# Peran Kepercayaan, Keterbukaan dan Sinergi pada proses integrasi Merger dan Akuisisi (Studi pada perusahaan BUMN)

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Abstrak

Perubahan adalah suatu keharusan bagi setiap organisasi bila ingin bertahan dan berkembang. Jenis perubahan organisasi bisa macam-macam, baik perubahan yang bersifat pengembangan secara bertahap dan kontinyu maupun secara drastis.  Dalam hal ini salah satu jenis perubahan organisasi yang berskala besar, dan bersifat kompleks adalah perubahan organisasi dalam bentuk Merger dan/atau Akuisisi (M&A).  Setiap perubahan organisasi membuat individu akan merasa tidak nyaman, memunculkan kecemasan bahkan akan menimbulkan stres, dan kondisi akan menjadi semakin dirasakan pada kondisi Merger dan Akuisisi.  Hal ini menimbulkan banyak program M&A yang mengalami kegagalan. Untuk itu, kondisi iklim organisasi yang kohesif dan menunjang akan dapat membantu individu/pekerja menyesuaikan diri pada kondisi perubahan organisasi tersebut.  Penelitian ini bertujuan untuk mengetahui variabel apa saja yang berperan pada efektivitas proses integrasi pada salah sebuah perusahaan BUMN yang sedang melakukan proses M&A.  Jenis penelitian ini adalah bersifat kualitatif dengan menggunakan Focussed Group Discussion (FGD), wawancara, dan aktivitas Whole System Transformation sebagai alat pengumpulan data.  Hasil yang diperoleh menunjukkan bahwa terdapat tiga variabel utama yang sangat diperlukan dalam mencapai fektivitas proses M&A, yaitu: Kepercayaan, Keterbukaan dan Sinergi.  Untuk itu, dalam merancanag dan mengimplementasikan perubahan organisasi, apalagi jenis perubahan organisasi yang sifatnya kompleks seperti M&A, maka perlu melibatkan aspek Kepercayaan, Keterbukaan dan Sinergi. Hal ini disebabkan karena, jika  ketiga hal tersebut tidak diperhatikan maka proses integrasi M&A akan menjadi tersendat bahkan dapat memunculkan potensi kegagalan.

Keywords: Perubahan Organisasi, Proses Merger& Akuisisi, Kepercayaan, Keterbukaan, Sinergi.

Pendahuluan

Dalam menghadapi era globalisasi serta kompetisi yang sangat tinggi saat ini, setiap organisasi harus dapat meningkatkan kualitas dan kuantitas luaran (produk/jasa), melakukan berbagai inovasi, dan efisiensi agar mampu bersaing. Untuk itu, organisasi harus dan perlu berubah, dan perubahan yang dibuat harus berhasil, karena hal ini sangat penting bagi kehidupan organisasi (perusahaan) dimasa mendatang (Burke, 2008).  Dalam hal ini, terdapat berbagai bentuk perubahan organisasi, dan salah satu bentuk perubahan organisasi yang memiliki dampak perubahan yang sangat besar dalam kehidupan organisasi adalah perubahan yang memiliki skala besar (large-scale organization change), yaitu pada waktu organisasi melakukan Merger dan/atau Akuisisi (M&A) (Schweiger,2002, Etschmaier, 2010).

Proses Merger dan/atau Akuisisi akhir-akhir seringkali dilakukan oleh organisasi di seluruh dunia, termasuk di Indonesia, antara lain: penggabungan berbagai bank misalnya: CIMB- Niaga, OCBC-NISP, OCBC-Bumi Putera, BII-Maybank, Danamon-Temasek (DBS), Sony-Erickson, Semen Gresik-Semen Padang-Semen Tonasa dan masih banyak contoh-contoh lainnya. Meskipun banyak M&A dilakukan, tetapi ternyata studi empiris menunjukkan bahwa keberhasilan dari proses tersebut kurang sesuai dengan apa yang diharapkan bahkan ada yang dapat dikatakan gagal (Schweiger, 2002; Fairburn & Geroski (dalam Cartwright dan Cooper, 1993); Devoge & Shiraki, 2000). Penelitian yang dilakukan di Amerika Serikat juga bahkan menyatakan bahwa hanya sekitar 23-50% M&A itu berhasil (McKinsey, Marks, British Institute dan Hunt dalam Cartwright dan Cooper, 1993).

Lebih lanjut, para pakar dan peneliti juga menyatakan bahwa proses Merger serta Akuisisi biasanya banyak berhubungan dengan masalah rendahnya semangat (morale) pekerja, ketidakpuasan kerja, perilaku tidak produktif, sabotase, peningkatan tingkat keluar masuk (rate turn-over) pegawai, tingkat absensi, maupun kecelakaaan (Meeks, Sinetar, Altendorf dalam Cartwright dan Cooper, 1993; Nikandrou dkk, 2000; Fairfield-Sonn dkk, 2002). Dalam hal ini, terdapat banyak faktor yang mempengaruhi keberhasilan perubahan organisasi, antara lain adalah masalah Konten (Content), Konteks organisasi (Context), Proses, yaitu proses dan tindakan apa saja yang dilakukan dalam proses perubahan organisasi, dan yang terakhir adalah karakteristik manusianya (Walker, Armenakis & Bernerth, 2007).

Individu berperan terhadap keberhasilan maupun kegagalan suatu perubahan organisasi, karena individu dalam hal ini pekerja dapat menolak/melakukan resistensi terhadap perubahan yang dilakukan organisasi (Bovey & Hede, 2001; Eriksson, 2003; Furst & Cable, 2008). Hal ini membuat individu memegang peran penting dalam setiap perubahan organisasi. Untuk itu, tidak hanya kesiapan individu dalam menghadapi perubahan (Armenakis, 2002; Armenakis, Harris & Mossholder dalam Hansen 2001) yang diperlukan, tetapi yang lebih penting adalah reaksi positif dan komitmen individu terhadap perubahan (Herscovitch & Meyer 2002, Schweiger, 2002, Cummingham, 2006), karena dengan adanya reaksi positif tersebut, pekerja akan dengan senang hati berpartisipasi pada perubahan organisasi, mendukung berbagai kegiatan perubahan organisasi, serta ingin tetap bekerja di perusahaan tersebut karena memiliki keterikatan emosional tersendiri (Herscovitch & Meyer 2002, Schweiger, 2002, Cummingham, 2006). Berdasarkan hal tersebut, pertanyaan yang diajukan adalah variabel apakah yang paling

berpengaruh pada efektivitas perubahan? Penelitian ini akan membahas mengenai peran kepercayaan, keterbukaan dan sinergi terhadap efektivitas perubahan organisasi.

