How does perceived social support and self-esteem impact employees’ turnover intention? Case of banks’ merger in Pakistan

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Abstract

Objectives: Study indicates the importance of social support and employee personality dimension- self-esteem to counter withdrawal behaviours and help retain employees at the demanding time of mergers. Methods/Statistical analysis: Total 318 responses were collected from employees of Muslim Commercial Bank (MCB) undergoing a merger with NIB bank in Pakistan by using convenience sampling. Data was analyzed using a two-step method of PLS-SEM. Findings: The study found a positive relationship of perceived social support to self-esteem while negative relationship of self-esteem found with turnover intention. Furthermore, the relationship of perceived social support and turnover intention negatively mediated with indirect effect of self-esteem. Novelty: Study is unique in a sense that has incorporated employees’ own belief- self-esteem as an important mediating mechanism to reduce employee withdrawals during organizational changes.

Keywords: Perceived social support; self-esteem; turnover intention; merger

1 Introduction

Change is inevitable in this ever transforming world and competitive market(1) and expresses as a well-structured method to certify that the planned changes (Merger) are systematically executed in succeeding long-term outcomes. There is need to recognize possible reactions to organizational change and reshape all of its stages from present to more efficiently developed version. For expanding the business, gaining a competitive advantage, having larger market share, diversifying products or services, surviving and increasing capabilities Merger and Acquisition (M&A) has become emergent due to their increased revenue and for the last three decades, businesses have been intensively using these techniques as strategic tool for the restructuring of the corporate sector. At the beginning, these trends were limited to US & UK nevertheless the same pattern has also been adopted by the developing countries(2).
The banking industry in Pakistan has been playing out a central and effective job in the financial division as it has positive and huge effect on the monetary development of Pakistan (3). Its growth is much rapid and faster than in production and other service industries (4). In this regard, (5) the contribution of banking sector is known as the fuel for every economy that runs most diverse sectors. Due to massive competition, extreme operational amount, worldwide monetary disaster and statutory amendments by State Bank of Pakistan triggered the small banks to indicate the possibility of M&A. Financial sector of Pakistan is the noteworthy region, which is associated with M&A. As Competition Commission of Pakistan (CCP) proclaimed that out of 48 mergers, 15 identified with banking sector.

Research indicates that employees have endured and experienced psychosomatic effects of M&A like depression, distress and uncertainty, which caused lower performance, or absenteeism or turnover intention. Thus, present study attempts to deal with ensuring valuable perceived social support, building up the confidence through self-esteem of employee (6) and to deal influentially and tactfully with the organizational change (7) specifically merger of two Pakistani private banks NIB and Muslim Commercial Bank (MCB). Study help gain imperative insight for the change managers of banking sector organizations in Pakistan to provide a way forward for mitigating employee response as a change reaction.

In challenging time, Perceived social support acts as a backing up strategy (8) because as indicated by Hanpachern (9) social support is an employee interaction with colleagues, subordinate, peer or supervisor in the workplace to express feelings, attitudes where coworkers and supervisors exchange information regarding certain changes and new setups and help to deal with new situations affecting their current jobs. Rosenberg (10) regarded self-esteem as a positive view of an individual about himself, with believe to be valued and respected. Liu (11) specified that support received in a work context from managers and work colleagues may be particularly important in reducing occupational stress and improving self-esteem following organizational change. Individual personality commonly related to the receipt of social support. With regards to social identity theory (12) individuals define their own identities and characteristics with respect to corresponding social groups, the theory proposes that self-esteem motivates group members to protect and enhance the positivity, it stimulates the potentials and skills of employee and make him prepared for challenges. While organizational change (merger) often assumed as an indicator of rising stress, thus, Swanson (7) argued structural change has negative impact on employee personality trait of self-esteem. In this regard, Friedlander (6) directed that perceived social support help in developing self-esteem with regard to change. As it helps in transition phase where employee loses confidence and trust, which may build up through social support. In the similar way, Adewale (13) proved perceived social support helps in enriching employees self-esteem among Nigerian banking staff who were facing difficulties in adjusting in new work environment. Social identity theory by Tajfel, Turner (12) identifying social identifications indicated that as employees structure their environment and contribute to a positive self-concept through support enhance self-esteem among them and their potentials

H1: perceived social support is positively associated with employee's self-esteem.

