Identification’s Mediatory Role on Communication and Job Satisfaction Relationship in Mergers

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Abstract: New identification after merger has an important role for success in mergers. This study’s purpose is to investigate the relations between communication, identification and job satisfaction. Furthermore to show the communication and identification’s effect on job satisfaction and the mediatory role of identification among communication and job satisfaction. Participants of the research were reached by convenient sampling, in a bank merger, after the merger (N=143). The reliability, validity, normality, correlation analysis aze bootstrap analysis were used to find out the mediatory role of the new identification after the merger. As a result, new identification after the merger, has a mediatory effect on the relationship between communication and job satisfaction in bank mergers.

Keywords: Communication, Mediation, Bootstrapping, Job Satisfaction, New Identification After Merger, Bank Mergers, Mergers

1. INTRODUCTION

The aim of this paper is to find out communication’s effect on new identification after merger and job satisfaction in mergers. Correlations among these variables and the direction of the relations are investigated. Furthermore new identification after merger’s indirect (mediating) effect on the relationship between communication and job satisfaction is investigated.

Employees’ identification with their companies effect their job satisfaction positively. Depending on their identification or disidentification levels, their job satisfactions are effected positively or negatively. Employees’ identification with their company has an indirect effect on the relationship between communication and job satisfaction.

The purpose of the study is to find out the replies to the following questions; a) Does communication climate effect job satisfaction? b) Does communication climate effect new identification after merger? c) Does new identification after merger effect job satisfaction? d) Does new identification after merger indirectly effect (mediate) the relationship between communication climate and job satisfaction?

In other words does the new identification after merger has a mediatory role on the relationship between communication and job satisfaction of the employees’ working in the merged bank after the bank merger.

In context with these questions, the effects of identification and communication on job satisfaction are investigated in a case study of a bank merger. Furthermore the indirect effect and if any size of the indirect effect is also investigated. The research is based on the author’s unpublished phd dissertation, (Istanbul university, June, 2015)

The model and the hypothesis is defined as follows:

Hypothesis: Communication climate effects job satisfaction positively via new identification after the merger.

- Communication climate effects new identification after merger positively.
- Communication climate effects job satisfaction positively.
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- New identification after merger effects job satisfaction positively.
- New identification has a mediatory role on the relationship between communication climate and job satisfaction.

The mediatory variable’s (new identification after the merger’s) indirect (mediating) effect on the relationship between the dependent variable (job satisfaction) and independent variable (communication climate) is investigated.

**Figure 1.** Hypothesis Model “New identification after merger has in indirect (mediating) positive effect on the relationship between communication climate and job satisfaction in mergers”

### 2. COMMUNICATION EFFECTS IN MERGERS

Communication is one of the most appropriate tools management can use to succeed in mergers. Communication effects in mergers can be summarized as follows:

- Communication effects identification positively in mergers.
- Communication effects belonging to the organization positively.
- Communication contributes positively during adoption period.
- Communication decreases negative reactions to changes and mergers.

Information sharing is a critical important factor during mergers because the employees’ need for the information can be compared to the uncertainty of an employee who has just started the job. Stress and uncertainty perception is reduced with correct information and open communication. Reduction in uncertainty is critical for success in changes. Unsuccessful communication usually increases anxiety and uncertainty about future especially during change periods. Communication about changes usually are usually not sufficient to meet employees’ expectations therefore especially during stressfull changes periods, communication is a critical factor for success.

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However if management uses communication to draw employees’ attention from reality to different subjects by manipulating than it becomes worse it even creates more reaction against mergers. It it is not easy to create new identification with merged company, frequent and open communication is necessary. Management must use open and sincere communication to empower the new identification. Managers must focus on ‘we’, instead of ‘I’ and emphasize the common points with the employees, try sincerely to create an open communication climate as communication effects new identification and job satisfaction positively.

However in some researches about mergers and acquisitions, it is advised to avoid communication about realities because such communication warns the competitors and enables the employees’ to quit instead of a stressful merger process. Furthermore, such communication threatens the flexibility of the management against potential changes during merger and acquisition process. However in another related research, it is found that informing the employees prior to the mergers and acquisitions is not positively related with turn over or coming late or production.

In another research it was found that there was no relation between mergers success and communication and also in another research results were not significant on communication’s effect on identification in mergers.

3. COMMUNICATION AND IDENTIFICATION

Communication’s effect on mergers or on organizational changes is widely accepted, however communication’s role in identification process is not clarified sufficiently.

