

LEVEL 7 ASSESSMENT SPECIFICATION

Student name:	Kwong Kin Hung	Student ID number:	2235237
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(A) Introduction

The world is changing, and there is keen competition in all business industries nowadays. Companies need to expand to provide complementary products or services to remain competitive. However, it faces many challenges, including supply chain management, human resources, technological advances, and access to capital. Moreover, when the company tries to explore a new market, it tends to access a global market. Globalization creates a more interconnected and competitive business environment.

Mergers & Acquisitions (M&A) are the common way for a corporate to restructure and or consolidate its business to achieve the aim of expansion. The other purpose of this strategy is for improved financial performance & growth (Anthony, 2019; Sahu & Agarwal, 2017). Studies showed that Chinese corporations are more interested in making M&A enter a new market. (Chen & Pan, 2019)

M&A transactions require significant changes. According to change management theory, individuals and organizations must be guided through the change process. Change can be disruptive, leading to negative consequences such as resistance, delays, and reduced productivity. Change management theory seeks to mitigate these risks by providing a structured approach to change.

If the M&A activities are managed well, it can help companies gain access to new customers and markets and diversify their product or service offerings, which opens up new markets and business opportunities. The geographic footprint will be expanded. Companies can acquire new technologies or expertise that can help them expand into new markets via M&A activities. Economies of scale can be achieved by reducing costs and increasing efficiency.

(B) Merger and Acquisition

1. Definition of M&A

Mergers and acquisitions refer to two types of business activities. However, these two terms are used interchangeably. Peng (2006, p.377) defines a merger as “the combination of assets, operations, and management of two firms to establish a new legal entity.” Sherman (2010, p.3) defines a merger as “a combination of two or more companies in which the buying firm absorbs the assets and liabilities of the selling firm(s). Although the buying firm may be a different organization after the merger, it retains its original identity.” Gaughan (2011, p.12) defines mergers as “a combination of two corporations in which only the one corporation survives, and the merged corporation goes out of existence.” In a merger, the acquiring company takes over the assets and liabilities of the merged company. An acquisition is "to take over ownership of another organization, firm, company, etc." (Johnson et al., 2006, p. 349). and it is also defined as “the transfer of control of assets, operations, and management from one firm (target) to another (acquirer)” (Peng, 2006). Acquisition is further defined as “the purchase of an asset such as a plant, a division, or even an entire company”(Sherman, 2010, p. 3).

From the above point of view, mergers and acquisitions are usually used together and referred to as the process of two or more companies joining into a single organization or purchasing one by another. The mergers of equals refer to a cooperative agreement wherein two companies merge through extensive negotiations and discussions between their management teams or owners, typically involving their CEOs. As stated by Colman et al. (2011), a merger of equals means "the combination of two firms of about the same size to form a new company," and both mergers discussed in this report fit this definition.

2. External Environmental factors affecting the decision of M&A

The successful completion of a merger or acquisition can be affected by many factors. The most

significant factors include market conditions, financial disparities between companies, regulatory guidelines, legal facets, and cultural considerations.

Market conditions greatly influence both the motivation and success of a merger or acquisition. For example, the strength of the company's economy is a crucial factor, as investors and customers need to have confidence that the business's financial stability is secure. In addition, indications of future profitability must be evident, as this will play an essential role in the company's valuation.

Financial disparities between the companies involved can also significantly impact the likelihood of a merger or acquisition. The conditions of the agreement depend partly on the balance of negotiating power between the two parties. The two organizations must be in similar financial positions to ensure a fair and reasonable agreement is reached.

Taking into account regulatory standards is another important factor. Regulatory bodies in different countries often have strict rules that must be adhered to, including regulations related to safety, technology, data protection, and labor practices. If any potential merger or Acquisition violates any particular regulation, then the proposed transaction could be unsuccessful due to this snare.

Legal facets are also important. As each deal is unique, both companies must understand the agreement's legal ramifications to protect their rights and interests. Taxation will also be a factor, and the terms and conditions of a merger are likely to have tax implications.

Cultural considerations can have a significant impact on success. Therefore, it is essential that any deal includes a consideration of the values and beliefs of the employees and management in both organizations, as the value of a successful deal will be influenced by the ability of the New Organization to work as one unit. Conversely, a particular deal may not be successful with potential

culture clashes, market familiarity, and different language challenges.

