

Employees' Attitude towards Merger and Acquisition

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Abstract: *Despite the fact that businesses consider mergers and acquisitions as successful strategies, the majority of employees see such an approach as a threat to their ability to advance their careers. Mergers are a huge, speculative enterprise that never succeeds. In mergers and acquisitions (M&A), the cultures of the acquired enterprises typically serve as a counterculture for the acquiring firm. This paper examines the literature on controlling speculation in human resource management during mergers and acquisitions. This review paper's main focus is on the differences between mergers and acquisitions and the conflicts that arise within the workforce as a result of organizational mergers. The human aspect that exists in the organization, as well as the resentment and unhappiness among employees as a result of M&A, is also discussed in the study. The study also discusses constructive merger and acquisition management, which broadens the range of potential solutions. The focus is also on how employees feel about mergers and acquisitions, how they affect the new company, and what steps the management team should take to ensure that employees stay with the company. One of the humiliating responsibilities that the top management must complete is keeping the personnel that they want to keep in the company. A review of the body of literature was conducted, and various publications from scholarly journals both inside and outside of the Indian context were carefully examined to determine the challenges faced by the employees and what role HR plays in these challenges. In M&A. Despite much research being done and the majority of M&A deals failing, HR is consistently ignored in mergers and acquisitions. It is necessary to estimate the degree of resistance and support already present in the company in order to increase the success of the venture and forge alliances. Different components linked to maintaining workforce stability are seen as critical features in managing HRM risk. According to the study, poor communication, a culture of conflict, incompatible management leadership, an unbalanced structure, shoddy change management, a lack of a shared vision, and depressed motivation are obstacles to keeping employees after mergers and acquisitions. The paper offers the surviving merged organizations, organizations dealing with M&A, or organizations getting ready to do so, vision, and direction.*

Keywords: Merger, acquisition, attitude, employee, behavior, take over.

1. Introduction

Livelihood is the main source of human beings to run the family and stay respectable life in society. Every family has their own nest and dreams for their little ones. All this is dependent on their business or job. Yes if it's a job then a person is salaried and life is a very smooth sailing ship. Imagine the situation under these circumstances if a company declares a merger and acquisition what will happen to the employee whose pillar of all dreams is the job? Mergers and Acquisitions shatter all the dreams and attitudes of employees change towards Merger and acquisition. Let us know what are Merger and Acquisition. The terms "mergers" and "acquisitions" are often used interchangeably, but they differ in meaning:

Acquisition: An "acquisition", is when one company purchases another outright.

Merger: A "merger" is the combination of two firms, which subsequently form a new legal entity under the banner of one corporate name.

Attitude: An "Attitude" can be defined as the way in which a person views and evaluates something or someone, a predisposition or a tendency to respond positively or negatively toward a certain idea, object, person, or situation.

Merger and acquisition have become very common in the recent past and many organizations are opting for the same.

History has shown that M&A's have created many dysfunctions within the employed directly and indirectly of the merged parties, that convert into dysfunctional management strategies ultimately arising serious value loss to the very main financial synergy that was decided and calculated by both the companies entered into Merger and acquisition.

One cannot expect Merger and Acquisition to be totally successful if the attitude of employees is already formed much in advance before the process actually begins. This paper examines the role of the attitude of employees towards merger and acquisition in an organization at the announcement of the process. The aim is to investigate how employees react to the idea of M&A. and their attitude and behavior start reflecting in all the areas in spite of knowing what the process is all about and how it will benefit them. The goal is to study the attitude towards mergers and acquisitions before beforehand so that care can be taken when it formally begins to bring Paradigm Shift.

2. Literature Review

For this purpose, the research scholar has reviewed the following literature.

