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Effect of Job Satisfaction on Employee Retention in Banking Sector- A Case Study of ICICI Bank in Jaipur City

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ABSTRACT

Mergers and Acquisitions is one of the most conventional strategic instruments which are done through the permission taken from RBI and collaboration between Transferor & Transferee Company. Enormous investments should require but it pushes the wings of growth & development promptly and the investment decisions are mainly based on financial facets of company. Though merger & acquisition, company carries growth as well as inevitable challenges for Transferor and transferee Company. Such challenges may job satisfaction & retention factors, which directly affect the work force of the transformer company. It has been observed in case of ICICI Bank and the Bank of Rajasthan Ltd. merger, when all the bank employees of BoR disturbed. Therefore, the objective of this research paper is to recognize the most prominent factors job satisfaction & employee retention. The factors are divided into two heads i.e. job satisfaction factors and employee retention factors. For this purpose, a large sample of 100 BoR bank employees has been drawn from Jaipur city and the factor analysis has been performed. It has been found that cultural fit and HR policy framework are two prominent factors for high level of stress and dissatisfaction among bank employees. In the present research, my thought has provoked by observation that the employees of ICICI bank are not satisfied with the merger & acquisition. It is very serious matter as far as employees and the bank is concerned.

KEYWORDS: Merger & acquisition, job satisfaction, employee retention, stress, banking industry, Human resource management.

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1. INTRODUCTION:

Employees of the bank are supposed to proficient and proactive rather than reactive to abide duties and responsibilities to achieve not only personal goals but also for entire economy. Evolution & opportunity come in a diversity of technique, an inordinate deal of vitality and resources could be unexploited if an entrepreneur does not isolate these on time. The incredible instance for growing strategy is 'Merger & Acquisition' (M&A). In this scenario merger & acquisition (M&A) are most broadly used strategy by organisations to strengthen and sustain their position in the marketplace¹.

1.1. Conceptual Framework:

According to the media release from Reserve Bank of India (RBI) on August 12, 2010, all branches of Bank of Rajasthan Ltd. would purpose as branches of ICICI Bank Ltd. with effect from August 13, 2010. That was a consequent upon the RBI authorizing the Scheme of Amalgamation of Bank of Rajasthan Ltd. with ICICI Bank Ltd. the System has been sanctioned in exercise of the powers contained in sub-section (4) of section 44A of the Banking Bylaw Act, 1949.

1.1.1. Merger & Acquisition

Alliance of business entities is a universal phenomenon. One of the contrivances for integration is merger and acquisition. The expedition for evolution is a chief dynamic strength behind merger and acquisition. It is unavoidable for all the employees from the organisation decision, therefore employees are an inevitable part of the decision taken by the top management. In this research paper, researcher is studying the factor which determine the job satisfaction.²

It is evident to the latest past that merger and acquisition is well known strategic tool for bank in India. It is an end of the range of alternatives companies have in conjoining with both. It is the M&A that require a huge amount of investment, a greater amount of market diffusion, a good aggregate of profits, risks and control over assets³. It gives first-hand information about environmental changes.

Procedures for merger & acquisition of banking companies are clearly defined in section 44(A) of the Banking Regulation Act 1949. Conferring to the Act, a banking company will have to place a draft before its shareholders and the draft will have to be sanctioned by a resolution approved by preponderance in number, on behalf of two-thirds in value of the shareholders of each of the said companies, current whichever in person or by proxy at a meeting called for the purpose⁴.

1.1.2. Job Satisfaction:

The traditional model of job satisfaction focuses on all the feelings that an individual has about his/her job. However, what creates a job satisfying or dissatisfying does not depend only on the nature of the job, but also on the prospects that entities have of what their job should deliver. Satisfied employee is motivated to be more diligent, enthused, and devoted to their work.

1.1.3. Employee Retention

Employee retention denotes to strategies and practices that companies adopt to avoid that the leaving potential employees from their jobs. Retaining potential employees is one of the major problem that plague companies in the competitive marketplace. In this era, companies regularly discover that they occupy significant time, energy, and money to train an employee only for their development and will have converted into a valuable commodity. Building a successful company, employers should deliberate as much likelihood as possible when it comes to retaining employees, although at the same time obtaining their belief and loyalty so they have less of a desire to leave in the future⁵.

