



## **Motivation of Employees at Post-Merger Joint Stock Commercial Banks in Vietnam**

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### **ABSTRACT**

Mergers and acquisitions (M&A) are increasingly being utilized to enhance and uphold a business's market position. This approach offers a relatively swift and effective means to expand into new markets and integrate new technologies. A study was conducted at five joint-stock commercial banks following their mergers to evaluate employee motivation. The research findings indicate that employees exhibit a high level of motivation to work at these post-merger banks. Notably, the motivation to learn received the highest rating with an average score of 4.23, while engagement motivation received the lowest rating with an average score of 3.99. It is noteworthy that employees' motivation levels after the merger surpass their motivation levels prior to the merger.

Keywords: work motivation, banking, mergers, employees, create work motivation

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### **1. INTRODUCTION**

Mergers between banks are phenomena taking place in the banking and financial market. The merger brings many opportunities such as: increasing scale, expanding the market quickly from the market share of the merged bank, cutting costs of branches in the same area while maintaining the same market share in that area to maximize profits... However, there are also many limitations such as credit risks, liquidity risks, operational risks and most worryingly, bad debts, which will affect the "health" of banks. Human resources are also difficult issues to solve for the merging bank when the reorganization of the human resources team has strongly affected the thoughts and feelings of each individual before and after the merger.

In Vietnam, in 2012, the Prime Minister signed the approval of Project 254 "Restructuring the credit institutions system from 2011 to 2015". As a result, banks embarked on a process of restructuring through mergers or attracting foreign investment, primarily through mergers. The year 2015 witnessed significant progress in M&A activities, with several mergers taking place, notably the involvement of prominent banks in the banking sector, such as MHB merging into BIDV and MDB merging into Maritime Bank, etc.

The merger of banks has led to a change in the employment position of individuals, directly affecting the mindset of workers. Therefore, the study of employee motivation in post-merger banks in Vietnam aims to clarify and understand the motivation of employees, so as to take appropriate measures to promote the capacity of employees, increase labor productivity and overall efficiency of the unit.

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### **2. THEORETICAL BASIS**

#### **Mergers and acquisitions**

During the era of globalization, mergers and acquisitions (M&A) have proven to be effective strategies for multinational corporations to enter international business markets. They are also seen as a way to recover from business failure and economic downturns (DePamphilis, 2009). According to Andrew J. Sherman (2006), a merger is the combination of two similar organizations. Gaughan (2011) defines a merger as the combination of two companies, resulting in the survival of only one company and the dissolution of the others. Based on these definitions, a merger can be understood as the integration of two or more organizations into a single entity, aiming to create significant synergistic value that surpasses the value of individual operations. Mergers not only enhance organizational value and diversify activities, but also leverage the strengths of the merged entities. Additionally, mergers lead to an increase in market share, boost product sales, and achieve cost efficiency, ultimately enhancing competitiveness and business efficiency.

#### **Work motivation**

According to Maier & Lawler (1973), motivation refers to the desire and willingness of each individual. Bui Anh Tuan (2009) defines labor motivation as the internal factors that stimulate individuals to actively work in conditions that promote high productivity and efficiency. The expression of motivation can be seen through the willingness, effort, and passion to achieve both organizational and personal goals. Hislop (2003) suggests that the driving force

behind employee motivation is the personal need for satisfaction, which inspires them to complete tasks. Therefore, work motivation is the internal urge that leads individuals to exhibit behaviors aimed at achieving their goals. It is important to note that motivation can vary depending on factors such as employment status, gender, income, occupation, time, specific circumstances, individual needs, and external influences such as the working environment and nature of the job.

Lawrence and Nohria (2002) identified four fundamental types of motivation:

- (1) Achievement motivation pertains to the drive to attain objects and experiences, as well as the desire to establish a solid groundwork for progress and status within society;
- (2) Cohesive motivation involves the desire to form connections and social obligations, serving as the cornerstone for collaboration among individuals and leading to success within organizations and societal growth.
- (3) Learning motivation is the desire to quench curiosity and resolve conflicting information;
- (4) Protection motivation - is the need to protect oneself against external threats. These four factors serve as the bedrock, offering a thorough and all-encompassing understanding of employee work motivation.

This research aims to build upon Lawrence and Nohria's (2002) study to assess the work motivation of employees in post-merger commercial banks in Vietnam.