- 1) **Wookje Sung, Meredith L. Woehler, & Travis J. Grosser (2017):** Employees' Responses to an Organizational Merger:

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In this article, the researcher is trying to say that voluntary turnover in employees is a very obvious reaction to M&A unless and until the responsible managing committee of M&A highlights both organizational and personal benefits of a merger to employees. The success of M&A is dependent on the strengths of employees put together in both organizations. Voluntary turnover can impact the merger. (Sung, 2017)

2) **AntimaGulia1, Dr. Shevata Singhal (2020)** ISSN-2394-5125-Merger & Acquisition: Stress Booster among employees.

Mergers and acquisitions create long-lasting trauma and dissatisfaction among employees of acquired and acquiring firms. With restructuring, change in the workplace, change in job profiles, Operating processes, integration, new teams, and change in job roles, it's very difficult for employees to cope with sudden changes, which ultimately leads to stress among employees. (Gulia, Mergers and Acquisitions : Stress Booster amongst the employees, 2020)

3) **Ganesh Bajgai (2021) ISSN: 2705-4691:**

Employees' Perception towards the Merger and Acquisition of Bank and Financial Institutions of Nepal. This paper highlights that M & A could help both side employees of organizations to implement new & innovative ideas and provide resources to improve their customer service for the customers and to create a niche in the market. This paper shows the majority of the respondents showed a positive perception towards the effectiveness of merger and acquisition to improve the service quality, organizational performance, exchange organizational culture, maximizing profit and revenue, increase the credit rating of banks, introduce new services and facilities, and implement the new innovative ideas.(Bajgai, 2021)

4) **Ioannis Nikolaou, Maria Vakola, and Dimitris Bourantas (2011):DOI: 10.1108/00483481111169652**

The role of silence on employees' attitudes "the day after" a merger. This paper investigated the role of organizational trust and organizational silence on employees' post-merger attitudes. As the word merger and acquisition is itself a negative connotation and anybody who hears this goes under stress and it automatically results in silence and Organizational trust was negatively related to organizational silence.(Nikolaou, 2011)

5) **Dr. Rajesh Mankani (2018) (ISSN 22 7 -5730)A Study on Mergers and Acquisitions in the Banking Industry-Case Study of ICICI Bank with Sangli Bank:**

The merger of banks seems to be successful because the nature of their functioning and demographic nature matter. Here Sangli Bank has better facilities in the form ICICI bank merger, and better services which is positive for employees as well as customers.

Sangli Bank being a small fish in a pond got a bigger pond to swim so it's a happy merger. Such M & A shall be promoted. (Mankani, 2018)

6) **Emmanuel Abiodun Fayankinnu & Sunday Israel AKINDE1 (2020)**Employees' Perception of Banks' Merger and Acquisition on Job Security in Nigeria:

This study succeeded in proving that in general employees do fear job security and are under stress to save their jobs. During the merger, banks do take employees to prove the merger is successful and give stress to present staff who in turn try to search for new jobs in a hurry. Even the employee shows that they are happy on their faces but deep down they are stressed.(FAYANKINNUEmmanue, 2020)

7) **Hazem Ahmed Khairy (2019) DOI: 10.21608/ijth.2019.92906.**

How Organizational Merger Affects Employees' Engagement and Job Security in the Hotel Industry? A Pre-Post Analysis. This paper also aims to give suggestions that a proper roadmap shall be adopted which consists of a clear strategy taking into account all the differences like communication with employees, coaching of employees for career growth, and opening up of dialog with the individual to give them team and belongingness feeling. The failure or success of the merger is truly dependent on employee participation.(Khairy, 2019)

8) **Nasir Meh (2023) PRE-MERGER & ACQUISITIONS PLAN: EFFECTS ON EMPLOYEES MOTIVATION AND DEVELOPMENT APPREHENSIONS:**

This research article like others confirms that almost half of M & As fail to meet their strategic objectives because very few are concentrating on the human side and so this research paper has tried to focus on psychological and behavioral effects on employees undergoing mergers.

