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RESEARCH ARTICLE

STRESS ON EMPLOYEES AMIDST MERGERS OF FIRMS (AN EXPERIENCE OF CORPORATE SECTOR)

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In recent times, mergers and acquisitions have been observed at a large scale in corporate sector. The idea is to increase the efficiency, profitability and competitiveness of company. Apart from these considerations, there are certain issues, which are not given due attention. One of these issues is the phenomenon of rising stress among the employees of the firms. It has been seen that due to the mergers of firms, the bank employees come under stress which affect their attitude, behaviour and consequently upon their productivity. The present paper attempts to analyze the type of stress among bank employees in corporate sector and the way it affects their working. Most important among them are the fear of losing the job, uncertainty of career, strikes etc. In this scenario, certain stress relieving measures like proper communication on the part of management, counseling, are required to contain this problem.

*Copy Right, IJAR, 2015,. All rights reserved***INTRODUCTION**

Workplace stress can be defined as the harmful physical and emotional responses that occur when the requirements of the job do not match the capabilities, resources, or needs of the employee. Workplace stress results from the interaction of the staff member and the conditions of work. Views differ, however, on the importance of the individual characteristics versus working conditions as the primary cause of job stress. Differences in such individual characteristics as personality and coping style are most important in predicting whether certain job conditions will result in stress—in other words, what is stressful for one person may not be a problem for someone else. Other factors to consider in workplace stress include the design of tasks, autocratic management style, work roles, job insecurity or such difficult environmental conditions as noisy or dangerous working conditions. This is because of the organizational changes, which take place during the course of a merger; it largely affects the performance of the employees. It is quite obvious that when a merger is announced respective employees of the firm may feel stressed, disoriented, frustrated, confused and even frightened. Therefore, the present paper attempts to identify and study the various factors which determine the level of stress among employees after mergers of companies. These stressors will surely have effects on the attitude and a number of work-related behaviors of employees; consequently, the efficiency and output of the company suffer. To meet the objectives of the study, the paper is divided into three sections. Section I Studies the various issues pertaining to mergers of companies with respect to employees. Section II examines the effects of mergers of firms on the work performance, efficiency and behavior of employees. Section III summarizes the study and puts forth the suggestions to manage the stress on employees arising out of the mergers of firms

Section I

Mergers and Acquisitions is a well-known strategic instrument for firms all over the globe. The least intense and complex form of combination is licensing. Next come alliances, partnerships and subsequently joint ventures. The amount of penetration in market risk, profits, and control depends on the type of combination strategy. It is the

mergers and acquisitions that require a huge amount of investment, a greater amount of market penetration, a good amount of profits, risks and control over assets. It gives first-hand information about environmental changes. It is quite common phenomena in private sector that life and career of employees are largely depending on the environmental factors of business. This is one of the basic factors, which contributes in the level of stress among employees. When merger is announced, it is obvious that the level of uncertainty increases among employees about various factors, this is because of lack of proper information, employees start raising questions about their future. When they come to know about merger, they feel that the transferee company will adopt them or not. If they are adopted by the transferee company, then whether they will be adjusted according to the work environment or not, these are some big factors, which cause stress among employees. The instant and first reaction of employees about the mergers and acquisition is insecurity with regard to their job. Whether they should continue or leave the job, this ambiguous situation causes stress among employees. According to Bueno and Bowditch (2003) explained in their book with examples that mergers create fears in the minds of employees of transferor company about job loss. This creates huge amount of stress among employees. Due to the changes of work culture after merger employees do not feel comfortable as a growth process brings advancements of many things. This overpowers some employees becomes factors for stress. The restructuring process is most important from the point of view of growth. Therefore, banks must pay attention to their employees for achieving effectiveness in their performances. There are evidences when a small firm merges into big firms, employees get some salary hike, simultaneously their job is also enhanced and enriched by the transferee company. Sometimes due to some other stressors like the expectation of management from employees increases and this creates pressure in the minds of employees which becomes reasons for stress. Mergers, Acquisitions and restructuring are the process of change, since so many changes are associated with mergers and acquisitions, it is natural that the behaviour and attitude will definitely be affected by these changes. Consequently, stress level among employees may increase. Rafferty and Restubog (2001) examined relationships between two measures of the change process adopted by a firm and a measure of the change context and employees' reactions to a merger. They found that a poor change history was negatively associated with effective commitment to change. As the number of formal change information sessions attended increased, anxiety decreased. High quality change information was negatively associated with anxiety and positively related to affective commitment to change. Affective commitment was positively associated with job satisfaction and negatively associated with turnover intentions, which were positively associated with a voluntary turnover. After the advent of Information and Communication Technology, it has become mandatory for every organization to adopt technological advancement. Therefore, the employees of the concerned organization supposed to go through the technological training programmes. In the absence of these training sessions, the stress level would definitely go up. As it is evident from the study of Schraeder, Swamidass and Morrison (2006), they examined the relationships between employee reactions to specific technological changes and the job-related attitudes of these employees. Results of their longitudinal study indicated that individuals involved in making decisions related to the technology changes reacted more positively to the changes than individuals with low levels of involvement. Moreover, the results of their study revealed that individuals with higher pre-change levels of role ambiguity reacted more negatively to the technology changes. In case of mergers, it is quite possible that the acquirer firm may have latest and advance technology at work, so in that case, they are supposed to conduct skill enhancement programmes for those employees who are unaware about the technicalities of the work. In an incidence of a merger, two groups of employees have to adjust with each other, but due to various work and cultural difference, it takes time to mingle up. Panchal and Cartwright (2001) revealed in their study that group differences exist after merger, which causes stress among employees. When two distinct organizations with different value systems, habits and styles are combined, it is possible that a 'clash or collision' may occur and lead to negative consequences. Organizational members are so embedded in their own culture that they do not realize its influence on their behavior and when they are enforced to work in different work culture, certainly it is going to affect their performance. It can positively or negatively affect the organizational performance as well. If this factor is not considered appropriately than it will surely create stress among employees. It is evident in the case study on merger between two mutual saving's banks from the perspective of organizational culture by Bueno, Bowditch and Lewis (1985) that even within the same industry, there are major difficulties in trying to merge two different though viable organizational cultures. They collected data on organizational culture and organizational climate and analyzed from pre- and post-merger interviews, observations, archival information, and survey questionnaires.