## Literature Review

### Perubahan Organisasi (Organizational Change)

Pengertian perubahan organisasi oleh beberapa pakar dinyatakan sebagai pemahaman penggantian atau peningkatan dalam organisasi yang mencakup keseluruhan populasi, individu, kelompok dan keseluruhan level manajemen organisasi Burnes (dalam Kezar, 2001. Selain itu, McGlynn (2000) menyatakan bahwa perubahan organisasi adalah suatu tindakan, atau serangkaian tindakan, yang menghasilkan pergantian tujuan dan sasaran, atau pergantian proses yang berdampak pada bagaimana suatu organisasi berfungsi. Berdasarkan pembahasan tersebut perubahan organisasi dapat dinyatakan sebagai berbagai perubahan yang dilakukan di organisasi yang sifatnya direncanakan, maupun yang tidak direncanakan (unplanned) dan dapat dilakukan secara bertahap (gradual), atau revolusioner yang tujuannya adalah untuk mengembangkan organisasi.

### Dampak Perubahan

Dalam menghadapi perubahan, reaksi individu dapat bermacam-macam ada yang menerima dan ada pula yang menolak. Hal ini disebabkan karena menurut Judson (2000), perubahan organisasi dapat berdampak pada individu dalam berbagai aspek antara lain adalah: 1) Dampak Operasional (Operational Effects), karena dengan ada perubahan maka hal ini akan ikut merubah kebiasaan kerja yang selama ini individu lakukan, 2) Dampak Psikologis (Psychological Effects), hampir semua perubahan akan berdampak psikologis, karena akan merubah bagaimana seseorang merasakan apa yang dilakukannya, 3) Dampak Sosial (Social Effects), yaitu yang berhubungan dengan hubungan yang telah terbina selama ini baik dengan manajemen, serikat pekerja, rekan kerja dsb. Berdasarkan kondisi tersebut, hal ini membuat seseorang menjadi kurang nyaman pada saat terjadinya perubahan organisasi dan yang akhirnya membuat mereka bersikap dan bereaksi berbeda-beda, yaitu ada yang menerima perubahan (reaksi positif) dan ada pula yang bereaksi negatif (menolak perubahan).

**Faktor yang berpengaruh pada efektivitas perubahan**

Banyak faktor yang mempengaruhi keberhasilan perubahan organisasi, antara lain adalah masalah Konten (Content), yaitu jenis perubahan yang dilakukan diorganisasi; Konteks organisasi (Context), yaitu situasi yang terdapat pada organisasi pada waktu dilakukan perubahan; Proses, yaitu proses serta tindakan apa saja yang dilakukan oleh Change Agent dalam proses perubahan organisasi, dan yang terakhir adalah manusia yaitu perbedaan Individual, yaitu tipe individu/pekerja yang terdapat dalam organisasi yang melakukan perubahan (Walker, Armenakis & Bernerth, 2007).

**Proses Merger dan Akuisisi**

Proses M&A adalah merupakan suatu kegiatan perubahan organisasi yang berskala besar. Hal ini antara lain karena organisasi yang melakukan M&A memiliki karakteristik sebagai berikut: 1) adanya target finansial yang agresif, b) tenggat waktu yang pendek, c) menjadi sorotan publik, d) adanya *"political power struggle/bargaining"*, e) adanya proses reengireering; f) menjadi sorotan publik; g) adanya "issue downsizing"; h) terdapat benturan budaya; i) adanya problem retensi pegawai dan j) adanya issue demotivasi pegawai" (Galpin & Herndon, 2007; Stynberg & Veldsman, 2011; Schuler & Jackson, 2001). Kondisi ini semua, membuat proses M&A dapat dikategorikan sebagai salah satu bentuk perubahan organisasi yang berskala besar, yang memiliki dampak psikologis lebih besar pada pekerja, dibandingkan dengan jenis perubahan organisasi lainnya.

**Kondisi Psikologis Pekerja pada proses M&A**

Kondisi dan karakteristik yang terdapat pada proses M&A memiliki dampak psikologis lebih besar pada pekerja, dibandingkan dengan jenis perubahan organisasi lainnya. Kondisi dan reaksi psikologis pada pekerja dalam proses M&A antara lain terlihat dari munculnya: 1) rasa uncertainty & anxiety; 2) kondisi rendahnya kepercayaan (low trust); 3) adanya perasaan loss of status and identity, 4) munculnya perasaan self preserverance (Pritchett, 1997, Maden, 2011, Buono & Bowditch, 1989).

**Aspek dinamika psikologis yang mempengaruhi proses M&A**

Menurut Pritchett (1997), terdapat 3 variabel dinamika psikologis yang mempengaruhi proses M&A, yaitu:

1. Ambiguity atau kondisi Uncertainty merupakan kondisi yang dirasakan pada waktu terjadi perubahan, ketidak jelasan akan kondisi perusahaan saat ini maupun masa mendatang akan menjadi salah satu sumber kecemasan bagi individu, dan pada akhirnya akan berdampak pada keberhasilan dari proses M&A.

2. Rendahnya Kepercayaan (Low Trust), kepercayaan merupakan faktor yang penting dan mendasar dalam proses komunikasi dan hubungan interpersonal, dan pada waktu terjadinya proses M&A hal ini sangat kental nuansanya, karena kepercayaan terhadap manajemen menjadi berkurang, disisi lain aspek kepercayaan merupakan aspek yang sangat penting (Nikandrou dkk (2000), karena dengan adanya kepercayaan maka proses merger akan lebih mudah dilakukan, sebab kunci keberhsilan dari merger adalah pembangunan kepercayaan (Searle & Ball, 2004)

3. Self-Preservation, adalah kecenderungan untuk lebih memikirkan diri sendiri dibandingkan orang lain. Kondisi  ini membuat karyawan akan menimbang untung ruginya terlebih dahulu apakah akan mendukung atau menolak perubahan yang ada (Pritchett, 1997).  Armenakis & Harris (1993) menyatakan kondisi ini sebagai Personal Valences, yaitu suatu kondisi dimana anggota organisasi akan mengkaji hasil positif dan negatif yang akan diterimanya sebagai dampak perubahan, termasuk aspek keadilan dan perilaku yang diterima anggota tersebut. Dalam hal ini, (Nikandrou, 2000), menyatakan bahwa perilaku self-perseverance atau self-serving antara lain disebabkan sebagai akibat dari rendahnya atau turunnya derajad kepercayaan pekerja terhadap manajemen/organisasi maupun terhadap pemimpin.


