

Impact of Employee Satisfaction on Organizational Commitment after Mergers and Acquisition: A Case from Faysal Bank Limited (Pakistan)

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Keywords

Mergers and Acquisitions, Employee Satisfaction, Organizational Commitment, Royal Bank of Scotland, Faysal Bank and Pakistan.

Abstract

Purpose: The purpose of this paper is to investigate the impact of employee satisfaction on organizational commitment after a merger and acquisition of Royal Bank of Scotland with Faysal Bank in Pakistan.

Design/methodology/approach: A structured seven point likert scale questionnaire was developed and distributed to 250 employees of Faysal Bank which are at the various managerial posts in various branches located in Lahore. Out of 250 questionnaires 183 has been received and simultaneously tested. Different statistical tools like Pearson correlation, chi-square, Cronbach's alpha and multiple Ordinary Least Square regression was used to assess the relationships among the variables under investigation.

Findings: Findings of this study revealed that employee's satisfaction has positive and direct relationship with both types of affective and normative organizational commitment. These results indicated that with merger of Royal Bank of Scotland with Faysal Bank in Pakistan, top management has been changed and policies have been revised. New management might be in better condition and able to provide better job security, personal developmental and employee involvement opportunities and arrange regular all-hands meetings to **keep employees well informed**. All these steps of organizational leaders increase the employee satisfaction which in turns leads to enhance the affective commitment and normative commitment. One of the main reasons behind this is the change of top management with this merger.

Research limitations: Data was collected only from those branches that located in the Lahore (second most populated city of Pakistan). Research studies in the future could consider and collect data from other branches of Faysal Bank located in other cities of Pakistan. Moreover, this study is primarily based on primary data which is subject to the error. As people do not fill the questionnaire with full intention and do not disclose the true information due to which the possibility of biasness might create in the data.

Originality/value: This paper adds to the understanding of effect of employee satisfaction on organizational commitment in the perspective of mergers and acquisition. Conclusion of this study recommends that sick and weak banks must be merged in large and strong banks to protect the rights of consumers. Here, transferor and transferee banks create synergy $2+2=5$, customers also get benefits of the merger, but in some instances, employees do not get satisfaction in the transferee company. Thus, whenever an organization takes the decision of merger or acquisition they should not consider only economic profits and benefits but also should tightly monitor the human dynamics and human resource management issues as well. Moreover, this study also highlights the importance of employee satisfaction and organizational commitment relationship in the course of mergers and acquisition in the context of case of emerging economies.