction towards job and the effect of it

on working procedures. Also, it figures in the impact of gender difference, age, work experience and pharmaceutical type on the towards job satisfaction. The results also reveal that salary, efficient work, fringe supervision, and co-worker relation have positive effects on employees' job satisfaction.

2.3 Organizational Uncertainty

Not enough information or refusal of the information that is known or is yet to be known results in “uncertainties”. The unclear definition of terms and concept, the rough estimate of human and quantifiable errors are the main sources of “uncertainties”.

Wahlberg(2014), states in his work that the effect of merger and acquisition on employees were taken under smooth integration whereas the factor of uncertainties was considered progressively negative as per the case study on employee ambiguity in acquisitions which focused on the production and reduction of uncertainties acquired by the employees during acquisitions integration projects.

As defined by Dohmen, et al., (2011), uncertainty is correlated with the family's risks; the children's risk of future security paralleled with the parents. There is a comparative scale of preferences which is treated as the gold standard against other uncertainties measurements(Lönnqvist, et al., 2011).

The major problems have been identified and the experience have been studied and analyzed. In this respect, two projects of integration are still on-going at the time. The phase effecting employees of acquisition was mainly unclearness. The incused ratio of ambiguity among the employees has its negative effects. The source producing uncertainty has a major influence on the employee's (Abdellaoui et al., 2011).

2.4 Organizational Commitment

The employees own choices and the expectation that are correlated with the other and then along with its identification with its organization are collectively referred to as “organizational commitment”. The identity given to an employee by the organization is referred to as organizational commitment and this commitment is based on the what an employee chooses for itself and expects from others around him. The impact of the intensity of change and the justice in its implementation (strategic fairness, i.e. the response of the people who have been implemented with change think it to be in a just way or not). Their study also presented a contact effect in that employee differences in change-connected self-efficacy correlated with fluctuations of change setting , a context variable (i.e. other changes going along with it) to dominate change outcomes, for instance, the employees commitment with the change (Singh,2010)

The study of organizational commitment has started several decades before. The research of merger and acquisitions on the side of human resource influence the Human Resource “problem” related to integration, for instance, lack of motivation, less determination, low stress, low performance and determination, less satisfaction in work activities and with less efficiency, struggle for power and high turnover rate. Not only this, as per prior research organizational commitment is essential for individual retention, commitment to the implemented change and efficiency after merger and acquisitions. The structure that is provided here elaborates what dominates the commitment for the acquisitions and how we can build the acquirer of organizational commitment. The way of implementation merger and acquisitions study and practices are discussed here along with proposition number (Hassett, 2012).

The perception of employee is defined in Organizational commitment as the individual and organization relationship and the reflection of individual psychological status that shows

employee loyalty with the organization. Therefore, organizational commitment is related to individual sense of identification and also involves willingness, loyalty, generosity and proper involvement in organization and it is related to the affection of individual to the organization, employee's responsibility sense and benefits (Yamaguchi, 2013). Those workers who are more satisfied with the procedures and methodology and having complete knowledge are more committed towards the organization (Eslami & Gharakhani, 2012; Zopiatis et al. 2014).

2.5 Change Readiness

Researchers have defined the message of change (change creation strategy) based on 5 dimensions regarding change of the beliefs of individual, behavior and intentions (Stevens, 2013). The first message "Discrepancy" is on the top and it also includes a thorough evaluation process in the organization. However, the change is needed or not. For the future goals of organization establishment of a gap between today and what tomorrow organization wants to attain. The organization aimed to choose the true and right approach of change and it is Appropriateness, the 2nd message. The members of organization must have clear information and knowledge to answer the question such as is that change right for them? Then, the worth of change, which can be addressed the ability of recipient and the change agent to carry out the proposed change in the organization. Different issues of expertise and resources availability there as well. Principal support is the fourth important message which explains the degree of organizational top managements or leaders and the support of all employees during change. The last and the most important message is the Personal valence that relates to the individual perceived benefits at the time of initiated change within the organization. Professional lacking and the construction of the organization provide the understanding or the idea of readiness for the change. (Santhidran et al, 2013).