**Trust (Kepercayaan)**

Kepercayaan (Trust) sangat penting dalam perubahan organisasi, karena munculnya reaksi positif  pada perubahan organisasi memerlukan adanya kepercayaan (trust) dari pekerja terhadap organisasinya (Organizational Trust), maupun kepada pemimpinnya (Relational Trust). Hal ini disebabkan karena pada saat terjadi perubahan organisasi khususnya perubahan organisasi yang bersifat kompleks dan besar (misalnya M&A), faktor ketidakpastian dan ketidakjelasan menjadi sangat besar.  Ketidak pastian dan ketidakjelasan mengenai kondisi perusahaan saat ini maupun masa mendatang tersebut, menyebabkan derajat kepercayaan

terhadap pemimpin, dan manajemen (organisasi) menjadi rendah (Pritchet, 1997), dan kemudian dapat menjadi salah satu sumber kecemasan bagi individu (Pritchett, 1997). Disamping itu, Relational trust atau kepercayaan terhadap pemimpin, merupakan hubungan yang mencerminkan adanya rasa percaya antara pekerja dengan pemimpinnya. Dengan adanya kepercayaan terhadap pemimpin (Relational Trust), hal ini membuat pekerja akan bekerja dengan lebih baik dan dapat terlibat dengan lebih jauh (Vokic, 2005).

## Keterbukaan (Openness)

Kepercayaan dan keterbukaan adalah saling terkait dan tidak bisa dipisahkan. Keterbukaan akan mempengaruhi komunikasi, harapan, dan pada akhirnya berakibat pada hubungan interpersonal serta membuat seseorang berkeinginan untuk berbagi informasi dan berkomunikasi (Overwalle & Heylighen, 2006), dan hal ini pada akhirnya akan memunculkan kepercayaan. Dalam hal ini, keadilan dan kesetaraan adalah merupakan hal yang penting dalam keterbukaan (Ibrahim & Ribbers, 2009)

## Sinergi

Kata sinergi antara lain tercermin pada kalimat Together everyone achieves more, Berdasarkan hal tersebut, sinergi dapat dinyatakan sebagai dua atau lebih dari sesuatu yang akan berfungsi lebih baik, bila dilakukan bersama-sama untuk menghasilkan kinerja melebihi dari apa yang dihasilkan oleh mereka secara sendiri-sendiri. Dengan perkataan lain, sinergi adalah keuntungan yang dapat diperoleh dengan cara melakukan kapitalisasi dari satu hal yang kita merasa unggul. Dalam hal ini, dengan bekerja didalam tim makan dapat mengaktualisasikan semua keunggulan yang dimiliki oleh anggota tim tersebut (Lewis, 2006). Untuk itu, untuk dapat terjadinya sinergi, maka menurut Lewis (2006) harus terdapat: a) partisipan yang berminat untuk saling mendukung dan b) harus terdapat kesetaraan antar anggota tim.

## Metode

Metode yang digunakan dalam penelitian ini adalah dengan menggunakan metode/ pendekatan penelitian kualitatif, dengan pengambilan data berdasarkan wawancara, FGD, dan kegiatan pengembangan organisasi melalui pendekatan Whole System Transformation. Penelitian ini dilakukan pada beberapa perusahaan yang sedang melakukan perubahan

organisasi, khususnya perusahaan yang melakukan proses Merger dan/atau Akuisisi, melalui pendekatan metode deskriptif kualitatif.

## Responden

Partisipan penelitian adalah para pekerja eselon 1 (setara dengan Kepala Divisi) dari 3 perusahaan yang melakukan proses merger.  Partisipan berjumlah 120 orang, yang terdiri dari peserta yang mengikuti Focussed Group Discussion (FGD) dan partisipan yang mengikuti kegiatan Whole System Transformation (yang terdiri dari Retreat dan The Summit).  Responden berasal dari 3 perusahaan yang melakukan proses Merger.

## Metode pengumpulan data

Cara pengumpulan data adalah berdasarkan wawancara, FGD dan workshop pada kegiatan Whole System Transformation .

## Metode Pengolahan dan Analisis data

Data diolah dengan berdasarkan frekwensi dan dianalisis dengan cara dikategorisasikan terlebih dahulu, kemudian  dianalisis melalui skala peringkat.

### Hasil dan Pembahasan

Hasil penelitian menunjukkan bahwa untuk dapat mencapai perubahan organisasi yang efektif, maka variabel yang diperlukan adalah seperti yang terdapat dalam Tabel 2 dibawah ini.

Tabel 1:
Variabel yang berpengaruh dalam perubahan organisasi

| No | Variabel | Hasil peringkat | | | | Total Skor | Peringkat |
|----|----------|-----------|-----|---------|--------|------------|-----------|
|    |          | Wawancara | FGD | Retreat | Summit | Skor |  |
| 1. | Sinergi | 1 | 1 | 1 | 1 | 4 | **1** |
| 2. | Keterbukaan (Transparansi) | 5 | 4 | 4 | 2 | 15 | **3** |
| 3. | Komunikasi | 2 | 2 | 6 | 6 | 16 | 4 |
| 4. | Kepercayaan | 3 | 3 | 5 | 3 | 14 | **2** |
| 5. | Visi & Misi | 7 | 5 | 2 | 4 | 17 | 5 |
| 6. | Budaya Perusahaan | 6 | 6 | 7 | 5 | 24 | 7 |

| 7. Kepemimpinan | 4 | 7 | 3 | 7 | 21 | 6 |
|---|---|---|---|---|---|---|

Keterangan:

| | |
|---|---|
| Wawancara | = Dilakukan pada Dewan Direksi dari ke 3 perusahaan yang melakukan merger. |
| FGD | = Dilakukan pada Eselon 1, dari ke 3 perusahaan yang melakukan merger. |
| Retreat | = Adalah kegiatan workshop bersama-sama secara residential selama 2,5 hari bagi seluruh Dewan Direksi yang melakukan merger. |
| Summit | = Adalah kegiatan kebersamaan bagi eselon 1 dan Dewan Direksi selama 2.5 hari Residential. |

Dari hasil penelitian, tampak bahwa dari 7 variabel yang paling sering dibahas, terdapat 3 variabel utama yaitu Sinergi, Kepercayaan dan Transparansi/Keterbukaan yang memperoleh peringkat tertinggi.  Hal ini menyatakan bahwa tiga variabel tersebut merupakan variabel utama yang mempengaruhi  efektivitas dari perubahan organisasi. Meskipun demikian, dari hasil yang diperoleh tampak bahwa terdapat perbedaan hasil antara wawancara, FGD, dan hasil dari Whole System Transformation (Retreat dan Summit) mengenai peringkat secara keseluruhan, hanya peringkat mengenai sinergi yang terlihat memiliki kesamaan diantara keempat aktivitas tersebut.