Chauhan (14) describes self-esteem as an essential attribute and a personality trait and assumed as a specific prerequisite for the employees behavior such as turnover intention. As study reveal the similar outcome of optimistic worker that are ready to accept challenges. Thus, considered as a reflection of the emotional response that an individual prefer to leave the organization or an exhibition of an expression that an individual will change his job (15). Chauhan (14) proved positive associations between personality dimensions with turnover intentions and postulated a negative association between emotional stability on turnover intention (16). Similarly, Yang (17) indicated another view that job stress is a significant pressure on workforce but job stress did not raise decision by employees to leave the organization or self-esteem did not diminish employee's determination to switch the organization. Baniya (18) highlighted certain factors affecting decrease in turnover intention during structural change i.e. mergers. The findings indicate lack of trust, self-esteem and change related communication creates dissatisfaction and chaos with the recent change phenomenon. Eventually it will move towards the low performance, absenteeism or turnover intention. Similarly, Bartels (19) demonstrated the role of building employee confidence overcome the fear of change. If the change is purposefully communicated providing support, employee trust and self-esteem rise which ultimately help them to remain with their current job and ready to accept challenges. Social exchange theory by (20) which proposes that when employees perceive support from the organizational relations they will respond in a comparable manner by retaining themselves with their jobs as this exchange relationship is not limited to only the impersonal resources such as financial, but also socio-emotional resources such as admiration, esteem, gratitude and patronage from the employer. Building of employee's self-esteem through organizational social support will eventually lead to hold on with turnover intention that usually arises in challenging situation of mergers

H2: Self-esteem is negatively associated with turnover intention.

Additionally, Ismail (21) show perceived social support lessen self-esteem as employee feel risk to their individuality due to lack of support at workplace. Correspondingly, Jiang, Zhang (22) identified employees who had experienced worse time in history of being disregarded by colleagues show higher levels of materialism as compared to those who had enjoyed

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excellent recognition practiced, where materialism is negatively associated with intrinsic motivation, extrinsic motivation, job satisfaction, and career satisfaction. Thus, it shows individuals disregarded by supervisors and colleagues which indicates lesser implicit self-esteem and higher materialism levels. Moreover, on the social exchange theory perspective\(^{(20)}\) the employee–organization bond is reciprocal. The support provided by the organization will help employee to raise positive self-esteem and ultimately help them to retain with the organization in uncertain situations like merger. Furthermore Yang\(^{(17)}\) mentioned that even though job stress is a substantial burden on employees, however, job stress did not affect employee's decision to leave the firm as far as self-esteem had not reduced. Employees did not leave the organization as they keep on search for employment to support families. They have encountered their partners lost jobs may be because of global recession, financial crisis or restructuring. In this situation where job availability is limited and not stable because of the economic crisis with stress at work, employee has to maintain their jobs, as they are solely dependable on their earnings for a survival. Due to limit financial resources, less earning capacity, family pressure and obligations they cannot even think to switch the organization.

**H3:** Self-esteem mediated the relationship of perceived social support on employee's turnover intention.

Figure 1 illustrate the conceptual framework of the present study

![Conceptual Framework](https://www.indjst.org/)

### 2 Methods

Data collected using cross-sectional research design through survey method. Convenience sampling technique used due to unavailability of employee's list, time-constrain, its ease, low cost and accessibility. Self esteem is measured with the scale adopted from the work of Johnson, Selenta & Lord\(^{(23)}\) which was originally developed by Selenta & Lord,\(^{(24)}\) Perceived social support scale is adopted from the work of Madsen, Miller & John\(^{(25)}\) which was originally developed by Stevenson, J. S.\(^{(26)}\) and modified by Hanpachern's Revised Margin in Life scale\(^{(9)}\) whereas; employees’ turnover intentions is measured with a four-item scale adapted from Cammann, Fichman, Jenkins & Klesh\(^{(27)}\) using five-point Likert scale representing 1 (strongly agree) and 5 (strongly disagree).

The Population of study is 1,760. Total 390 questionnaires distributed to employees of MCB from major cities of Sindh, out of which 318 received. The return rate is 81.28 %. Using G*power 3.1.9.2 software\(^{(28)}\) the minimum sample size required to test model is 55. The sample comprised of 55.7% male respondents. Employees with age 21 to 30 years were 22.6%, 31 to 40 years were 42.5%, 41 to 50 years were 27%, whereas 7.9% of employees were under the age of 51 to 60 years. Academic qualification wise 16.4% were undergraduates, 26.1% had a bachelor's degree, while 44.3% held a post-graduate degree. Employees with five years' experience were 24.5%; 10 years work experience were 29.9%, 15 years' experience were 27.7%, 20 years' experience stood at 9.1%, more than 20 years were 8.8%. In terms of pay scale such as OG (office grade wise) 29.6% were OG-1, 19.5% were OG-2, 33.0% were OG-3 whereas 16.0% from OG-4 and others category found 1.9%. Data analysis done using partial least squares structural equation modeling (SEM) using Smart PLS Version 3.2.9\(^{(29)}\).

