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Change Management and Employees' Satisfaction in the Nigerian Banking Sector

Abstract: Change management is fast becoming a key strategy for driving business expansion, especially in the financial sector; hence, its importance for banks in Nigeria cannot be over-emphasized. This study examines the effect of change management on employees' satisfaction in Nigerian banking sector. The study recognized and employed two components of change management as used by various scholars and these two components are; change implementation and change communication .The study employed survey research design, by administering structured questionnaire on members of staff of some selected banks .Three hypotheses were formulated and the ordinary least square was employed in estimating the regression models with the aid of SPSS version 23. The findings revealed that change implementation and change communication both have positive and significant effect on employees' satisfaction in the banks. The combine effect of change management elements (change implementation and change communication) equally revealed a positive and significant effect on employees' satisfaction. The study further revealed that change management elements have a combined adjusted coefficient of determination (adjusted R^2) of 0.476, which suggest that 47.6% variation in employees' satisfaction is accounted for by the combined change management elements. The empirical findings of this study provide evidence that change management plays an important role in bank's employees' satisfaction in Nigeria. Therefore, it can be concluded that change management elements (change implementation and change communication) both have individual and combined positive and significant effect on employees' satisfaction in the selected banks.

Keywords: Bank, Change communication, change implementation, change management, employees' satisfaction

1. Introduction

Change management has created significant arguments in the developed as well as developing economies. Improper employees' behavior is often adduced to resistance to change. Change management is unavoidable and is visible in all spheres of organizational activities. The banking sector in Nigeria is unarguably one of the most regulated with several intervention and regimes bringing about changes in the banks in response to these regulations. Muo (2013) asserts that these changes were so frequent, as programmes in some cases were not allowed to mature before being replaced or the introduction of other reforms.

The ever-changing management processes portends that change can either bring about negativity or transform a negative circumstance into positive, thereby producing favourable results for the In an attempt to implement change in an organization, that tends to affect employees, it is highly necessary for organizational management to assess the belief, values and attitude of their workers.

Scholars have studied change management of firms from several perspectives: (Canterino, Cirella, Piccoli & Shani, 2020; Allaoui & Benmoussa, 2020; Thuy & Van, 2020; Lozano, Carpenter & Sammalisto, 2020; Hameed et al, 2019), with diverse findings. Some scholars (Goksoy, 2020; Mendy, 2020; Allaoui & Benmoussa, 2020; Yue, Men & Ferguson, 2019; Rozanna, Adam &Majid, 2019; Hammed, Khan, Sabbarwal, Arain & Hammed: Laseinde, Oluwafemi, Pretorius & Oluwafemi, 2019; Ogbu-Edeh & Obiora, 2019) studied the relationship between change management and employees satisfaction as well as other related concepts and found that change management positively affect employees' satisfaction and performance. However, the effect of change management on employees' satisfaction in the banking sector of Nigerian economy appears not to have been fully examined.

Considering the rarity of studies examining the effect of change management on the employees' satisfaction in the banking sector of Nigerian economy, this study therefore sought to address this research gap, by examining the effect of change management on employees' satisfaction in some selected banks, with particular focus on change implementation and change communication.

In line with the research objectives, the following hypotheses were tested:

H_o1: Change implementation does not significantly affect Nigerian banks employees' satisfaction

H_o2: Change communication does not significantly affect Nigerian banks employees' satisfaction

H_o3: Combined change management elements do not have significant effect on Nigerian banks employees' satisfaction

2. Literature Review

Employee satisfaction remains one of the most important ends most organisations seek to achieve. It is also one of the most widely studied construct in organizational studies. This is not surprisingly, given that employee satisfaction can be a precursor to customer satisfaction and organizational performance (Cerci & Dumludag, 2019; Emir, Sahin & Arslanturk, 2018). Similarly, literature has established that employee satisfaction has significant impact on competitive advantage, organizational commitment as well as organizational citizenship behavior (Kusluvan & Kusluvan, 2005).

