THE IMPACT OF MERGER ON THE EMPLOYEES SATISFACTION IN THE HIGHER EDUCATION INSTITUTIONS

MIRA BEKENOVA
Ph.D. Student, Business Administration Department, Cyprus International University
E-mail: bekenovamira@gmail.com

Abstract- The aim of this study is to identify the reasons of mergers in the Higher Education sector, its motives, benefits and consequences. The main evidence of merger success is a satisfied employee. This article attempts to explain the importance of Job Satisfaction, the measurement tools and experience of amalgamations over the world in post-merger period. The paper also provides a negative and positive impact of a merger on the employee's satisfaction at the workplace.

Keywords- Merger, Job Satisfaction, Higher Education Institutions, Lecturer Productivity.

I. INTRODUCTION

The purpose of the study is to review merger activity among the Higher Education Institutions through definition of what a merger is, its effect on the well-being of the organization staff, especially job satisfaction attitude after merging.

The following research questions drive the study: Does merger have any impact on the Satisfaction of an Employee?

Nowadays the amount of Higher Education Institutions is increasing but the quality of them is decreasing. To solve this problem, some universities combine with others.

Merger process needs a good strategy, its implementation, and control, in another way it may fail. Merger activity creates the new culture in the organization, what effects on the attitudes of employees it has. This study considers the international experience of amalgamation activity in develop countries to identify the reasons of merger, effect and consequences of it.

II. THE MOTIVES OF MERGER PROCESS IN HIGHER EDUCATION

Over past decades, mergers between Higher Education Institution become an increasingly phenomenon (Harman, 2003). Mergers in education sector have been used by governments to achieve some purposes (see Table 1), but focus of restructuring efforts has been for reducing the quantity of institution, increasing the quality of academicians, and arise the efficiency and quality overall in the system of education. The mergers have also been used by private institutions, because of financial difficulties, internal and external threats, which related to falling student demand.

The merger in education sphere Martin et al. (1994) defined as «a creative opportunity to combine significant and powerful educational resources and academic culture as well as books, microscopes, and sports equipment».

As mentioned by Harman (2002) bankruptcy/bailout are not only reasons that prompted schools to merge. There are some external factors having an impact on the restructuring, such as the rising amount of Higher Education Institutions (Rajagopal, 2002). Another reason is the repositioning of the university in terms of economic development. The market needs educated labor force (Jones et al., 2005). Another motive for reorganizing is the change of the relationship between the university and the Government. Highly centralized coordination has been ineffective, and the universities need autonomy to develop (Morey, 2003).

The approaches of restructuring differ from one country to another, and every country ha its own reasons for the reorganization of the higher education landscape. Distinct drivers of mergers in Higher education sector:

- Universities not capable of providing financial sources;
- Higher education institutions can not function because of lack of academic bases;
- Customers (students and their parents) prefer public universities located in capital cities;
- Pressures from the Government (bureaucracy, new regulations);

This form of market entry reduces the risk of competitor reaction (Johnson, Scholes, 1993).

The merger is combining two or more partners to become one single institution, which retain the name and official status of one of them or create a new entity (Robbins, 2010).

Merger at any organization is characterized by uncertainty, high levels of anxiety, low levels of morale and less productive job performance. As well as high level of absenteeism, presenteeism and...
turnover have potential impact on performance and productivity. The change process from the old structure to the new can be a time of hope and excitement on the other side, yet a time of uncertainty, risk and loss on the other (Gersick, C.J.G., 1991). The satisfied employee remains with the organization longer.

Research on the merger satisfaction and its effect on employee satisfaction have been limited. The researchers Fulmer, Gilkey (1988) considered the human implications of the controlling merger by interviewing 200 executives who had participation in merger processes. That study explored 20 firms in 2 years after a merger. The executives discussed their feelings about management improvement, corporate leadership, the effects of merger activity, etc. Some were asked to discuss specific roles they take during the process. The results found out that workers frequently coped with the merger by declining their extent of commitment, their levels of working performance, and they tried to seek opportunities in other companies because of anxiety and confusion.

