

A LITERATURE REVIEW OF MERGER AND ACQUISITION ON EMPLOYEE PERSPECTIVE

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Abstract : An extensive review of literature reports has been carried out in order to get a good quality observant in the topic of Mergers and Acquisitions. Literature review has been done from books, journal, published national and international papers etc. The issues covered consist of Motives, Financial performance, Work Environment, Job Satisfaction, Employee Morale, Employee Stress. Literature assessment has been collected from each inside India and outside India. Most of the companies studied enhanced work environment and job satisfaction after merger or acquisition. This might be because of decreased cost of operation added approximately with the aid of using economies of scale. The observed out that mergers and acquisition became now no longer the simplest contributor to job satisfaction and other factors also contribute towards increased job satisfaction.

Keywords: Mergers and Acquisitions, Work Environment, Job Satisfaction, Employee Morale, Employee Stress.

Introduction

Mergers and Acquisitions (M&A) are being increasingly used the world over, for improving competitiveness of companies through gaining greater market share, broadening the portfolio to lessen enterprise chance, for coming into new markets and geographies, and capitalizing on economies of scale. Mergers and acquisition always contain organizational change, integrating a few or all elements of the preceding organization features and or activities, which can also additionally hamper employees job satisfaction. On the other hand, the degree and the level of organizational changes could be extremely generous across mergers because the motive and types of mergers differ broadly. One motive to assume in merger interest is the possibility to take benefit of economies of scale. A merger may be a much less steeply-priced manner to attain efficient asset size than internal expansion..

Merger interest will also be a mechanism to update inefficient management. Mergers additionally defend smaller, much less efficient banks from larger more efficient banks. It additionally gives an possibility for banks to lessen chance through geographic diversification. In an excellent merger the newly created entity pools the first-rate functions of the merging organizations. A properly deliberate procedure constructed at the foundations of an open, sincere and constant communiqué approach can pave the manner for a successful merger. Merger and Acquisition regularly show to be distressing for the employees of acquired firms ; the effect can variety from anger to depression. This can also additionally bring about excessive turnover, lower in morale, motivation, productiveness and consequently merger failure. The different

troubles with inside the merger and acquisition interest are the adjustments in human useful resource policies, layoffs, survivor syndrome, and pressure at the workers. The human resource structure issue that becomes essential in merger activity such as human resource planning, selection and turnover, employee development, performance appraisal system, compensation and employee relations.

Review of Literature

Sigamoney et al (2020)¹, revealed that the most consolidations have set a spotlight on financial and political vulnerability taking into account the productivity of a business while disregarding employee morale and prosperity during the cycle of progress. Human resources are regularly disregarded during and after consolidation. Guarantee that worker assurance is kept up with as inspired representatives guarantee efficiency, which is vital for the associations' prosperity following the consolidation and securing measure. This paper plans to contribute its discoveries on how representative resolve is essential to the accomplishment of consolidations in the current world. An uncommon spotlight will be put on H&K Networks in South Africa. Most mergers or acquisitions bring about losing key workforce, in this way influencing the recently framed organization's ideal development system. The maintenance of key faculty is an expanding worry of bosses. Mergers and acquisitions along these lines overlook representative resolve at their own hazard. By and large, endeavors that consolidate or that are procured base their prosperity on the ability of the elaborate representatives. This guarantees the organization's accomplishment in its endeavors going ahead. The legitimate administration of representatives during a consolidation brings about ideal usefulness. Catchphrases: consolidations, acquisitions, post-consolidations, workers, managers, culture, assurance, administration.

Hussain, Soomro, Bhutto, Shah, & Shaikh, (2019)², concluded that to improve the employees performance and commitment level proper measures should be taken to control the stress level among them. In the merger and acquisition process one can only succeed if proper attention is paid towards factors of generating stress and anxiety. Stressful situations arise among the employees due to adopting the new culture and environment after merger and acquisitions and leaving behind their old work culture. Stressors include changes in job role, insecurities, salary issues, and uncertainty.

