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An Evaluation of Bank Workers Welfare in Post Consolidation Era in Nigeria

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Abstract
The bank consolidation exercise that came in form of merger and acquisition or complete buy-over in some cases in Nigeria put the banks in vantage position in terms of increased capital base, competitive strength and arguably improved performance. Furthermore, many scholars had written so much about how the exercise led to employee downsizing through retrenchment, rationalization and cost reduction with other attendant consequences on job security, employee motivation and on the long run decreased productivity. However, there is dearth of research in terms of bank workers welfare after the consolidation exercise. Hence this study examined employee's welfare after the banking reforms in Nigeria. A sample size of four hundred and seven (407) employees from ten (10) selected banks in Ilorin metropolis was purposively chosen in order to achieve the objectives of the study. Primary data were obtained with the aid of questionnaire administered to bank workers. Secondary data were obtained from the official book of the various banks. Data were analyzed with appropriate descriptive and inferential statistical tools. Results revealed that employee welfare were compromised in spite of the increase in capital base that accrued to the banks from the consolidation exercise. Consequently, the study recommended that regulatory agencies and managements of banks should incorporate factors of job security and motivational incentives in subsequent reforms.
Keywords: Bank Consolidation, Reforms, Workers Welfare, Nigeria.
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1.0 Introduction

Banks, like any other organization, employ diverse resources in the course of their operations. To thrive in business, they must put such resources, especially the human capital, to effective and efficient use. However, human factor, unlike other resources, is very complex and behavioral scientists contend that an individual's behavior is not random but caused and directed towards some ends they believe rightly or wrongly to be in their best interest. This is so because people are unique and have different personalities, needs, goals, desires, and backgrounds, and by so doing respond to motivational stimuli differently. Hence, the well-being of individual bank employees is expectedly bound to vary consistently with different life experiences and expectations.

The structure of the Nigerian banking industry changed significantly since 2005 due to regulatory-induced consolidation via mergers and acquisitions. The banking sector reform coupled with the global trend in Merger and Acquisitions provided a compelling reason for major structural changes in the financial system that resulted in the emergence of 20 stronger and more focused banks from the previous 89. However, concerns persist that most banks are struggling with their manpower integration programmes due to challenges engendered by consolidation. Major manpower issues triggered by the reform included right sizing and realignment of staff which entailed retrenchment, demotion, salary reduction, redeployments, culture conflict among others. These factors bear directly on employee welfare (ILO, 2001; Alaranta and Maarit, 2004; Barnett, Rachel, Pearson and Ramos, 2005).

Employees are carriers of culture, so with impaired welfare programme, the synergy needed for productivity will be lost thus, making the achievement of the consolidation objectives doubtful. A likely consequence may be a return of banking distress with associated adverse effects. It is therefore important to evaluate the state of bank employees' welfare in the post-consolidation era if proper assessment of the consolidation exercise is to be conducted. This study intends to bridge this gap and also provide guides for addressing associated manpower integration challenges, with a view to guarantying stable and sound banking system in Nigeria.

The Nigerian banking sector has had to contend with new demands to achieve greater efficiency and responsiveness to the needs of the Nigerian economy. This was what informed the drive for the recapitalization and consolidation of the industry. The resultant transformations are most challenging to the employees and management alike. Consolidation which took the form of merger and acquisition involved downsizing, retrenchment, rationalization and cost reduction etc while the greatest human resource challenges facing consolidated banks are on the issue of employee's remuneration, staff harmonization, placement and job security in the banks.

This study examines employee welfare in Nigeria banks in the post consolidation and assessed the determinants

of welfare amongst employees of Nigerian banks. Hypotheses were formulated to achieve the objectives of the study as follows in the null forms:
1. H0: Banking industry recapitalization has no significant impact on employee welfare.
2.H0: Employee Perception of recapitalization has no significant relationship or effect on employee productivity.