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Table 1. Trautweinmodel of merger motives

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<th>Merger as rational choice</th>
<th>Merger as process outcome</th>
<th>Merger as macro-economic phenomenon</th>
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<tbody>
<tr>
<td>Mergers/benefits bidder's shareholders</td>
<td>Wealth transfers from customers</td>
<td>Efficiency theories</td>
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<tr>
<td>Mergers/benefits target's shareholders</td>
<td>Wealth transfers from target's shareholders</td>
<td>Monopoly theories</td>
</tr>
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<td>Mergers/benefits post managers</td>
<td>Net gains through private information</td>
<td>Raiser theories</td>
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<td>Process theories</td>
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<td>Empire-building theories</td>
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III. THE IMPORTANCE OF JOB SATISFACTION OF EMPLOYEES

Job satisfaction is a result of an individual’s perception and evaluation of their job influenced by their own unique needs, values and expectations, which they regard as being important to them. Research has indicated that job satisfaction does not come about in isolation, as it is dependent on organizational variables such as structure, size, pay, working conditions and leadership, which represent the organizational climate (Sempane et al., 2002). In every company the employees are the most important asset(Glen, 2006). However, if job satisfaction is absent and other work opportunities appear, turnover could be increased (Martins & Coetzer, 2007).

Job satisfaction can be viewed as a reaction to a job, arising from what an individual seeks in a job in comparison with the actual outcomes that the job provides to the individual (Rothmann & Coetzer, 2002). As previously mentioned, job satisfaction among employees is an indicator of organizational effectiveness, and it is influenced by organizational and personal factors. Most employers realize that the optimal functioning of their organization depends in part on the level of job satisfaction of employees, hence the emergence of the statement, “Happy employees are productive employees” (Saari& Judge 2004). For performance to be optimal, an employee’s full potential is needed at all levels in organizations; this emphasizes the importance of employee job satisfaction (Rothmann & Coetzer 2002).

Locke (1976) mentions the common aspects of the job satisfaction such as work, pay, promotions, benefits, recognition, working conditions, supervision, company, and co-workers.

Significant evidence of the relationship between Organizational change and job satisfaction existed. According to the study of Bauman et al. (2001) nurses reported the decline of job satisfaction level because of increased workload following job change or negative work relationships (Corey-Lisle et al., 1999), and poor instrumental communication (Davidson et al., 1997).

As stated by Brown et al. (2005) during the merger process, intentions to quit were associated with low-decision latitude, weak communication, less promotional opportunity (Davidson et al., 1997).

There was a fear of downsizing (Greenglass, Burke, 2000). These factors as fear, stress, uncertainty, and threats were affected on patient care (Spence Laschinger et al., 2001). In other sectors, employees might not care about their customers, e.g. lecturers about students, doctors about their patients, sellers about buyers etc.

The North American sources of literature argued that healthcare restructuring had been reported with the perception of stressors, affected by sharing information, perception of stressors, being part of decision-making process, coping, and social support and resulted in various negative outcomes (Brown, 2003). These are findings of The West culture individuals’ behavior. There are limited sources of studies on employee well-being in developing countries.

Mergers may bring a traumatic effect in the lives of employees. When merger process starts, companies and work teams are restructured (Andreassi J. K., Grotto A. R., 2011). As Gibbons C. (1998) reported in his study that lecturers who had reorganization perceived greater stress in comparison with staff who had not. Stress frequently distorts communication and staff are likely to attend to the pessimistic information than positive (Schweiger, Ivancevich, 1985).

Management often does not care about employees feelings, that costs expensive for the company and...
has negative outcomes. The disappointing outcomes of the number of mergers increasingly attributed to the employee stress and dysfunctional impact that such change events have on the involved employees (Cartwright, Cooper, 1996). To obtain the benefit, not failure, managers should be open for communication and provide consultations, opportunities to be part of decision-making process. These steps have positive effects in both: organizational and individual level.

The unfriendly relations may exist in changing the organizational environment. Napier, Simmons, Stratton (1989) explored the merger between two banks and even in one year period the employees still dividing to «We» and «They». It shows that members of two companies did not still accept the merger process.

In the major of studies on management, job satisfaction has gone a long way to claim acknowledgement for increasing working performance (Worren N. A. M. et al., 1999). But some studies, e.g. Klein S. M. (1996) reports that increase in productivity can decrease job satisfaction.

The individual's satisfaction with merger offers the well-being not only employees but the organization in total, and its profitability. Employers have realized that better functioning depends on the level of satisfaction (Lumley et al., 2011).

Job satisfaction as an emotional reaction affects individual and organizational well-being and has significant consequences on the social lives of employees (Sempane et al., 2007), physical and mental health (Locke, 1976)

«Minnesota Community College», «Minnesota Technical College» and «Minnesota State University» created a new entity «Minnesota State Colleges and Universities» (MnSCU) in 1995. That took a long time. They formed a new operational central system. The cause of merger was new regulations of Government.

There were significant confusion conflicts, stresses (Wallace, 1998). Despite that the merger of three different institutions helped to decrease unnecessary cost, to improve executive management.

