

Critical Success Factors For Successful Mergers And Acquisitions Integration: An Employee's Perspective

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ABSTRACT

The purpose of the study is to find out the critical success factors (CSFs) for successful mergers and acquisitions (M&A) integration from the employee's perspective. It provides an insight to HR professionals, policymakers, and top management on how to manage the implications of mergers and acquisitions successfully. The present study employs Mixed Methods Research (MMR) for an indepth analysis of the subject matter. This multi-strategy research paves the way to understand and validate the results. The main factors have been derived from the major works in the last decades that study the M&A performance. This includes due diligence, communication strategy, operational management, resource management, employee performance, employee involvement in decision making, vision, leadership, human resource management and training and development. The findings of the study using multi-regression analysis showed that seven of the ten variables analyzed are significant predictors of the success of mergers and acquisitions. The research paper is intended to elevate the understanding of factors leading to successful mergers and acquisitions.

Keywords: Merger and Acquisition, human resource management, integration strategy, post-merger strategies, due diligence.

JEL Classifications: G34, O15, M12

1. Introduction

Global competitiveness leads to increased radical organizational responses such as mergers and acquisitions, downsizing, consolidation among others. Such responses leads to improved organizational competitiveness and financial position. During these changes, human resource practitioners implement various strategies to implement the changes successfully. However, employees are resistant to changes which often results in the failure of mergers and acquisitions (Aggarwal et al., 2012). Merger and acquisition is an aggressive competitive strategy that requires internal and external business environment transformation. It creates huge workplace challenges for HR practitioners as these changes negatively affect employees' performances. It requires critical insight and expertise among human resource practitioners for implementing transitional activities (Voth, 2021).

The integration process requires structural, legal and cultural sense for creating values and achieving success in merger and acquisition. There are various critical success factors

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which are required for achieving synergy including effective leadership practices, integration strategy including operational and financial integration, organizational culture, post-integration strategies, communication, finances, involvement of employees in decision-making, resolving HR issues, and others. According to Alvarez (2023), “ideal” integration approaches require the harmonization of cultures with post-integration strategies. The challenges during mergers require moulding individual into teams and getting them involved to attain organizational objectives. Papadakis (2005) mentioned in their studies regarding the issues of us-versus-them mentality during the integration process. Effective implementation strategies are required to make them feel like a part of organizational community. Grant (2022) examined the relationship between employee commitment and decision-making. The results have shown a strong correlation between involvement of employees in decision-making and increased commitment towards integration process. The communication during the implementation process through conducting seminars, keeping employee up to date are considered as the critical success factor for successful mergers. Other researchers have considered the employee learning as important aspect of the integration process. Yaghoubi (2016) claimed that team members will vary in their response during the change management process. Therefore, the purpose of the study is to provide insight into critical success factors for human resource practitioners, policymakers, and top management for implementing integration strategies successfully.

The employee feels lost during layoff or downsizing. Voth (2021) conducted the study of 1700 mergers and founded that the executives credited their success in four areas including business synergies, due diligence, strategic fit and management capabilities. Further the study concluded that the reasons for failure of a merger include inadequate due diligence process, slow integration plan, ineffective post-integration strategies, lack of communication, and absence of feeling of belongingness among the employees. Zhao (2022) confirmed the negative reaction of employees upon the announcement of mergers. These reactions ranged from grief to extreme case where individual spoke about mergers in terms of synonyms with the death of a family member.

There are three phases of merger and acquisition including pre-merger and acquisition, during merger and acquisition and post-merger and acquisition. During pre-merger and acquisition, the critical success factors are assessing strategic fit, conducting due-diligence process, conducting planning and careful assessment of capabilities. During merger and acquisition stage, the success factors includes communication, involvement of employees in decision making, leadership practices, managing finances and integration strategy. During post-merger and acquisition stage, the success factors comprises of speedy implementation process, human resource management, operations management, resource management, organizational culture, training and development, and post-merger strategies.