Myeong-Gu Seo,2005 Identified six theories anxiety theory, social identity theory, Culture theory, role conflict theory, job characteristics theory, and organizational justice theory to explain the problems in managing the merger and acquisition (M&A) organizational change process. If these are handled systematically 90% of problems will solve.(Meh, 2023)

9) **Antima Gulia, 2Dr. Shevata Singhal (June 2019) DOI:10.2139/ssrn.3596806(E-ISSN 2348-1269, P- ISSN 2349-5138) Merger and Acquisition: Impact on the Living Asset (Human Resource)**

All the Research shows a link between M&A and the continuous insecurity among employees which is a human asset and which is responsible for the success of any organization – running or M&A. The performance of the workforce is highly affected due to non-managements of human assets. It's very important to manage both the employees from both sides and bring integration. Employees need to be retained at all costs, employees leave, and the talent leaves. The main conflict is a cultural conflict that dissatisfies all.(Gulia, Merger and Acquisition: Impact on the Living Asset (Human Resource), 2019)

10) **Anil Kumar (March 2012)**–ISSN 2251-1555.

A Study on Mergers and Acquisitions – Its Impact on Management and Employees.

Third-party, banks carry out the Merger and Acquisition which is more or less a number process. The bidding process and change of management at the Top level happens outside the office which the common workforce is not aware of. Problems start arising when it percolates down to grass root level.

Post-merger phase has its own advantages as well as difficulties, if handled with proper care synergies can be withdrawn but a little mistake can spoil the whole transition.(Kumar, 2012)

11) **John Dokotria*, Dung Ezekiel Jidongb, Victor Dung Pamc, (2016)** ISSN 2378-8569: Merger, Acquisition and Employees' Work Attitude after Bank Reform in Nigeria.

This study explains that let it be any country or state, human feelings remain the same. Be it Nigeria, or India the effect on the attitude of this fear of the unknown is the same. Retained employees after a merger or acquisition have developed perceptions from their surroundings that they have been cornered, unlike employees of the acquirer.

The paper requests the responsible people involved in the M&A process to have knowledge of the concept of change affects employees. (John Dokotria*, 2016)

12) **Abdul Aziz Khan Niazi, Khurram Saghir Khan, Tehmina Qazi, Abdul Basit**(March 2021). ISSN: 2223-5604: IDENTIFICATION AND RANKING OF EMPLOYEES' PHYSICAL BEHAVIORS CRITICAL TO MERGERS.

This paper aims at employees' behaviors pattern during M&A. No recognition of changes in behavior, hierarchy, and no recognition of potential employees leads to a chaotic ambiance in the organization. Employees are the key factor to decide the fate of M&A's success or failure. This paper has tried to list of behaviors of employees during M&A. (Abdul Aziz Khan Niazi, 2021)

Objectives:

- 1) To study the role of human behavior in organizations for the success of M&A.
- 2) To study the how attitude of employees changes the moment Company declares for M&A
- 3) To find out how important human asset is for M&A.

Research Methodology:

The methodology adopted was focused on direct interviews of ten employees who are and were part of M&A. The researcher has given an open platform to give their input.

Hypothesis: There is an attitude change in employees during M&A.

Hypothesis: There is no Change in employees' attitudes in during of M&A,

List of Responses:

As per the researcher the moment a question was posed to 20 professionals who were at the mid-level of their careers. Everyone's reactions were mixed. On the basis of their responses findings are enumerated.

Let us summarize the common response given below.

The introduction of a merger and acquisition (M&A) in an organization gives rise to uncertainty, Apprehension, Safety of the job, and Skepticism about the future of employees.

All the respondents were worried about their job security as history has proved that after mergers and acquisitions, many of the employees are given pink slips by the strong company to the employees of the weak company. As there will be duplication of jobs and employees will be more to handle the same jobs so extra employees are given indirect hint to leave the company as the company who takes over the company will definitely prefer their own set of employees rather the other company's employee.