Aristos et al (2018)³, have brought up that most consolidations have set a spotlight on financial and political vulnerability taking into account the productivity of a business while disregarding employee morale and prosperity during the cycle of progress. Human resources are regularly disregarded during and after consolidation. Guarantee that worker assurance is kept up with as inspired representatives guarantee efficiency, which is vital for the associations' prosperity following the consolidation and securing measure. This paper plans to contribute its discoveries on how representative resolve is essential to the accomplishment of consolidations in the current world. An uncommon spotlight will be put on H&K Networks in South Africa. Most mergers or acquisitions bring about losing key workforce, in this way influencing the recently framed organization's ideal development system. The maintenance of key faculty is an expanding worry of bosses. Mergers and acquisitions along these lines overlook representative resolve at their own hazard. By and large, endeavors that consolidate or that are procured base their prosperity on the ability of the elaborate representatives. This guarantees the organization's accomplishment in its endeavors going ahead. The legitimate administration of representatives during a consolidation

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Kour & Kaur, (2018)⁴, concluded that the major issue among the employees of the merged banks was the threat of job loss and increased stress since the employees are facing issues getting along with the new working environment. Employees need to tackle with mental health issues and stressful life. It was also found that the employees were opting for leaving the organization due to increased stress. Several factors responsible for increased stress level were changed job structure, post merger integration, shifted working hours, increased expectations, changed procedure and policies.

Van Dick, Ciampa, & Liang, (2018)⁵, conducted study to explore the employee stress and well being at the organization and observed in the study that the staff who get along with their peers and teams has to face less stressful scenarios. During post merger integration period shared identities helps in deducing the clashes among staff and to cope up with the stress creating aspects with respect to merger and acquisition. It was necessary to participate in stress management strategies to balance the workplace stress and health.

Chinta (2016)⁶, this paper looked at employee's work fulfillment when merger and acquisition (M&A); and estimated the relationship of occupation fulfillment with exchanging goal after M&A of Nepalese Banks and Financial Foundations (BFIs). A study among 180 representatives of 27 BFIs who saw M&A has been directed utilizing six-point Likert scale polls. The outcome uncovered that employees' issues are the main part of M&A measure which, if not dealt with indeed, may adversely affect employee's fulfillment and exchanging expectations. Workers were found less fulfilled after M&A contrasted with before M&A, however, exchanging goal of representatives was not found after M&A. Nonetheless, the probability of representatives leaving BFIs has existed because workers those were fulfilled communicated that they can improve opportunity than the current work, and there would not be an issue in their life to stop present work.

Vijaywargia, (2016)⁷, concluded that merger and acquisitions prove to be the most prominent strategy for the growth and success of the business, but merger and acquisitions considerably fail because of neglecting the employee issues. Further foremost merger stressors have been additionally discovered consisting of job transfers, compensations changes, power status, threat related to job loss, insecurity which leads to declined performance and absenteeism. Merger and acquisition are generally threatening for the staff as they generate anxiety and stress.

Plemons (2014)⁸, investigated that the companies to become aware of subject matters amongst aid group of workers in decided on Registrar's Offices with inside the Southeastern vicinity of the United States. The researcher requested members to talk about their perceptions on current morale stages with inside the workplace and how different work responsibilities affect morale. Since the Office of the Registrar is fundamental to the institution, the researcher additionally requested members how the workplace's perceived morale affected the success of the workplace's mission. The study, a staff with high morale will improve customer service experiences and create a dynamic workforce willing to go beyond the requirements of the position. The office with the lowest morale had different divisions within its structure which

operated similar to individual silos. The offices with the highest morale defined the work environment as a family, was cross-trained, and non-management staff addressed the task of boosting morale. Happy employees will work together, assist students, and propel the Office of the Registrar to a model within the university.

Sanda and Benin (2011)⁹, carried out a study to understand the degree to which employees' satisfaction with merger-caused organizational modifications effect on their productiveness and the merged-company overall performance. The consequences confirmed that human useful resource problems are critical components of mergers which, if it isn't properly handled may impact negatively on employee satisfaction with consequent repercussions on productivity and the success of the merger. It is concluded that worker satisfaction to a merger-caused organizational modifications can be stronger through instituting powerful two way communication system and the usage of participatory tactics in job remodel techniques. By implication, merger induced change has human factor challenges that merging firms need to understand.