Post-integration strategies comprises of redeployment, reconfiguration and the disposable of both intangible and tangible resource of the companies. There are two phases of post-integration process including “the first 100 days” and “transfer of competencies”. The main goal of the first phase is to attain synergy by maintaining the impulse of both the companies. The second phase is to use synergies for creating values expected from the transaction (Alvarez et al., 2023). Therefore, post-integration strategies are critical success factors for successful merger and acquisition.

The majority of existing studies are considering the critical success factors of mergers and acquisitions from employer’s perspective. However, only a limited number of research studies are from an employee’s perspective. This makes it imperative to understand and explore the critical success factors from an employee’s view.

Research objectives

The objective of the present study is to investigate and empirically test the critical success factors required for the successful implementation of merger and acquisition strategy from an employee's perspective. A knowledge of the factors can be helpful for companies in developing an effective implementation plan for carrying out a smooth merger and acquisition.

The paper comprises of five sections, including, introduction, literature review, research methodology, data analysis and discussion and conclusion. The introduction section explains the topic critical success factors required for the successful merger and acquisition, research objectives, research gap, and broad chapterization. The literature review gives a sneak peek of the previous research studies. Research methodology provides an overview of methodology used for conducting the research study. It explains the type of data used for conducting the research, data analysis methodology, variables used in the study, and why this particular methodology is used for conducting the study. The data analysis and discussion section shows the analysis of data. The conclusion section comprises of future research, research limitations, recommendations and conclusion of the study.

2. Mergers, Organization and Employees: A Literature Review

Bertoncelj (2009) states that the companies are implementing restructuring strategies to gain market share and attain competitive advantage. Mergers and acquisitions are one of the responses to the economic threat. However, it creates dramatic changes, which are experienced by the employees in the organization. HR practitioner plays a vital role during the rebuilding process. Al Hosani (2020) explained the role of HR practitioners in modifying the existing organizational process until maximizing employees' productivity to attain organizational objectives. He stressed the significance of managing organizational culture during the integration process. A holistic effective integration process should address the attitude of employees. It is believed that understanding culture and proactively managing it is critical for successful integration.

There have been many studies to understand employee attitude during the integration process. Angwin (2016) conducted the study to determine employees' reactions during the announcement of merger and acquisition news. Appelbaum (2000) also conducted a study to identify the impact of cultural differences on merger and acquisition performance.

Michael Porter pointed out the demand for leadership to improve organizational performance and reduce risks through merger and acquisition. Strong leadership shapes new values and culture (Cowin et al., 1996). Developing leadership practices at different levels enable to shape of new values and system in the organization. Appelbaum, 2007 mentioned the significance of effective communication during mergers and acquisitions by conducting tests on two different groups. One group was provided with little information and the other group was provided with a 'realistic preview' of the merger. The first group had less interaction with top management whereas the other group had regular communication with top managers. The group communicating regularly were able to adapt to the changes in a much better manner. Communication is the primary key success factor to increase the chances of merger and acquisition success. Whalen's argued "two of the biggest 'Day One' mistakes managers did was providing no useful information and making fake promises that cannot be kept by them (Vandenburg et al., 2000).

Key factors influencing success of mergers and acquisitions

Research scholars have long sought to explain the performance of M&A. According to Bansal (2020), merging businesses requires a formal structure toward economic success but there are other factors too like organizational and social-cultural aspects. Barros (2013) states that merger is a complex exercise requiring joint strategy, extra efforts, significant adaptations, mutual understanding, and clearly shared tasks.

The work of Bertoncelj (2007) is considered useful in order to build a preliminary framework for this exploratory study:

- Allocating appropriate time for each task to attain synergies by streamlining processes and learning to work differently (Barnhart, 1987).
- Individuals coming from different backgrounds must develop innovative ideas through which plan can be implemented successfully (Yaghoubi et al., 2016).
- Cultural issues and social concerns can be addressed through effective communication system, which is a primary success factor for the implementation of new business strategy.
- The organization must inspire trust during turbulence and uncertainty during the implementation of M&A strategy. This motivates the employees resulting into successful implementation of M&A strategy (Taylor et al., 1992).