3. Methodology

The present study comprises of primary data using 5-point Likert scale questionnaire amongst workers of 2 banks where the merger was proposed (see table I) with the help of random sampling technique. The sample size is determined by applying formula:

$$\text{Sample Size} = (\text{Population}) / [1 + \text{Population} * (\text{Square of Error})]$$

The total- population of workers is 5,007, by adding this total in the above formula; we attain a sample size of 375 workers, at the margin error of 5% plus 95% confidence interval

Table1: Sample Size

Banks	Population	Sample Size
Summit Bank Ltd (SMBL)	2500	
Faysal Bank Ltd (FABL)	2507	
Total	5007	375

3.1 Theoretical Framework

The general theme behind this study is that Employee s (Independent variable) are affected by change Readiness (dependent Variable).

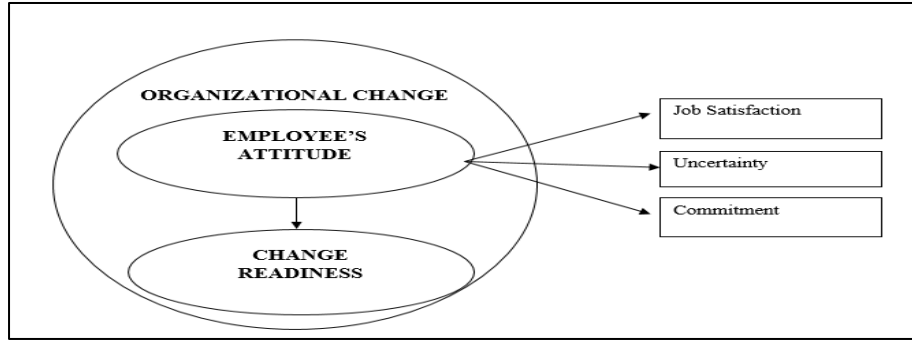


Figure 1: Theoretical Framework: Source: Hallgrímsson, T. (2008).

3.2 Hypothesis

The study was structured around 3 hypothesis paper.

H1: Employees that report high levels of job satisfaction report higher levels of change readiness, than those that report low levels of job satisfaction.

H2: Employees that report high levels of uncertainty report lower levels of change readiness, than those that report low level of uncertainty.

H3: Employees that report low levels of organizational commitment report higher levels of change readiness, than those that report high levels of organizational commitment.

4. Data Analysis

4.1 Reliability Analysis

Table 1: Reliability Statistics

Items	Cronbach's Alpha
Job Satisfaction	.759
Uncertainty	.834
Commitment	.770
Change readiness	.786

The above table illustrate that data is reliable because the Cronbach's values of all the variables are > .7, its represent that our respondents are consistent in their response for the purpose of carrying out this research.

4.2 Correlation Analysis

Table 2: Correlation Analysis: Change Readiness

Variable	Pearson Correlation (r)	Level of Significance
Job Satisfaction	.797	.000

Uncertainty	.072	.175
Commitment	.785	.000

The above table illustrate that the ‘change readiness’ has the highest strongest-positive relationship with job satisfaction i.e.; (.797**). Whereas it has a strong-positive correlation with further variables, likewise it has the 2nd highest correlation with ‘commitment’ (.785**). However, there is statistically significant relationship is observed with variable ‘uncertainty’ (.072).

4.3 Regression Analysis

The regression analysis was done by taking 2 variables instead of 3; job satisfaction and commitment excluding the variable uncertainty as it shows no correlation with change readiness.

Table 3: Regression Analysis

Independent Variables	Coefficients	t-stat	P-value
(Constant)	1.412	9.468	.000
JOB SATSIFACTION	.348	7.730	.000
COMMITMENT	.294	9.303	.000
R-square	0.709		
Adjusted R-Square	0.706		
F-statistics	286.298		

Dependent Variable: CHANGE READINESS

The above table interprets that, the value of ‘AdjR-Square (0.706) indicates 70% of dependent variable i.e.; change readiness can be explicated by 2 independent variables i.e.; commitment, and job satisfaction. The value of F Test is 286.298 shows, overall significances of the model to present among the studying variables. The above output illustrate that the t-value of variables commitment, job satisfaction performance has a significant relationship with change readiness as it shows t value >2.i.e; (9.303 & 7.730).

5. Discussion

The main purpose of this paper was to examine employees’ attitude during the times of a proposed merger. This was carried out by literature review and regression analysis. An essential variable of this course of action including three major construct of interest i.e; job-satisfaction, level of uncertainty, commitment along with change readiness and the relationship among these major constructs with change readiness was examined.

