



# The Change In Attitude Of Human Resource After Mergers And Acquisitions

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## Abstract:

The main reason for failure of Mergers & Acquisitions is the basic human resources neglect. Success of a company depends on a lot of factors, the most important factor is a good and capable human resource thus human resource problems are the biggest matter of concern which is typically neglected. Once a decision has been taken whether to acquire or merge an organization, analysis is done on the practicality of the restructuring, on the legal front, business and money basis but some organizations ignore the importance of employees in the process. Companies which do acknowledge the importance of human resources in their organizations are bound to fail. In this article researcher is focus on the change in attitude of human resource after mergers and acquisitions.

**Keywords:** Human resource, Ego, Social Status, Financial position, Corporate culture.

## I. Introduction:

As the competition is increasing globally the Indian companies has started streamlining their operations through mergers acquisition and takeovers. Merger is combination of two or more than two companies into one company where one survives and other (less significant) loses its existence. Acquisition is an action in which an organization buys most of the target company's possession so as to control the management of the target firm. Acquisitions are done as a part of a company's growth strategy. Mergers & Acquisitions are one of the most thought about ways to enter into a global market. The process of Mergers and Acquisitions has gained considerable significance in today's era. Mergers and Acquisitions and takeovers are the basic methods for corporate restructuring. And such restructuring helps the companies to grow in the long run. The companies of India are stepping towards Mergers and Acquisitions as it is a growing trend worldwide. Mergers and Acquisitions is a very profitable option when companies want to expand. The country's favorable government policies, self motivated attitude of Indian entrepreneurs, buoyancy is the main reason for growing trend of Mergers and Acquisitions in India. The enlarged involvement of the companies of India globally has facilitated the Mergers and Acquisitions activities. Earlier the Indian companies use to be the target companies for the foreign companies but the trend has now changed.

Mergers and Acquisitions in this sector are generally horizontal mergers because merging entities have same kind of business. They are generally controlled by apex monetary authority of a particular country. Each bank is adopting various policies for Mergers and Acquisitions as it has the competence to make sure profitability, synergy and potency. In few cases, financially depressed banks are considered for takeovers within the banking sector and this kind of takeovers might result in job cuts and monopoly. It often has a major effect on the Indian and world banking industry and thus results in the psychological impact on the bank employees. Mergers and Acquisitions repeatedly have a discouraging impact on performance of the employee which results in low morale, counterproductive practices, job frustration and absenteeism.

## II. Review of literature:

**Goyal & Vijay (2012)**<sup>1</sup> suggested that despite Indian Banking Sector soaring high still the banks have to understand their customers well and they have to make their services quite affordable. Product differentiation is another facet to meet the challenges. Banks must come up with some innovative products in addition to their conventional services to compete in the market. Technology enhancement is also vital for facing challenges because the level of awareness among customers is much higher than before.

**Asopa (2011)**<sup>2</sup> talks about how globalization has changed today's scenario. The top management has to exploit the potential and resources to be at top, and for that organizations have to focus on advanced management concepts like continuous learning. In the present time competition is at peak due to changing taste and preference of customer so in order to keep pace with the customer the organizations have to have innovative products and services.

<sup>1</sup> Goyal A K., & Joshi V. (2012) Impact of Merger on Stress Level of Employees (A Case Study of Erstwhile Bank of Rajasthan Ltd.) International Journal of Business Research and Management (IJBRM), 3(5) .

<sup>2</sup> Asopa M. (2011). Promoting Innovation The Role of HR. HRM Review IUP Publications.11(4) ,29-34. Cuest.fisioter.2025.54(4):5527-5533



**R. Srinivasan & Chattopadhyay (n.d.)<sup>3</sup>** suggested that in last few decades Mergers and Acquisitions in the banking sector have augmented, in India as well as globally. This article clarifies about the major aspects related to Mergers and Acquisitions in the banking sector of India. The article attempts to find reasons behind some of the Mergers and Acquisitions that took place in India after 2000. The advantages gained as well as the expenses incurred by both the parties were reviewed thoroughly. Also the effects of merger on the merged unit were considered and analyzed. The article also talks about the prospects and opportunities in Indian banking sector in the near future.

### III. Statement of Problem:

Mergers and Acquisitions are the most crucial and composite means of corporate restructuring. It involves massive funds but at the same time it also expands the arms of expansion. These kinds of decisions fundamentally depend on the monetary and economic strength of the organization. Merger or takeover brings growth and development but at the same time it also brings inevitable challenges for the merged company. These challenges are related to working environment and culture as well as psychological factors, which are directly proportional with the employees' productivity. The merger of ICICI Bank and the Bank of Rajasthan Ltd. portrayed the same picture, as the work force of Bank of Rajasthan opposed it badly and were very disturbed after the announcement. For that reason, the main objective of this study is to recognize those vital and crucial aspects which directly have an effect on the psychological facet, attitude and job satisfaction level of bank employees during post merger.

