Mergers and acquisitions

Mergers and acquisitions are made because of motivations for economic, financial and operational reasons. Relatively weaker corporations are combined with superior ones presumably to benefit both parties. The processes and consequences of mergers and acquisitions may go a long way, beyond the projections of the integration teams and the management of both the acquired company and that of the acquirer. The parties involved in a merger and acquisition must consider various elements or factors which are either causes or impacts of such business processes.

Based on research materials, the general economic conditions, corporatecultureand values, leadership, commitment andcommunicationare all factors or elements which are of great significance in the M/A process. The general economic condition prevalent in the country or state where the merger occurs, and sometimes, the global economic conditions may define the smoothness of an M/A process. The economic conditions also have a vital role in determining the success offailureof a merger.

If the businessenvironmentis conducive to the merged industry and will have adequate markets for its products and/or services, then there is a significant chance for a successful merger. However strong the merger may be, however, powerful the consolidated companies may be, if the economic conditions prevalent during the merger are not conducive, it may be complicated to steer the newly-merged company to prevail under such economic conditions.

This is considering that fact that there will be other factors such as the leadership, employee commitment, merged resources and so on. The prevailing corporate culture and values in each of the merging companies are also very important factors to be considered by the management and the integration teams. Under normal conditions, workers and teams with different cultural background bear different sets of values and perceptions which affect the day-to-day operations of a company.

The team spirit and corporate environment depend on the dynamics of human culture and values. In a newly-merged corporate environment, different cultures and values, combined with the adverse feelings or impressions of being “ subdued/conquered” for the acquired, and that of “ superiority / conquest” for the acquirer can create a hostile environment. Hence, the cooperation and commitment of the employees would be compromised. Most cases of mergers and acquisitions result to downsizing and streamlining of the integrated operations.

Those who are least able to survive the new corporate environment and have been deemed as unfit may inevitably be eliminated. This trend causes a sense of instability to other employees who are still onboard and may remain so. Witnessing colleagues can be so traumatic and demoralizing, which may result to employees being unable to establish commitment to the merged organization. The feeling ofanxietyand cynicism on the job will be inevitable at this point. This can be worsened if the laid off, terminated or resigned employee may be members of the top or the middle management.

Losing one’s previous superior creates a sense of insecurity for the remaining employees and it will not take that long for them to start scouting for new employment. Leadership is also a vital factor in considering the success or failure of a merger. It binds all the corporate elements together to establish one direction with commongoalsand strategies for everyone on board to follow. Once a merger or acquisition has been completed, the organization is in limbo. There may be various directions and various factions within the new merger.

An effective and charismatic leader must be able to establish new directions, goals and strategies in which all the parties can relate to, and in the interests of both the acquired and the acquirer. The leader must be able to turn around all possible factions by engaging theloyaltyand trust of those on board the merger. The communication aspect is the ultimate medium by which the thoughts and perceptions of the organization are embedded. Communication will either make or break the merger.

Integration teams and strategists must carefully plan the communication policies and systems to be implemented before, during and after the merging or acquisition process. Appropriate and adequate information must be given to the appropriate personnel at the right time and the most effective means possible. It must be remembered that employees, even the senior executives may be hyper sensitive during the merging process. For example, promises of “ not eliminating jobs” must not be communicated if there is no solid basis for such. Not even, the Top Management can completely predict if no job will be eliminated.

On the other hand, the new management can neither delay communicating any need to eliminate some jobs or even departments. Employees and affected parties need to be informed if these will be happening because their lives are also at stake here. Research works and business literature may say that a major factor for the failure of mergers or acquisition may be the personnel or employee-related issues. After completing this essay and research, however, I have come to realize that each of the elements in the corporate environment may contribute to the success or failure of the merger.

It may not be the employee or personnel issue alone, but rather, the interplay of all factors in an organization. List of References Bastien, D. (1987) Common Patterns of Behavior and Communication in Corporate Mergers and Acquisitions: A Critical Reader. Risberg, A. (ed) (2006) Great Britain: Routledge Taylor and Francis Group Begg, P. F. C. (1986) Corporate Acquisitions and Mergers: A Practical Guide to the Legal, Financial and Administrative Implications. 2nd Edition. London, England: Graham & Trotman Limited Cameron, E. & Green, M.

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