**Hasil Workshop Whole System Transformation**

Berdasarkan hasil dari Workshop kegiatan Whole System Transformation (Retreat dan Summit), kemudian partisipan merencanakan kegiatan lanjutan mengenai perubahan organsiasi yang berhubungan dengan isu: 1) Meningkatkan sinergi; 2) Meningkatkan adanya keterbukaan 3) Kepercayaan; 4) Pembuatan satu Visi; 5) Meningkatkan dan mempersiapkan kepemimpinan; 6) Membangun adanya Akulturasi Budaya dan 7) Menciptakan adanya pencapaian bersama. Tampak bahwa berdasarkan hasil dan analisis rencana kegiatan tampak bahwa partisipan menyadari bahwa permasalahan utama yang harus diatasi adalah yang berhubungan dengan masalah sinergi, keterbukaan informasi dan komunikasi dan kepercayaan pada manajemen/organisasi.

<div align="center"><b>Diskusi dan Kesimpulan</b></div>

Hasil penelitian ini sesuai dengan apa yang dinyatakan oleh Mishra & Mishra (1994) bahwa trust (baik terhadap organisasi/manajemen maupun terhadap pemimpin) merupakan faktor yang penting dalam situasi krisis dalam menghadapi perubahan (Webber; Kirkpatrik & Locke dalam Mishra & Mishra,1994), serta menunjang penelitian yang dilakukan oleh Davis &

Lawrence, Ouchi, Kanter (dalam Mishra & Mishra,1994) yang menyatakan bahwa trust adalah penting dalam perubahan organisasi dan pencapaian kinerja. Disamping itu, Del & Akbarpour (2011) menyatakan bahwa dengan adanya tingkat kepercayaan yang tinggi dari pegawai terhadap organisasi, hal ini akan dapat mengurangi mekanisme pengawasan maupun meningkatkan pengontrolan diri (self control) yang membuat pekerja memiliki motivasi secara internal. Dalam kaitannya dengan reaksi terhadap perubahan, dalam hal ini Grady & Grady (2011), menyatakan bahwa tidak, dan/atau kurang adanya organizational trust akan dapat menjadi risiko utama dalam melakukan inisiatif perubahan organisasi, karena dengan adanya trust terhadap pemimpin maupun manajemen/organisasi memungkinkan para pekerja melakukan apa yang diminta dan disuruh oleh pemimpinnya, termasuk didalamnya bekerja keras untuk mencapai tujuan, meningkatkan kinerja (Dirks, 2000).

Dalam hubungannya dengan kepercayaan, keterbukaan dansinergi, terlihat bahwa komunikasi merupakan hal yang penting pula untuk diperhatikan, karena hal ini akan mempengaruhi kualitas hubungan interpersonal (Overwalle & Heylighen, 2006) dan pada akhirnya akan mempengaruhi kepercayaan dan kohesivitas, serta sinergitas dari suatu tim. Tim dalam hal ini tidak hanya harus kohesif tetapi juga harus bersinergi sehingga mampu menghasilkan kinerja lebih (Lewis, 2006).

Berdasarkan analisis dan pembahasan tersebut, tampak bahwa untuk dapat mencapai perubahan organisasi yang efektif, maka terdapat tiga variabel utama yang perlu diperhatikan yaitu terdapatnya sinergi, kepercayaan, dan keterbukaan/transparansi dalam berkomunikasi. Hal ini dapat menjadi masukan bagi organisasi yang sedang melakukan perubahan khususnya perubahan yang bersifat Merger dan Akuisisi untuk memperhatikan masalah sinergi, kepercayaan dan keterbukaan.

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# The Employee's Well- Being During the Process of Merger and Acquisition

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# The Employee's Well- Being
# During the Process of Merger and Acquisition

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## Abstract

Organizations in order to survive have to change. Change can occur for a lot of different reasons, from the challenges of growth, changing global markets, changes in strategy, technological change, customer pressures or shifting markets, competitive processes until the process of Mergers & Acquisitions (M&A). Every organization change has both positive and negative impact on the employee. Although the objective of the organization in doing M&A is to make organization grow and develop in all aspects, however, in practice M&A often have a negative impact on employee behavior resulting in counterproductive practices, absenteeism, low morale and job dissatisfaction, which finally resulted on low employee well being. This paper will discuss the experience in using the approach of Total Participative Transformation in dealing with the process of M&A in relation with Employee's well being. The objective of this paper is to discuss about the relationship between employee's well being and the process of M&A in Manufacturing Company in Indonesia. The results show that during the process of M&A employee feel uncertainty and ambiguity about the condition of the organization, low trust, which leads to anxiety and stress. This condition according to Page (2005) has affected employee's well being both for the intrinsic and extrinsic conditions. In this regard, appropriate leadership style, open communication, climate of trust, and teamwork is needed.

Keywords: Mergers & Acqusitions, Organization Change, Employee's Well Being.

## Introduction

In order to develop and gain more profits, companies never stop searching for sources of profitable growth, whether through developing new products, efficiency, hiring and training competent sales people as well as through mergers and acquisition (M&A). A merger is a mutually agreed decision for joint ownership between two or more companies; an acquisition is when a company takes ownership of another company (Bratianu & Anagnoste, 2011). The goals of M&A among others are: to provide a stimulus to growth, provide opportunities for enhancing the bottom line through better synergies and reduced overhead (Bratianu & Anagnoste, 2011), enlarge market and finally resulted in greater profits. However, in practice these expectations have not fulfilled effectively, as research shows that the reported failure rate of M&A is dismally high, estimated to be more than 70% (Galpin & Herndon, 2007; Etschmaier, 2010). There are lots of reasons offered for M&A failure, and the majority lies not on the financial sectors but on the culture and people issues (Galpin & Herndon, 2007; Etschmaier, 2010, Bodam, 2000).

M&A, is a very complex process in organization change, in which just like any other change process created insecurity, uncertainty, stress, and even traumatic experience for the employees. Nikandrau et.al, (2000) further stressed the negative impact of M&A on employee behavior resulting in counter-productive practices, absenteeism, low morale and job dissatisfaction. How is the dynamic process of this condition and the psychological effects for the employees, as well as how to anticipate and overcome this condition, these issues will be discussed using the case study in one of Manufacturing company in Indonesia using the theory of 1) Anxiety; 2) Self Perseverance; 3) Trust; 4) Social Identity; 5) Role Conflict; 6) Acculturation Theory; 7) Organizational Justice; and 8) Stress.

## Objective of the study

The objective of the study is to identify the relationship between psychological variables during the process of Mergers and Acquisitions and the employee's psychological well-being.

## Literature review

In this section, it will be discussed the theory of Merger; Employee Workplace Well-Being.

### Merger & Acquisitions

In practice, the terms mergers and acquisitions (M&A) are sometimes confused and used interchangeably, however, the distinction in meaning may not make much a difference due to the fact that the result is often seen as two of more companies with separate ownership, now operating under the same roof/management to achieve shared strategic and/or financial objectives (Steynberg & Veldsman 2011). A merger is a mutually agreed decision for joint ownership between two or more companies, who are free-standing entities of equal standing, that become a new entity with the original entities disappearing. (Bratianu & Anagnoste, 2011; Steynberg & Veldsman (2011). While an acquisition is when a company takes ownership of another company, and pertains to the buying of one or more free standing organizations by another organization, the buyer, which retains its identity (Bratianu & Anagnoste, 2011; Steynberg & Veldsman, 2011).

