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Business Mergers' Effects on Employee Loyalty

1 Paritaba Jadeja, 2 Dr Hitesh Shukla
1 Research Scholar, Business Management Department, Saurashtra University, Rajkot
2 Department of Business Management Saurashtra University, Rajkot

1.ABSTRACT

Business mergers can have a significant impact on employee loyalty. In the short term, employees may experience uncertainty and insecurity about their job security and the future of the company. This can lead to increased absenteeism, decreased productivity, and higher turnover rates.

Another major concern for employees is the potential for cultural clashes between the two merging companies. Different corporate cultures can lead to misunderstandings and conflicts, which can negatively impact employee morale and productivity.

2. KEYWORDS: Mergers, acquisitions, post-mergers, employees, employers, culture, morale, leadership

3. IMPORTANCE

The importance of evaluating the role of personal and professional responsibility in the context of a business merger is quite self-explanatory. Given the vast number of alterations through which an organization is expected to go, it is critical for a company to be supported by loyal and responsive staff members. During a merger, the threat of losing employees' loyalty grows exponentially since the new challenges and responsibilities, as well as a shift in the corporate hierarchy, make employees question their ability to handle the new challenges.

The loss of loyal staff members, in turn, is likely to cause organization major losses due to a drop in the quality of production and the efficacy of the delivered performance.

Consequently, examining the strategies that allow an organization to keep the levels of employee retention high and ensure that people working in its setting remain loyal and enthusiastic is critical.

4. LITERATURE REVIEW

In a merger, two organisations unite to become a new business, usually with a new name. Since the companies involved are typically of a similar size and stature, the term 'merger of equals' is sometimes used (Lupina-Wengner, Schneider, and Van Dick, 2015). In an acquisition, one organisation buys another (Scott, 2013:15). There are also cases where one organisation might be absorbed into another or where one of the companies operates as a subsidiary of the other (Scott, 2013).

Pokharna (2011) indicates that mergers and acquisitions are regularly undertaken to extend a present organisation or operation which seeks long-term gains and an expansion in market control.

4.1 Post - Merger Integration

Mergers primarily result in organisational change. In some cases, the strategic focus of the merger is cost driven; in others, the anticipated benefits of the merger focus on growth expectations (Weber, Rachman-Moore and Tarba, 2011:97-192).

4.2 Disregard Of Psychological Issues

When organisations are integrated, the psychological impacts of change on individuals are not given sufficient thought. Insufficient communication all through the merger process can result in employees not being kept informed during the integration process. Even though individuals feel their occupations are in question, they generally have minimal dependable data on which to base their choices (Weber et al., 2011:97-192).

4.3 Culture Conflict

Between the Two Organisations Representatives with various values and work styles are habitually required to cooperate with no structure for open dialogue (Weber et al., 2011:97-192). Whilst conflict is healthy, a diversity of culture presents itself from different organisations of which the need for embracing such cultures is required

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4.4 Contradictory Organisational Directions And Indistinct Roles And Responsibilities
Senior managers are regularly moderate in articulating the vision and mission of the new, combined organisation. In the wake of scaling down, staff are left to manage more work and have little direction in determining organisational priorities (Weber et al., 2011:99).

4.5 Human Resources (HR)
Ajjarapu (2004) explains that one of the fundamental reasons for the failure of a merger or acquisition is the exclusion of HR. Muncherji and Dhar (2009:415) report that HR professionals are not included in the merger and acquisition team, which normally includes individuals from finance, IT, and other disciplines who are seen to be fundamental in making the deal work. Organisations that fail to recognise the significance of HR in their organisation and their part in the accomplishment of integration, fail to achieve success (Weber et al., 2011:99).

4.6 Employee Morale
Dixie and Nelson (2005:26) explain that low morale eventually depletes employee commitment, damages the product or service offered, and estranges the clients and customers that the business serves. Pokharna (2011) explains that "low morale goes viral in that it may begin with one disgruntled employee then extend towards a general condition, or spread from department to department and finally affect the entire organisation". Poor morale is, however, reversible (Pokharna, 2011).

4.7 Employees Have Feelings
Pokharna (2011:20) further adds that amid a looming or a materialised merger and acquisition, the workforce may abruptly feel disengaged, bringing about absenteeism or employees stopping their occupations in these organisations. Such dissatisfaction adversely influences employee efficiency and their yield level. Ineffective communication strains the business representative relationship and decreases staff morale.

