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Bridging the Gap: Exploring the Convergence of Human Element and Financial Metrics in Mergers and Acquisitions

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Abstract

This research study examines the multidimensional dynamics of mergers and acquisitions (M&A), with a special emphasis on the interaction of human and financial elements in such deals. The study uses a variety of statistical methods, including correlation, chi-square tests, ANOVA, to assess the influence of M&A activity on financial performance. The data show significant connections between pre- and post-merger liquidity positions, implying that a company's financial health before an M&A transaction affects its liquidity after the merger. The analysis implies, however, that pre-merger debt-equity ratios have less of an impact on post-merger debt arrangements. Despite these insights, the paper accepts its limitations, particularly its sector- or region-specific focus, which can limit the universality of its findings. Future studies should include other factors including cultural alignment, leadership philosophies, and change management techniques to provide a more thorough understanding of M&A dynamics in order to lessen this limitation. To summarise, this article adds to the expanding literature of knowledge on M&A transactions by highlighting the complex relationship that exists between human factors and financial measures in determining organizational results. Furthermore, the study highlights the importance of considering qualitative aspects alongside quantitative metrics in assessing M&A outcomes. It emphasizes the need for comprehensive analyses that encompass both financial indicators and human factors to gain a holistic understanding of M&A performance. This research offers valuable insights into the nuanced nature of M&A transactions, providing a richer framework for evaluating and managing such endeavors.

Keywords: Mergers and Acquisitions, Financial Performance, Human Factors in M&A, Cultural Integration, Liquidity and Profitability

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1. Introduction

Globalization and rapid technology advancements have led to severe competition among enterprises in an ever-changing globe. Firms seek inorganic expansion to address obstacles and capitalize on opportunities. Strategic alternatives include mergers and acquisitions, alliances, and joint ventures. Mergers and acquisitions are a popular approach for organizations looking to gain a competitive advantage. Over the past seven years, during the fifth merger wave, the value of acquisitions has increased dramatically. In 2006, acquisitions hit an all-time high of 1,774 billion, (Vasilaki and O'Regan, 2008). Mergers and acquisitions occur for a variety of reasons. Corporate objectives include increasing market power, gaining access to creative skills, minimizing risks connected with new product or service development, maximizing efficiency through economies of scale and scope, and reshaping a firm's identity (Management Decision, Vol. 46 No. 10, 2008). Other reasons for collaboration include addressing short-term financial issues caused by information asymmetries (Fluck and Lynch, 1999), fostering long

term survival through new knowledge (Vermeulen and Bakerma, 2001), and achieving synergy effects (Lubatkin, 1987; Birkinshaw et al., 2000; Vaara, 2002).

In the fast-paced world of mergers and acquisitions (M&A), where the landscape is frequently defined by strategic navigating, financial discussions, and corporate reshaping, the confluence of the human aspect and financial measures emerges as a compelling focal point. Historically, M&A activities have been motivated by the prospect of synergistic benefits and increased shareholder value (Lubatkin, 1987; Birkinshaw et al., 2000; Vaara, 2002). Scholars have long emphasized the potential of M&A deals to generate wealth, expand markets, and improve operational efficiency (Fluck and Lynch, 1999). However, in the fervor of financial estimates and valuation evaluations, the human dimension of M&A is sometimes overlooked, and consigned to the margins of strategic considerations.

Mergers and acquisitions (M&A) represent strategic transactions wherein one company combines with or acquires another entity. Within the theoretical framework, M&A functions as the independent variable, causing changes and impacting numerous areas of organizational performance, behavior, and structure.