According to past research, a multitude of factors are responsible for successful implementation of M&A. These can be located in the external environment which includes hostility and technological turbulence, the features of the M&A itself such as consequentiality and premium paid, the characteristics of the acquiring company which includes experience, relative size and formalization of decision making processes and lastly the handling of human resources such as communication program, frequency of communication, attrition rate, among others. In the ensuing paragraphs, the researchers look at each conceptual domain to understand the broad factors affecting the implementation of M&A.

Context variables: i. Environmental hostility - Chen (2018) asserted that the consideration of environmental changes is a significant factor for the success of M&A. During M&A, the top managers often get detached from organizational performance resulting in competitors taking advantage from any temporary inertia by taking up dissatisfied clients or hiring managers of the merged entity. ii. Technological advancement - The organizations engage in M&A to acquire new products and improve existing product development capabilities. Clark (2010) mentioned that in technological companies, new products become obsolete before acquiring them in the product portfolio. In the R&D department, cost cutting often follows a M&A due to increased corporate expenditure.

M&A characteristics: i. Consequentiality - During M&A, decision-making is a significant factor in the successful implementation of a strategy. In this stage, risks and benefits should be evaluated alongwith the consequences and magnitude of changes. During the implementation of the M&A strategy, the organization requires a full understanding of risks and benefits to contribute towards a smoother transition. ii. Price/ premium - During M&A, a high premium is considered negatively related to the success of the business strategy. Estimated synergy is often hard to achieve even with a right strategy. Mariappan (2003) argued that where the premium exceeds 25%, organization assumes considerable risk.

Firm characteristics: i. Decision making processes formalization - It is indispensable to have a clear implementation strategy before proceeding with M&A. An effective M&A strategy is based on corporate needs and the definition of strategic and financial objectives resulting in successful implementation of post-merger. De Noble (1998) explained the significance of decision-making formalization as a success factor to implement M&A strategy successfully. ii. Organizational size - Dorling (2017) studies have shown the relevance of relative size on the success of M&A. It is seen that greater the size of the acquiring company in comparison to the acquired company, smoother is the implementation process and lesser issues during the post-merger phase. iii. Experience - M&A is a complex process that demands unique learning experiences gained by top management from previous M&As. Thus, the previous learning experience is a significant factor that contributes to the successful implementation of M&A. (Stahl, 2004).

Communication plans: i. Communication program - Gomes (2013) mentioned that M&A is not only a financial transaction but also affects the well being of the employees. Common issues arising out of post-merger issue includes increased absenteeism; reduced productivity, resistance to change, low job satisfaction, and negative behavior among employees as employees are overwhelmed by fear, stress and anxiety. Haque (2021) stressed that handling employee resistance to change is the greatest significance for the successful implementation of M&A. Harman (2003) suggested that an appropriate communication policy is required for minimizing cultural issues among the employees. Communication aspects include trust, consistency, management reliability, frequency, and others (Stahl et al., 2004). Thus, a detailed communication plan is essential for minimizing employee resistance. ii. Communication framework - Iankova (2014) explained the employee insecurity arising with the announcement of the M&A deal. There are various mistakes on the management side during M&A including briefing deals from outsiders rather than the company's formal announcements (Shook, 2011). Kang (2020) explained that if an organization fails to communicate effectively, it increases anxiety among employees that may create a negative attitude toward M&A. The organization should devote appropriate time and resources in preparing communication plan. iii. Frequency of communication- Lauser (2010) explained that the frequency of communication during the implementation process impacts the overall success of the M&A. An increased communication frequency minimizes fear among the employees resulting in a better working environment. Leschik (2022) explained the significance of mutual trust between top management and employees which contribute to creating a clear vision and directing their efforts toward the achievement of business objectives (Schweiger et al., 1991). iv. Organization's attrition rate - Larsson (1999) states that often during M&A, companies lost the best of their talent leading to a negative impact on long-term viability and competitiveness of the organization. v. Employee feedback system - According to Napier (1989), employee feedback during the implementation of the M&A strategy enables the involvement of the employees during the change management process.