Employee satisfaction can also be regarded as the degree of satisfaction a worker has with his/her job. To Locke (1976), it is a pleasurable or positive emotional state resulting from the appraisal of one's job and or job experiences, which is likely to result when individual's needs are met in their workplaces. Accordingly, it is influenced by job characteristics, work expectations, needs and aspirations of individuals (Charlesworth et al, 2014). Another authors Kong, Jiang and Zhou (2018) contend that employee satisfaction with their jobs is a function of four factors namely individual, organizational, social and family factors.

Individual factors refer to such factors as demographic variables, personal values, personal skills among others; organizational factors include leadership and supervision, organizational climate, communication, culture, benefits, work conditions among others (Kong, Jiang & Zhou, 2018; Dalluay et al 2017).

Satisfied employees are likely to be innovative and come up with breakthroughs that allow an organisation to grow and change positively with time and changing market conditions. Organsations and change exist in the same breathe since the environment within an organisation is dynamic. The changes in the environment may result from internal sources or external factors like globalisation, competition, technology, economic and socio-cultural factors. Given that organisations have no influence on these factors but to adapt to them, Stavros, Nikolaos, George & Apostolos (2016) concludes that change is inevitable.

The concept of change means the transition from one state to a more desirable one. The transition implies a process by which the organisation repositions itself in a new environment and thereby operates more effectively. Thus, organizational change is the process of continuously renewing organizations, along with redefining their strategic positions in order to optimize their performance in response to developments in their internal and external environment.

Just as change is inseparable from organisations, Muo (2014) notes that resistance itself is an inseparable aspect of change. Thus change management is essential for addressing the probable negative reactions of employees to change, since any change, regardless of its benefits to the employees and the organization itself is expected to be met with resistance. Change management is therefore a concept used to illustrate how an organisation manages the people side of change. Change management is dependent upon the kind of business activities conducted by an organization, the intended or actual change as well as the people involved in the process of change management.

The significance of employees' satisfaction cannot be overemphasized, this is because, employee productivity is usually determines on how satisfied they are with their employers. A satisfied employee tends to generate better employees' performance, which tends to affect the overall organizational performance (Sabir &Zrar, 2019). It is necessary for an organization to strive towards satisfying the existing employees, because, an improvement in employees' retention rates tend to reduce the associated costs of high turnover (Chowdhury & Muhammad-Nazmul, 2017).

Change can have either positive or negative effect on the employee; it can equally have a lasting effect on the firms, especially if the change implementation produces a negative outcome (Ogbu-Edeh & Obiora, 2019). The firm's objective for change implementation should be well communicated to employees as well as other stakeholders and the buy-in of the employees should be relatively obtained, as this tends to enhance the acceptance of the proposed change and the overall performance of the firm. Most times, the change objectives are rarely accepted by the employees, as a result, the change initiative often fails. Therefore, effective communication of change initiative to the employees is highly encouraged. The change communication should not just be limited to the beginning of the change implementation, but all through the change process (Whelan-Berry& Somerville, 2010).

The employees of the organization tend to enjoy the benefits of organizational change when they have a say in the change implementation. For the change implementation to succeed; there must be favourable employees' behavior (Lozano, Carpenter & Sammalisto, 2020). Firm's management has to necessarily consider the views of the employees on the proposed change and their contributions should be incorporated to the proposed change (Simplicio, 2011).Workers tend to resist change, and this equally tends to adversely affect the change implementing processes.

Figure 2.1: Conceptual Framework

The conceptual review shows the link between the elements of change management (change implementation and communication) and employees' satisfaction.