### The reason organizations undergoing Merger and Acquisition

What are the reasons organizations choose M&A as a strategic growth options? There are lots of reasons that company will undertake the process of Merger and Acquisitions namely: a. Globalization (Galpin & Herndon, 2007); b. access to new technology and/or resources (Schuler & Jackson, 2001); c. economies of scale and efficiency (Galpin & Herndon, 2007 & Schuler& Jackson, 2001); d. a wider product and/or service offering (Veldsman, 2002); e. capital investment risk mitigation (Sherman in Stynberg & Veldsman, 2011), f. rapid entry into a (new) market (s) industry consolidation (Galpin & Herndon, 2007, Schuler in Jackson, 2001), g. the

acquisition of intellectual capital (Galpin & Herndon, 2007, Schuler & Jackson, 2001), and h. dealing with the economic ramifications of political and/or regulatory changes that impact on future prospects of organizational success (Schuler & Jackson, 2001). Based on those issues, it can be said that organizations that undertake M&A usually have lots of reasons which in line with many aspects of organization development.

## Change Management Dynamics and the impact to Psychological State during M&A

Mergers & Acquisitions are instruments of major change which often triggered by external forces. As a result, they cause major environmental shift and disruption. In this regard, Galpin & Herndon, (2007.p.59) after their extensive studies on M&A, mentions that organizations undertake the M&A for their organizational development interventions, are usually facing these conditions, namely: 1. Aggressive financial targets; 2. Short timelines; 3. Intense public scrutiny; 4. Culture clashes; 5. Politics & Positioning; 6. Communication related issues; 7. Growth related issues; 8. Restructuring; 9. Reengineering; 10. Questions where about to downsize; and 11.Problems with retention of personnel, and 12. Issues related to employee motivation.

Furthermore, according to Pritchett (1997) with this organizational condition, it will lead to another emotional and psychological state of the employees such as: 1. Ambiguity, insecurity and uncertainty; 2. Low trust; and 3. Self Perseverance Issues (Pritchett, 1997, Maden, 2011).

## Employee Workplace Well-being

The general conceptualization of wellbeing is equally vague. However, as the study at hand views the concepts from organizational perspective, both of the terms are defined according to the Danna and Griffin (1999) definitions which are widely seen as appropriate for organizational research (see for example Macik:Frey, Quick & Nelson 2009). In this regard, Danna and Griffin suggest that health as a term is narrower than wellbeing and thus should be applied to organizational settings when specific physiological or psychological indicators are of interest and concern. On the other hand, wellbeing tends to be a broader concept that takes into consideration the "whole person." (Danna & Griffin 1999, 364).

Occupational health as a definition concentrates purely on the physiological and psychological aspects of health within organizational context. Here physical health refers to employees' physical wellbeing, i.e. non:existence of negative physical effect, and psychological health on the other hand (although not having single definition consistent in the literature) to the absence of distress caused by the organizational settings (Farrell & Geist:Martin 2005, 548).. In short, occupational health aims at preventing all the possible physiological and psychological health risks organizational settings could alter the employee to. On the other hand, as the concept of well being is rather vague, in this regard it adopts a fairly subjective view towards employee wellbeing by defining it as broadly as "ones overall experience in life" reflecting ones self, described happiness (Diener et all 1999, 277).

Referring to one's overall experience in life, the employee wellbeing thus takes a broader viewpoint towards corporate wellness. In this regard, employee wellbeing is seen as being constructed by physical, psychological, spiritual and social aspects. Here spiritual health refers to a process of individual growth and nourishment at workplace by highlighting the importance of finding individual purpose for work and having a meaning in day to day tasks, and social health to the quality of an individual's network of professional and personal relationships (Farrell & Geist:Martin 2005, 549). Consequently, employee wellbeing adopts subjective approach to corporate wellness where the overall happiness of an employer is determined not only within organizational setting, but also during free time.

Therefore, wellbeing is about quality of one's life guided by a person's own set of criteria. Accordingly, stress and illness are consequences of the lack of fit between individual needs and demands and those of the environment. Wellbeing includes factors related to one's job (i.e. work overload, long hours and travel), ones role in the organization (i.e. role ambiguity, role conflict, and the degree of responsibility), ones relationships at work, one's career development and the organizational structure and climate the person is part of (Cooper & Cartwright 1994, 265). In short, employee wellbeing is all:encompassing physical, psychological, spiritual and social state of mind that is based on work environment and free time suitable integration (Kivistö, Kallio & Turunen 2008, 21).

Well-being is a concept which includes both physical and psychological well-being (Warr, 2002). The work environment which affects physical well-being can be more noticeable, which means that one can more easily see the direct link between the physical environment and a subsequent health problem. In contrast, the way in which the work environment affects the psychological health is less noticeable and less direct. In the last 30 years, theory and empirical research has focused more on the negative impacts of work on well-being; more precisely, on how work stress influences health. Therefore, physical well-being is not going to be discussed in the thesis; the authors will focus on the psychological well-being of employees as important factor influencing their performance (Briner, 2002).

Psychological well-being can be taken context-free, and it involves feelings about life in general. Furthermore, restricted concern in this context is job related well-being, which is people's feelings about themselves in relation to their job (Warr, 2002).
Positive well-being creates psychologically healthy individuals who have the capability to show better interpersonal behaviors, create warm and trustworthy relationship, and have a higher performance, being more punctual, taking fewer sick days etc. Conversely, decreased well-being would decrease the chances to cope effectively with the stressors. It is very important to pay attention to the psychological well-being because it influences the employee's behavior, interaction with colleagues, decision making and it continues to affect the family and social life as well (Rasulzada, 2007).

It is vital to examine what are the causes that are that are decreasing the well-being of the employees. As Briner (2002) states, the work environment is a main cause that affects both the physical and psychological well-being. The work environment can be physical such as equipment, heat, noise, or lightning, and it has been shown that this influences a number of psychological processes. The other environmental factor is characteristics of the job itself, such as task complexity and ability to perform, workload, or task repetitiveness, which are some of the most important factors that influence well-being.

Furthermore, organizational features such as culture, history, and aspects of extra organizational factors such as labor market conditions or industry sector, are also important factors that contribute to the well-being of the employees. For example, organizational factors can affect well-being in situations when the employee experiences difficulties in relationships outside of work that can affect his/her stress level. This can lead to less capability to deal with problems and be less challenging (Briner, 2002). After examining the literature in this field, the authors of the thesis can make an inference that work environment factors could possibly link together job performance and wellbeing. They are known as physical stressors in the work environment and were named in the previous section. The importance of these stressor factors is assumed to be noticeable because they can influence the level of both job performance and job-related well-being.