3. Research Methodology

The present study uses mixed method for research design. It is a blend of qualitative and quantitative empirical study. Combining both provides a better understanding of the research problem (Schooneboom and Johnson,2017). The two approaches together, examines different aspects of a single research objective and validates the findings. Triangulation develops a comprehensive understanding of phenomena (Patton, 1999). Thus, complex research questions which require different perspectives can be dealt comprehensively using triangulation.

Bryman (2006, 2007) gives the rationale for using mixed methods as follows:

Aspects	Explanation
Credibility	Employing both approaches enhances the integrity of findings.
Context	While qualitative research provides contextual understanding, quantitative data gives generalizable, externally valid findings among variables
Illustration	Qualitative data is commonly used to illustrate quantitative findings
Utility	Useful to practitioners
Confirm and discover	Hypothesis is generated through qualitative data and it is tested using quantitative research.

The data analysis is conducted using a powerful statistic technique; multiple regression analysis (MLR). This particular data analysis methodology is selected because it allows assessing the strength of the relationship between the success of merger and acquisition (dependent variable) and ten explanatory variables. In our study, the dependent variable is the success of mergers and acquisitions and the independent variable consists of the following - due diligence, communication strategy, operational management, resource management, employee performance, employees involvement in decision making, vision, leadership, human resource management and training and development.

Assumptions of Multilinear regression analysis - normality , normal test of residuals, multi-collinearity , homoscedasticity, linearity, independence of errors and mean zero error were examined.

4. Data Analysis and Discussion

The paper explores a range of factors and investigates their effect on the successful implementation of mergers and acquisitions.

Few statistical diagnostic tests were conducted before applying multiple regression technique.

Statistical diagnostic tests

Normality test- The Chi-square goodness of fit test allows to check whether or not a model or theory follows an approximately normal distribution. The hypothesis for testing normality is:

HO: The data is not normally distributed.

HI: The data is normally distributed.

It was found that the parameters- due diligence, communication strategy, operational management, resource management, employee performance, employees involvement in decision making, vision, leadership, human resource management and training and development. are normally distributed. Thus, the null hypothesis stands rejected

Normality test of residuals - The P-P plot compares the observed cumulative distribution function (CDF) of the standardized residual to the expected CDF of the normal distribution. The analysis shows a normal probability plot of the residuals which suggests that the error terms are normally distributed. At the same time the residual trend is centered on zero and the variance is uniformly and randomly distributed.

Multi-collinearity test - The variance inflation factor (VIF) was calculated to measure the correlation between variables to eliminate multicollinearity. Thus, the multicollinearity test shows predictors are not related to each other.

Homoskedasticity test- Breush-pegan test is applied to determine the homogeneity of variances. The null and alternate hypothesis is as follows:

HO: The comparing variables have equal population variances.

HI: The comparing variables do not have equal population variances.

The result shows that the null hypothesis is accepted and the data is not heteroskedastic. Thus, the variance of the residuals is equal over a range of measured values.

Linearity, Independence of errors and Expected Mean of the error - It was found that the predictor variables in the regression have a straight-line relationship with the outcome

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	3.144	.358		8.793	.000
	Due diligence process	-.205	-.045	-.471	-4.549	.000
	Communication strategy	-.104	.046	-.246	-2.266	.029
	Operational Management	-.115	.057	-.200	-2.028	.049
	Resource Management	-.252	.112	-.243	-2.244	.031
	Employee performance	.143	.064	.248	2.222	.032
	Employees involvement in decision making	-.353	.095	-.365	-3.699	.001
	Vision	.131	.061	.215	2.151	.038
	Leadership	-.055	.057	-.113	-.978	.334
	HR Management	-.064	.065	-.102	-.987	.330
	Training and development	-.067	.044	-.167	-1.522	.136

variable. The value of the Durbin-Watson model is 2.242 suggesting no correlation. The regression model is fit as the sum of residual value is 0.

Multi-regression analysis

As described earlier, the aim of the analysis is to know to what extent is the success of mergers and acquisitions influenced by the independent variables.