2.0 Review of Literature

The theoretical perspective of consolidation in the banking sector is premised on Neo-liberalism while workers defiance is premised on neo-Marxist theory. Neo-liberalism is a socio-economic ideology that prescribes the rule of market forces, primacy of individual, freedom from restraints (especially by government) in all economic activities, that is, private ownership rights (Adenugba, 2006). Neo-liberalism developed from liberalism and 'neo' stands for new. Neo-liberalism is against the state intervention and the entire notion of state regulation and state economic policy making. Neo-liberals see the nation state as an economic unit competing with education, health, etc.

The neo-liberalists are known as the profounder of the policies of IMF and the World Bank imposed on debtor nations through Structural Adjustment Programme (SAP) and its conditionalities. These conditions are the same as the policies of neo-liberalism and economic globalization of which consolidation of bank is an integral part.

This study is premised on neo-liberalism, the context within which Adewumi (2001) opines that the various phases of development of world capitalism, which constantly undergo their own crises, throw up different challenges that impact negatively on workers and their work organizations.

2.1 Conceptual and empirical framework

A number of studies have been carried out on the impact of banks' merger and acquisition on staff employment. For instance, Gunu and Olabisi (2011) worked on impacts of banks merger and acquisition on staff employment and concludes that the number of branches was a significant variable in explaining the variation in employment in Nigeria banks.

Mylonakis (2010), worked on impact of merger and acquisition on the staff employment and effectiveness, but in the context of Greek banks. He found out that employment in banks have been steadily growing, a course that reflects not only the dynamics of banking sector within the Greek economy, but also the constant growth in products and services.

Other studies in this field include those of Ojedokun (2008) that addresses post-consolidation behaviours of bank employees in Nigeria focusing on attitudes and behaviours on job insecurity, job satisfaction, turn-over intentions; Oluwafemi and Balogun, 2008) evaluates workplace commitment and Oloyede (2006) looked at job stress, and productivity. These studies are more concerned with job attitudes and work behaviours of bank employees, but failed to consider Bank employee well-being and welfare in the post consolidation era, which is the central focus of this research.

Employee welfare was defined by Mishra and Bhagat (2007) as a state of well-being, health, happiness, prosperity and the development of human resources which involves both the social and economic aspects. Welfare seems to be an elaboration of the "happiness" concept. Terms such as quality of life, work-life balance and satisfaction have variously been used to denote it.

However, the concept has been used to describe global health, quality of life and overall sustainability and Roberts (2001) cautioned that "the initial research task must surely be to seek conceptual clarity". Consequently, Warr (2007) offered a guide that synthesized positions on the issue of concept by stating that "happiness might be studied through positive states, such as cheerfulness, enthusiasm, joy, pleasure, satisfaction or contentment; the perspective might be more negative on anxiety, depression, dissatisfaction, stress, strain or tension; or broader constructs, labeled for instance as affect or well-being". Thus, it considers the totality of quality of life being experienced by employees and how it is affected by factors within and outside the job environment.

Consolidation is seen as the reduction in the number of banks and their deposit taking institution with simultaneous increase in the size and concentration of the consolidation entities in the sector (BIS, 2001). It is mostly motivated by technology innovation, deregulation of financial services, enhancing intermediaries and increased emphasizes on shareholders' value, privatization and international competition (Berger *et al.*, 1991, De Nicol and Gianni, 2003: IMF 2001).

The failure/distresses experienced in the Nigerian banking sector between 1994 and 2004 calls for recapitalization because the 89 banks predominantly in the urban centres as at June 2004 are characterized by structural and operational weaknesses as well as low capital base(Eseoghene, 2010). This is to make the system a more competitive and developed oriented system that depositors can trust (Soludo, 2005).

Recapitalization in other countries shows that one bank in South Africa – Amalgamated Banks of south

Africa (ABSA) has asset based larger than all the Nigerian commercial Banks assets put together. In Singapore, banks recapitalized to about six and further down to three with second largest banks having a capital base of about US $67 billion.

The recapitalization strategies adopted in Nigeria are those of merger and acquisition, issue of new stocks and Sales of Stock and Securities in Other Organization and Idle Assets as well as Capitalization of Reserves and Profits and 25 banks scaled the hurdle either alone or by merger and acquisitions which were subsequently reduced to 20.