Two cultural functions of corporate communication’s are;
1. 1-to inform the employees about the corporate culture and
2. 2-to entegrate them with the corporate culture. Identification is created via identifying with the corporate culture, corporate communication and living with it.

Satisfaction with content of corporate messages, communication climate and how information is transmitted is important for employees’ identification. Identification process starts with content of communication by clarifying the organization’s goals, values and successes.

Organizations sharing their own identity (goals, values, successes) is also important for employees’ identification. Clarification of organization’s norm and values and clear definition of expected role provides employee’s employee’s classification with the organization while at the same time providing employees to be interested with the organization empowering their identification.

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Research findings show that communication climate effects new identification after merger and job satisfaction positively and new identification has a mediatory role between communication climate and job satisfaction.

The results are in compliance with literature.

Communication during merger process effects identification after merger \(^{22}\).

Communication climate effects identification and job satisfaction positively in mergers \(^{23}\).

Identification motivates communication and via communication decreases the reactions to changes \(^{24}\).

In a research about bank mergers, it is found out that as communication has increased during merger process, the targeted bank employees’ anxiety has decreased \(^{25}\).

Communication is an important factor effecting employees’ identification with their organization \(^{26}\).

4. The Research

With a case study in the banking sector, communication effects on new identification after merger and job satisfaction in mergers are investigated. Furthermore the mediating (indirect) effect of new identification after merger on the relationship between communication and job satisfaction is investigated.

The research was done after the merger with the employees of the merged bank, who have experienced the merger. The scale used to measure the variables was 5 points Likert type, with replies ranging as: 1-Certainly Disagree 2-Disagree 3-Neither agree, nor disagree 4-Agree 5-Certainly.

The results from the data received from the participants were analyzed with SPSS 21.0. The data analysis (validity, reliability, correlation, normality and regression-bootstrapping method is used to measure the mediating effect) results are as follows.

Sampling:

The survey form used to collect the data is based on various sources in the literature. The participants \((N=143)\) were reached by convenient sampling procedure, and the 143 surveys received from the merged bank participants by convenient sampling procedure is acceptable for sampling size \(^{27}\).

Variables and Scales used:

There are three groups of variables,

- independent variable (communication climate),
- dependent variable (job satisfaction) and
- the mediator variable (new merger after identification).

**Independent Variable: Communication Climate Scale** was measured with question form was based on Dennis \(^{28}\) and Smidts et al. \(^{29}\) Scales with questions;


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- Generally speaking, everyone is honest with one another.
- If I talk with colleagues, I feel I am being taken seriously.
- Colleagues genuinely listen to me when I say something.

The statements were based on Dennis, Alutto ve Vredenburgh, Downs and Hazen, Falcione et al., and generally related with open communication perception (vertical communication that is from management to employees’ and from employees to management) is measured.

- trust to management with statement (‘Generally speaking, everyone is honest with one another.’)
- participation in decision making with statement (‘Colleagues genuinely listen to me when I say something.’) and
- support with statement (‘If I talk with colleagues, I feel I am being taken seriously.’)

Other scales other than Dennis used in communication scale measures are:

- “Various Communication Investigations” scale by Greenbaum, Clampitt, Willihnganz,
- Organizational Communication Questionnaire-OCQ scale by Roberts and O'Reilly,
- CommunicationAuditQuestionnaire-CAQ by Wiio ve Helsila,
- Communication Satisfaction Questionnaire by Downs ve Hazen,
- International Communication Audit- ICA, Goldhaber ve Rogers,
- Communication Audit by Hamilton,
- Communication Scale by Gupta, Govindarajan and
- Interpersonal Communication Satisfaction Inventory-ICSI scale by Hecht.

- **Dependent Variable: Job Satisfaction Scale**, two statements were based on Hackman and Oldham\textsuperscript{43}.
  
  \(a\) *Generally speaking, I am very satisfied with this job.*
  
  \(b\) *I am satisfied with the feeling to do something meaningful with my job.*

- **Mediatory Variable: New Identification After Mergerscale**, three statements were based on Knippenberg and et al\textsuperscript{44} scale.
  
  \(a\) *I identify myself with my new bank.*
  
  \(b\) *When someone criticizes my new bank, it feels like a personal insult.*

**The Reliability Analysis:**

The cronbach alpha values of the variables are between 0.67 and 0.91, of which the values are acceptable because they are over 0.60 which is the acceptable minimum lowest criteria\textsuperscript{45}.

