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Mergers, acquisitions and People

By Carole Spiers (Pressure gauge)

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ACCORDING TO A recent article, the Middle Eastern banking sector is expected to be subject to "merger mania" over the next two to three years, with many analysts and bankers agreeing that the sector is in desperate need of a shake-up.

 This got me thinking about research suggesting that while many organisations (rightly) dedicate substantial resources to calculating the financial aspects of a proposed merger down to the very last cent, relatively few spend anywhere near enough time thinking about the human aspects of the new arrangement.

History is littered with merged organisations which, despite the fact that their business models were well aligned, spent years attempting to reconcile corporate cultures that were anything but - often without success. The result? What started out as a promising new business venture very quickly turned into an organisational minefield.

Why is a merger so difficult to handle? As I explained in one of my first articles, for many of us, our reaction to certain changes will be one of automatic resistance, which in turn often results in stress.

One reason that staff may resist change is if they don't think they will be comfortable in the new job environment or able to meet its new standards etc. If a change, particularly a fundamental change, is imposed within a company, a proportion of the staff affected will be bound to be dissatisfied. It is important therefore to listen to their concerns and not dismiss them out of hand - some of their worries may be valid and it is important for management to acknowledge this.

Given the frequency of mergers, acquisitions and buyouts, many employees are increasingly faced with organisational change, new methods of working and, all too often, redundancy - all of which are potential stressors. Commonplace organisational stressors related to these include:

- Insufficient staff to complete a workload to a specified schedule, with the result that employees feel overloaded
- Lack of communication or co-operation between departments, resulting in delays, frustration and poor work-flow
- Insufficient training, leading to poor performance, decreased motivation and low self-esteem
- Little control over workload, or rigid working procedures, giving rise to resentment that there is no facility to allow constructive input for possible improvements to existing practices
- Inadequate time being allowed for adjustment to organisational changes caused by restructuring

ALL THESE stressors may be further exacerbated by the way the organisation is managed. If, for example, there is inconsistency in management style and approach, or if procedures are frequently changed, workers will tend to feel insecure and/or apprehensive.

Similarly, where excessive competitiveness is part of the culture, tensions between colleagues very often escalate. This can cause anxiety and a sense of failure and consequent de-motivation - the very opposite of that which was intended. This will be particularly problematic if it results in the creation of a 'blame culture' - an environment where employees are more interested in highlighting the failings of others, rather than celebrating their mutual achievements.

The change process should start by explaining the need for change, i.e. that current operations, procedures, equipment, premises or staffing numbers can be improved to produce discernible benefits. If employees can accept this as a starting point, then they will not only accept the need for change but will feel involved in the process.

During the change process itself, the key requirements are to:

- Facilitate communication between all those affected, and preferably directly, i.e. person-to-person, as opposed to electronically
- Identify and meet training needs
- Involve staff in problem solving at an early stage
- Clarify roles and objectives, as they are established
- Be aware of the people dimension - moving individuals either to a new location, into different teams or changing responsibilities, can cause anxiety and should be carried out sympathetically and with sufficient time allowed to adjust to the change(s)
- Assess the risks of stress in the new (or changed) processes and the positions affected
- Create a safe, blame-free environment so that errors, as they occur, can be used to refine the process, rather than being hidden and subsequently becoming the cause of future problems

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- Even in organisations that have not been subject to a merger, going forward involves some change in order to keep on course. An organisation is either continually improving or it is falling, because no successful organisation can afford to simply stand still. This is why it's so important that employees are given all the tools they need to help them embrace change and new ways of working.

Key learning points

Given the frequency of mergers, acquisitions and buyouts, many employees are increasingly faced with organisational change

While many organisations dedicate substantial resources to the financial aspects of a merger, few spend nearly enough time thinking about the human aspects

If a change is imposed within a company, a proportion of the staff affected will be bound to be dissatisfied

Many work-related stressors may be further exacerbated by the way the newly merged organisation is managed.

Carole Spiers, the UK's leading Guru on corporate stress-management and organisational change, is also a regular BBC broadcaster and international author on these major, business issues. She is also a regular motivational speaker at UAE conferences. Your questions and input on this article or any related topic, is welcomed. Please write to Carole Spiers at: ktwkd@emirates.net.ae. Website: www.carolespiersgroup.com