The modalities of consolidation in Nigeria is different from those of other countries as Madaki (2005) added that rather than writing bad debt with the Central Bank, as proposed by Soludo, all the non-performing loans and debts of the ailing banks in Malaysia were transferred to Danaharta, an asset management company which has to date recovered over 56% of such debts with effort still going on.

Alaranta, and Maarit., (2004) attribute merger failure to faulty integration, particularly the challenges associated with the human resource component which is the carrier of culture and values but Rusu, Miettinen and Varjonen, (2006) is of the opinion that merger and acquisitions in the service sector are very sensitive to human related aspects - the so called “soft trap”

Studies in the field of employee wellbeing and consolidation include those of Tuomi, Vanhala and Nyikyri, (2004) who investigated the impact of organizational practices, work demands and individual factors on work ability, organizational commitment and mental well-being of employees in the metal industry and retail trade in Finland, Siegel and Kennet., (2008) looked at the employment and wage effects of mergers and acquisitions using individual worker as the unit of observation. McGuckin and Nguyen (2001) study is based on the entire census of manufacturers data for selected industries, and finds that wages and employment increase at production establishments after a merger or acquisition.

Lichtenberg and Siegel (1990) compared employee outcomes at production and “central office” establishments in the aftermath of ownership change and reported that growth rates of employment and wages are lower in central office establishments after a merger or acquisition, implying that white-collar employees suffer more than production workers in the aftermath of such activities.

Others are those of Kenexa Research Institute (2007), Rusu, Miettinen, and Varjonen, (2006), Jari, and Tuomo, (2007), Covin, Sightler, Kolenko and Tudor, (1996) all outside Nigeria. However, evaluating the employee wellbeing in the post consolidation era became a study of urgent need to justify or disregard the overriding consideration put forward by the policy formulators.

Summarily, consolidation seems to bring about mixed impacts on employee well being and as such evaluation of such impact is a scholarly and not a wasted effort in Nigeria. Hence, the need for this study at the peak of merger and acquisition exercise in Nigeria.

3.0. METHODOLOGY

The study adopted the descriptive and exploratory techniques to obtain the primary data used for this study were gathered through direct administration of questionnaires to the selected banks.

The population of this study was the entire 20 universal banks operating in the post-consolidated banking environment in Nigeria but for the purpose of sample selection, the 20 banks were classified into three groups on the basis of consolidation status namely: stand alone, acquirers and merged. Stand alone banks are those that neither merged nor acquired other banks while merged banks acquired smaller banks and their corporate values became dominant. Acquirers are banks of relatively same size that merged to form bigger institutions. The relative size of each cluster was determined as shown in Appendix II. Within each cluster, banks were selected using random sampling technique and in each bank, the total branches of each bank was selected, as well as, their employees such branches. This ensured a good mix of employees from the constituent banks in each cluster. This made it possible to capture all possible variations in the factors that influenced bank workers welfare.

From the three clusters, 407 respondents (number of workers) were selected as sample size from ten (10) banks. The main instrument used for data collection was the questionnaire which contained Likert scale ratings from 1-5 with a view to eliciting relevant information relating to determinants of bank workers welfare in the post consolidation era. A rating of 5 on the Likert scale means strongly agreed while the least 1 indicates strongly disagreed.

3.1. Reliability and Validity of Data

The questionnaire was hitherto pretested on 20 respondents in order to test for reliability and validity of data collected using test-retest method for reliability. The result gave a high level of reliability with a coefficient Cronbach Alpha of 0.961 (Table 1). This indicates greater internal consistency of the scale thereby denoting excellent reliability.

3.2 Data Analysis

Data were analyzed using cross-tabulations and in percentages. Determinants of bank workers welfare were evaluated using multiple regressions technique on a formulated model. The hypotheses were tested using Z-test at 5% level of significance. All analyses were carried out with the aid of SPSS version 17 for windows.