M&A transactions are frequently driven by a variety of strategic requirements, ranging from market development and diversification to consolidation of industry leadership and operational efficiencies (Birkinshaw et al., 2000; Vaara, 2002). However, beneath the facade of financial rationale and strategic objectives lies a fundamental truth: the ultimate success of M&A transactions is dependent not only on the arithmetic of financial gains but also on the complex interplay of human factors within the organizations involved (Fluck and Lynch, 1999; Vermeulen and Barkema, 2001). Individual perceptions, attitudes, and behaviors within merging entities have a significant impact on the success or failure of integration efforts, influencing everything from post-merger cultural alignment to employee retention and customer satisfaction (Haspeslagh and Jemison, 1991; Marks and Mirvis, 2011). Despite growing recognition of the critical role of human factors in M&A transactions, research in this area has been limited, with much of the existing literature focusing primarily on financial aspects of M&A performance (Kraaijenbrink et al., 2010; Schweiger and Goulet, 2013). This study gap highlights the need for a more comprehensive

and integrated knowledge of the complicated interplay between human dynamics and financial measurements in the context of M&A transactions.

The liberal economic policy encouraged businesses to pursue technology upgrades, expansion, and diversity (Jones, 2008). Many businesses found it necessary to merge with similar divisions and subsidiaries in order to reduce costs and enhance production (Smith & Johnson, 2005). With globalization and increased rivalry, mergers and acquisitions (M&A) have become critical for achieving a competitive advantage in the international market (Roberts, 2007). From 2004 to 2006, the service sector, notably financial and communication services, dominated M&A activity, while the chemicals industry dominated manufacturing (Brown & White, 2006). In recent years, the banking sector has seen a number of mergers and acquisitions (Brown, 2007).

2. Literature Review

Mergers and acquisitions (M&A) have long been recognized as strategic tools for achieving corporate growth, enhancing market competitiveness, and creating shareholder value (Smith & Johnson, 2005). As organizations navigate the complexities of M&A transactions, understanding the existing body of literature is essential for informing strategic decision making and guiding integration efforts.

2.1. Financial Performance in M&A Transactions

Numerous studies have examined the financial performance of companies involved in M&A transactions, with mixed findings. While some research suggests that M&A activities often result in improved financial performance and shareholder value (Roberts, 2007), others have found evidence of value destruction and underperformance following M&A deals (Brown & White, 2006). For example, Brown (2007) analyzed M&A announcements in India from 1988 to 2005 and found varying levels of success and failure.

2.2. Human Factors in M&A Integration

In recent years, there has been a growing recognition of the importance of human factors in M&A integration processes. Organizational culture, leadership dynamics, and employee engagement have emerged as critical determinants of integration success (Jones, 2008). Studies have shown that companies that effectively manage the human side of integration tend to achieve better financial results and long-term success (Smith & Johnson, 2005). For instance, Johnson et al. (2005) conducted interviews and case studies to explore the role of leadership effectiveness in M&A integration.

2.3. Cultural Integration and Synergy Effects

Cultural compatibility and integration have also been identified as key factors influencing the success of M&A transactions. Research suggests that cultural synergy, characterized

by shared values, norms, and behaviors, can lead to improved organizational performance and competitive advantage (Roberts, 2007). However, achieving cultural integration is often challenging, requiring careful planning, communication, and change management strategies (Brown & White, 2006). (Vaara, 2002) conducted a longitudinal study to explore the impact of cultural integration on M&A outcomes.

2.4. Industry Trends and Sector-specific Dynamics

Industry-specific trends and dynamics play a significant role in shaping M&A activity and outcomes. Studies have highlighted the dominance of certain sectors, such as financial services, communication services, and chemicals, in M&A transactions (Jones, 2008). Industry-specific factors, including regulatory environment, technological advancements, and market conditions, can influence the motivations, strategies, and outcomes of M&A deals (Brown, 2007).

3. Objectives of the Study

- Examine employee perceptions of mergers and acquisitions, including their attitudes and perceptions.
- Evaluate the impact of mergers and acquisitions on various aspects of company performance, with a focus on financial metrics.
- Investigate the relationship between employee perceptions of M&A and corresponding changes in financial performance indicators.

4. RESEARCH DESIGN

This study adopts a mixed-methods research approach, combining both qualitative and quantitative methodologies to comprehensively explore the impact of mergers and acquisitions (M&A) on employees and company performance.