- New identification after bank merger scale Cronbach Alpha value:0.678,
- Job satisfaction scale Cronbach Alpha value:0.691,
- Communication climate scale Cronbach Alpha value:0.887,

**The Content Validity:**

The scales used to measure the variables in the model are based on different scales used in the literature. To clarify the statements used in the survey form, the Turkish translation of the question form was into English. Then the translated version was compared with the original statements and minor changes were done to clarify the statements arising from translation differences. Consulting to the academicians, final version was used.

**The Construct Validity (Factor Analysis):**

The Principal Components Analysis was used for construct validity for each variable. For measures of sampling adequacy (MSAs):

Kaiser-Meyer-Olkin (KMO) (should be > ~.5) and

Bartlett's test of sphericity (should be significant 0.05) was used.

Total variance explained over 0.50 percent criterion is used.

- **New Identification After Bank Merger (Mediator) Variable:**
  
  Kaiser – Meyer – Olkin (KMO) value: 0.66.
  
  Bartlett's test of sphericity is over 0.50 percent with significant 0.05.
  
  Total variance explained: %70.421.

- **Job Satisfaction (Dependent) Variable:**
  
  Kaiser – Meyer – Olkin (KMO) value : 0.50
  
  Bartlett’s test of sphericity value is over 0.50 percent with significant 0.05
  
  Total variance explained: %76.656.

- **Communication Climate(Independent) Variable:**
  
  Kaiser – Meyer – Olkin (KMO) value : 0.71

\textsuperscript{42}Hecht, Michael L. "The conceptualization and measurement of interpersonal communication satisfaction." Human Communication Research 4.3 (1978): 253-264.


\textsuperscript{45}Punch, Keith F. Introduction to social research: Quantitative and qualitative approaches. Sage, 2013.


5. **Research Results**

Research was done in the banking sector, after the merger. The participants were the ones who experienced merger process who were working in the banks before the merger.

### Participants Demographic Variables

51 percent was between 31 and 40 years old, 32.2 percent between 20 and 30 age group of whom 56.6 percent was married.

70.6 percent had university degree and 11.9 percent had post graduate degree.

47.6 percent had 1 to 5 years pre-merger bank experience

55.9 percent of the participants were female and 39.9 percent were male.

### Data Normality Distribution Analysis

If the sample is less than 50, Shapiro Wilks, if more than 50 Kolmogorov-Smirnov test is used to find out the distribution of the data. As a result of the Kolmogorov-Smirnov test, the data is not normally distributed because (p<0.05) if the p value were less than (p>0.5) than it would indicate that the data were normally distributed. As the data is not normally distributed, the analysis are done with non-parametric techniques.

### Spearman Correlation Analysis

As the data is not distributed normally, Spearman correlation analysis was used.

Spearman correlation analysis results show that there is a significant correlation among the variables communication climate, new identification after merger and job satisfaction.

6. **Bootstrapping Mediation Analysis Results**

The regression analysis of the hypothesis was done via bootstrapping analysis method.

"Communication climate effects job satisfaction positively via new identification after merger."

Bootsrapping analysis results are shown in the figure;

![Diagram](Image)

**Figure 2. Communication Climate Effects Employees’ Job Satisfaction via New Identification After Merger**

Findings indicate that communication climate effects job satisfaction via new identification after merger significantly,

\[ b=0.099, \text{ BCa CI } [0.027, 0.217] \]

The indirect effect is maximum about 10.4 percent

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Which verifies the hypothesis that is “communication climate, effects job satisfaction positively via new identification after merger”

As a result,

- the independent variable (communication climate)’s indirect (mediating) effect on dependent variable (job satisfaction) via mediator variable (new identification) is investigated and the mediating effect of new identification after the merger is found on the relationship between the communication climate and the job satisfaction.

**Hypothesis : Communication climate effects job satisfaction positively via new identification after merger,**

is verified as given with the results below.

- There is a positive and significant relationship between the communication climate and the mediator variable the new identification after merger ($b = 0.54$, $t = 6.60$, $p = 0.00$).

- $R^2$ value shows that communication climate explains 24 percent of the variance on the relationship of new identification after the merger.

- The effect of both communication climate and new identification after the merger on the job satisfaction together has a positive and significant effect on job satisfaction. ($b = 0.46$, $t = 5.75$, $p = 0.00$).

- The new identification after merger effects job satisfaction positive and significantly as below ($b= 0.18$, $t = 2.58$, $p = 0.011$).

- Communication climate on its own (that is without the mediator variable new identification after merger) effects job satisfaction positively and significantly ($b= 0.55$, $t = 7.85$, $p = 0.00$).