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### 3. Research methods

The research was conducted from survey results of 5 commercial banks after the merger: Saigon Joint Stock Commercial Bank (SCB); Saigon - Hanoi Joint Stock Commercial Bank (SHB); Vietnam Public Joint Stock Commercial Bank (Pvcombank); Maritime commercial joint stock bank (MSB); City Development Joint Stock Commercial Bank. Ho Chi Minh (HDB). According to collected data, the banks under survey will all merge before 2022, so the business activities of these banks have stabilized, and the employees of these banks may no longer work at the bank. bank again. Therefore, to ensure the collection of 400 opinions from employees at post-merger joint stock commercial banks selected for survey, the study used a convenient, purposeful random sampling method.

The research was based on survey results from the 5 commercial banks after the merger. These banks include Saigon Joint Stock Commercial Bank (SCB), Saigon - Hanoi Joint Stock Commercial Bank (SHB), Vietnam Public Joint Stock Commercial Bank (Pvcombank), Maritime commercial joint stock bank (MSB), and Ho Chi Minh City Development Joint Stock Commercial Bank (HDB). The collected data revealed that all five banks had completed their merger prior to 2022. Consequently, the business operations of these banks have become stable, potentially leading to changes in employment status for the employees. To gather opinions, the study employed a convenient and purposeful random sampling method, resulting in 400 responses from employees working at post-merger joint stock commercial banks.

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### 4. Research results

The study uses the Likert scale to measure employees' evaluations of motivation with levels from 1 to 5 (where 1 is the lowest level and 5 is the highest level). Therefore, the level of motivation of employees is determined according to the simple average formula. The level of assessment of employee motivation is determined as follows:

Average work motivation < 1.8:	Very low work motivation
$1.8 \leq$ Average work motivation < 2.6:	Low work motivation
$2.6 \leq$ Average work motivation < 3.4:	Neutral
$3.4 \leq$ Average work motivation < 4.2:	High work motivation

#### *Motivation for achievement*

The survey findings indicated that the average rating for "motivation for achievement" was 4.1054. This suggests that all employees are driven to attain high levels of success while working at post-merger joint stock commercial banks. Among the factors that reflect this motivation to achieve, the bank's rewards for outstanding performance and the criteria used for performance evaluation are highly valued by employees, receiving an average score of 4.22. However, the survey results also reveal that competition for wages and satisfaction with current salaries do not serve as motivators for employees to strive towards completing their tasks. The respondents rated these aspects with average scores of 3.97 and 3.96 respectively.

**Table 1: Average assessment of employee motivation for achievements at post-merger joint stock commercial banks**

	Number of respondents	Average assessment	Standard deviation
1. My bank is always rewarded for excellent work	400	4.22	.514
2. My salary is competitive	400	3.97	.701
3. I feel happy with my salary	400	3.96	.622
4. Criteria for evaluating my performance are clear	400	4.22	.581
5. The unit rightfully acknowledges the outcomes of my work.	400	4.16	.653
Motivation for achievements	400	4.1054	.43335

Source: Research Team Survey Results

#### **Cohesive dynamics**

In the surveys, banks recognized teamwork efforts; Encouraging employees to support each other and encouraging knowledge sharing were the most rated by survey respondents with average rating scores of 4.43, 4.37 and 4.24 respectively. The remaining content reflects engagement that was rated lower by survey participants. In particular, the engagement of employees with colleagues in the bank only for their own benefit was rated the lowest with an average rating of 2.69.

**Table 2: Average assessment of employee engagement motivation at post-merger joint stock commercial banks**

	Number of respondents	Average assessment	Standard deviation
1. My bank encourages employees to support each other	400	4.37	.606
2. My bank recognizes efforts of teamwork and collective	400	4.43	.558
3. My bank encourages sharing knowledge and practice as much as possible	400	4.24	.589
4. My bank favors friendships between employees	400	4.11	.539
5. I was an integral part of the team	400	4.13	.528
6. I bonded with colleagues in the bank just for my own sake	400	2.69	.700
Engagement motivation	400	3.9927	.37477

Source: Research Team Survey Results

#### **Motivation to learn**

Based on the survey findings, the average rating for "motivation to learn" among the respondents was 4.24. This indicates a high level of motivation among employees at post-merger joint-stock commercial banks to enhance their learning.