1.2. Historical Background:

1.2.1. ICICI Bank:

ICICI was designed in 1955 by the novelty of the World Bank, the Government of India and administrations of Indian industry. ICICI Bank was firstly stimulated in 1994 by ICICI Limited, an Indian economic institution, and was its wholly-owned subsidiary. ICICI's shareholding in ICICI Bank was dense to 46% through a public subscription of shares in India in fiscal 1998, an equity subscription in the method of ADRs listed on the NYSE in fiscal 2000, ICICI Bank's acquire Bank of Madura Limited in an all-stock amalgamation in fiscal 2001, and secondary market sales by ICICI to official stockholders in fiscal 2001 and fiscal 2002. The main objective of ICICI was to form a development financial institution for providing medium-term and long-term project financing to Indian businesses⁶. In the 1990s, ICICI renewed its business from a development financial institution contribution only project finance to a expanded financial services group offering a extensive diversity of products and services, both straight and through a number of affiliates and associates like ICICI Bank. In 1999, ICICI developed the first Indian company and the first bank or financial institution from non-Japan Asia to be listed on the NYSE⁷.

Shareholders of ICICI and ICICI Bank acceptable the merger in January 2002, thru the High Court of Gujarat in March 2002, and thru the High Court of Judicature and the Reserve Bank of India in April 2002. The table shows details of all the mergers and amalgamations done by ICICI Bank⁸.

1.2.2. Bank of Rajasthan:

The Bank of Rajasthan Ltd was recognized as Joint Stock Bank by Mansingka Brothers at Udaipur on 8th May, 1943. The bank served the Government of Rajasthan as schedule bank for more than 14 years starting from 1948. The creator Chairman of Bank of Rajasthan was an entrepreneur named late Seth ShriGovind Ram Seksaria who started the bank with primary investment of Rs. 10 Lacs. For over 67 years, the Bank of Rajasthan has assisted the nation's 24 states with 463 branches as a profitable and well-capitalized bank. It had a sturdy presence in Rajasthan with the branch grid of 294 that is 63% of the total branches of BoR with manpower strength for more than 4300⁹.

1.3. HR Issues Related to Merger & Acquisition:

Human capital has constantly a biggest challenge in any variations in internal & external atmosphere. It has also a major apprehension for the merging firms. The integration of human resource of both the entities set the route of evolution through synergy. Work culture has always diverse from organisation to organisation. Handling the revolution depends on the ability of the organisation and its problem solving approach.

In the merger of ICICI bank & BoR, the problem related to the distress in the mind of employees of being fired by the transferee bank should be considered as major challenge after merger. All the employees were in conflict of this merger. All the three foremost employee unions i.e. All India Bank of Rajasthan, All India Bank of Rajasthan Officers' Association and AkhilBhartiya Bank of Rajasthan KarmchariSangh, entitled the strike demanding the unexpected termination of the ICICI-BoR merger proposal. It is a very sturdy sensation of the behaviour of employees in the development strategy like mergers and acquisitions. At this interval, the biggest challenge for ICICI Bank Ltd. was to happenstance the agitation from the 4300 BoR employees. Now, meanwhile the merger has taken place the serious issue for discussion is the managing of Human Resources in the passage of Mergers and Acquisition¹⁰.

1.4. Merger & Acquisition by ICICI Bank

The Bank of Rajasthan Ltd. was integrated on May 7, 1943, as a company demarcated under the Companies Act, 1956 and has its enumerated office at Raj Bhawan, Clock Tower, Udaipur, Rajasthan. The BOR had a network of 463 branches and 111 automated teller machines (ATMs) as of March 31, 2009. The crucial objective of the transferor bank was banking business as a set out in its memorandum of association. The balance sheet of bank appearances that it had total asset of 173 billion, deposits of Rs. 150.62 billion as on March 2010. The profit & loss account of the bank shows net profit as Rs -1.02 billion as on March 2010, which shows the bank is not in good financial position.

ICICI bank ltd. merged the Bank of Rajasthan ltd. in direction to increase its influence in rural market and market share suggestively. The amalgamation of the Transferor Bank with the Transferee Bank was in harmony with the provisions of the Scheme articulated pursuant to Section 44A of the Banking Regulation Act, 1949, Reserve Bank of India's procedures for merger/amalgamation of private sector banks dated May 11, 2005, and in harmony with the valid provisions of the Companies Act, 1956, the Transferor Bank and the Transferee Bank and other valid provisions of laws.