The first hypothesis of this paper H1 stated that: *workforce that report high levels of job-satisfaction which in turn report higher levels of change readiness, as compared to those report low levels of job-satisfaction.* The results of the variable job-satisfaction with change readiness report that it has a significant *or else +ve relationship (0.797)*. As levels of job satisfaction raises, the level of change readiness also raises. The result of this paper proposed that job-satisfaction does have a role for change readiness, so our H1 is supported.

The hypothesis H2 stated that: *workforce that report high levels of uncertainty which in turn report lower levels of change readiness, as compared to those report low level of uncertainty.*

The results of the variable uncertainty with change readiness report that it has an *insignificant relationship*(0.072). The result of this paper proposed that as uncertainty rises, the level of change readiness reduces, so our H2 is not supported.

On the other hand, our H3 stated that: *workforce that report low levels of commitment which in turn report higher levels of change readiness, as compared to those report high levels of commitment. The results of the variable uncertainty with change readiness report that it has a significant or else +ve relationship* (0.785). The result of this paper proposed that if the commitment rises, the level of change readiness also raises, hence our H2 is supported.

It has been found, that employees should have strength to admit the validity of change readiness, and it has become the most challenging part in organizational change. Change readiness is an important factor and completely irrelevant with the change scale. In change readiness, the focus must be on employees to have understanding to change initiatives rather than resistance.

During this research paper, the results have been found that in every organization, a complex undertaking is change, which involves individual, group and structural processes alteration. The processes of new works and the purposes of major discontinuation is the range that can define the rate of change. Sometimes, people argued that the imposition of change is usually on employees and they must accept these change and adjust accordingly without any objection. This is the alarming situation for top level management and they must be very sensitive in this case, as well as the organizational emotional state, all together as adapting of new structures and its implementation must communicate. The adaptation of new work structures may have been unfavorable, if the readiness for change is not foreseen, and resistance would be expected. Change readiness can be a severe threat for the organization with the change implementation if there is no any casual outlook. Change is important for continuous progress.

6. Conclusion

The objective of this research paper is to study the relationship between the will to transform and the consequences of organizational changes in the broader context during the merger. This entire research paper measures four areas of interest: contentment with the job, ambiguity, liability and change willingness.

The study has exposed the conclusion of a concise investigation of organizational change literature. When talking about the literature, there is a huge, as well as some extensively conflicting body of work, excluding a large number of common points that are considered worth importance. First of all, whilst change can be designed as well as initiated through managers, it is essential to identify that staff might perceive themselves to be functioning in a continuously changing settings. It does not indicate that it is not likely to initiate a planned of change, however it designate that it is essential to be attentive in front of what further changes are too taking place plus, admit the risk that any person set of changes might be inundated through the combination of other new changes taken into action.

A next key point rising from the investigation is that the literature is constant in demonstrating that change is not a solitary, continuously practice, other than slightly broken down into a number of diverse steps. Though the condition is more complex as a result of an awareness that still where staff be not individually resistant to change, a broad series of further reasons can put off the change from taking into action or else being continuous, moreover these also require to be taken into consideration. The collection and analysis of computable data in this research paper recommends that liability and contentment with job result in an increment of change willingness. On the other hand, ambiguity results in a decrease of change willingness.

Recommendations

The main purpose of this research paper is to provide the initial review and basic ground of literature review on change readiness and organizational change. However, the recommendations are specific and limited in terms of information. Comparatively, the literature review is limited, but there is a great debate and strong thoughts argues that it is not possible to provide basic advices which is non-contextual based. Even so, the managers advised to think about a preset organizational change program, would be more productive and familiar with the literature review and it would a focused guidance in more depth undoubtedly. In addition, it is very important for middle management to have a thorough study on different issues which will be facing their employees before any rational or continuous change. The literature review helps together such knowledge that can be seen in a separate process of consultation and types of engagements of work, as it should be proactive that the beginning of change process would effective and informs strategic planning accordingly. The belief of the author of this research paper is that if the middle management has an interest and is familiar with organizational change research with complete and clear information, realistic approach, depth knowledge of barriers and better facilitators for their employees would be ones who are most likely to reach that success point which is probably highly challenging for organizations while change process will go through.



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