### IV. Conceptual Framework of the study:

The research focuses on understanding the impact of Merger & Acquisition on various attitudes of Human Resource of both the target bank and acquirer bank. To get a deeper insight of this ultimate base of the research, the study further intends to determine the association between various changes in attitude experienced by the human resource and their job satisfaction. This study determines various changes experienced due to merger & acquisition and examines the relation of these changes with job satisfaction, psychological impact and attitude of the employees. For achieving the objectives, twenty one variables (based on intense literature review) are introduced for measuring attitude of the employees and fourteen variables were established after literature review for assessing their job satisfaction after merger.

### V. Objectives of Study:

1. To study the change in attitude of Human Resource after Mergers and Acquisitions.
2. To study the level of job satisfaction of Human Resource after Mergers and Acquisitions.

### V. Research Methodology

#### i. Universe of the study:

Universe for the present study was the employees of banks who have experienced merger & acquisition in Rajasthan state. Bank employees included two categories of employees a) employees of the banks which merged with the other bank (Target bank) and b) employees of the banks which takeover the other bank (Acquirer bank).

#### ii. Sampling Distribution:

Total 4,450 branches of ICICI were operating across India and out of this total 453 Branches were operating in Rajasthan. Out of these 453 branches, there were total 78 branches in Jaipur division. For our study purpose, we considered only 25 branches of Jaipur city to determine our sampling frame.

#### iii. Sample Details:

Sampling is simply the process of learning about population on the basis of sample drawn from it. There are two types of sampling techniques a) probability sampling b) non probability sampling. The sample details for the present study are as follows:

- Sampling Technique: Proportional Stratified Random Sampling
- Sample Frame: Rajasthan
- Sample Size: 300 employees of each category of employees

#### iv. Data Collection:

<sup>3</sup> Srinivasan, R ., Chattopadhyay . G., (n.d.,) M & A's in the banking Sector – Strategic and Financial Implications. An IIMB management review. 1-4



The study was empirical in nature, i.e. it was based on primary sources of data. In addition to primary sources, secondary sources were also be used for the present study. For the purpose of this study the sources were be as follows:

**v. Primary Data sources:** It was collected with the help of non disguised structured questionnaire based on Likert scaling, duly filled in by the respondents (employees of bank). In the present study, five point Likert scale has been used for measuring attitude and level of satisfaction of employees. To find the attitude of employees, they were asked to rank their feelings at the time of pre-merger phase, acquisition phase and post merger phase on the scale of 1-7, where 1 means denial & 7 means enjoyment.

**vi. Secondary Data sources:** It was collected with the help of Books, Journals, Magazines, Newspapers, Websites and other published sources.

**vii. Tools and Techniques:**

The below mentioned techniques and tools were used in order to derive the results of the study. The techniques used were:

- For Descriptive Statistics: Arithmetic Mean & Standard Deviation.
- SPSS Statistics 22 is used to tabulate, classify and analyze the data.

**VI. Descriptive Analysis and Data Interpretation of Impact of merger & acquisition on Human Resource:**

**Table-1: Psychological Attitude**

Job Uncertainty	Frequency	Percent
Strongly Disagree	20	6.7
Disagree	90	30.0
Neutral	70	23.3
Agree	80	26.7
Strongly Agree	40	13.3
Total	300	100.0

13.3 percent of selected employees strongly agreed, 26.7 percent were found to agree that the Mergers and Acquisitions announcement did not create any fear of job uncertainty but rest 60 percent of them were either neutral, disagree or strongly disagree that the Mergers and Acquisitions announcement did not create any fear of job uncertainty. It means that most of the selected employees of target bank were in fear of future of their job due to Mergers and Acquisitions in their bank.

**Table:2. Fear of Unemployment**

Fear of Unemployment	Frequency	Percent
Strongly Disagree	10	3.3
Disagree	10	3.3
Neutral	60	20.0
Agree	110	36.7
Strongly Agree	110	36.7
Total	300	100.0

23.3 percent of selected employees strongly agreed, 36.7 percent agreed that change in policies effects morale and motivation of employees and rest 40 percent of them were either neutral or disagreed to change in policies effects morale and motivation of employees It means that most of the selected employees of target bank opined that their morale & motivation got effected due to change in policies after Mergers and Acquisitions in their bank.