### 3 Results

The Table 1 shows that the outer loadings are acceptable as they are greater than 0.50 thus, establishes the indicator reliability\(^{(30,31)}\). The values of Cronbach alpha are greater than the recommended value of 0.7\(^{(32)}\). Hence, the model establishes the internal consistency reliability. Cronbach's coefficient alpha is the most widely used estimator of the reliability of tests and scales. However, criticized as being a lower bound and hence underestimating true reliability and a popular alternative to Cronbach alpha is composite reliability\(^{(33)}\). composite reliability, which is weighted, is more accurate then Cronbach alpha (unweighted), and therefore composite reliability (CR) is recommended\(^{(19,34)}\). Present study following the suggestion also analyzed CR. As CR is greater than the suggested value of 0.7\(^{(35)}\) which is indication for the establishment of internal consistency reliability. Further, the values of Average variance extracted (AVE) are above 0.5 and thus establishes the convergent validity\(^{(36)}\).

The outer model (representing outer loading and beta coefficient) on SMART PLS is depicted in [Figure 2](https://www.indjst.org/).
Table 1. Outer Loadings, Composite Reliability and Average Variance Extracted

| Construct              | Items | Outer Loadings | Cronbach alpha | Composite Reliability | Average Variance Extracted. |
|------------------------|-------|----------------|---------------|-----------------------|-----------------------------|
| Self esteem            | SE1   | 0.750          |               |                       |                             |
|                        | SE2   | 0.748          |               |                       |                             |
|                        | SE3   | 0.702          | 0.821         | 0.846                 | 0.524                       |
|                        | SE4   | 0.690          |               |                       |                             |
|                        | SE5   | 0.727          |               |                       |                             |
| Perceived Social Support| PSS1  | 0.856          | 0.834         |                       |                             |
|                        | PSS3  | 0.854          |               | 0.885                 | 0.720                       |
|                        | PSS4  | 0.837          |               |                       |                             |
| Turnover intention     | TI1   | 0.769          |               |                       |                             |
|                        | TI2   | 0.859          | 0.794         | 0.804                 | 0.584                       |
|                        | TI3   | 0.645          |               |                       |                             |

PSS2 item deleted due to low loading
Source: Researcher

Fig 2. Outer Model on SmartPLS

Table 2. Heterotrait-Monotrait Ratio (HTMT)

|                  | 1     | 2     | 3     |
|------------------|-------|-------|-------|
| Self Esteem      |       |       |       |
| Perceived Social Support | 0.718 |       |       |
| Turnover Intention | 0.636 | 0.528 |       |

Source: Researcher

Study following suggestion of (37) assess the discriminant validity in the form of Heterotrait-Monotrait ratio of correlations. All the HTMT values are less than 0.85 (37). Thus, the discriminant validity has been established. Table 2

Having established reliable and validated results from a measurement model, the next step is analyzing the structural model. Present study employed bootstrapping method with 5000 resamples (31) using Bias-Corrected and Accelerated (BCa) Bootstrap with one tailed test type where significance level is 0.05. All VIFs found < 3.3; where perceived social support = 1.878, self-esteem 1.497 and turnover intention is 1.537. Hence, concluded that multi-collinearity is not a concern in present study (30).

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Table 3 specifies that perceived social support is positively and significantly associated to self-esteem ($\beta = 0.582$, t-value 15.853, $p<0.05$) with confidence interval [0.513, 0.637] not overlapping the zero value in between. Therefore, indicating the acceptance of H1. This relationship has small effect, $F^2 = 0.051$. Self-esteem is negatively and significantly associated to turnover intention ($\beta = -0.335$, t-value 4.479, $p<0.05$) with confidence interval [-0.442, -0.189] not overlapping the zero value in between. This demonstrates acceptance of H2. This relationship has medium effect size $F^2 = 0.23$. Self-esteem negatively mediates between perceived social support and turnover intention ($\beta = -0.195$, t-value 4.377, $p<0.05$) with confidence interval [-0.263, -0.113] not overlapping the zero value in between. Hence, indicating the acceptance of H3.

The inner model (representing t-values) on SMART PLS is depicted in Figure 3

The study model describes 34% of total variance in perceived self-esteem where as 23% in turnover Intention demonstrated as moderate and weak level of R-square respectively. The blindfolding procedure which reuse sample by omitting a part of a data matrix with omission distance computes the Stone-Geisser's Q$^2$ value, signifies an evaluation criterion for the cross-validated predictive relevance of the PLS path model. As the Q square value of all endogenous variables is above zero i.e. self-esteem = 0.168, turnover intention = 0.125 representing moderate & weak predictive relevance of the model respectively.