Political stability is crucial. Paudyal (2021) proposed that heightened economic policy uncertainty (EPU) would hinder cross-border mergers and acquisitions (CBAs) in terms of their volume and quantity. This suggests that countries that wish to attract international investments should strive to alleviate uncertainties related to economic policy. Similarly, Iqbal (2020) discovered that EPU affects firm performance negatively in regard to asset return, equity return, and net profit margin. However, a study conducted by Sha et al. (2020) on all Chinese companies listed on the Shanghai and Shenzhen Stock Exchanges and 4188 M&A deals from 2001 to 2018 found that, in contrast to US corporations, Chinese firms tend to engage in more acquisitions during times of high economic policy uncertainty.

The reputation and brand image of a company can be impacted by public perception of their M&A activities. Mergers and acquisitions can have a positive or negative effect on various marketing aspects such as product quality, pricing, service delivery, sales channels, company image, and customer loyalty, ultimately influencing the value provided to consumers and the long-term financial outcomes. Research shows that service quality is the most important factor for maintaining customer loyalty in M&A situations, followed by company image, product and pricing strategies, sales channels, and sales force effectiveness (Urban & Pratt, 2000).

3. Internal Environmental factors affecting M&A decision

The internal environment of the companies being considered for a merger or Acquisition is driven mainly by the vision of the leadership. Therefore, the ability of the leaders to set out a clear path, communicate a consistent message, and build an effective team to execute the business strategy plays a crucial role in positively driving the internal environment. If the leadership is ineffective or misaligned, this can lead to a hostile environment, with chronic indecision or challenges with implementation.

A company's financial stability and performance play a significant role in its M&A decisions. Companies with strong financials are more likely to pursue M&A opportunities to expand their market share, diversify their portfolio, and increase profitability.

The strategic goals and objectives of a company can also influence its M&A decisions. For example, if a company wants to increase its customer base, expand its product line, or enter a new market, it may pursue M&A opportunities that align with its strategic objectives.

The organizational culture of a company can impact its M&A decision-making process. For example, if a company is known for being risk-averse or has a hierarchical management structure, it may be less likely to pursue M&A opportunities.

The expertise and experience of the management team can also influence the M&A decision-making process. Companies with a strong management team may be more successful in executing M&A deals and integrating the acquired company into their operations.

The resources, including workforce, technology, and financial resources that a company has available, can affect its ability to pursue M&A deals. As a result, companies with limited resources may be hesitant to pursue M&A opportunities that require significant investment and resources.

4. Stages of M&A

Following Neira Fontela and Castro Casal (1994), the fundamental phases of the M&A processes are:

Phase 1 of a merger or acquisition process (planning phase), involves planning before the agreement is signed and ownership changes. This phase begins with legal and financial due diligence to evaluate the value of the company or joint venture being considered. Legal teams draft standardized documents for the agreement, while financial teams gather data to make accurate comparisons and offer between

the companies. Through these processes, the potential risks or liabilities of each company are identified.

Phase 2 also known as the integration phase is crucial as it determines the level of interaction and coordination between the two organizations involved (Larsson & Finkelstein, 1999). Successful integration involves merging products, personnel, technology, and services in a balanced manner. Cost management and streamlined processes are also essential for maintaining profitability. Additionally, resources like IT systems, marketing strategies, and organizational structures need to be merged in a beneficial way for both parties.

During Phase 3 (also known as the implementation phase), companies often encounter dismissals, conflicts of interest, power struggles, voluntary employee resignations or absenteeism (Sielh & Smith, 1990). After a merger, it becomes essential for a company to focus on effectively integrating and collaborating with its team and other involved organizations. This necessitates strategic planning to maintain the advantages gained from the merger. For instance, companies should prioritize assimilating the cultures and practices of the combined organizations to ensure that all employees comprehend the new company's vision and mission. Moreover, it is vital to adopt cost-saving measures to guarantee the merged organization's long-term well-being.

5. Potential Challenges for the success of M&A

While the ultimate goal of any M&A is to increase profits and improve the overall health of the organizations involved, there are several challenges that businesses must face when attempting to realize their goals.

The first challenge is the potential for cultural clashes between the two businesses. Each organization has its methods and procedures for doing business, and the merging of two corporate cultures will

require an adjustment period before any synergy is achieved. In addition, a lack of unified communication between departments can severely hamper progress and cause misunderstandings that could prevent the successful completion of the transition.