**Table:3, Fear of Demotion**

Fear of Demotion	Frequency	Percent
Strongly Disagree	10	3.3
Disagree	50	16.7
Neutral	100	33.3
Agree	110	36.7
Strongly Agree	30	10.0
Total	300	100.0



10 percent of selected employees were found to strongly agree, 36.7 percent were found to be agree that Mergers and Acquisitions created fear of demotion among employees while 53.3 percent of them were noticed to be either neutral or disagreed to the same. It is evident that the almost half of the selected employees of target bank considered that the Mergers and Acquisitions generated terror of downgrading among them.

**Table:4, Fear of Non competence**

Fear of No competence	Frequency	Percent
Strongly Disagree	30	10.0
Disagree	50	16.7
Neutral	60	20.0
Agree	120	40.0
Strongly Agree	40	13.3
Total	300	100.0

13.3 percent of selected employees were found to strongly agree, 40 percent were found to be agree that Mergers and Acquisitions created fear of non competence amid staff while 46.7 percent of them were noticed to be either Neutral or disagreed to the same. It is evident that the mergers and acquisitions of created Stress of non competence among most of the selected employees of the bank.

**Table-5, Threat of change of branch**

Threat of change of branch	Frequency	Percent
Strongly Disagree	10	3.3
Disagree	40	13.3
Neutral	70	23.3
Agree	150	50.0
Strongly Agree	30	10.0
Total	300	100.0

10 percent of selected employees were found to strongly agree, 50 percent were found to be agree that mergers and acquisitions created fear of change of branch amongst staff while 40 percent of them were observed to be either neutral or disagreed to the same. It was evident that the mergers and acquisitions of created fear of transfer among most of the selected employees of the target bank.

**Table -6, Ego**

Threat of change of branch	Frequency	Percent
Strongly Disagree	0	0
Disagree	10	3.3
Neutral	30	10.0
Agree	150	50.0
Strongly Agree	110	36.7
Total	300	100.0

36.7 percent of chosen employees were found to strongly agree, 50 percent agreed that Mergers and Acquisitions affected the ego of the employees as it can expose their weakness while only 13.3 percent of them were observed to be either neutral or disagreed to the same. It can be marked that the Mergers and Acquisitions created a feeling of deterioration of self image among most of the staff of target bank.

**Table-7: Discomfort**

Discomfort	Frequency	Percent
Disagree	10	3.3
Neutral	70	23.3
Agree	120	40.0
Strongly Agree	100	33.3
Total	300	100.0



33.3 percent of chosen employees strongly agreed, 40 percent were found to be agree that Mergers and Acquisitions resulted in disturbance to existing comforts and rest 26.6 percent of them either neutral or disagreed to the same. It is found that the Mergers and Acquisitions created a feeling of uneasiness among most of the staff of target bank.

**Table -8: Social And Cultural Attitude:**

social & work Culture	Frequency	Percent
Neutral	60	20.0
Agree	160	53.3
Strongly Agree	80	26.7
Total	300	100.0

26.7 percent of selected employees strongly agreed, 53.3 percent were found to be agree that Mergers and Acquisitions resulted in a different work culture and rest 20 percent of them were neutral for the same. It is evident that the due to Mergers and Acquisitions, most of the staff of target bank experienced dissimilar work customs in the same workplace.

## VII. Job Satisfaction:

**Table -9: Fringe Benefits**

Retirement Benefits	Frequency	Percent
Disagree	30	10.0
Neutral	100	33.3
Agree	70	23.3
Strongly Agree	100	33.3
Total	300	100.0

33.3 percent of selected employees strongly agreed, 23.3 percent were found to be agree that retirement benefits provided after Mergers and Acquisitions were satisfactory while 43.3 percent of them were noticed to be either neutral or disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce seems to be satisfied with the retirement benefits provided to them.

**Table -10: Day care facility:**

Day care facility	Frequency	Percent
Disagree	30	10.0
Neutral	130	43.3
Agree	100	33.3
Strongly Agree	40	13.3
Total	300	100.0

13.3 percent of selected employees strongly agreed, 33.3 percent were found to be agree that satisfactory day care facilities have been provided after Mergers and Acquisitions while 53.3 percent of them were noticed to be either neutral or disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce seems to be dissatisfied with the day care facility provided for their children.