Employees at post-merger joint stock commercial banks are driven to learn and grow due to the opportunities for personal advancement and development. According to a survey, the challenges and variety of tasks in their current roles serve as strong motivators for actively engaging in learning while carrying out their responsibilities. These aspects received the highest ratings from respondents, with average scores of 4.38 and 4.27 respectively, indicating their significance in driving employee motivation and learning.

Respondents highlighted that their motivation at the bank stems from the meaningful work they do, as indicated by an average score of 4.15, underscoring the importance of individual responsibility for the bank's success. Moreover, the chance to acquire new skills and knowledge while on the job was also noted as a motivating factor for employees, with these aspects receiving an average rating of 4.15 as well.

**Table 3: Average assessment of motivation to learn of employees at post-merger joint stock commercial banks**

	Number of respondents	Average assessment	Standard deviation
1. My occupation offers chances to engage in activities that pique my curiosity.	400	4.23	.606
2. I have the opportunity to learn new things while doing my job	400	4.15	.502
3. I believe that the tasks I undertake contribute meaningfully to the operations of my bank.	400	4.25	.485
4. I think my task is challenging	400	4.27	.442
5. I was assigned many different tasks at work	400	4.38	.667
6. The bank where I am employed fosters individual advancement and progression.	400	4.24	.513
7. I have gained new skills and knowledge at work	400	4.15	.566
<b>Motivation to learn</b>	400	4.2380	.34720

Source: Research Team Survey Results

#### **Motivation to protect**

Respondents gave a high rating of 4.05 to the "motivation to protect". Notably, the bank's performance evaluation system and a healthy and comfortable working environment were identified as two key factors that strongly reflect employees' motivation to protect, scoring averages of 4.27 and 4.33 respectively. These aspects serve as the foundation for safeguarding employees, ensuring their sense of security and enabling them to effectively carry out their responsibilities. On the other hand, the criterion of "everyone and I have the right to make our voices heard at the new bank" received the lowest rating from survey participants, averaging at 3.47.

**Table 4: Average assessment of "Motivation to protect" of employee at post-merger joint stock commercial banks**

	Number of respondents	Average assessment	Standard deviation
1. My bank has a clear performance appraisal system	400	4.27	.625
2. I am working in a healthy and comfortable environment	400	4.33	.624
3. The performance evaluation system at my bank is equitable.	400	4.00	.534
4. Everyone is treated equally by managers	400	4.17	.605
5. The bank's approach to evaluating how well employees are performing their duties is one that I have faith in.	400	4.03	.625
6. Everyone and I have the right to make our voices heard at the new bank	400	3.47	.648
<b>Motivation to protect</b>	400	4.0450	.37821

Source: Research Team Survey Results

#### **Comparison of employees motivation before and after the merger of the bank**

According to the survey results, the average assessment score of employee motivation at the time of the bank after the merger was 4.1297. Meanwhile, at the time of the bank before the merger, employee motivation was rated at 3.95. Among the criteria reflecting motivation, the criterion "I worked hard to complete my job" was rated the highest by employees with an average rating of 4.23. Meanwhile, at the pre-merger period, this criterion was assessed with an average score of 3.96. The criteria "enthusiasm for the current job and hard work for the bank's goals" were rated the lowest by employees with average ratings of 4.09 and 4.06 respectively.

**Table 5: Comparison of employees motivation before and after the merger of the bank**

	Pre-merger time			Post-merger time		
	Merged banks and organizations	Bank to merger	Average	Merged banks and organizations	Bank to merger	Average
1. I did my best to get my job done	3.97	3.96	3.96	4.20	4.28	4.23
2. I'm willing to start work early or stay late to finish a job	3.82	3.91	3.86	4.13	4.14	4.13
3. I'm excited about my current job	3.92	4.19	4.05	4.09	4.09	4.09
4. I do my best for the bank's goals	3.91	3.98	3.94	4.08	4.04	4.06
Motivation of work before the merger	3.9071	4.0102	3.9544	4.1245	4.1357	4.1297

Source: Research Team Survey Results

## 5. CONCLUSION

The findings from the study indicate that the level of employee motivation in the post-merger bank was greater during the survey period compared to pre-merger times. This suggests that the merger of banks has indeed sparked motivation among employees, leading them to put in extra effort to accomplish their assigned duties.

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