Experts conclude the Higher Education mergers are a highly traumatic process in an attempt to obtain the expected outcomes. This merger activity does not bring profit and, moreover, did not cut spending by the downsizing administration. This case study reported negative impact of a merger on the employees and organizational culture because of lack of attention of senior managers to the feelings and interests of staff.

IV. THE EVALUATION OF JOB SATISFACTION AFTER MERGER PROCESS

The evaluation of outcomes of a merger in the commercial sector is much easier in general business sectors than in higher education because the reason for merger activity is mostly financial: the purpose is to maximize profit. The reasons of Higher Education were mentioned previously.

One of the measurement tools of university operation effectiveness is the Lecturer performance. This tool, especially lecturers from Private Universities, is complained by society: by students and their parents as customers, by company owners as employers, and by the Government. They complain about the poor quality of teaching methods, knowledge and experience of teachers.

Every individual has a different level of satisfaction based on his/her value system. It is an evaluation that shows a person's feeling of dislike or like, dissatisfied or satisfied at work (Kreitner and Kiniki, 2005).

According to Widyarini (2009), supportive and innovative culture has a positive effect on the job satisfaction, creates higher level of it than beauracratic culture (Silverthrone, 2004)

Job satisfaction includes employees' affect or emotions, it leads to believe an organization's well-being with regard to job productivity, turnover, absenteeism and general satisfaction of life (Sempane, M., Rieger, H., & Roodt, G., 2002).

Spector (2008) explains that for researchers to understand these attitudes, they need to understand the complex and interrelated facets of job satisfaction. A facet of job satisfaction can be described as any part of a job that produces feelings of satisfaction or dissatisfaction (Spector, 2008). This perspective can be useful to organizations that wish to identify employee retention areas in which improvement is possible (Saari& Judge 2004; Westlund& Hannon, 2008).

The job satisfaction was measured by 'nine factors’ of Spector (2008). The questionnaire consists of 36 items with six-point Likert scale. In order to measure organizational commitment the authors used the three-dimensional Meyer, Allen and Smith (1993) instrument. The questionnaire includes 24 items; the responses were made on a seven-point Likert scale. During the hypotheses testing, Pearson-product moment correlations let the researchers to identify the strength and direction of the relationship between each variable.

The correlation statistics results represent a significant positive relationship between all job...
satisfaction variables and the affective commitment, job satisfaction and normative commitment although there was no significant relationship with continuance commitment. Commitment to the organization plays important role in functioning as a team.

The job satisfaction variables, such as pay and nature of work and co-workers contribute significantly to the variance in the affective commitment. These variables also positively predicted normative commitment by explaining medium practical effect size of variance.

As a result, the employees who are satisfied with pay, supervision, advancement, recognition, achievement, nature of work, communication are more emotionally attached to and involved with their respective companies. Salary is a great motivator, and if employee feels pay fairness, he or she is more satisfied and vise versa (Spector, 2008).

The results support other researches that showed positive relationship between affective, normative commitments and job satisfaction but no link between continuance commitment and job satisfaction. The main factor is compensation, which offers an employee security, recognition and improved self-worth (Dockel et. al, 2006).

Bozeman et al. (2011) reported that some lecturers tend to be satisfied if their salary reflects market value and they have respect from co-workers side. The other authors as Schweiger and De Nisi (1991) reported similar findings, added that uncertainty and stress controlled negative effect of post-merger time. Satisfaction, commitment, performance declined.

CONCLUSION

The main reason of combining Higher Education institutions is to raise the quality of providing education, to be stronger against market and Government challenges. Many companies avoid failure/ bankruptcy by merging sources. Making a profit is not the only reason of merger activity. Universities create future employees for operating as members of companies and society. The quality of knowledge what students get has the impact on the functioning general economic system of a country.

Creating and sustaining employee satisfaction is the central aim of job design. Employees are the important tool of better functioning of the organization. Merger process involves students, staff and it is a hard time with uncertainty, stress for all participated members.

According to the literature, there are external and internal factors influencing merger. Government regulations, market challenges, rising competition are external; financial difficulties, lack of quality of academicians, turnover are internal.

Satisfaction of an employee is an important attitude affecting his/her working performance. Merger process destroys existed organizational culture, working conditions, changes management, control. However, it provides fear of downsizing and restructuring. Job satisfaction arises when these expectations are not met. These all factors affect employee well-being and have impact on productivity.

There are plenty of instruments to assess the satisfaction of employees. The authors have identified many indicators, items to build employee satisfaction questionnaire and concluded that merger in previously cases had a negative effect of satisfaction of employees.

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