**Table:11, Sick Leaves**

Sick Leaves	Frequency	Percent
Disagree	30	10.0
Neutral	110	36.7
Agree	100	33.3
Strongly Agree	60	20.0
Total	300	100.0

20 percent of selected employees strongly agreed, 33.3 percent were found to be agreed that sick leaves provided after Mergers and Acquisitions were satisfactory while 46.7 percent of them were noticed to be either neutral or disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce seems to be satisfied with the sick leaves provided to them.

**Table: 12, Vacations (paid/nonpaid)**



Vacations(paid/nonpaid)	Frequency	Percent
Disagree	20	6.7
Neutral	120	40.0
Agree	100	33.3
Strongly Agree	60	20.0
Total	300	100.0

20 percent of selected employees were found to be strongly agreed, 33.3 percent agreed that vacations provided after Mergers and Acquisitions were satisfactory while 46.7 percent of them were observed to be either neutral or disagreed to the same. It is noticeable that post Mergers and Acquisitions, more than half of the human resource opined to be satisfied with the vacation benefits offered to them.

**Table:13, Working Environment**

Working Environment	Frequency	Percent
Strongly Disagree	30	10.0
Disagree	70	23.3
Neutral	80	26.7
Agree	50	16.7
Strongly Agree	70	23.3
Total	300	100.0

23.3 percent of selected employees were found that strongly agreed, 16.7 percent were found to agree that working environment after Mergers and Acquisitions was satisfactory while 60 percent of them were noticed to be either neutral or disagreed or strongly disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce gave an impression to be dissatisfied with the changed working environment.

**Table -14, Monetary Aspect**

Reduction in Salary	Frequency	Percent
Strongly Disagree	10	3.3
Disagree	50	16.7
Neutral	120	40.0
Agree	70	23.3
Strongly Agree	50	16.7
Total	300	100.0

16.7 percent of selected employees were found to strongly agree, 23.3 percent agreed that salary has been reduced after Mergers and Acquisitions while 60 percent of them were noticed to be either neutral or disagreed or strongly disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce seems to be satisfied with the salary provided to them.

**Table-15: Reduction in incentives**

Reduction in incentives	Frequency	Percent
Disagree	60	20.0
Neutral	100	33.3
Agree	110	36.7
Strongly Agree	30	10.0
Total	300	100.0

10 percent of selected employees were found to strongly agree, 36.7 percent agreed that incentives were reduced after Mergers and Acquisitions were while 53.3 percent of them were noticed to be either neutral or disagreed to the same. It is evident that post Mergers and Acquisitions, more than half of the workforce seems to be satisfied with the incentives provided to them.

### Conclusion:

From the above discussion we can say that Mergers and Acquisitions are thought of as a profit-making action which helps a company to generate synergy and give sustainable competitive advantage. However these events are likely to create personal distress and anxiety leading to psychological, behavioral, wellbeing, performance, and survival dilemma for both the employees and businesses. The case of ICICI bank was an example wherein the bank became market leader by implementing corporate restructuring tactic





such as Mergers and Acquisitions. The post-merger and acquisition phase is a difficult process. With the Merger and Acquisitions process the organization and employees go through a lot of changes. A lot of hard work goes into the process. There are various opportunities to utilize and a lot of decisions to take. Thus to simplify the process we split the process in three stages i.e. pre-merger stage, acquisition stage and post-merger stage, which has possibility for further study. This study has put light on the importance of bearing in mind and tactically addressing human resource problems. It has additionally illustrated the importance of managing these problems before, during, and after a merger or acquisition. By planning beforehand the organizations can cut back the emotional fallout and reduce the chance of failure for an otherwise advantageous M&A. Primarily all the research examines cultural and human resources for a very short time, but they should be studied in deeper context. It's to be hoped that in future such researches can give human resources their due importance.

### Suggestions:

- Transformation is complex for employees, especially when they were not directly involved in pronouncements that impact their careers. During mergers and acquisitions, change can be principally difficult and can escort to psychological distress which can have a pessimistic impact on morale if not handled effectively. To the possible extent banks should endeavor to share as much information about what is happening and how the changes will influence individual employees, as they possibly can.
- When two or more groups come jointly, social and culture conflict is predictable. Employees may panic losing their jobs or losing prospects that they previously had. It is important for banks and their administrators and HR team to identify this and to propose opportunities to employees to get to recognize each other and to work collectively toward the creation of a new social and cultural environment that will merge the best of both groups.
- When employees are concerned about their own corporate and professional security they are extra prone to become aggressive with others and this competitiveness can affect the professional environment of the banks. During mergers and acquisitions it is significant for managers and HR professionals to be vigilant to signs of negative competition and to make sure that employees are being kept informed concerning force on their jobs and their futures with the bank.

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