2.2. Theoretical Framework

The theory underpinning this study is Locke's Value Theory, which is one of the most well known theories of job satisfaction, which is based on the fact that employees' satisfaction is determined by a number of job fact factors and the discrepancy between an employee's wants in his job and what is actually obtainable in the job (Locke, 1969).The theory postulates that the value an employee attached to a given aspect of work is a major determinant of how satisfied such an employee gets when expectations are met and vice versa. The values placed on empowerment, self determination and involvement by an employee tends to determine the satisfaction level of such an employee, depending on the change communication and implementationtechnique employed.This theory is relevant to this study as it helps in ascertaining the elements of change management that contribute towards the varying degrees of job satisfaction among banks employees.

3. Methodology

This section presents the methodology adopted to carry out this study. As such, it focused on the methodology employed to ascertain the effect of change management (as measured by change implementation and change communication) on employees' satisfaction in the Nigerian banking sector. This session starts with the research design, and continues to the population for the study, the sample size, research instrument, tests of validity and reliability of instrument, method of data collection, model specification and the method for data analysis.

This study employed the survey research design. Survey research design aids the understanding of the phenomenon under investigation. Scholars with related objectives equally employed survey research design(Goksoy, 2020; Mendy, 2020;Canterino, Cirella, Piccoli & Shani, 2020; Laseinde, Oluwafemi, Pretorius & Oluwafemi, 2019).The target population of this study is made up of 36, 506 members of staff of four selected banks, namely Zenith Bank, United Bank for Africa, First Bank and Guaranty Trust Bank. These banks were choosing because they are among the top ten banks listed on the Nigeria Stock Exchange. The numbers of employees of the banks are stated below:

S/N	Bank	Number of Employees
1	First Bank	9,159
2	Guaranty Trust Bank	5,361
3	United Bank for Africa	12,889
4	Zenith Bank	7,594
	TOTAL	35, 003

Source: www.nairametrics.com

Stratified and simple random sampling technique was employed in administering the research instrument. Digeebird statistics calculator software was employed in ascertaining the sample size of this study, at a confidence level of 95% and margin of error of 5%, which gave a sample size of 380. A non-response rate of 25% was assumed, which increased the sample size to 475 (380+95). The sample allocated to each firm is stated below:

S/N	Name of Company	Number of Employees
1	First Bank	124
2	Guaranty Trust Bank	73
3	United Bank for Africa	175
4	Zenith Bank	103
	TOTAL	475

Source: Authors' computation (2020)

The study employed a structured questionnaire that was designed using the Likert scale, rated as follows: (1) SD: Strongly Disagree, (2) D: Disagree, (3) A: Agree, (4) SA: Strongly Agree. The questionnaire consisted of two sections and three sub-sections. Section A- to obtained demographic information, while Section B addressed the research objective. B**oth construct validity and content validity were met by the instrument.** The content validity of the instrument was tested using content validity index (CVI), by using three independent evaluators who are academic staff of Hallmark University. Each of the independent evaluators rated the questionnaire items on two-point rating scale of relevant (R) and not relevant (NR). The content validity index was obtained by employing the CVI formula:

CVI = n/N

Where;

N= Total number of items in the instrument, while n= numbers of items rated as relevant.
The CVI gave a composite value of 0.8801, which according to Ngoma et al, (2017), indicated that the instrument is highly relevant. Therefore, the instrument is valid.

To test the reliability of the instrument (questionnaire), the test-retest method was employed, the instrument was administered on twenty five staff of a non-participating banks. This was done twice within an interval of two weeks. Thereafter, the outcomes of the first and second pilot studies were correlated and values of 0.7708, 0.7109 and 0.9243 were obtained for change implementation, change communication and employees' satisfaction respectively.

3.5.1 Model Specification

3.5.1.1 Model 1

The model specification for hypothesis one is stated below:

$$ES = f(CI)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(i)$$

$$ES = \beta_0 + \beta_1 CIi + \mu_i \;------- (ii)$$

Where:

ES represents Employees' Satisfaction

CI = Change Implementation

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

μ is the error term

Theapriori expectation, it is expected that change Implementation will impact positively on banks Employees' Satisfaction; hence the parameter of change Implementation should have a positive sign.