An unstandardized coefficient indicates how much the dependent variable varies with an independent variable when all other independent variables are constant. Unstandardized coefficient β_1 is as follows

- The due diligence process of -0.205 means that delay in the process decreases the chances of merger and acquisition success by 20.5%.
- Communication strategy is -0.104 explaining that ineffective communication strategy results in a decrease in the chances of merger and acquisition success by 10.4%.
- Operation management is -0.115 explains inappropriate management decreases the chances of merger and acquisition success by 11.5%.
- Resource management is -0.252 which explains that ineffective managing of resources results into decrease in chances of successful merger and acquisition by 25.2%.
- Employees performance states that ineffective workforce leads to decrease in the chances of successful merger and acquisition by 14.3%.
- Employee's involvement in decision-making is -0.353 which explains the chances of increase in successful merger and acquisition by 35.3% by involving employees in business decisions.
- Vision is 0.131 which explains that inappropriate vision leads to decrease in the chances of successful merger and acquisition by 13.1%.

- An unstandardized coefficient of -0.055 means that ineffective leadership practices leads to decrease in the chances of success merger and acquisition by 5.5%.
- Human resource management is -0.064 which explains that ineffective managing of employees results into decrease in chances of successful merger and acquisition by 6.4%.
- Training and development is -0.067 which explains that ineffective training results into decrease in chances of successful merger and acquisition by 6.7%.

Table 1: Regression Coefficients

Based on the non standard coefficients, we obtain this regression equation:

$$\hat{y} = 3.144 - 0.205x_1 - 0.104x_2 - 0.115x_3 - 0.252x_4 + 0.143x_5 - 0.353x_6 + 0.131x_7 - 0.055x_8 - 0.064x_9 - 0.067x_{10}$$

where x_1 = due diligence process, x_2 = Communication strategy, x_3 = operational management, x_4 = resource management, x_5 = employee performance, x_6 = employee involvement in decision making, x_7 = vision, x_8 = leadership, x_9 = human resource management and x_{10} = training and development.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.811	.658	.571	.314

Table 2: Estimation of Standard Deviation: Model Summary

The coefficient of determination R^2 indicating the percent of how much of the total variance is explained by the independent variables is 65.8%

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	7.385	10	.738	7.509	.000
	Residual	3.835	39	.098		
	Total	11.220	49			

Table 3: Variation Analysis - ANOVA

The table shows that the independent variables are statistically significant to predict the dependent variables. $F(10,39) = 7.509$, $P < 0.05$. Thus, the regression model is a good fit for the data.

The validity of multiple regression model is checked through a global test. It is used to predict whether all the independent variables have regression coefficients equal to zero. The regression coefficients are as follows: β_1 , β_2 , β_3 , β_4 , β_5 , β_6 , β_7 , β_8 , β_9 , and β_{10} . The alternative and null hypothesis are as follows:

$$H_0 = \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6 = \beta_7 = \beta_8, \beta_9 = \beta_{10} = 0$$

$$H_1 = \text{Not all } \beta \text{ coefficients are equal to 0.}$$

In order to test the null hypothesis, the F statistic is required which has been calculated in the Anova table above. From the data in the previous table (Table 3) it can be seen that the value of calculated F is 7.509 for the variance generated by the regression. The critical value of F is 2.084 at 0.05 level of significance with 10 degrees of freedom at numerator and 39 at denominator. By comparing the values of F, the alternative hypothesis would be accepted and thus the null hypothesis stands rejected. It means that not all regression coefficients are equal to zero. Further, a significant influence of our model occurs over the dependent variable.

The next step is to know which regression coefficient is zero and which may not be zero. For this an individual evaluation of regression coefficient has to be done where the null hypothesis states that each coefficient beta is equal to zero and an alternative hypothesis stating that these are different from zero (Kulcsar, 2009).