According to Ryff and Keyes (1995), psychological well-being consists of 1) Self Acceptance; 2. Environmental Mastery, 3) Positive Relations, 4) Purpose in Life, 5) Personal Growth and 6) Autonomy.

The definitions of each of the dimensions are as follows: Ryff and Keyes (1995)

**Self- Acceptance**

Self acceptance can be defined as the acceptance feeing of the individual about the present situation and condition.

Table 1: High and Low Score of Self Acceptance

| Low Scorer | High Scorer |
| --- | --- |
| Feels dissatisfied with self, is disappointed with what has occurred in past life, is troubled abut certain personal qualities, wishes to be different than what he or she is. | Possesses a positive attitude toward the self; acknowledge s and accepts multiple aspects of self, including good and bad qualities; feels positive about past life. |

Source: Ryff and Keyes (1995)

**Positive Relations With Others**

Are the warm, close, satisfying and trusting relationships with others.

Table 2: Low and High Score in Positive Relations With Others

| Low Scorer | High Scorer |
| --- | --- |
| Has few closes, trusting relationships with others; finds it difficult to be warm, open and concerned about others; is isolated and frustrated in interpersonal relationships; not willing to make compromises to sustain important ties with others. | Has warm, satisfying, trusting relationships with others; is concerned about the welfare of others; capable of strong empathy, affection, and intimacy, understands give and take of human relationships. |

Source: Ryff and Keyes (1995)

**Autonomy**

Is the independent condition of the individual to think and act in certain ways based on her/his personal standards.

Table 3: Low and High Score in Autonomy

| Low Scorer | High Scorer |
| --- | --- |
| Is concerned about the expectations and evaluations of others, relies on judgments of others to make important decisions, conforms to social pressures to think and act in certain ways. | Is self-determining and independent, able to resist social pressures to think and act in certain ways, regulates behavior from within, and evaluates self by personal standards. |

Source: Ryff and Keyes (1995)

**Environmental Mastery**

Is the ability to manage the environmental issues, and has the competency and ability to control the external conditions.

Table 4: Low and high score on Environmental Mastery

| Low Scorer | High Scorer |
| --- | --- |
| Has difficulty managing everyday affairs, feels unable to change or improve surrounding context, and is unaware of surrounding opportunities, lack sense of control over external world. | Has a sense of mastery and competence in managing the environment, controls complex array of external activities, makes effective use of surrounding opportunities, able to choose or create contexts suitable to personal needs and values. |

Source: Ryff and Keyes (1995)

**Purpose in Life**

Is defined as having sense goals and directions in life, and has the meaning as well aims and objectives for a living.

Table 5: Low and High Score in Purpose in Life

| Low Scorer | High Scorer |
|---|---|
| Lacks a sense of meaning in life, has few goals or aims, lack senses of direction, does not see purpose in past life; has no outlooks or beliefs that give life meaning. | Has goals in life and a sense of directedness, feels there is meaning to present and past life, hold beliefs that give life purpose, has aims and objectives for living. |

Source: Ryff and Keyes (1995)

**Personal Growth**

Is defined as having a sense of need in personal growth and development and in expanding his/her potential.

Table 6: Low and High Score in Personal Growth

| Low Scorer | High Scorer |
|---|---|
| Has a sense of personal stagnation, lacks sense of improvement or expansion over time, feels bored and uninterested with life, and feels unable to develop new attitudes or behaviors. | Has a feeling of continued development, sees self as growing and expanding, is open to new experiences, has sense of realizing his or her potential, sees improvement in self and behavior over time, is changing in ways that reflect more self-knowledge and effectiveness. |

Source: Ryff and Keyes (1995)

## Results and Analysis of Results

In the following discussion it will be discussed about the results of the interview, Focus Group Discussion (FGD) as well as the activities during the Total Participative Transformation, followed by the analysis based on theory. The results of the study as follows:

**1. Uncertainty and ambiguity, followed with the feeling of anxiety**

Results

Feelings of uncertainty, ambiguity, insecurity, and anxiety were not overtly and openly showed during the interview with the directors; however during the FGD with the First Echelons as well as during the Total Participative Transformation these situations were raised. The questions about

where the organization will lead to, how the status of mergers is at the moment, what is the impact of the merger to their previous organizations were some of the questions raised.

Theoretical Analysis

M&A is one of organizational change intervention that typically involves large-scale organizational change, so just like any other change program; it can be a significant source of anxiety, although the degree of anxiety may vary across individuals (Buono & Bowditch, 1989). They further mention that such organizational combinations can create a lack of clarity about the future of the company. This lack of information, often compounded by rumor and gossip, creates a high level of anxiety in people's lives. Furthermore, as the uncertainty and anxiety about the combination increase, communication among organizational members becomes even more constricted as people complain about being *'kept in the dark'* about organizational plans,

Moreover, Cartwright & Cooper (1993) mention that employees experience a high degree of anxiety when facing the possible occurrence of M&A, and this anxiety can manifest itself in different ways for different organizational members at different stages of the M&A process. In this regard, the anxiety itself can begin before integration occurs, as employees will experience anxiety as they try to cope with uncertainty by often predicting the worst case scenario and the impact of the M&A on their future jobs and careers.

In relation with Psychological Well-Being, this symptom is related with the Environmental Mastery and Purpose in Life.

## 2. Low of trust

Results

Low of trust was found at many different levels, 1) Within Directors at the new management, 2) Directors with the CEO and 3) First Echelons with the CEO as well as with the Board of Directors. It was observed that low of trust were strong between Board of Directors to the CEO and management

Theoretical Analysis

One of the major human dynamics set off by M&A is decreased trust in organization (Pritchett, 2003), and in general distrust can magnify the effect of other sources of resistance to change. Even when there is no obvious threat, a change may be resisted if people imagine there are many hidden agenda that will only become obvious at a later time. In this regard, mutual mistrust may encourage a leader to be secretive about the reasons for change, thereby further increasing suspicion and resistance. Employees who had a low level of trust to begin with, become increasingly mistrustful of the firm and its management. In many instances, they may even

become overtly and covertly antagonistic toward and paranoid about the combination. Moreover, Buono & Bowditch (1989) mention that even organizational members who were initially supportively or willing to give the company the benefit of doubt perhaps often become skeptics or even cynics, scrutinizing and viewing with suspicion every remark or statement by management. According to Schweiger (2002), managers who lie or fail to keep promises immediately lose the loyalty and commitment of their employees, which can reinforce employee judgments for exits.