3.5.1.2 Model 2

$$ES = f(CC)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(i)$$

$$ES = \beta_0 + \beta_1 CCi + \mu_i \;------ (ii)$$

Where:

ES represents Employees' Satisfaction

CC = Change Communication

β_0 is the constant term

β_1 is the coefficient of the estimator.

$\beta_1 > 0$

μ is the error term

The apriori expectation, it is expected that change communication will impact positively on banks Employees' Satisfaction; hence the parameter of change communication should have a positive sign.

3.5.1.3 Model 3

The model specification for hypothesis three is stated below:

$$ES = f(CI, CC)\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_(i)$$

$$ES = \beta_0 + \beta_1 CI_i + \beta_2 CC_i + \mu_i \;------- (ii)$$

Where:

ES represents Employees' Satisfaction

CI = Change Implementation

CC = Change Communication

β_0 is the constant term

β_1, β_2, are the coefficient of the estimator.

$\beta_1, \beta_2 > 0$

μ is the error term

3.6 Method for Data Analysis

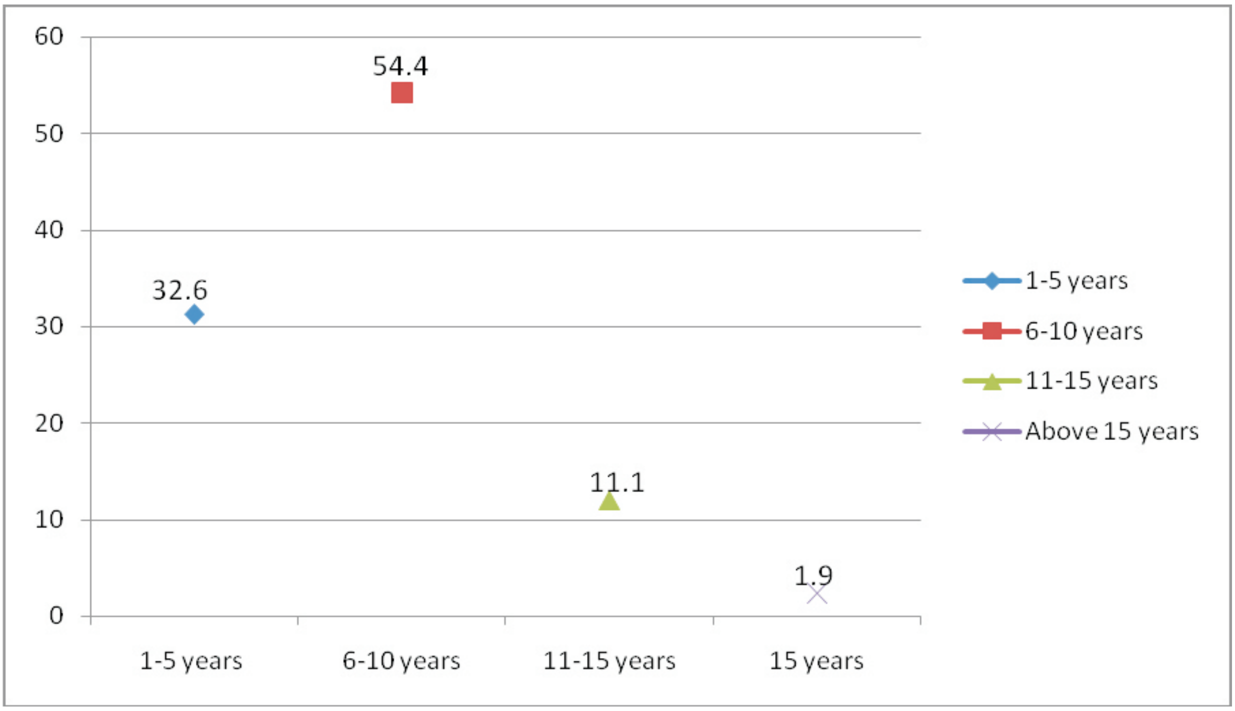
We employed the Ordinary least square method of regression analysis to estimate the regression models for all the hypotheses. The Ordinary Least Square (OLS) was employed in order to examine if the independent variable(s) affect the dependents variable and has been adjudged the best linear unbiased estimator.

