

ABSTRACT

Banking is a crucial industry in Hong Kong while Hong Kong is a major financial centre. With a long history of development, the banking industry in Hong Kong has been reputed for its professionalism, advanced management and significant contribution to the overall economy. Meanwhile, China has steadily aspired to become a developed market economy and, as a major part of that goal, has sought to learn and expand in the overseas banking industry by means of cross-border mergers with banks in Hong Kong. The success of these mergers often hinges on the retention, commitment and continuing contribution of the merged human capital.

This research seeks to extend and apply the Unfolding Model of Employee Turnover as advanced by Lee, Holtom, McDaniel & Hill (1999) to further the understanding of the decision making processes and leaving paths of employees who are subjects of cross-border mergers in the banking industry in Hong Kong. The objectives of the research are threefold: First, to understand the extended application of the Unfolding Model in Hong Kong context in as much as previous studies having been conducted in the US and UK. Second, to test a number of hypotheses with an aim to enhance the operation and generalization of the Unfolding Model when applied to a non-western cultural setting; and third, to examine the impact of the merger “shock” so as to determine to what extent an organizational change is brought forth by the shock and how it affects employee turnover. By leveraging on the findings of this research, proponents of future mergers can better design the appropriate business, human capital and retention strategies / programs that will enhance the probability of the merger successes.

With purposeful sampling drawn in an objective manner as much as possible and a good sample size, this study uses quantitative research methodology powered

by a computerized path classification method and pre-tested by a qualitative pilot study. The recruitment of respondents was the most demanding part of the process which was ultimately fulfilled by capitalization on the author's established banking network, adherence to the principle of anonymity and impartiality. The quality of the participants' responses is also triangulated by thoroughly checking through well-qualified third-party personnel.

I was able to finally collect usable results from over 300 employees of three select banking organizations in Hong Kong which have experienced Sino-western bank mergers between 2004 and 2008. In order to compare and contrast with employee leaving behaviors in the non-merger context, approximately 100 bank employees from several representative non-merger banks also participated in the study.

The main findings of the research establish that the Unfolding Model can indeed apply to the banking industry and to Hong Kong, explaining about 80% of the studied cases which is similar to previous studies (83%). Such a first ever application of the Unfolding Model pertaining specifically to merger events finds that the merger shock accounted for around 60% of the total shock events under the merger situation. It further shows that such merger shock mainly explains why there is a considerably higher experience of shock by respondents under merger context than non-merger context. In particular, male frontline officers are identified as the group most prone to shock-impact and subsequently experience the "image violation" impact. Another highly unique result from the research is the finding of a new "Merger-specific Path". In the terminology of the Unfolding Model, this Merger-specific path represents employees leaving primarily for an attractive job alternative irrespective of the absence of "engaged script", "image violation" or "low job satisfaction". Such a newly theorized path may be generalized to

merger in industries where talent is often highly sought-after. It also accentuates the importance of the “market-pull” factor when the Unfolding Model is applied to a merger situation.

This study further points out the limitations as well as the potential areas for future research, like issues of collective turnover and theoretical improvements to the Model, such as establishing the relative importance of the six individual Constructs which are currently defined as binary variables in successive temporal relationships with one another.

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