Mid-level employees who are set at a certain level and wanted to have long innings are more concerned as they have their career road map drawn and were not worried about the future, such employees are more frustrated and want to search for another job in an undecided mental state out of fear to take care of the family and their children's study. Young employees will leave their job as they have time with their side and opportunities, and seniors will stay back unhappily without adding any value if they do not get a better opportunity. This will add liability to the organization. This could lead to resistance or a more cautious approach among employees.

Many of the respondents also confirm that though the new management promises that they will not allow any of the employees to lose their job new who have actually faced such a situation though management has promised stable jobs and nothing is going to happen to their job actually creates a situation or environment that employees tend to leave their jobs and take up any assignment that comes across.

One of the strong responses shows that if the product of both companies is the same then its okay or else the product of the weaker company suffers and that product downfall starts in the market and eventually the product disappears from the market and the name of the professional who is doing marketing of the same.

Surprise is the only reaction and if the road map, vision, mission, and culture of the organization are different then employees tend to leave and the real meaning of the merger is lost. It's said that merger is for higher level profit and is not for employee's wellbeing. Motivation to work is long lost and the gloomy atmosphere is spread at all levels and no focus on organizational growth as every busy is thinking what's their role in the organization.

There are also some positive responses and a proactive approach that believes that the company's Policy, Goals, and Status will change and there will be new directions to the

company's growth and the financial status of the company will change. New Horizon, new policies, new systems, new SOPs, new pay scale, new things to learn, new boss, new colleagues, exchange of knowledge - an environment of enthusiasm amongst employees towards Merger and Acquisition. Employees may take the initiative to enhance their skills, build relationships across departments, and adds value to the organization. Positivity of employees can increase their chances of retaining their position or being considered for new roles within the merged entity.

Employee's interest may be attracted by the potential opportunities that arise from a merger or acquisition. There will be a chance for personal growth, increased market presence, expanded resources, or access to new technologies. To sum up, 90% of the respondents showed anxiety, job insecurity, fear, fear of the unknown, and the time to pack their bags. 10% response is of enthusiasm and optimism.

Scope and limitation:

The scope of this article is varied and studies how human behavior affects the success of M&A. Limitation are that the behavior keeps on varying during the process.

3. Recommendation and Observation

After going through all the research articles and responses for the focused group of mid-level management it's very obvious that every working individual will definitely not accept a Merger and acquisition happily and take it in stride and walk ahead. It is definitely a matter of concern and survival for an employee as his family, and children's education is dependent on his /her job. This job is in danger and then whosoever and howsoever motivated an employee is will become skeptical about his existence in the organization. Most of the mergers and acquisitions have to date more or less given jerks to employees' jobs and the outcome of employees' behavior is genuine.

As the researcher is witnessing the process of Merger and Acquisition, it is definitely a tough task to make employees understand that everything will be okay, the jobs are fully secured till such time at least 50% of M&A have proved that the jobs are secured and employees are retained with respect and nobody is made felt that they have been part of the acquisition process and by keeping them in the job they are not doing any favor.

Human behavior is fluctuating and every now and then you can not keep on counseling and giving assurances that the strong company will not always keep on pampering the whims and fancies as they acquired the company for profit and not for social work.

Organizations must be honest and clear in their communications regarding how a merger or acquisition may affect job security. Management may help reduce any confusion and promote a professional attitude during this transitional period by regularly updating employees on the integration process and responding to their concerns.

4. Conclusions

As a researcher, we conclude that HR has to play a very sensitive role in this transition and the company has to involve the HR dept. in the process from the beginning so that HR is in a position to transpire the process from top to below. A continuous message shall be passed from the senior to shop floor employees about the happenings and full confidence is given to employees that this Merger will bring new avenues and opportunities for growth and we all will achieve a common goal.

Mergers and Acquisitions shall be depicted as Positive processes unlike what happened in the past and with the help of HR intervention things can be controlled and employee attrition shall be withheld.

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