The second challenge relates to the cost increase that comes with corporate restructuring. For example, employees may be transferred, salaries might need to be adjusted, and new offices may need to be constructed to facilitate the transition. Additionally, the target company often might need better managed finances or debt, which needs to be addressed. All of this could lead to unforeseen expenses, which could significantly lower the possible profits of the combined organization.

The third challenge is how long it takes to complete the merger or acquisition process. It is essential again to take into account the extent of research necessary to determine the feasibility and benefits of the transaction. Additionally, the plethora of legal documents that must be prepared to secure the transaction can prove immensely time-consuming.

Finally, the complexities of combining the two different cultures and strategies and reorganizing roles can disrupt employee morale and job satisfaction. Managers need to be mindful of handling integration issues sensitively while maintaining morale. People management also requires accurate record-keeping and compliance with local labor laws. Changes to employee benefits, staffing structures, and organizational culture can create problems of resistance and confusion.

6. M&A: Success or failure?

The failure of mergers and acquisitions can stem from a range of factors, including unclear integration processes, overpayment, and negotiation errors. However, a majority of such failures can be attributed to "soft issues" related to the people side of M&A that are often disregarded by top-level management. In particular, cultural differences, cultural fit, and a lack of alignment between organizations' cultures

are the primary causes of M&A failure. Numerous studies have shown that cultural differences play a significant role in M&A outcomes (Gomes et al., 2011). The success of merging two cultures depends on everyone involved, not just managers (Sarala et al., 2017). However, M&A can cause significant organizational changes that are traumatic and stressful for employees (Uzelac, Bauer, Matzler, & Waschak, 2015), leading to a higher turnover rate, especially for the acquired company (Zhang et al., 2015). According to Kim (2010), about a third of workers leave the company within the first year of acquisition. The challenges of human resource management are often underestimated in M&A, and workplace and employment relationships are disrupted without necessarily providing better systems (Edwards & Edwards, 2015; Pucik, Björkman, Evans, & Stahl, 2015).

(C) People Management in M&A

1. Key contemporary factors and issues within the field of people management during the M&A process

People management is an essential part of a successful M&A transaction and is often overlooked in the early phases of the process.

There would be expected for potential conflicts and misunderstandings between personnel. Furthermore, while merging two organizational systems, assimilating existing employee roles and updating job responsibilities can be a tricky process. In addition, integrating payroll processes, including policies, procedures, and staffing levels, is another critical factor that must be addressed. Apart from organizational issues, personal motivations, expectations, and personnel objectives within both organizations must also be considered. The process can also cause anxiety, stress, and uncertainty for employees. Keeping employees happy and engaged is essential for a successful post-M&A integration and helps ensure the transaction's overall success.

Several key elements need to be considered to deal with people management in M&A.

Communication

From the initial stages of planning the deal through due diligence, negotiations, and closing, effective communication is a crucial factor in a successful M&A transaction.

It is crucial to ensure that employees are aware of the transaction and understand the impact it could have on their job, career, and organizational structure. This often includes providing regular updates and feedback sessions across all levels of the organization.

Duncan et al (2016) suggested that alignment of the communication process and the content will likely enhance M&A performance and appropriate communication strategy, and allocating sufficient implementation time is also essential.

If both parties clearly understand the terms of the deal and know exactly what is being exchanged, the transaction is mutually beneficial. However, if the parties do not keep the lines of communication open, misunderstandings can occur and put the transaction at risk.

Effective communication would help reduce the risk of potential conflicts and disputes arising during the transaction. Discussions regarding valuation, due diligence, and other important measures should be discussed throughout the process. Both parties should also set the timeline and expectations to ensure the transaction stays on track.

Effective communication is also critical for managing a successful financial transaction. All the payment terms and agreement of the terms before money changes hands should be clearly understood. Additionally, the tax implications of the transaction should be appropriately accounted for in the paperwork through open communication.

The discussion should also be extended to all stakeholders about the structure of the transactions, the rights and liabilities associated with the parties, and any potential contractual issues to ensure

successful M&A transactions.

Healthy working relationships between parties can be maintained through good communication throughout the M&A process to build trust for teams.

During a merger or acquisition process, it's important to consider the psychological needs of employees, such as safety, identity, and respect, as well as their material and emotional needs. Aspects such as trust, respect, care, reciprocity, and support can help satisfy these needs and promote enthusiasm among employees. This, in turn, can lead to improved organizational performance and success in achieving the goals of the merger or acquisition.