Table 1 : Mergers by ICICI Bank Ltd. in India

S. No.	Mergers by ICICI Bank Ltd. in India	Year of Merger
1.	SCICI	1996
2.	ITC Classic Finance Ltd.	1997
3	Anagram Finance	1998
4.	Bank of Madura Ltd.	2001
5.	ICICI Personal Financial Services Ltd	2002
6.	ICICI Capital Services Ltd.	2002
7.	Standard Chartered Grindlays Bank	2002
8.	Sangli Bank Ltd.	2007
9.	The Bank of Rajasthan Ltd. (BoR)	2010

Source: - Goyal, K. A. and Joshi, V. (2011) Mergers in Banking Industry of India: Some Emerging Issues. *Asian Journal of Business and Management Sciences*, 1(2), 157-165.

2. OBJECTIVES OF THE STUDY

The study has been undertaken to contribute towards the following broad objectives.

1. To analyse the relation of job satisfaction & employee retention.
2. To assess the satisfaction level of employees prior & post-merger.
3. To know the various factors influencing the job satisfaction & employee retention.

3. HYPOTHESIS OF THE STUDY

The following hypothesis has been formulated & tested to draw the conclusion:

H₁: There is a significant difference between opinions of employees regarding effects of job satisfaction on employee retention of Bank of Rajasthan.

H₂: There is a significant association between the opinion of employees regarding job satisfaction & employee retention.

4. RESEARCH METHODOLOGY

This is a strategic move by ICICI Bank in Rajasthan, which has considerably developed the geographic network and market share in Rajasthan. But when the declaration about this merger, the employees' of erstwhile the Bank of Rajasthan Ltd got distraught. Then the problem ascends that the perception of bank employees about this merger. Are they satisfied or not? Therefore this challenge is made to study the impact of merger & acquisition on job satisfaction.

4.1. Sampling Distribution: Total 463 branches of BOR were operating across India before merger and out of this total 293 Branches were operating in Rajasthan. Out of these 293 branches, there were total 55 branches in Jaipur division and out of these total 37 branches were operating in Jaipur district. For our study purpose, we consider all the branches operated in of Jaipur city to determine our sampling frame. We employed Proportional Stratified Sampling method for sampling purpose.

4.2. Sample Size: For purpose of our study a sample of 100 bank employees from managerial and executive levels of ICICI Bank is drawn.

4.3. Data Type: Both primary and secondary data will be used.

4.4. Research Instrument: Schedules (structured) and personal interviews are used for primary data collection. We introduced 12 variables to frame questions and five point Likertscale is used for measuring attitude and satisfaction level of employees. To find the satisfaction level of employees, they were asked to rank their satisfaction level on the scale of 1-5, where 1 means highly dissatisfied & 5 means highly satisfied. The internal consistency has been checked with the help of Cronbach's Alpha and value obtained by using SPSS (student version 15.0) is 0.879 which is usually considered.

Table 2: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
0.879	0.837	10

Source: Primary Data Calculated through SPSS (Student Version 20.0)

4.5. Research Tool: Paired t-test, correlation and factor analysis is used with the help of SPSS (student version 15.0) to test the hypothesis, identification of factors and analysis the data. Formula of paired t-test used in this study:

$$t = \frac{\sum d}{\sqrt{\frac{n(\sum d^2) - (\sum d)^2}{n-1}}}$$

5. DATA ANALYSIS:

Table 3: Demographic details of Respondents:

Demographics		Frequency	Percentage
Gender	Male	78	78%
	Female	22	22%
	Total	100	100%
Age	18-25 years	00	00%
	26-35 years	16	16%
	36-45 years	28	28%
	46-55 years	28	28%
	55 years & above	28	28%