The test used is T-test with $n-(k+1)$ degrees of freedom. The calculated T values from the spss results are -4.549 for due diligence process, -2.266 for communication strategy, -2.028 for operational management, -2.244 for resource management, 2.222 for employee performance, -3.699 for employee involvement in decision making, 2.151 for vision, -.978 for leadership, -.987 for HR management, and .136 for training and development. In order to define the decision rule concerning null hypothesis, t statistics would be compared with the critical value of t at a significance level of 0.05 in the case of a two tailed test with 50 – (10+1) meaning with 39 degrees of freedom. This value is \pm

2.023. The results are as follows:

- In the case of due diligence process, calculated t (-4.549) is lower than the critical t (-2.023). This means that the null hypothesis is rejected and it is accepted that β_1 is different from zero.
- Looking at the communication strategy, the calculated t (-2.266) is lower than the critical t(-2.023). Thus, the null hypothesis is rejected and it means that β_2 is different from zero.
- In the case of operational management, the calculated t(-2.028) is lower than the critical t(-2.023). Thus, the null hypothesis is rejected and β_3 is equal to zero.
- While observing the variable resource management, the calculated t(-2.244) is lower than the critical t(-2.023). Thus, the null hypothesis is rejected and β_4 is different from zero.
- In case of employee performance, we can observe that the calculated t(2.222) is higher than the critical t(2.023). We reject the null hypothesis. Thus, β_5 is different from zero.
- Looking at the employee involvement in decision making, the calculated t(-3.699) is lower than the critical t(-2.023). This means that the null hypothesis is rejected again and β_6 is different from zero.
- In the case of vision, the calculated t (2.151) is higher than the critical t(2.023). Thus, the null hypothesis is rejected and β_7 is different from zero.
- The calculated t(-.978) value of leadership is higher than the critical t(-2.023). Thus, the null hypothesis is accepted and β_8 is equal to zero.
- In the case of human resource management, the calculated t(-.987) is higher than the critical t(-2.023). Thus, the null hypothesis is accepted and β_9 is equal to zero.
- In the case of training and development, the calculated t(-1.522) is higher than the critical t(-2.023). Thus, the null hypothesis is accepted and β_{10} is equal to zero.

Therefore, it is found that three of the ten variables: leadership, human resource management and training and development are not significant predictors for the dependent variable : success of mergers and acquisitions. The new regression model will no longer contain these variables. The new regression model with a total of seven variables is as follows:

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.790	.624	.561	.317

Table 4: Estimation of Standard Deviation: Model Summary

Model		Unstandardized B	Coefficients Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	2.847	.295		9.656	.000
	Due diligence process	-.207	.043	-.477	-4.808	.000
	Communication strategy	-.089	.042	-.210	-2.144	.038
	Operational Management	-.122	.056	-.213	-2.193	.034
	Resource Management	-.340	.101	-.329	-3.369	.002
	Employee performance	.158	.058	.274	2.710	.010
	Employees involvement in decision making	-.336	.093	-.347	-3.593	.001
	Vision	.127	.061	.209	2.077	.044

In this case, the coefficient of determination R^2 is 62.4% (Table 5)

A new regression equation results from Table 5:

$$\hat{y} = 2.847 - 0.207x_1 - 0.089x_2 - 0.122x_3 - 0.340x_4 + 0.158x_5 - 0.336x_6 + 0.127x_7$$

where x_1 = due diligence process, x_2 = Communication strategy, x_3 = operational management, x_4 = resource management, x_5 = employee performance, x_6 = employee involvement in decision making, x_7 = vision

Table 5: Regression Coefficients

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	6.999	7	1.000	9.949	.000
	Residual	4.221	42	.101		
	Total	11.220	49			

Table 6: Variation Analysis - ANOVA

In table 6, it is observed that the F statistic is 9.949 for the variance generated by the regression. The critical value of F at 0.05 significance level with 7 degrees of freedom at numerator and 42 degrees of freedom at the denominator is 2.237. On comparing the critical value of F with F statistic, we accept the alternative hypothesis. This means there is a significant influence of the multiple regression model over the dependent variables.

On evaluating the individual regression coefficients of our new regression model using t test with $n-(k+1)$ degrees of freedom, we get the calculated t values (Table 5). The table values have been compared with calculated values at a significance level of 0.05 with $50-(7+1)$ i.e.42 degrees of freedom. The value is ± 2.018 .