The coefficient of determination (R^2) was reported to explain how closely the predictor variables explain the variations in the dependent variable, that is to measure the proportion of the variation in the dependent variable (employees' satisfaction) that is accounted for, or explained by the variation in the independent variables (change implementation and change communication).The t-test statistics test the significance of each of the predictor or independent variables while the p-value for each t-test helped to make conclusions on whether to reject or accept the null hypotheses. The F-stat was used to make decision on the combine effect of change management elements on employees' satisfaction. The criterion for accepting or rejecting the null hypothesis was a level of significance of five percent (0.05). SPSS version 23 software was used for the analysis.

4. Results and Discussion

475 copies of structured questionnaire were administered on the selected respondents. However, only 211 copies were returned and found useable. Thus, the analysis was based on the returned 211 copies of the instrument.

Figure 4.1.1 Indicating Respondents Work Experience



Source: Survey (2020)

Figure 4.1.1 revealed that 32.6% of the respondent have work with their bank for between 1 to 5 years, 54.4% of the respondent have work with their bank for 6 to 10 years, 11.1% of the respondent have work with their bank for 11 to 15 years and only 1.9% of the respondents had served in their bank for more than 15 years. This shows that the respondents are relatively conversant with their banks' change management strategy and history, which indicates that most of the respondents had vast knowledge which could be relied upon for this research.

4.2 Hypotheses Testing

Table 4.2.1: Summary of Result (Dependent Variable –Employees' Satisfaction)

Variable(s)	Coefficient	T-statistics	P-Value
C	4.598	5.538	0.000
Change Implementation	.636	6.139	0.000
Change Communication	.847	10.221	0.000
F-Statistics = **187.098**(0.0000)		R-Square =0.479,Adj-R-Square= 0.476	

Author's computation from SPSS 23

Source: Fieldwork (2020)

The result summary on table 4.2.1 above revealed that the combined change management elements have positive and significant effect on the banks employees' satisfaction (F-stat= 187.098 *0.000), the F-value also suggests that all the parameter estimates are significant. The adjusted coefficient of determination (adjusted R^2) suggested that 47.6% variation in employees' satisfaction is accounted for by the combined change management elements. The t-value revealed that the two change management elements, change implementation ($\beta_1 =$ 6.139, P<0.05) and change communication ($\beta_2 =$ 10.221, P<0.05) both have positive and significant effect on banks employees' satisfaction. This indicates that the better the change implementation activities of banks, the higher the level of employees' satisfaction of the banks. Similarly, an enhancement in banks' change communication activities will enhance its employees' satisfaction.

5. Conclusions

The empirical findings of this study provide evidence that change management plays an important role in Nigerian banks' employees' satisfaction. Therefore, it can be concluded that change management elements (change implementation and change communication) both have individual and combined positive and significant effect on employees' satisfaction in the banks .The voice of the employee is very critical to the success of any change implementation. The key component of change management impacting employees' satisfaction is change communication (this can easily be deduced from the regression coefficient). Therefore effective communication before, during and after the change management process is the key to the success of the proposed change. This is because it tends to enhance employees satisfaction, which equally tends to enhance the success of the propose change. This can be done by showing concern for the employee in all phases of the change management process.

In line with the findings of this study, the following recommendations are made:

Nigerian banks should employ effective change implementation strategy in enhancing their employees' satisfaction. Nigerian banks should employ effective change communication tactics in improving their employees' satisfaction and the Central Bank of Nigeria should encourage effective implementation and communication of any change introduced by banks. Effective change management should be highly encouraged.

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