Leadership

Different leadership styles and theories can significantly impact the success of the M&A process as it helps provide direction, support, and guidance to employees during the integration process. In addition, these styles and theories use different approaches to evaluating risk and inspiring collaboration, which can ultimately result in the highest levels of performance and success.

Firstly, autocratic leadership is a common style used in M&A negotiations. This style involves a leader exhibiting authoritarian behavior, making unilateral decisions, and refusing to accept input from the team. Autocratic leaders are often focused on achieving the result with little discussion or debate. While this style can be successful in certain situations, it can be problematic when the M&A process requires collaboration from multiple parties and team members. Autocratic leaders who do not acknowledge the contributions of others may be viewed as domineering and uncooperative, potentially harming the process.

In contrast, participative leadership is a more collaborative approach that promotes the engagement

of all stakeholders in the decision-making process. This style encourages dialogue and joint decision-making among all participants and can lead to developing collective strategies better suited to the team's goals. In addition, these strategies can maximize expertise and provide opportunities to share and develop creative solutions, allowing the team to address their challenges effectively. As a result, participative leadership can be key in meeting M&A objectives and ultimately driving the process to success.

Transactional leadership is another common style used in the M&A process. This style focuses on creating an environment that rewards positive performance and punishes negative behavior. The transactional leader provides concrete guidelines to ensure consistency and clarity and encourages individuals to stay on task and reach their goals. This style can effectively maintain stability and order in the team and be especially useful in more extensive merger and acquisition deals.

Transformational leadership is also a valuable tool in the M&A process. This style prioritizes fostering change to improve people and processes. These leaders inspire the team to strive for excellence and provide a framework for employees to grow and learn. Transformational leaders are instrumental in encouraging employees to work together and develop new approaches to problem-solving. According to research conducted by Luu in 2020, it was found that transformational leadership has a positive and significant impact on job satisfaction as well as the commitment to change within an organization. This commitment includes affective commitment, normative commitment, and continuance commitment. The study also showed that job satisfaction is positively and significantly associated with both employee affective commitment and normative commitment toward organizational change.

Employees look to leadership for guidance and direction. Therefore, it is important to ensure that the senior leadership team members are on board with the M&A and are actively engaged in every aspect of the process.

In the context of M&A, the leader should focus on providing clear guidance and direction to employees, supporting them during the transition, and fostering a positive work environment that encourages collaboration and innovation. The leader's communication skills, ability to build trust, and willingness to make difficult decisions can also play a crucial role in determining the success or failure of the M&A process.

According to House's (1996) Path-Goal Theory, effective leadership involves adapting one's behavior to meet the needs and goals of team members. A leader must work towards removing obstacles that may hinder the achievement of their employees' goals, guide and support them as necessary, and foster a positive work environment that encourages optimum performance, leading to enhanced motivation, job satisfaction, and better outcomes. However, it is argued that various situational factors such as the personality, needs, ability, and task conditions of each employee may influence the outcomes of this approach. When subordinates are faced with task demand or complexity beyond their capability, the most effective way to positively impact the situation is through leader structuring and direction.

Suppose the leader adopts a supportive and participative style. In that case, it can help employees adjust to the new work environment, feel more engaged, and contribute to the merger or acquisition's success. However, suppose the leader is autocratic and needs to communicate clearly with employees. In that case, it can create uncertainty and anxiety among the workforce, decreasing job satisfaction and productivity.

Alternatively, Leader-member exchange theory (LMX) is a relationship-based leadership theory that posits that leaders establish a unique and differentiated relationship with their followers, based on dyadic exchanges of resources, such as trust, respect, and loyalty. According to Burch et al. (2014), employees who maintain frequent and high-quality relationships with certain leaders and colleagues

tend to gain more trust and receive greater leadership attention, leading to increased privileges. Burch et al. also suggest that employee engagement is more strongly influenced by a positive relationship with their leader than by inspirational leadership behaviors. Additionally, follower engagement mediates the connection between leadership and important employee outcomes. Zhang (2020) emphasizes the importance of managers interacting with key staff and encouraging their acceptance of organizational changes.