Source: Primary Data

Chart 1 Gender

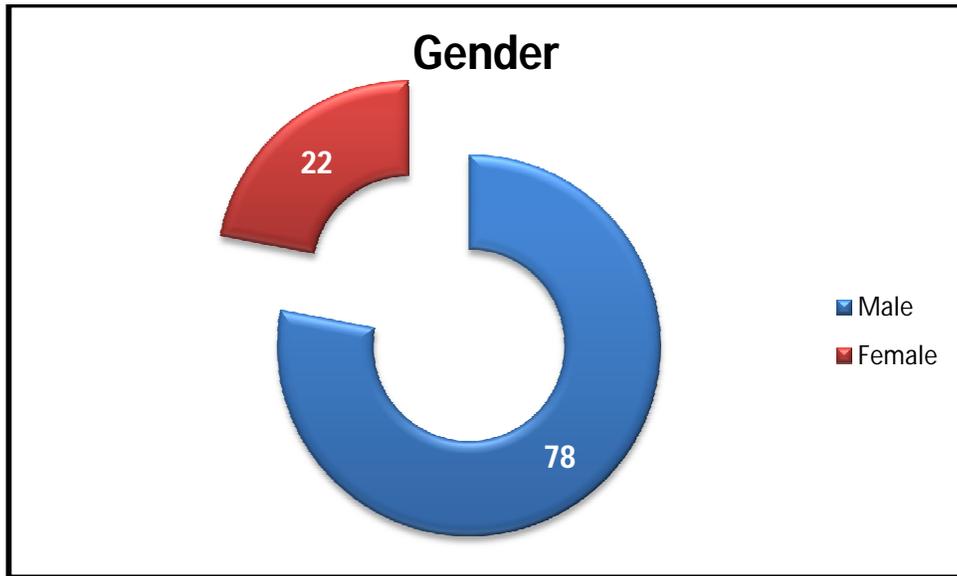
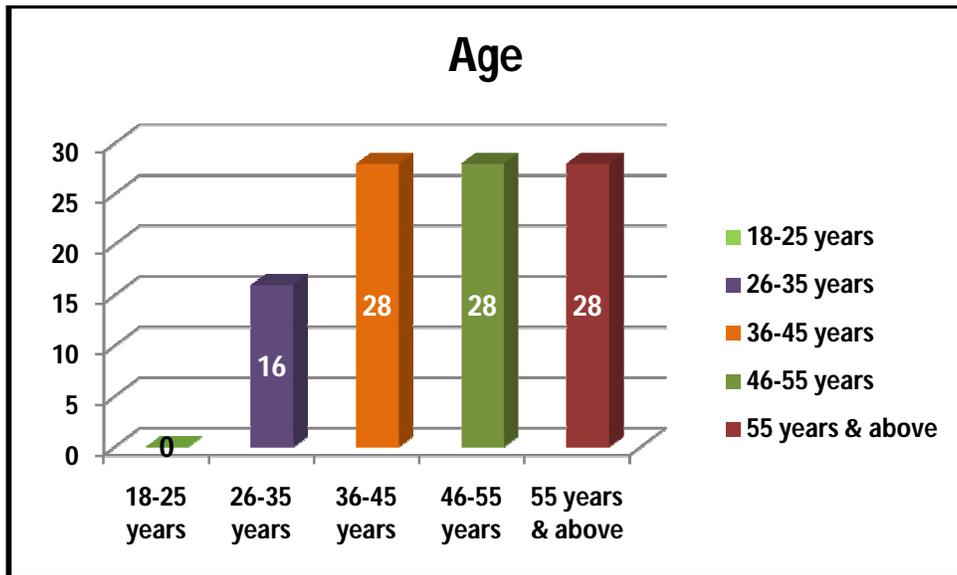


Chart 2 Age



Data Inference: It is evident from the above demographic details of respondent that research had tried to cover a broad demographic profile of bank employees as respondent. As in the current study the total sample size is n=100.

Table.4: Rank Analysis for Variables Selected for Study

S. No.	Variables	1 Highly Dissatisfied	2 Dissatisfied	3 Neutral	4 Satisfied	5 Highly Satisfied	Total	Mean	Weighted Mean	Rank
1	Work Environment	25	26	12	36	0	100	2.5960	17.140	8
2	Stress	8	38	11	40	2	100	2.8990	19.133	10
3	Employee welfare Amenities	2	4	20	62	11	100	3.7677	24.867	5
4	Training & Development	2	16	24	55	2	100	3.3939	22.400	6
5	Team Culture/ Peer Relation	2	8	11	61	17	100	3.8384	25.330	4
6	Rewards & Recognition	2	13	21	57	6	100	3.5254	21.670	7
7	Growth & Development	1	0	14	80	4	100	3.8687	25.530	3
8	Remuneration	2	56	19	22	0	100	2.6162	17.27	9
9	Retention Strategy	0	3	14	73	9	100	2.2626	25.67	2
10	Working Hours	0	54	34	8	3	100	3.8889	17.13	11
11	Satisfied with Merger & Acquisition	18	67	10	4	0	100	2.0000	13.200	12
12	Job Satisfaction Influence Retention &Attrition	0	4	5	75	15	100	4.0202	26.530	1

