



Analyzing the Consequences of Mergers and Acquisitions on Human Resource

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ABSTRACT

To achieve competitive advantage, Mergers and Acquisitions has become a strategic opportunity for organizations. An exceptional amendment has been witnessed in India in recent years, due to the liberalization by the govt. of India. This study investigate the impact of Mergers and Acquisitions on the employee's job motivation and job satisfaction, psychological and behavioral impact. The analysis witnessed unsatisfying level of job security and motivation and psychological behavioral aspects among workers who worked post Mergers and Acquisitions. The paper talks about the impact of Mergers and Acquisitions on Human Resource that is often unnoticed. It talks about the advantages & disadvantages of Mergers and Acquisitions. Though M&A are seen as tools to boost business in today's international marketplace, they have a low success rate, probably as a result of the main target has been on financial and legal problems instead of the human factors.

Keywords: Merger, Acquisition, Merger emotion syndrome, Human Resource.

INTRODUCTION MERGER & ACQUISITION

MERGERS AND ACQUISITIONSs are thought-about as a comparatively quick and economical appreciation to expand into new markets and incorporate new technologies. Still, there are several evidences that their success is by no means assured. On the contrary, a majority of MERGERS AND ACQUISITIONSs appear short of their expressed aims and objectives. On the contrary a substantial range is often derived, that has neglected those factors that are associated with human resources problems and activities. There are varied studies that put together the requirement for companies to constantly address a spread of human resource problems, activities, and challenges in their merger and acquisition activities. The post-merger integration method could be a troublesome and complicated task. It comes along side long lists of activities and tasks that have to be done like formation of latest groups and departments.

Human Resource: Key Concern

It is reported that one among the most reasons for failure of a merger or acquisition is predicated on Human Resources neglect. Human Resource problems are the prime sensitive area, usually unnoticed in merger and acquisition. Once a call is taken to merge or acquire, a corporation analyses the feasibility on the business, money and legal fronts, however fails to acknowledge the importance hooked up to the human resources of the organizations concerned. Corporations that do not acknowledge the importance of human resources within their organizations and their role in the success of integration are bound to fail in the long run.

OBJECTIVES OF STUDIES

- To access advantage & disadvantage of merger & acquisitions.
- How M & A have direct relation to the employee's psychological science
- To analyze trends, considerations and problems in M & A.
- To examine the performance of the businesses that have practiced MERGERS AND ACQUISITIONS

Psychological Implications

Employee Stress

Even the best-orchestrated mergers are often 'threatening, unsettling, and nerve-racking for a few employees. Some common merger stressors embrace uncertainty, insecurity, and fears regarding job loss, job changes, job transfers, compensation changes, and power, status, and status changes that leads, in turn, to organizational outcomes like absence, poor performance.

Mergers and Acquisitions are often threatening for employees as they create stress and anxiety. Hunsaker and Coombs (1988, 58) found classifiable patterns of emotional reactions practiced by human resources throughout a merger or acquisition; they tagged this development the

'Merger-Emotions Syndrome

Denial- Initially workers react to the declared merger with denial. they assert it should be 'just a rumor.'

Fear -once the merger becomes a reality, workers become frightened of the unknown. for instance, staff become preoccupied with job loss.

Anger- Once workers feel that they're unable to forestall the merger or acquisition from happening, they start to specific anger towards those that are accountable.

Sadness- workers begin to grieve the loss of company identity .

Acceptance- In this stage workers begin to acknowledge that to fight would be useless, and that they begin to become hopeful.

Relief- workers begin to appreciate that it isn't as inauspicious they had expected.

Interest- Once employees become secure with their new positions or with the organization, they start looking at the positive side.

Liking- workers discover new opportunities and start to love their new job.

Enjoyment- workers discover that the new working is functioning out well and feel safer and cozy. The merger-emotions syndrome provides management and researchers with the chance of pinpointing the emotional stage of the staff. Management ought to acknowledge that these emotions exist among the staff and they should take care of them as with efficiency as possible.

Advantage of Mergers and Acquisitions on Human Resource-

- The initial advantage of MERGERS AND ACQUISITIONS is that it provides a surplus power that allows increased performance. Once the corporations get together, it ensures tremendous profit in terms of monetary gains and work performance.
- Cost potency is another useful facet of merger and acquisition. Increasing profit margins of the company..
- A combination of two corporations or two businesses definitely enhances and strengthens the business network by rising market reach. This offers innovative opportunities and new areas to explore.
- With of these edges, a merger and acquisition deal will increase the market power of the corporate that successively limits the severity of the powerful market competition. This allows the united firm to require advantage of high-tech technological advancement against degeneration.

Disadvantages of Mergers and Acquisitions on Human Resource-

MERGERS AND ACQUISITIONS are failing to satisfy their objectives. Within the last decade, Mergers and Acquisitions has become a worldwide growth story, despite the high risks involved, a recent study showed that around 85% of the consolidations have failed. It's been determined that almost all cases of failures are because of sheer negligence of employees many efficient worker s have quit the organizations because of the MERGERS AND ACQUISITIONS. Despite a calculatedly strategy M & A have found to be a failure, and the main reason for the failure is the challenges visage in managing employees problems.

Merger & Acquisition in India: Recent Trends

With the increasing array of the Indian corporations choosing Mergers and Acquisitions, now India is currently among the leading nations of the world in terms of Mergers and Acquisitions. The various Indian sectors that have resorted to Mergers and Acquisitions in recent times are telecom, finance, FMCG, construction materials. Matters of Mergers and Acquisitions in India have undergone a shift within the last few years. In Indian corporate sector, Mergers and Acquisitions of foreign corporations by the Indian corporations has been the latest trend. Factors like dynamic perspective of Indian entrepreneurs, extra liquidity, favorable government policies; buoyancy in economy etc has made M&A a widely used strategy in India. The IT and ITES sector have already assert a dominant role in international market.

RECOMMENDATIONS

The following recommendations are being suggested for firms to consider the method of Mergers and Acquisitions which is helpful in retaining the employees and thereby protecting the leading valuable assets that is the "Human Resource".

1. Develop a clear vision and business strategy of the merger throughout the method of cooperation, and have it prepared for communication across the two firms.
2. Create a replacement chart, and take up an in depth audit of the competencies of the staff to map their roles and responsibilities as aligned with the new chart.
4. Establish a sturdy communication system, to minimize the fears and anxiety amongst the employees. Establish a purpose of contact for the staff to speak to and ask for clarifications to their queries. These employees should have easy accessibility to the Senior Management team to put their views.
5. Communicate to deliver clarity of the plans. If needed, external expert assistance can also be used.
6. Engage the employee in productive work and keep their motivation and commitment high.

CONCLUSION

Mergers and Acquisitions (M&As) is a widely used strategy by the companies throughout the world to strengthen their foothold in the market. M&A are considered as a relatively fast and efficient way to expand into new markets and incorporate new technologies. Majority of M&As fails because of the negligence towards the Human Resource. Some failure can be explained and justified by financial and market factors. There is a need for firms to address a variety of human resource issues, activities, and challenges . Mergers and Acquisitions helps an organization to provide sustainable competitive advantage, but, such events create severe personal trauma and stress which can result in psychological, behavioral, health, performance, and survival problems for both the individuals and companies.

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