Mentoring and Training

Organizations are typically eager to capitalize on the knowledge and experience of a newly combined business. However, employees may need ongoing guidance and support to succeed in their new roles. Mentoring and training opportunities can help ensure smooth transitions and foster an environment of inclusion, collaboration, and open communication. HR played an important role in training. According to Rodríguez et al. (2020), research conducted in Spain indicates that the company succeeded in increasing the number of employees who expressed an interest in enhancing their skills through HR-led learning initiatives.

Mentoring and training ensure the target company is properly integrated into the acquirer's organization. Integrating the two entities with adequate preparation can be smooth, mainly if the businesses are based in different countries or serve different customers. In addition, it enables employees to adjust to the new environment, learn new job roles, develop skills, and become familiar with the acquirer's processes, systems, and procedures. Eventually, this helps foster a strong, productive, and engaged workforce that can better align with the acquiring company's objectives.

In addition, employee mentoring and training can help to ensure that the target company's culture and values are respected and preserved. The new entity created during an M&A transaction necessitates changes to the target company's operations and culture. The target company's employees feel secure

and are less likely to experience resistance to the changes that may occur. The expertise and skills of the target company's employees can be leveraged by the acquiring company to identify long-term opportunities and create efficiencies with its operations which help enhance the deal's value and enable the acquiring company to maximize its return on investment.

Employee Engagement and Retention

Retaining a productive, highly-qualified workforce is essential to a successful post-M&A integration. Therefore, organizations must be prepared to address potential issues that could lead to employee dissatisfaction and attrition. Companies undergoing M&A often face employee turnover as employees may feel uncertain about their job security, new management, or company culture changes. Keeping key employees could positively impact the success of the merger or Acquisition.

Here are some strategies that companies can adopt to retain employees during an M&A process:

Companies should communicate the details of the M&A process to employees early on. This includes the merger or acquisition rationale, what changes can be expected, and how it will affect employees. Clear and open communication can help alleviate uncertainty and anxiety among employees.

Offering retention bonuses, stock options or equity grants, and other financial incentives to employees, encourage them to stay during the M&A process. Retention bonuses can be a powerful tool to encourage employees to stay onboard and continue their work through the transition period.

Employees can be offered professional development programs or training opportunities to help them develop new skills or explore new roles within the company. This can show employees they are valued by the organization and help them stay engaged and motivated. Increased employee commitment and involvement would strengthen their psychological ownership, hence their retention

in the company. (Kristiana et al, 2021)

2. People Management Strategies for the success of M&A

There are many reasons for the company to react to such a fast-changing environment. One solution is mergers and acquisitions. It is extremely complex, involving a variety of legal, financial, and strategic considerations. The complexity depends on several factors, such as the nature of the industries they operate in, the size of the companies involved, the regulatory environment and the objectives of the transaction. Some key considerations in M&A include due diligence, deal structure, valuation, financing, integration planning, and cultural alignment. The human resource factor is the major cause of success among these factors. According to Anna et al. (2012), employees experience emotions such as anxiety, stress, anger, passive laziness, and lack of active participation in work during M&A activities. Meanwhile, Xu et al. (2020) found that M&A failures often result from neglecting employees reactions and interest in their company during the M&A process. Facing the company's decision, the employees usually perceived a certain degree of uncertainty, mainly due to a lack of control, clarity about the purpose of the M&A decision, and no sense of job security. In addition, changes in work nature would also lead to uncertainty about their family and life.

There are people management strategies at different stages of mergers and acquisitions.

Planning stage

It is the stage to prepare for the workforce. The M&A integration phase is facing immense pressure due to work demands. The process of re-developing crucial employees takes up a lot of time and hinders the fast-paced growth of conventional organizations.

Therefore, people management in the planning stage of M&A is very important. It involves several complex activities, such as assessing the target company's culture and workforce, analyzing the

synergies and potential redundancies, and designing the integration plan. During this phase, people management is critical to ensure that the workforce is prepared for the impending changes and to minimize the negative impact on morale and productivity.

Communication is the key consideration. Clear and consistent communication helps build trust and reduces employee uncertainty and anxiety. The emotions of employees in this stage are fragile. The leaders must communicate the rationale behind the merger, the expected impact on the workforce, and the overall integration plan. Employees should be reached out by multiple channels such as departmental meetings, emails, and one-on-one meetings. Questions and feedback the employee provides should be addressed, which can help identify challenges early on and mitigate them.