Islam, Mohajan & Datta, (2011)¹⁰, carried out a study of the morale and job satisfaction performs a essential function in general overall performance of the personnel surrounded by the workplace The examine additionally decided that social status, supportive colleagues and feeling steady approximately the job have been the top three best reasons for operating inside the banks. It changed into additionally decided that pay, choice making authority, and promotional coverage have been the pinnacle priorities for enhancing the work environment

Mah, Okechukwu E,(2009)¹¹, revealed the job satisfaction has a direct negative relationship with turnover intention. These consequences imply that the impact of job satisfaction on turnover may be stronger in ways; namely whilst personnel discover congruence among their job and their self –identity and whilst involvement in such jobs complements their life satisfaction. These two studies reveal the importance of the research. The aspect of overall life satisfaction was not considered in this research.

Uma Sekaran, (2009)¹², indicated that personal, job, and organizational climate factors influenced the ego investment or job involvement of people in their jobs, which in turn influenced the intra-psychic reward of sense of competence that they experienced, which then directly influenced employees' job satisfaction.

Nirmala, Aruna (2013)¹³, described that the merger and acquisition for long have been an important phenomenon. The subject matter of counting interest to different persons such as the business commercial enterprise executives who're seeking out capacity merger partners, funding bankers who manipulate the mergers, legal professionals who recommendation the parties, regulatory government difficulty with the operations of inventory marketplace and developing company sectors within the financial system and researchers who need to recognize those principles better.

Shobhana , Deepa (2011)¹⁴, explored a probe into the fulfillment of reasons as vowed withinside the merger offers of the nine chosen merged banks. The observe makes use of Summary Statistics, Wilcoxon Matched Paired Signed Rank Test and 'T' check for evaluation and interpretation of statistics referring to the 5 pre and publish merger intervals each. The end

result shows that there was most effective partial fulfillment of the reasons as envisaged with inside the merger offers.

Julie Lei Zhu (2011)¹⁵, investigated that a new degree for shareholder cost introduction to evaluate the performance of obtaining companies in making use of capital earlier than mergers and acquisitions (M&As) and hyperlinks this degree to acquirers' publish-acquisition overall performance. His degree, built earlier than the M&A transaction, (a) predicts each the running and long-run unusual inventory overall performance of merged companies after the acquisitions and (b) hedge portfolios primarily based totally at the degree generate sizable unusual returns. Overall, the effects indicated that buyers do now no longer absolutely understand how green acquirers had been in making use of capital earlier than M&As and that incorporating the brand new cost introduction degree into the selection system of large-scale M&As can assist defend shareholder wealth.

Mehroz Nida Dilshad (2013)¹⁶, denoted the performance of marketplace with admire to bulletins of mergers and acquisitions the usage of an occasion observe methodology. The observe analyzed the consequences of banks mergers and their bulletins at the costs of stocks, in Europe. Evidence right here helps that vast cumulative unusual returns had been quick lived for the acquirers. Evidence of extra returns after the merger assertion become additionally discovered alongside the leakage of statistics that resulted with inside the upward thrust of inventory costs few days earlier than the assertion of merger or acquisition. At the equal time, the effects of cumulative unusual returns confirmed that focus on banks earned unusual returns at the merger assertion day.

Conclusion

Mergers & Acquisitions (M&A) has become the most important strategic element driving business growth and excellence. Mergers and acquisitions will continue to be an ever-present characteristic of the modern corporate landscape. Merger and acquisition (M&A) bring together different sets of people, processes and technologies with the common objective of creating a larger, unified organization. The organization aims to benefit from the synergies of merging organizations by consolidation, rationalization and integration of the people, processes and technologies of both organizations. Human Resources (HR) has the potential to play an important role during all stages of M&A. However, these issues are rarely considered until serious difficulties arise. The Human Resource dimension of M&A should be accorded the same emphasis and attention given financial, legal, operational and strategic concerns. HR no longer plays a dormant role and is emerging as a strategic business partner where key initiatives undertaken such as communication, training, counseling, career planning, support workshops, building trust, coaching and compensation planning, have significant business impact.

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