The result is as follows:

- The calculated value of due diligence (-4.808) is lower than the critical (-2.018). therefore, the null hypothesis is rejected and it is accepted that β_1 is different from 0.
- In the case of communication strategy (-2.144) is lower than -2.018 indicating that the null hypothesis is rejected and β_2 is different from 0.
- If we look at operational management , we can observe that t statistic is lower than table t value. So, the null hypothesis is rejected and β_3 is different from 0.
- Looking at resource management, the t statistic is -3.369 much lower than table value of t (-2.018). Hence, the null hypothesis stands rejected and β_4 is different from 0.
- The t statistic of employee performance is 2.710 higher than the table value of 2.018. Thus, the alternative hypothesis is accepted and β_5 is different from 0.
- The calculated value of employee involvement in decision making is -3.593 lower than -2.018. So, the null hypothesis is rejected and β_6 is different from 0.
- Looking at vision, the calculated value of 2.077 is higher than the table value of 2.018. Thus, the null hypothesis is rejected and β_7 is different from 0.

Results

From the data presented above, we can draw the following conclusion: seven of the ten factors namely due diligence, communication strategy, operational management, resource management, employee performance, employee involvement in decision making and vision are significant predictors for the dependent variable namely the success of mergers and acquisitions.

Nayak (2016) explains the significance of an effective communication strategy to minimize the chances of eliminating miscommunication during the implementation of the integration process. The important sub-factors of communication are frequency of communication, customization, and relevance associated with the process. Communication is related to employee engagement which enhances supportive employee behavior and reduces turnover intention. Thus, the findings of the study have proved the significant relationship between communication and the success of mergers and acquisitions.

During the integration process, the due diligence process is considered an indispensable exercise to become familiar with the acquisition target (Ratajczak, 2015). The whole process is based on mutual trust between the acquirer and the acquired. The findings of the study have proved the significant relationship between the due diligence process and the success of mergers and acquisitions.

Similarly, employee performance directly impacts the overall success of the company. The study has proved a significant relationship between employees and success of mergers and acquisitions.

During post-merger integration, lack of shared vision results into unsuccessful mergers and financial loss (Rodríguez et al., 2018). The study has proved that there exists a significant relationship between vision and success of mergers and acquisitions. The study has further proved the significant relationship between success of mergers and acquisitions and employee involvement in decision-making. Taylor (1992) states employees need the feeling of belongingness during mergers.

Integration includes the managerial actions for combining two previously separate firms. The operational management requires the supervision of managers to integrate the process successfully (Shook et al., 2011). The study has proved a significant relationship between operational integration and the success of mergers and acquisitions. Further, sharing of

resources during the integration process comprises of combined and rationalization of operating assets of two companies. It leads to a decrease in costs due to economies of scale and scope. The study has proved a significant relationship between resource management and success of mergers and acquisitions.