### 3. Loss of Status and Identity

Results

From the interview with the BOD it was found that loss of status and identity were found. It was observed that the emotional attachment with the previous organization, especially with the sense local attachment, make people difficult to accept that at present the organizations that they work were no longer there, this situation creates a sense of resistance to change.

Theoretical Analysis

M&A typically involves one or both organizations abandoning an old and adapting to a new organizational identity. Social identity theory predicts that during the process of change, employees will react by clinging to their own group and trying to attain a positive position for their own group in the new organization (Haunschild et al. in Cartwright & Cooper, 1993)

### 4. Lack of communication and Low openness

Results

During the FGD and Total Participative Transformation activities it was found that, the communication process and flows within the three companies nor between subordinates and their leaders was not very good. In this regard, each side (companies) was not open in telling the truth about the strategy and information that they have and there is a tendency to hide the information for the benefits of each organization/company (their previous company before the merger).

Theoretical Analysis

During the process of M&A, organizational members begin imagining the worst about the consolidation as rumors and worst case scenarios are continually passed around the organization (Buono & Bowditch, 1989). In this regard, communication, particularly gossip, and trust are explored. In a merger, where uncertainty exists, survivors often have limited control of resources and information (Searle & Ball, 2004). Furthermore, Marcer (2005) mentions that with any M&A process, management must focus on communications as a priority for maintaining productivity and stakeholder confidence, both inside the company and in the market

place. In this regard, a key tool used by organizations during M&A to foster a positive transition is via information (Shah in Searle & Ball, 2004).

## 5.Culture Conflict/Clash

Results

It was observed that as the three organizations have their own cultures, in this regard each company has a pride in their own culture both organizational culture and local culture. However, they also realized that the acculturation culture needs to be handled and the new culture should be established, but with condition that uniqueness in each culture still can be appreciated.

Theoretical Analysis

Researchers have proposed that when members of the combining organizations do not agree on the desired mode of integration, acculturative stress will result (Nahavandi & Malekzadeh, in Buono and Bowditch, 1989). Acculturative stress will also be highest when organizational members' desire to maintain their separate culture is strong, and at the same time the forces of organizational integration are also strong. Acculturative conflict has also been referred to as culture clash. Culture clash is a phenomenon that has been well documented in the M&A literature (Cartwright & Cooper, 1993). Culture clashes arise when people first notice the differences in ways of doing things (differences in communication style, planning, managerial authority, commitment, monitoring, teamwork, and others), which leads to attacking the other side and defending their own. Culture clash is even more likely when people feel threatened by the combination and losing their accustomed way of doing things.

## 6. Lack of teamwork and synergy (intergroup competition)

Results

With the conditions of low trust, low openness and lack of communication within the three companies, as a result teamwork and synergy between the three companies were not developed optimally. It was shown that each company still focuses only for the sake and benefits of their own company and not for the sake of the new company.

Theoretical Analysis

In the process of M&A, intergroup problem often arise, involving groups with conflicting purposes or objectives. This condition known as intergroup competition that emerges when a group desires or pursues one goal while directly opposing the values of another group. Further, the competition becomes a classic Pogo-type problem: We have met the enemy and it is us (Kelly in Brown, 2011).

## 7. Strong organizational politicking

Results

During the interview, it was observed that there were strong organizational politicking were done at the Directors' level as well as at the First Echelon level. Based on the interview it was mentioned that many tricks and political actions were undertaken at the Director's level.

Theoretical Analysis

Changes that threaten to lower the status or prestige of the individual or group will probably affect the anxiety. When a proposed change appears to be detrimental to the vested interest of any group, the group will resist the change. In this case, reorganization invariably implies a redistribution of power and influence, and individuals or groups who perceive a change as lessening their influence will strongly resist it (Brown, 2011). These two conditions (threat to position power and redistribution of power), will create lots of organizational politicking. Furthermore, anxiety during the process M&A can also result in self-survival instincts in which employees engage in political maneuvering to protect their status, power, and prestige (Pritchett et al. 2003; Schweiger, 2002; Cartwright & Cooper, 1993). Moreover, Pritchett et al. (2003) also mentioned that as people take steps to protect themselves, their careers, status, prestige and power, hidden agenda and political maneuvering become realities. Interactions between organizational members are often described as a power game, and the result of destructive competition between people at all hierarchical levels will significantly detracts organizational goals and objectives (Buono & Bowditch, 1989). As a result, this condition can create destructive competition that negatively impacts organizational performance.

## 8. Job Dissatisfaction.

Results

Many employees were dissatisfied with the policy of compensation and benefits, and they demand organizational justice in terms of the HR policy, such as compensation and benefits, career and development.

M&A Theoretical Analysis

Using the theory of Organizational Justice, researchers mentioned that during M&A, employees pay close attention to how people are treated in terms of distributive, procedural, and interactional fairness (Greenberg, in Cooper & Cartwright, 1993). The M&A researchers also have consistently found that employees' perceived fairness of how both surviving and displaced employees were treated during the post merger integration period, will substantially influenced

their attitudes (psychological withdrawal) and behaviors (turnover) (Fried et.al Gutknecht & Keys, in Cooper and Cartwright, 1993).

## 9. Self Perseverance (Self-Centered Activities)

Results

The phenomena of "*me issue's* has appeared during the interview with the Board of Directors as well as during the FGD with the First Echelons from the three companies. The questions such as what about my career/position next, my salary compare to others were found.

M&A Theoretical Analysis

During the process of M&A, there are anxieties and low trust exists. Once trust begins to break down in an organization, people begin to increasingly fend for themselves, placing their self-interest well above that of the organization (Buono & Bowditch, 1989). In this regard, people take steps to protect themselves, their careers, status, prestige, and other benefits for them, and the phenomena of "Me issues (self centered)" has appeared. As a result, instead of focusing their energies on the work process, these managers jockeyed for position with one another and attempted to enlist the support of their premerger employees. The resultant power struggles intensified the we versus them hostilities between the groups.

## 10. Anger, Hostile, Frustration, Stress and Distress.

Results

Anger, hostile, and frustration followed with stress and distrust were appeared during the interview with the Board of Directors.

Theoretical Analysis

During the process of M&A initially employees experienced shock, disbelief and grief. These emotions were followed by resentment, anger and/or depressions. This situation it is common for employees to high degree of anger, especially for long-term employees, managers and directors (Sinetar, 1981). Furthermore Sinetar (1981) mentions that managers and directors for example enter the field with a desire to provide structure, control and order to the organization. By exerting personal control over their company and their departments they are able to make a contribution to the organization and feel successful. During the process of M&A, employees no longer feel in control, their personal power has lost, and he is no longer know what the future holds or where they stand in the organization. Furthermore, the perceived of low trust and threat of position/ job loss can also lead to increase worry and feelings of distress.