3.3. Model Specification

The result of employees' personal job outcome post consolidation exercise, as a function of bank workers welfare which are represented by the following explanatory variables namely job security, employee job outcome, commitment and morale, career progress, good salary for employees could be modeled as

$$EJbO = \beta0 + \beta1Js + \beta2\ Ecm + \beta3\ Ecp + \beta4\ Gs + \epsilon$$

Where,
EJbO = Employees job outcome
Js = Job security
Ecm = Employee commitment and Morale
Ecp = Employee career progress
Gs = Good salary
β0 = intercept
β1- β4 = regression coefficients
Є= stochastic error term

The parametric statistics of computed R^2 and beta values were extensively used for the analysis. R^2 values denote the magnitude of relationship that exists between the dependent variable and the independent variables. The beta values measured the individual contribution of each variable in the predictive power of the model on the criterion variable.

4.0. Discussion of Results

Results obtained showed that consolidation activities in banks led to decreased job satisfaction among employees as attested to by 54% of the respondents in spite of the initial high expectation by 70% of the workers that the consolidation would usher improved commitment that might improve moral. Also, 78% of the respondents claimed that the level of job insecurity in the banking industry due to consolidation was indeed very high as frequent staff layoff occurred as part of banks restructuring policy and cost cutting strategies. In addition, employee welfare deteriorated after the consolidation exercise as pointed out by 74% of the respondents.

4.1. Hypotheses Testing

Hypothesis I

H_o: Banking industry recapitalization has no significant impact on employee welfare

From the result obtained in table 1 above, the following were computed namely,

Z calculated = 2.24 and Z tabulated at 0.05 level of significance = 1.96 (Table 1)

Decision: Since (Z cal = 2.24) > (Z tab = 2.24), it implies that banking sector consolidation had an impact on employee welfare.

Hypothesis II

H_o: Bank recapitalization had no significant effect on employee productivity.

The result of respondents rating with respect to hypothesis II is presented in Table 2.

From Table 2 it could be inferred that bank recapitalization affected bank workers productivity to a very high extent because the computed Z Score (Z cal) was 2.24 as against tabulated Z Score (Z tab) of 1.96 at 0.05 level of significance.

Decision: Since (Z cal = 2.24) > (Z tab = 1.96), it implies that bank recapitalization had significant effect on bank workers productivity.

4.2. Multiple Regression Results

The result of the multiple regression analysis gave a high R^2 value of 0.865. This implied that the independent variables accounted for 86.5 % of all the changes or variations that occurred in the Nigerian banking industry due to bank recapitalization activities.

From the results obtained in Table 4, the order of importance of the factors influencing bank workers performance post-consolidation activities are job security (61.6%), employee morale and commitment (40.7%), career progression (32%) while salary structure after consolidation had negative impact on bank workers welfare.

5.0. Conclusion and Recommendations

The study concluded that bank consolidation or recapitalization led to decreased bank workers welfare, by heightening job insecurity, lowering of workers morale and commitment and caused marked reduction in workers' salaries.

Consequently, the study recommends that banks should institute schemes that would positively affect their employees' welfare in order to sustain the gains that might come with bank consolidation programme.

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Table1. Z-Test statistics Result

Respondents	Responses					Respondents Statistics			Inferential Statistics
Rating	5	4	3	2	1	Sample mean(X)	Pop. (µ)	Std Dev (σ)	Z- test
To what extent did bank recapitalization affect employees' welfare?	18	30	30	108	114	60	2.1	57.91	2.24

Table2. Z-test statistics Result

Respondents	Responses					Respondents Statistics			Inferential statistics
Rating	5	4	3	2	1	Sample mean(X)	Pop. (µ)	Std Dev (σ)	Z- test
To what extent did bank recapitalization affect bank workers productivity?	18	18	24	168	72	60	2.14	57.86	2.24

Table 3 Model Summary

Model	R	R square	Adjusted R square	Std. Error of the Estimate
1	.930[a]	.865	.864	.38463

a. Predictors: career, job security, job commitment and morale, salary
b. Dependent variable bank employee productivity

c. Table 4 Regression result predicting bank employee welfare.

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	.177	.056		3.160	.002
Job commitment and morale	.338	.045	.407	7.494	.000
Job Security	.717	.042	.61.6	17.076	.000
Salary	-.382	.056	-.5.5	-6.827	.000
Career	.243	.050	.320	4.835	.000

Source: All the tables are author's computations (2013)