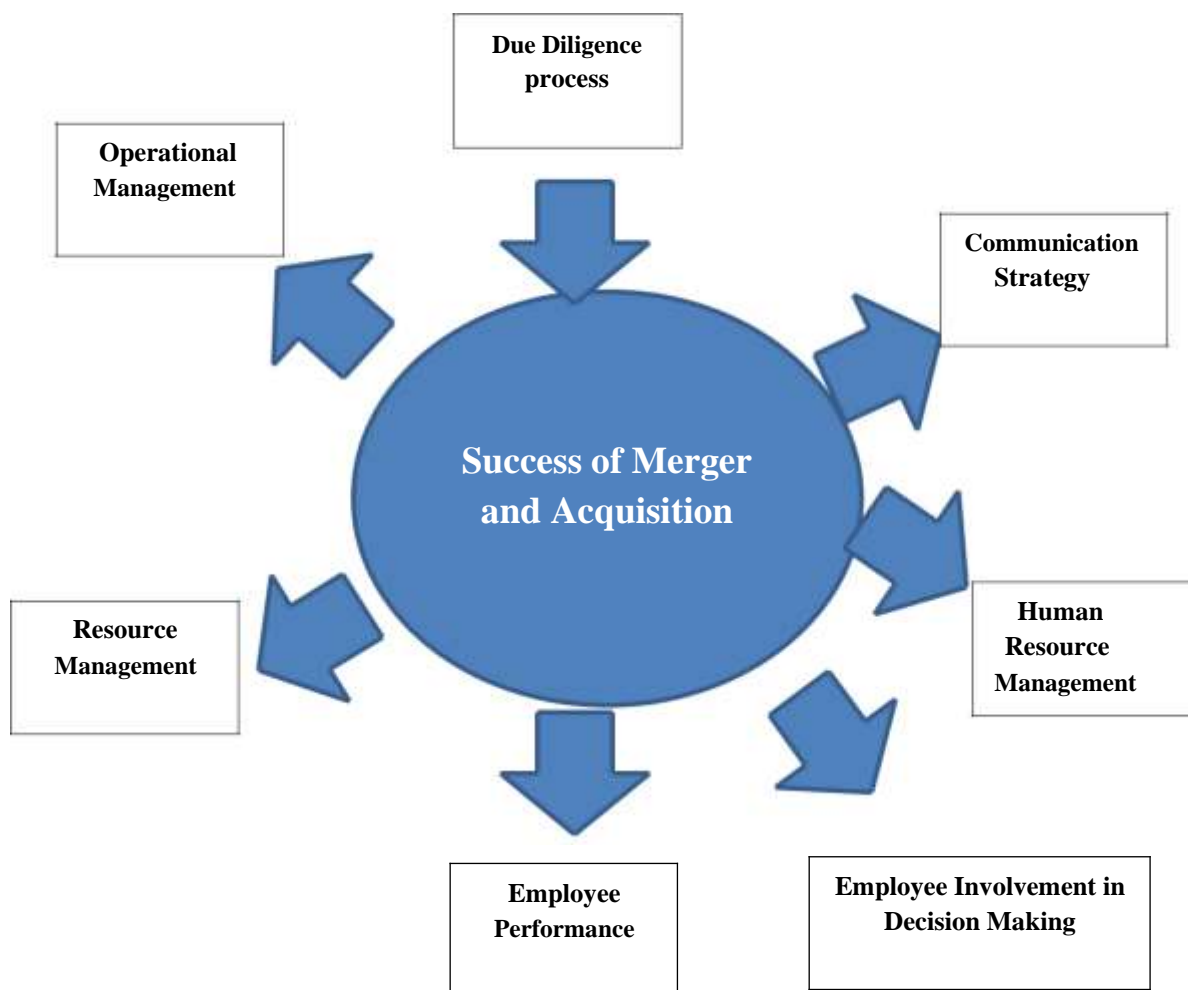
5. Conclusion

The research work attempts to explore the critical success factors behind successful mergers and acquisitions from the employees perspective. Evidence from a number of studies shows that culture, stress and change are key reasons behind conflicts in the consolidation of firms.

The coefficient of determination (R^2) is 62.4% explaining how well the statistical model is explaining and predicting the future outcome. With the help of the multivariate analysis, we have been able to find out the seven most critical factors for the success of mergers and acquisitions - due diligence, communication strategy, operational management, resource management, employee performance, employee involvement in decision making and vision.

This paper proposes ideas for future research. It gives a perspective on the critical success factors that can be further adapted and developed. The extracted factors can be applied in a broader context in other settings. Future research can be done with one specific industry to analyze the trends or it can be conducted across industries to understand the subject matter in a much better manner. The factors can vary depending on the industries. Another potential area of research could be understanding the success of mergers and acquisitions based on forms of organizations. Focus group interviews can be conducted to take the opinion of managers for a successful M&A.

This research is relevant as far as understanding the factors behind successful mergers and acquisitions is concerned. It enriches the literature on mergers and acquisitions. Finally the paper has wide policy implications. It can be used by the acquirers and acquirees in maximizing the benefits of consolidation.



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