4 Discussion

While investigating the hypothesized relationship through structural equation modeling, it was indicated that a perceived social support is positively related to self-esteem. This verifies with preceding findings and align with the previous study that argue positive effect of social support by managers and co workers in enhancing individual self-esteem during phase of chronic occupational stress regarding organizational restructuring. The supervisor's and manager's support helps in role clarity and understandability with regard to new style of working and co-worker's support in creating healthy work environment. During the transition phases employee feel sense of alarming with respect new work scenario and perceived social support

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helps in developing employee self-esteem during the change process\(^{(8)}\). Adewale\(^{(13)}\) proved the similar relationship in the banking context where self-esteem plays a valuable role in boosting up employee confidence due to change in work. Therefore, this research widens the understanding base by representing a positive connection between perceived social support and self-esteem where the consequences of structural change on employee behavior such as self-esteem can be understood as social support reduced the strains experience with respect to structural change and a great source of coping with occupational stress.

Second hypothesis related to association between self-esteem and turnover intention also supported by results as Chen\(^{(16)}\) stated self-esteem is a substantial forecaster of job satisfaction and reducing turnover intention. The present also in line with the findings of an Indian study of Chen\(^{(16)}\) that indicates the worker’s self-esteem demonstrated a negative relationship with turnover intentions. Whereas similar relationship tested by Chauhan\(^{(14)}\). Due to inherent personality trait employee expect to justify their abilities and develop a cordial bond with organization, the role of self-esteem fosters employees self-assurance and self-dependency, thus helps to manage the burden of changing environment obstacles. Similarly, Albrecht\(^{(45)}\) found the similar relationship in Australia that revealed employees with high self-esteem has less intention towards leaving the job. With respect to present study when change due to merger creates negative effect on employees, establishing self-esteem would improve their relation.

Baniya\(^{(18)}\) indicated the role of personality dimension self-esteem in reducing fear culture concerning structural change indicating turnover intention can be reduced when employee feel self-energetic, confident and self-sufficient. Thus, proved, perceived social support established employee’s self-esteem, morale, and help in reducing employee doubts with regard to proposed change. As Swanson\(^{(7)}\) proved similar outcome,\(^{(19)}\) demonstrated the relationship with regard to self-esteem and turnover intention. Therefore, it postulates that building employee confidence and self-esteem with perceived social support will make them believe they may not loss their individuality and independency with the new enterprise. However, this outcome stands in contrast to previous literature in certain scenario such as Yang\(^{(17)}\) asserted that although job stress is a substantial burden on employees, however, job stress did not rise turnover intention and self-esteem did not reduce the turnover intention. Hence, beside job anxiety and tension at any cost they have to maintain their jobs, as they are solely dependable on their earnings for a survival. Present study findings provides empirical support for the notion that employee with higher perceived social support will have significant positive effect on self-esteem which play a significant role in reducing fear culture with regard to M&A and thus help in reducing turnover intention. As employee inherent personality trait, self-esteem boosted by social support by work place creates a cordial bond with organization. Thus, in the crucial time of structural change, enhancing the self-esteem of employees will play a significant role in successfully implementing the change.

The managerial implications for the structural change in banking sector of Pakistan suggest that employee personality traits needed to consider well, during M&A because employees having positive personality traits have favorable impact on organizational performance which may lead to flexible, interactive and healthy working environment, but if these traits not handled well, it may lead to suffer huge loss. Management should work on above traits in order to subside their effects and minimize turnover intentions and to utilize their human capital productively.

5 Conclusion

In a globalized business world, change is mandatory in every phase of life. The reason of this study was to explore the positive association of perceived social support and self-esteem, the effect of self-esteem on turnover intention was negatively associated. Furthermore, it supported the association of perceived social support on employee turnover intention with the mediating effect of self-esteem. This research has certain limitations; first, it is hard to measure hundred percent view of any employee. As the perception is the inside view or mental state of individual, which could be calculated by responses. Additionally, the data gathered from one geographical territory that might reflect bias in the study. As the finding cannot be generalized so recommended for future researchers to cover other geographical units in the banking sectors and other economic sectors like telecommunication, manufacturing, agriculture, mining, engineering and construction. Additionally the work can be extended with more moderating and mediating variables using other personality dimension like optimism, openness, fear of change, loyalty, emotional intelligence etc.

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