The culture of the target company and its workforce should be assessed well in this phase. A thorough analysis of the cultural differences between the two organizations is conducted, and the areas of alignment and misalignment should be identified. Forming an integration plan would leverage the strengths of both organizations and create a shared culture that supports the business objectives. Assessing the workforce's capabilities is important, and the skill gaps can be identified, leading to designing future training and development programs.

Finally, the synergies and potential redundancies should be analyzed. The areas of overlap between the two organizations, such as functions, processes, and systems, should be identified, and the redundancies could be eliminated. The talent of key businesses and important positions should be identified and retained. Xu et al. (2020) suggested that the key employee should be divided into four categories (leadership key employee, management key employee, technical key employee, and relationship key employee) to facilitate the development of a retention strategy to retain them. It ensures a strong driving force for efficient operation in the later phase of M&A.

The decision on potential redundancies and the selection criteria should be clearly explained and transparent. In addition, support should be provided to those affected employees selected, such as outplacement services and job search assistance.

Integration Stage

During the integration stage, it is essential to prioritize leadership and team integration, implement effective change and restructuring procedures, address potential employee resistance, and make efforts to retain valuable personnel.

All the reactions from the employee are coming from different team restructuring rearrangements. Common types of restructures include integration, which involves blending the members of different teams who have complementary skills and abilities; Consolidations, which leads to the elimination of particular roles and the reassignment of team members to new teams; and creation, which involves assembling cross-functional teams to work on strategic initiatives, projects or programs.

As employees from two companies with varying cultures, work styles, and expectations are brought together, their job roles, responsibilities, and workplace environment will have potential changes. However, it is when they experience the highest level of negative emotions, including anxiety, confusion, and uncertainty.

Communication is still the key to success in this phase. Employees from both companies need to be informed about the merger process, its impact on their jobs, and the company's future direction. The communication should be honest and transparent to help mitigate rumors and confusion. HR managers should act as a liaison between the company management and employees and ensure that employees receive accurate, clear, and timely information.

Psychological stress among employees is extremely high. Employees may feel uncomfortable or

unhappy with the new organizational structure or job roles leading to disengagement, lower morale, and decreased productivity. These concerns and anxieties must be alleviated. HR Managers should address these concerns and be empathetic to employees' emotional and psychological challenges throughout the merger process. Emotional support and careful listening help minimize the merger's negative impact on employees.

Training and development programs can also help employees navigate the merger stage effectively. The program should be designed according to the information collected in the planning phase. Training can help employees to adjust job roles, responsibilities, and expectations in the new organization, learn new skills, and perform their job functions more efficiently. In addition, these programs encourage the growth and development of the employee, which can foster a positive corporate culture, increase employee loyalty and become more productive.

All these strategies would increase mutual understanding, reliability, familiarity, and emotional bonding, fostering trust between the company and the employee. (Sachsenmaier, 2019)

Implement Stage

This stage would focus on continuously monitoring and evaluating the company's performance and making adjustments as necessary, conducting regular employee engagement activities to ensure that employees remain engaged and motivated, and continuously improving talent management strategies to attract and retain talent and manage employee relations effectively.

Performance Management

The performance of employees is a concern and critical for the long-term success of M&A. Clear goals and objectives should be established to monitor the progress of their performance, and employees should know and understand what is expected of them. Feedback is given regularly on their performance, including areas where they excel and areas where they need to improve. Regular

performance reviews are needed to evaluate employee performance, identify strengths and weaknesses, and provide feedback on improvement areas. In addition, employees would receive training and development opportunities to build new skills and improve their performance. If employees are not meeting expectations, set performance improvement plans that outline specific actions to improve performance. Finally, continuously monitor and revise the performance management system to ensure that it meets the organization's needs and effectively improves employee performance.

Engagement Performance

Apart from monitoring the performance, general staffs needed to be engaged in producing a positive, productive, and thriving workplace culture. According to employee engagement theory, there are three key components to engagement. They are emotional engagement, cognitive engagement, and behavioral engagement. Alleviating the bad feelings and the misunderstanding about the new organization helps emotional engagement. Regular meetings, feedback sessions, and other forums can be arranged to foster staff to share their thoughts, ideas, and concerns. Open dialogue between management and employees aids the sharing of feelings among all levels of staff in the company. Cognitive engagement can be achieved by easing their concerns and maintaining morale through early and frequent communication and regular update about the integration process, including any changes to roles, teams, or benefits. Employees would expect leaders to set clear goals and expectations for the new company structure, processes, and culture. Therefore, the leader should clearly explain the big picture to the employees and ensure they understand and can follow. Equip the employee skills and knowledge is an example of behavioral engagement to keep the employee in the new company, which helps employees transition to new roles or take on new responsibilities. Finally, employees' achievements should be acknowledged and celebrated during integration to foster their psychological ownership.