5. FINDINGS FROM THE SURVEY RESULTS

Empirical data was collected by conducting a survey in the form of a questionnaire. The goal of this survey was to find out whether the changes in the company had impacted its employees' motivation and the reasons for this. The survey aimed to give the organisation an opportunity to listen to its employees to hear their opinions on the way change should be handled and what may keep them motivated during constant change. Overall, the sample population of this research did not show high degrees of morale

. When looking at the weighted sections of the modified Edwards survey, it was observed that the segment on job-related assertions had the highest level of confirmation, indicating that significant improvement is needed with regards to job variety and freedom. It can be accepted that vague job responsibilities can prompt frustration and issues with management and can influence the execution of work and the profitability of the organisation. It was additionally noticed that the section that identified with career support had the least level of confirmation, showing that change ought to concentrate principally on fair hiring practices, improving on the guidance available from supervisors, improving on career development/promotion opportunities, and increasing employee satisfaction with their work responsibilities.

Metrics other than age, education, current employment tenure, total telecommunications tenure, company reputation, and pay were more prominent in the evaluations of morale and somewhat high appraisals of turnover intention. With reference to motivation levels and the respondents' likelihood of leaving the organisation, it is clear that a serious improvement is needed as it was demonstrated that employees are intent on leaving the company due to their motivation levels being so low.

Since none of the demographic metrics were correlated with morale, the study can infer that the merger and acquisition itself had the highest effect on low morale. What is critical to note is that workers are not greatly content with their leadership or the current union of these two organisations. The outcomes of the study suggest that the merger or acquisition of an organisation has an unavoidable, negative effect on each part of how an employee views their workplace.

6. FINDINGS FROM THE INTERVIEWS

The interviews confirmed that this merger/acquisition undermined the employees' faith in the organisation and trust in its future, provoking workers to think about leaving the organisation. When employees are not satisfied, negative attitudes and practices are displayed in conflicts with co-workers, low work performance, and diminished productivity and organisational commitment. Organisations need to survey and assess the outside factors that affect morale with a specific end goal to satisfactorily address turnover. The findings suggest that when confidence is low, it is more probable that a worker's morale diminishes. In this way, understanding the employee's view of business-related issues is vital for the organisation to improve employee morale.

It has been noted that mergers and acquisitions lead to talent loss. With a specific goal to start the mending process and to guarantee that employees stay connected, management should plainly express a tangible vision and plan of action. The unknown side of mergers and acquisitions creates a sense of uncertainty amongst workers and produces disdain toward the organisation. The survey and interviews have both shown that mergers generally negatively affect morale. Low morale is guaranteed to arise out of job insecurity, changes in processes and management, a lack of direction, and poor communication.

As the mindsets of employees continue to evolve, turnover remains an issue because of issues with organisational infrastructure, down-sizing, and changes in the organisation's hierarchical structure. This post-merger study stresses the significance of including HR in the integration stage to address and deal with the merging of two distinctive cultures and management styles, with an end goal to make the transition smoother.

7. RECOMMENDATIONS

The leaders of mergers must not focus on productivity to the extent that they do so at the expense of the employee. Change management principles must be applied to align employees to productivity. Leaders should endeavour to create a more culturally diverse environment that facilitates the cohesive interaction between managers and their employees and define a more strategic vision that encompasses evolutionary offerings towards future technologies rather than bringing the future in today.

Mergers must incorporate the cultural elements of change management within the new establishment to ensure that the human elements of these mergers are catered for. In the merger discussed in this study, for example, teambuilding workshops, seminars, and even courses should have been facilitated so that the manager could get a better understanding of his team's capabilities and so that the team of employees could have had the opportunity to better understand their manager. All parties involved in the merger need to work together to drive and maintain the business that they currently have, so as not to create doubts in the minds of their customers. This will help the new establishment to realise its strategic objectives. Managers of mergers ought to be aware of these impacts and work with their employees so as to minimise the exodus of employees.

8. CONCLUSION

In conclusion, business mergers can have both positive and negative impacts on employee loyalty. It is important for companies to properly plan and execute a merger in order to minimize negative effects on employee morale and productivity. Clear communication, a focus on job security, and efforts to mitigate cultural clashes can help to maintain employee loyalty during a merger.

Finally, establishing a homogenous leadership framework should be regarded as a critical step in addressing the concerns raised by a merger between two companies. As soon as the tools for motivating staff members and arranging their work are outlined and used consistently by managers, a platform for cooperation and making a collaborative effort will be built.

As a result, emerging conflicts caused by differences in the perception of workplace responsibilities will be easily managed. Moreover, employees will be able to draw important lessons concerning communication in the workplace based on the outcomes of the conflicts.

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