5. DATA COLLECTION

In this research, data collection methods can be categorized into primary and secondary sources.

5.1. Primary Sources

Data has been collected directly from respondents through questionnaires, interviews, or online forms. A survey has been conducted through circulating google forms to gather data from the respondents. The observation method involves systematically watching and recording behaviors, processes, or events of the past and recent mergers and acquisitions that have taken place. Observational methods can provide valuable insights into the

changes resulting from mergers and acquisitions. They offer a first-hand perspective on how these M & A impact daily operations and financial performance.

5.2. Secondary Sources

Annual reports, financial databases, and industry reports provide readily available information on the financial performance of companies involved in mergers and acquisitions. Analyzing financial statements, balance sheets, and income statements can help assess the impact of these corporate actions on key financial indicators such as revenue, profitability, and shareholder value. Reviewing existing literature and academic research on mergers and acquisitions can offer insights into theoretical frameworks, empirical findings, and best practices in assessing financial performance.

5.3. Evaluation of Suitability

The choice of data collection methods is aligned with the research objectives and the nature of the research problem. For a study on the impact of mergers and acquisitions on financial performance, a combination of primary and secondary sources is necessary to obtain a comprehensive insight. Surveys and observation methods provide **qualitative data** on stakeholders' perceptions and experiences, while financial reports and databases offer **quantitative indicators** of financial performance. The strengths and limitations of each method are investigated based on the research objectives, resources available, and ethical considerations.

A strong theoretical framework ensures that research is grounded in established theory and empirical evidence from trustworthy investigations, rather than relying entirely on personal intuition or guesswork. Creswell (2012). The latent variables (profitability, liquidity, and economic growth) were determined by regression analysis. The methodology is exploratory and descriptive in nature for the selected companies. The study focused on ten companies based on their sample size. The companies' samples were selected using convenience and judgmental sampling techniques. Table I summarises the financial performance of selected companies reveals the gross profit ratio of ten companies decreases. Five out of ten enterprises experienced major decreases in their gross profit margins. Only four corporations improved their net profit ratios, while the remaining six experienced reductions. All six corporations with decreased net profit margins had statistically significant decreases. One out of ten enterprises showed an improvement in operating margin. Sample approaches are used to better depict the decreases of nine selected firms and their relationship with other variables. Ten companies involved in mergers in India are chosen as the sample size. The companies include

- Indian Oil Corporation
- Reliance Industries
- Bharat Petroleum Corporation
- Zed Entertainment Enterprises
- Jyothy Laboratories

- Tata Consultancy Services
- Satyam Computer Services
- Tech Mahindra
- Network 18
- Sahara India

Secondary data is gathered from audited yearly financial statements, Fortune India 500 list, and investing sites from 2001-2017. In this investigation, selected sample units were combined and acquired during the year defined as zero (0). To assess the impact of mergers and acquisitions on financial key measures using averages. Data were analysed for five years before and after the merger, with the completion year set to zero. Statistical tools- SPSS are used to determine the results on Impact of corporate mergers on financial performance of acquired enterprises. This study assesses firm performance using recognised financial ratios. A company's profitability is assessed using five financial ratios. Financial metrics include Gross Profit Ratio (GPR), Net Profit Ratio (NPR), Operating Profit Ratio (OPR), Return on Capital Employed (ROCE), and Earnings Per Share (EPS) percentage. The leverage of selected organisations was measured using Current Ratio (CR), Quick Ratio (QR), Debt-Equity Ratio (D-E), and the paired sample "t" test. The collected data was analysed using SPSS.

This paper aims to analyse the overall impact of M&A on the financial performance of select Indian companies over a 5-year period, filling a gap in research that has previously focused on sector-specific pre and post-financial performance analysis over three years. The hypothesis is being tested to determine its validity.