Section II

It is natural phenomena that the changes in internal and external environment will surely affect our attitudes and behavior. It is quite common from learning aspect that as we go through the certain changes, it will definitely bring some or the other changes in our behavior and consequently, the employees' behavior will determine organizational behavior, discipline and work culture. Hassan, R. (2010) found that M&As do have significant impacts to employees well-being, work, team performance and organization performances. Managing acquisition process and the employees of the acquired organization in the right manner and approaches can reduce the negative impact of the acquisition

process. It also can help an organization to recover and perform again in the shorter span of time. Organization should employ the right approach and strategies during the acquisition process and special attention given to effectively managing the employees of the acquired organization. Due to mergers and acquisitions, it is quite possible that employees turnover rate may be low. It so because employees feel unhappy with the work or compensation which they get in a new company. It may be possible that employee will start to look for new job, and it will definitely decrease the turnover which is not at all good for the any company. Large number of studies has been conducted on human relations issues in enterprises, but the absenteeism in employees who sprouts due to certain issues related to job. When an employee is enforced to change the job profile then it can become a prominent reason for employees whom they will try to avoid stress by being absent. Therefore, these issues needs be taken care of very seriously as it directly affects the productivity of the company. It is rightly stated by Nikandrou, Papalexandris & Bourantas (2000) that acquisitions often have a negative impact on employee behavior resulting in counterproductive practices, absenteeism, low morale and job dissatisfaction.

The issue of employees' perception towards mergers needs special attention from researchers and thinkers in order to convert mergers as synergy. Mergers and acquisition cannot realize their complete potential value without proper positive employees' input. When new employees are employed their grievances must be handled carefully so that they can mingle up in the working culture of the organization. It is important from the point of view of organizational objectives as we are aware that only a satisfied employee is capable of satisfy the customer. Customer satisfaction is the requirement of existing business environment, which is very competitive in nature.

Section III

As per the above discussion, we can say that merger and acquisition is an inevitable part of corporate sector and as it is a law of nature that small entity is supposedly merged into larger entity. There are number of factors which cause stress among employees like uncertainty, insecurity, fears concerning job loss, job changes, compensation, changes in power, status, prestige, workload, working hours, technological problem at work, inadequate salary, time for family job worries at home group differences and communication. To handle these problems human resource practitioners should be involved in planning decisions related to downsizing, mergers, and/or acquisition. Good communication strategy is a tool through which the effect of most of the stressors like uncertainty, insecurity and fear of job loss can be minimized. Reassessment of an employee after merger and placing them accordingly should be practiced. Employee Development Programmes can be conducted so that employees can understand the working environment of the acquirer firm. Thus, effective stress management and professional help can improve the performance of employees. These stressors can affect the performance of employees. To achieve the desired target banks should focuses on employees' satisfaction keeping in view the problem in the wider perspective.

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