Research has shown that high levels of employee engagement lead to increased productivity, lower turnover, and better customer satisfaction. (Ismail, Iqbal & Nasr, 2019) However, there is still some argument that other factors still need to be addressed, such as resistance to change among employees, the personal background of employees, and the peer effect and group dynamics.

Finally, strategies should be focused on how to attract and retain talent and manage employee relations effectively. In today's business world, diversity, equity, and inclusiveness are considered critical factors necessary for any organization's success. Regarding the integration phase, these factors are particularly important as they can help ensure that the newly merged organization successfully navigates the many challenges that arise during this transition period.

In terms of diversity, the organization needs to recognize and value all its employees' unique perspectives, experiences, and backgrounds. The organization should strive to create a inclusive corporate culture that supports differences in race, ethnicity, gender, age, sexual orientation, and other factors. Equity, on the other hand, refers to the fair treatment of all employees, regardless of their background or identity. The organization should provide all its employees equal opportunities for professional growth and advancement, regardless of their demographic or other personal characteristics. Inclusiveness is the third factor that is critical during the post-merger integration stage. This means that the organization should be committed to creating an environment where all employees feel valued, respected, and appreciated for their contributions to the organization's success. Inclusive policies and practices should foster a sense of belonging and community among all employees.

By embracing diversity, promoting equity, and fostering inclusiveness, A just and equitable society is built where everyone is valued and respected and all individuals can reach their full potential. However, there are still challenges when implementing DEI initiatives. Different groups may have

different needs and priorities, making implementation difficult. As mergers can be uncertain and change for employees, such initiatives can be an additional burden, which may lead to resistance and pushback. The leader would deprioritize or consider a "nice-to-have" rather than a "must-have" due to limited resources. Employees may feel that too many DEI initiatives are being launched too quickly, leading to a sense of "diversity fatigue" and diminishing the effectiveness of these programs.

The definition of new generation Z varies among different countries. Nevertheless, generally speaking, it refers to the generation growing up with technology at their fingertips. They are often called digital natives, having spent their entire lives connected to the internet. This has made them tech-savvy, highly efficient, and multitasking. Moreover, new generation Z is highly diverse and inclusive. They are global citizens and embrace diversity, making them highly tolerant and accepting of differences in culture, race, gender, and sexual orientation. This generation is also highly socially conscious, advocating for social causes like climate change, equal rights, and social justice. (Shilpa, Lokesh and Bhuvanesh, 2019)

With the emergence of a new generation in the workforce, people management faces new challenges. New-generation employees prefer clear and concise communication. They value work-life balance and flexibility. Further, these new generations are highly diverse and inclusive and expect the same from their employers. They are highly career-driven and want career advancement opportunities.

To attract and retain these talent groups, organizations need to ensure that communication channels are open and accessible to all. Additionally, the information shared should be relevant to the employees to improve engagement. Organizations must provide flexible work arrangements like telecommuting, flextime, and job sharing to enhance flexibility. A culture of inclusion must be created where all forms of diversity are embraced. Finally, providing career development programs would motivate and retain top talent.

Conflict Management

Conflict can arise between and within the merged entities in the post-merger phase. If not handled well, it can lead to severe consequences such as loss of productivity, decreased morale, increased turnover, and even litigation.

Again, communication is the mainstay to managing conflict effectively. Providing clear and transparent communication channels allows both entities to express their concerns, fears, and issues freely. Further, a communication plan and protocol should be established to manage information dissemination and exchange. Such open communication channels will help reduce misunderstandings and conflict and build trust among the entities.