Source: Primary Data Calculated through SPSS (Student Version 20.0)

Data Inference: As we can see above table 6 it has been evaluated that the job satisfaction influence retention & attrition is the major factor which affects job satisfaction & retention strategy has been ranked first by the respondent. The next factor is retention strategy which is followed by the HRM strategy. The next factors have been ranked fourth & fifth are team culture/ peer relation, Employee welfare Amenities respectively. The next factors have been ranked sixth & seventh are Training & Development and rewards & recognition respectively. The factors have been eighth & ninth are Remuneration & Work Environment respectively; employees were not feeling comfortable and not satisfied with their current salary. The next further factors are Stress, Working Hours and dissatisfied with merger & acquisition respectively.

6. HYPOTHESIS TESTING:

6.1 One Sample t-test

H₀: There is no significant difference between opinions of employees regarding effects of job satisfaction on employee retention of Bank of Rajasthan.

Table 5: One Sample t-test

One-Sample Test				
Variables	Test Value = 3			
	t	df	Sig. (2-tailed)	Null Hypothesis Accepted/Rejected
Work Environment	-3.295	99	.001	Rejected
Stress	-.920	99	.360	Accepted
Employee welfare Amenities	9.790	99	.000	Rejected
Training & Development	4.585	99	.000	Rejected
Team Culture/ Peer Relation	9.509	99	.000	Rejected
Rewards &	5.987	99	.000	Rejected

Recognition				
Growth & Development	17.014	99	.000	Rejected
Remuneration	-4.474	99	.000	Rejected
Retention Strategy	15.065	99	.000	Rejected
Working Hours	-5.233	99	.000	Rejected
Satisfied with Merger & Acquisition	-14.849	99	.000	Rejected
Job Satisfaction Influence Retention & Attrition	16.758	99	.000	Rejected

Source: Primary Data Calculated through SPSS (Student Version 20.0)

Data Inference: Since sig. value is less than 0.5 in all nine variables, so the null hypothesis is rejected and it can be concluded that there is a significant difference between opinions of employees regarding effects of job satisfaction on employee retention. In case of Stress variable which has sig. value is .360, so the null hypothesis accepted and it can be concluded that there is no significant difference between opinions of employees regarding effects of job satisfaction on employee retention of Bank of Rajasthan.

6.2 Chi-Square as Test of Independence

H₀: There is no significant association between the opinion of employees regarding job satisfaction & employee retention.

Table 6: Chi-Square as Test of Independence:

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	43.538 ^a	9	.000
Likelihood Ratio	29.854	9	.000
Linear-by-Linear Association	2.864	1	.091
N of Valid Cases	99		
a. 12 cells (75.0%) have expected count less than 5. The minimum expected count is .09.			

Source: Primary Data Calculated through SPSS (Student Version 20.0)

Data Inference: From the above table it has concluded that the Pearson Chi-Square value is 43.538 and Asymp. Sig. (2-sided) is less than 0.05 so that the null hypothesis is rejected and it shows that there is a significant association between the opinion of employees regarding job satisfaction & employee retention.

6.3 Factor Analysis (Principal Component Analysis):

To test the adequacy Kaiser-Meyer-Olkin (KMO) measures strength of the relationship among variables. The KMO measures the sampling adequacy which should be greater than 0.5 for a satisfactory factor analysis and in present study KMO value is 0.657 which has considered. Moreover the overall significance of correlation matrices has been tested with Bartlett Test (approx. Chi-square = 357.025 and significant at 0.000) at 66 degree of freedom which provide well support for the validity of data for factor analysis.