- Total Effect: Communication climate on its own effects job satisfaction significantly.

- **Direct Effect (relation with identification):** Communication climate’s direct effect on job satisfaction is significant.

- **Indirect (Mediating) Effect:** Communication climate’s effect on job satisfaction via the new identification after merger (indirect/mediating effect) is ($b=0.992$), with 95 percent confidence interval between 0.027 and 0.217 values and as these values do not cover zero shows that there is mediating effect. That is the new identification after merger is mediating the relationship between communication climate and job satisfaction.

- The new identification after merger’s mediating effect results; $b = .099$, 95% BCa CI [.028, .217].

As the bootstrap regression analysis results do not cover the zero value, it shows that the new identification after merger has a significant mediating effect on the relation between the communication climate and the job satisfaction and the confidence intervals and the effects value is;

$K^2$ (Kappa-square) value; $\kappa^2 = 0.104$, 95% BCa CI [.278, .209].

$\kappa^2$ (Kappa-squared) value shows that the new identification after merger’s mediating effect is about maximum 10.4 percent on the relationship of communication climate and job satisfaction.

### 7. DISCUSSION

Our research was conducted in banking sector and as information sharing is prohibited by law in the sector, to overcome this in the cover letter of the question form the participants were informed that the necessary consent has been obtained and that the information given will only be used for research purposes and will not be used with any other third party.
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As the research was done on a case study of two banks after the merger, the evaluations were based only with this research and can not be generalized out of this research.

In merger literature, there are limited papers covering before and after merger, as this research was done only after the merger as well.

Although there is a limitation that during the time passed after the merger, participants remembering positive memories or not remembering very well the events, the replies might have been effected however as long as the research is done within a few years after the merger, there is no subjectivity or correctness problem. The research results show that the new identification after the merger and communication climate effect job satisfaction positively and the new identification after merger has an mediating effect on the relationship between communication climate and job satisfaction.

To succeed in mergers, managers must focus on communication, which effects job satisfaction and new identification positively as in our research results, which verify that communication climate effects new identification and job satisfaction positively and the new identification after merger has a mediating effect on the relationship between communication climate and job satisfaction.

The results are in compliance with the literature.

Communication reduces the negative perception of mergers among employees.

Companies focusing on communication are 13 percent more successful comparing to other successful companies in mergers.

The employees are main factor of success in mergers therefore management’s focusing on employees’ satisfaction is very important. The uncertainty and great organizational changes of merger process and employees’ stress and anxiety arising from the uncertainty and changes are given as failure reasons of mergers in literature, therefore management’s focusing on these reasons and solving employees’ stress problems depending on uncertainty is very important for success of mergers.

New identification after merger is another major problem of the management in mergers. In mergers, usually one of the partners is more powerful than the other partner and usually for the employees’ of the less powerful partner, merger is not different from acquisition, where the structure of the company is so changed that for these employees it usually takes five to seven years to adopt and be assimilated in the new merged company.

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Relationships between communication climate, new identification after merger and job satisfaction are investigated. Effects of communication climate on new identification after merger and on job satisfaction in mergers are also investigated in this study. Furthermore the indirect effect of new identification’s indirect (mediating) effect on the relationship between communication climate and job satisfaction is also investigated.

New identification after merger is used as a mediator variable in the model. To measure mediation, the independent variable must effect the mediating variable and the dependent variable and the relationship between the dependent and the independent variable must be effected by the mediator variable.

The scales of variables used in the research were adopted from the scales used in the literature and the data was evaluated according to this.

This research will be of assistance for researchs about factors effecting job satisfaction like communication and new identification after merger which is related with success of mergers. Future researches to find out other factors effecting job satisfaction covering pre-merger processes along post-merger processes will contribute to success of mergers.

The research findings show that new identification after merger has an indirect (mediating) effect on the relationship between communication climate and job satisfaction and being able to measure the indirect effect size differentiates this research.

8. CONCLUSION

Research result shows that there is a mediatory role of new identification after the merger on the relationship between communication climate and job satisfaction.

In this case study of bank mergers, findings indicate that communication climate effects job satisfaction positively, furthermore there is an indirect (mediating) effect of new identification after merger on job satisfaction increase by the communication climate.

The research results verify that job satisfaction is very important for success in mergers. Communication climate effects job satisfaction and new identification after merger. New identification after merger has a mediatory role on the relationship between communication climate and job satisfaction.

For mergers success, managers must consider factors effecting job satisfaction like communication and new identification in future.

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