Cultural difference is another source of conflict. The new entity should focus on creating a shared corporate culture that reflects the two entities' values, beliefs, and norms. A shared corporate culture allows for a smooth transition and fosters inclusivity, respect, and collaboration. This will ensure that all stakeholders feel valued and part of the new entity, leading to a cohesive and collaborative work environment. (Tjosvold, Wong & Chen, 2019)

In the implementation phase of M&A, it is commonly seen that the roles and responsibilities of employees need to be clarified. A clear understanding of the roles and responsibilities of each entity will help in effective integration and ensure that everyone is aware of their roles and responsibilities and eliminating any ambiguity. In addition, this strategy will help in assigning tasks and responsibilities more efficiently, reducing the chances of conflicts.

(D) Discussion and conclusion

The world's business industry is facing stiff competition, urging companies to expand and provide complementary products or services to remain competitive. The expansion brings a lot of challenges, including supply chain management, technological advancements, human resources, and access to capital. Globalization has created a more interconnected and competitive business environment, compelling companies to explore new markets globally. Mergers & Acquisitions are a common strategy for corporate restructuring and improving financial performance & growth. Chinese firms are more interested in M&A to enter a new market. M&A, if managed efficiently, can provide companies with access to new customers, markets, technologies, and expertise, resulting in diversification, expansion, cost reduction, and increased efficiency.

However, there are several drawbacks as well. The potential for cultural clashes between the two businesses and a lack of unified communication between departments can severely hamper progress and cause misunderstandings that prevent the successful completion of the transition. Additionally, the cost increase that comes with corporate restructuring can lead to unforeseen expenses that significantly lower the possible profits of the combined organization. The M&A process can also be time-consuming and require extensive research and legal paperwork. Lastly, M&As can disrupt employee morale and job satisfaction, leading to a higher turnover rate, especially for the acquired company.

Among the elements which may affect people management in M&A, communication, leadership, training and mentoring, and employee engagement and retention are more important. Effective communication is crucial in ensuring that all parties involved in the transaction understand the terms and expectations, reducing the risk of conflicts and disputes. Communication should also be extended to stakeholders and employees to manage their psychological and material needs.

Different leadership styles can significantly impact the success of the integration process. Autocratic

leadership, while effective in some situations, can be problematic in a collaboration-driven process like M&A. Participative leadership encourages joint decision-making among all participants and can maximize expertise, while transactional leadership maintains stability and order. Transformational leadership inspires change and encourages teamwork, leading to improved job satisfaction and commitment to change. However, it is important to note that situational factors such as personality, ability, and task conditions of each employee may influence the effectiveness of a particular leadership style. The leader's communication skills, ability to build trust, and willingness to make difficult decisions also play a significant role in determining the success or failure of the M&A process.

To ensure a successful integration process during mergers and acquisitions, mentoring and training programs can play an important role. These initiatives promote a culture of inclusion, collaboration, and effective communication, helping employees adjust to new roles and become familiar with the acquirer's systems and procedures. They also ensure that the values and culture of the target company remain intact. However, the effectiveness of these programs in M&A implementation has not been studied in-depth. Moreover, the management decision to employ retention strategies such as bonuses and equity grants may be influenced by their potential cost. It is important to consider alternatives to the strategies listed depending on the unique circumstances of each company.

The author discusses the importance of people management in the planning, integration, and implementation stages of M&A. In the planning stage, the complex activities involved, such as assessing the target company's culture and workforce, analyzing the synergies and redundancies, and designing the integration plan, can be time-consuming and may affect the fast-paced growth of organizations. Additionally, the communication process may be challenging, as employees' emotions are fragile during this stage. During the integration stage, the job roles, responsibilities, and workplace environment of employees may change, leading to negative emotions, including anxiety, confusion, and uncertainty. This may result in decreased productivity, lowering morale, and disengagement.

Besides, implementing diversity, equity, and inclusiveness (DEI) initiatives may face challenges, such as considering it a "nice-to-have" instead of a "must-have" due to limited resources or employee resistance and pushback. Finally, conflict management can be a challenge in the implementation phase, as the roles and responsibilities of employees may need clarification, and cultural differences may be a source of conflict.

To overcome these cons, organizations can focus on creating a shared culture that supports the business objectives, providing clear and consistent communication channels, and offering employee support and development programs. They can also create a culture of inclusivity and embrace diversity and equity, taking into account the needs and priorities of different groups. Moreover, by providing open communication channels and establishing a communication plan and protocol, organizations can manage conflicts effectively.

In conclusion, effective people management is critical to ensure a successful M&A process. By addressing the cons and implementing the appropriate strategies, organizations can overcome the challenges and reap the benefits of effective people management.

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