Table 7: KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.657
Bartlett's Test of Sphericity	Approx. Chi-Square	357.025
	df	66
	Sig.	.000

Source: Primary Data Calculated through SPSS (Student Version 20.0)

Now, we can proceed with factor analysis and the result of 12 factors in table no. 6 shows that there are four key factors having Eigen values more than 1 and as per extraction sum of squared loadings, percentage variance explained by the these factors is 28.274, 16.643, 10.736 and 9.481 respectively.

Table 8: Total Variance Explained

Total Variance Explained									
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.393	28.274	28.274	3.393	28.274	28.274	2.389	19.908	19.908
2	1.997	16.643	44.917	1.997	16.643	44.917	2.306	19.214	39.122
3	1.288	10.736	55.653	1.288	10.736	55.653	1.812	15.096	54.218
4	1.138	9.481	65.135	1.138	9.481	65.135	1.310	10.916	65.135
5	.912	7.600	72.734						
6	.748	6.236	78.971						
7	.665	5.543	84.514						
8	.600	4.999	89.513						
9	.452	3.766	93.279						
10	.364	3.036	96.314						
11	.237	1.975	98.289						
12	.205	1.711	100.000						

Extraction Method: Principal Component Analysis.

Source: Primary Data Calculated through SPSS (Student Version 20.0)

From the below table - 9 it shows that rotation is to reduce the number factors on which the variables under investigation have high loadings. Working Hours and Satisfied with Merger & Acquisition are substantially loaded on Factor 4 Stress, Team Culture/Peer Relation & Remuneration are substantially loaded on Factor 3. Moreover, Employee Welfare and Training & Development are substantially loaded on Factor 2. All the remaining variables are substantially loaded on Factor 1. These factors can be used as variables for further analysis.

Table 9: Rotated Component Matrix

Rotated Component Matrix ^a				
	Component			
	1	2	3	4
Work Environment	.561			
Stress			.666	
Employee welfare Amenities		.762		
Training & Development		.787		
Team Culture/ Peer Relation			-.752	
Rewards & Recognition				
Growth & Development	.745			
Remuneration			.723	
Retention Strategy	.567	.561		
Working Hours				.747
Satisfied with Merger & Acquisition				.751
Job Satisfaction Influence Retention & Attrition	.819			
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.				
a. Rotation converged in 10 iterations.				

Source: Primary Data Calculated through SPSS (Student Version 20.0)

7. LIMITATION OF THE STUDY

- Sample may not represent the true population.
- Job satisfaction level may differ from person to person.
- Study may be absolute because of changing environment and needs.
- Employees were not cooperative.

8. SUGGESTIONS & RECOMMENDATIONS

- ICICI Bank should implement specific strategies for improving the work environment for Erstwhile Bank of Rajasthan employees' that they can do their job effectively.
- Employees are in stress and could not perform effectively their personal life. Bank should release the employees from pressure, overtime & anxiety that they can perform well.
- Recognition & appreciation is one of the major problem facing by the employees, supervisor should appreciate their subordinate for their performance as they motivate with recognition & appreciation for efficient performance.
- Salary is one of the key factor of dissatisfaction with job. So bank should give remuneration according to their efficiency and give extra remuneration for overtime.
- Team culture/peer relation is also influence the job dissatisfaction. So, there should be good relationship between boss & colleagues.
- Bank should adopt retention strategy so that to retain the potential employees.

9. CONCLUSION

As per the above discussion, we can draw the conclusion that mergers and acquisition is an continuing activity in the world of business. It is quite clear that small banks must be merged in large banks to protect the rights of consumers. Here, transferor and transferee banks create collaboration, customers also get benefits of the merger, but in some instances, employees do not get satisfaction in the transferee company. In this study, we have found that mergers and acquisition is the activity, which creates job dissatisfaction among employees. When the BoR was about to be merged in the ICICI bank all the employees were against this merger. As we found that post-merger, job satisfaction level is very low. The study reveals the impact of merger on job satisfaction, which is responsible for dissatisfaction among employees. The major factors are Salary, stress, recognition & appreciation, team culture/peer culture, working environment, remuneration which create dissatisfaction among employees.

Thus, we can say that the changes, which occur during the course of mergers and acquisitions, if not managed at the right time than the level of dissatisfaction can increase. To cope up with this situation banks must employ certain policy and strategy to overcome these sorts of problems in advance.

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