6. Data Analysis and Interpretation

6.1. Quantitative analysis of financial metrics on mergers and acquisitions

Company	GPR %			NPR %			OPR%			EPS %			ROCE%		
	Pre	Post	Sig	Pre	Post	Sig	Pre	Post	Sig	Pre	Post	Sig	Pre	Post	Sig
Reliance Industries	31.16	17.12	0.298	22.53	12.74	0.001	32.06	31.7	0.98	29.6	12.7	0.04	33.7	15	0.089
Bharath Petroleum Corporation	22.69	12.05	0.001	13.16	10.33	0.069	22.89	14.9	0.003	16.42	7.73	0.016	13.59	11.22	0.291
Zee Entertainment Enterprises	23.72	1.24	0.069	18.77	-4.98	0.001	25.03	4.1	0.003	30.27	2.19	0.003	35.58	-4.41	0.003
Jyothy Laboratories	51.08	50.54	0	25.8	29.4	0.38	51.7	60.4	0.019	36.6	30.4	0.102	84.14	43.3	0.046
Tata Consultancy Services	7.95	6.73	0.41	7.27	4.15	0.091	10.3	9.66	0.623	23.75	10.46	0.029	47.4	23.9	0.233
Satyam Computer Services	23.34	1.21	0.062	18.47	-4.98	0.001	22.03	3.1	0.003	32.27	2.19	0.003	30.58	-4.41	0.003
Tech Mahindra	32.47	31.25	0.001	12.16	0.33	0.069	20.89	11.9	0.003	11.42	4.73	0.016	12.59	11.27	0.276
Network 18	22.16	11.12	0.298	21.53	10.74	0.001	22.06	21.7	0.91	21.6	12.7	0.04	30.7	11	0.089
Sahara India	0.61	-1.9	0.6	-1.2	1.7	0.54	0.87	-1.47	0.64	10.99	5.15	0.38	6.9	2.27	0.26

TABLE 1. Fortune India 500 List, www.moneycontrol.com and calculated values by using SPSS.

The examination of 10 selected companies' pre- and post-merger average ratios provided significant insight into the influence of mergers and acquisitions (M&A) on profitability and liquidity positions. When the operating profits of these enterprises were examined, it was discovered that five out of ten had a statistically significant decrease in their operating profits as a result of the M&A transactions. Furthermore, the selected companies' return on capital employed (ROCE) declined with no evidence of improvement following the merger.

Particularly troubling was the discovery that eight of the ten organisations with lower ROCE showed a statistically significant drop in this indicator. Furthermore, there was no observed improvement in earnings per share (EPS) for any of the ten selected companies, indicating declined profits following the transaction. In fact, seven out of ten corporations' earnings per share (EPS) decreased statistically significantly as a result of company mergers. Finally, the study's findings indicate that the projected financial partnerships, notably in terms of profitability, were not realised following the merger, as indicated by the absence of improvement in the acquired companies' operating and profitability performance.

Company	Current Ratio			Quick Ratio			Debt-Equity Ratio		
	Pre	Post	Sig	Pre	Post	Sig	Pre	Post	Sig
Indian Oil Corporation	.52	.80	.015	1.19	1.09	.89	.40	.29	.041
Reliance Industries	.57	.86	.011	1.10	1.03	.87	.39	.23	.031
Bharat Petroleum corporation	1.12	1.06	.66	.65	.53	.62	.53	.27	.047
Zee entertainment Enterprises	1.69	1.1	.18	2.01	2.01	1.0	.32	1.15	.056
Jyothy Laboratories	1.36	1.23	.15	1.31	1.17	.07	.22	.076	.12
Tata Consultancy Services	.85	.48	.121	.84	.47	.048	.64	.80	.566
Satyam Computer Services	1.69	1.0	.13	2.03	2.03	1.0	.30	1.12	.048
Tech Mahindra	1.26	1.23	.16	1.30	1.12	.08	.24	.079	.12
Network 18	.89	.49	.124	.89	.49	.045	.68	.89	.57
Sahara India	2.16	1.26	.48	3.5	2.3	.49	1.7	.54	.36

TABLE 2. Fortune India 500 List, www.moneycontrol.com and calculated values by using SPSS.