**11. Role Conflict and Role Ambiguity**

Results

It was observed during the interview with the Board of Directors, there were some role conflict occurred during the integration process. As the organization still under the final process of M&A, at present there were some role and positions still overlap, such as President Director of Manufacturing A is the same person with the Director of the merged organization. As a result, often the Board of Directors experience conflict between remaining loyal to the old/previous coworkers/companies or implementing the changes required by the M&A, for example in dealing with the distribution of company's profits among the three companies.

Theoretical Analysis

The theory of role conflict stated that employees may experience high degrees of role conflict as a result of new job demands related to the merger. Similarly, employees may also experience conflict between remaining loyal to old customers or coworkers and implementing the changes required by the M&A. Furthermore, Brown (2011) mentions that through role conflict and role ambiguity can contribute intergroup operating problems, however membership of individuals in two or more groups has the potential to reduce intergroup conflict.

Table 1:
The Relationship between Psychological Effects during M&A and Psychological Well Being.

| No | Dimensions Or Variables | Self Acceptance | Positive relations With others | Autonomy | Environ-mental Mastery | Purpose in Life | Personal Growth |
|----|------------------------|-----------------|-------------------------------|----------|------------------------|-----------------|-----------------|
| 1. | Uncertainty, Ambiguity, Anxiety | __ | __ | Low Autonomy | Low Mastery | Low Purpose in Life | __ |
| 2. | Low of trust | __ | Low Positive Relations | __ | __ | __ | __ |
| 3. | Loss of Status | Low Self Acceptance | __ | Low of Autonomy | __ | Low purpose in Life | Low of Personal Growth |
| 4. | Lack of Communication | __ | Low Positive Relations | __ | __ | __ | __ |
| 5. | Culture Conflict | __ | Low Positive Relations | __ | __ | __ | __ |
| 6. | Lack of | __ | Low | __ | __ | __ | __ |

| | | | | | | |
|---|---|---|---|---|---|---|
| Teamwork | | Positive Relations | | | | |
| 7. Strong Organizational Politicking | — | Low Positive Relations | Low of Autonomy | — | — | — |
| 8. Job Dissatisfaction | Low Self Acceptance | — | — | — | — | Low of Personal Growth |
| 9. Self Perseverance | Low Self Acceptance | Low Positive Relations | — | — | — | — |
| 10. Anger, Hostile, Frustration, Stress & Distress | Low Self Acceptance | Low Positive Relations | — | — | — | — |
| 11. Role Conflict and Role Ambiguity | — | Low Positive Relations | Low Autonomy | — | Low Purpose In Life | — |

From the table above, it can be seen that the Dimensions of Low Positive Relations were found in the majority of the conditions. In other words, it can be said that during the process of Mergers and Acquisitions the relationship with others are having difficulties, which as a result has an impact in creating low trust. On the other hand, the condition loss of status seemed has the most negative impact on the dimension of Psychological Well-Being, as it creates Low of Self Acceptance, Low Autonomy, Low Purpose in Life and Low Personal Growth.

**Discussion**

This study has supported previous findings that mentions Mergers & Acquisitions often have a negative impact on employee behavior resulting in counterproductive practices, such as: absenteeism, low morale and job dissatisfaction (Nikandrou, et al. 2010). In this regard, according to Etschmaier (2010), negative reactions and poor morale can be lessened by careful planning, involving members of each organization early, communicating regularly and effectively, providing training, support, and socialization, and respecting differences

Moreover, some other sources of problems, such as blending of different organizational identities and cultures, are relatively unique to M&As. This implies that M&A related organizational change is perhaps more complex than any other type of large-scale organizational change because it needs to simultaneously address both the intra organizational dynamics of leading a large-scale organizational change and the inter organizational dynamics of blending two or more distinctive organizational identities and cultures into one (Cooper & Cartwright, 1993).

Moreover, it was shown in the research by that in a large scale organization change, the greater justice employees perceived in how the change was managed, the smaller the negative effect of the change initiative on employee outcomes (Oreg & van Dam, 2008).

Based on the discussion about the strategy to overcome the psychological effects, it appears that some of the important factors affecting the successful outcome of M&A are good, open and honest communication and top management's ability to gain employee trust. These findings also supported the study by Nikandrou, et.al, (2010), which mention that there are a number of variables which bear an impact on managerial trustworthiness, and among them, frequent communication before and after acquisition, as well as the willingness of listening to the employee. Therefore, a carefully planned, employee-centered communication program, together with a good level of employee relations, seem to form the basis for a successful outcome as far as employee relations in the face of acquisitions is concerned. (Nikandrou, et al., 2010).

Furthermore, by understanding the theoretical underpinnings of employee reactions to M&A, it can proactively develop interventions to minimize their negative impact. In conclusion, it can be said that M&A is an important strategic choice for organizations to survive and prosper. However, advancement in managing M&A processes cannot be accomplished without enhancing the understanding of the human side of M&A. In this regard, the focus on the human side of M&A promises to provide important insights into understanding the challenges faced by M&A.

## Limitations of the study

This study is based on qualitative data collected from Interview, Focus Group Discussion (FGD), and Total Participative Transformation activities. In this regard, data gathering from quantitative methods will create more understanding about the process of Mergers and Acquisitions. Moreover, these study only involving First Echelons, and Board of Directors, allowing more respondents at different hierarchical levels will enriching the data of employees in general.

## Summary and Conclusions

The process of M&A had been a stressful life event for all employees (from Top Management to the lowest level hierarchical employees). In this regard, it was observed that often there was evidence that it is the expectancy of change and fears of future survival, rather than actual change itself, which triggers stress during M&A. In general, there are several sources of problems associated with M&A that also related with large-scale organization change, such as strategic reorientation, downsizing and reengineering, as well as employee anxiety, role conflicts, employee displacement, and changes in job environments. From the study itself, it was found that some of the psychological effects, as a result of M&A are as follows: 1) the conditions of uncertainty and anxiety; 2) low of trust, 3) loss of identity, 4) lack of communication, 5) lack of teamwork and synergy, 6) culture clash/conflict, 7) strong organizational politicking, 8) role

ambiguity, 9). Job Dissatisfaction 10) Self Perseverance and 11) Anger, Hostile, Frustration, Stress and Distress.

## Recommendations for Practice

The objective of this study not only for the development of the knowledge about the human side of Mergers and Acquisitions, but also for practical benefits. The followings are implications of this study for management and organizations involved in change implementation. First, the process of communication is very important and should be put in the centre of attention during any change program, especially during large-scale organization change such as Mergers and Acquisitions. Second, management should develop a climate of trust for organization as well as for the leader. Third, fair practices in the implementation of a change have significant associations with employee commitment to change. In this regard, managers and supervisors can promote fair implementation processes in many areas. Such practices include thoroughly and truthfully communicating the details of the change in a timely and personable manner and thoroughly explaining each phase of the change.

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