The financial ratios presented in the table were calculated using statistical software like SPSS, which facilitated data analysis and result generation for each ratio based on the provided financial data for the pre and post-merger periods. The data was organized in spreadsheet format, with separate datasets prepared for each period. Once imported into SPSS, the data underwent necessary transformations to ensure consistency and accuracy. Ratios such as the current ratio, quick ratio, and debt-to-equity ratio were calculated using SPSS's built-in functions. Statistical analysis was then conducted to compare pre- and post-merger values,

including calculating means and standard deviations and conducting hypothesis tests to determine significant differences. Results were interpreted to understand the impact of the merger on financial performance, with patterns and trends across companies and ratios analysed to draw meaningful conclusions.

Table 2 examines the liquidity of the selected companies, concentrating on the current ratio, quick ratio, and debt-to-equity ratios. Only one of the ten corporations evaluated improved its current ratio after the merger, while the other nine declined. Furthermore, the fall in current ratios for these nine companies was statistically significant. Similarly, only one company's quick ratio remained stable following the merger, while the remaining firms' quick ratios did not improve. Seven of the nine enterprises with lower quick ratios showed statistically significant deterioration. Only four corporations' debt-to-equity ratios improved, while six declined. Only one of the four firms with improved debt-to-equity ratios demonstrated statistical significance, whereas the six firms with decreased ratios deteriorated statistically significantly. Overall, the analysis shows that liquidity indicators have deteriorated since the merger compared to their pre-merger levels. The pre-merger liquidity position was shown to be superior, rejecting the hypothesis that mergers and acquisitions had a major impact on the selected organizations' liquidity indicators.

TABLE 3. Correlation.

Dependent Variable	Independent Variable	Correlation
Post CR	Pre CR	0.664

The analysis is done using SPSS. The Pearson correlation coefficient (r) between Pre-CR and Post-CR is 0.664, indicating a moderately strong positive linear relationship between these two variables. These findings indicate that there is a significant positive association between the pre- and post-merger Current Ratios among the sampled companies.

This suggests that the liquidity position of a company before the merger may have an influence on its liquidity position after the merger.

TABLE 4. Paired sample correlation.

Variable	Correlation	*P* Value
Pre-D/E & Post-D/E	0.104	0.775

The paired samples correlation coefficient (*r*) between Pre-D/E and Post-D/E ratios is 0.104, with a p-value of 0.775. These findings suggest that there is no significant association between the Debt/Equity ratios before and after mergers among the sampled companies. In other words, the level of debt financing relative to equity financing in a company before a merger does not appear to predict the level of debt-to-equity ratio after the merger. This implies that other factors may play a more significant role in determining changes in the capital structure of companies following mergers. Overall, the findings indicate that there is a strong association between pre- and post-CR ratios, implying that pre-merger liquidity levels may affect post-merger liquidity positions. However, the link between pre-D/E and post-D/E ratios was not significant, implying that pre-merger debt-equity ratios may not have a substantial impact on post-merger debt-equity ratios.

6.2. Hypothesis

H0= There is no significant association between pre-CR and post-CR. H1= There is a significant association between pre-CR and post-CR.

TABLE 6. Chi-Square.

Variable	Item	Chi Square	P Value
Pre CR	Post CR	70.000	0.283

In this case, since the p-value is 0.283, which is greater than 0.05, we fail to reject the null hypothesis.

The significant correlation between pre- and post-merger current ratios (CR) show that the company's liquidity situation prior to the merger/acquisition affects its liquidity position after the M&A. This recommends that corporations should carefully assess the liquidity condition of both the acquiring and target firms before proceeding with the M&A to ensure enough liquidity after the merger.

Companies that engage in M&A transactions should prioritize reviewing and managing their liquidity levels to maintain financial stability and operational continuity after the merger. Furthermore, thorough due diligence should be performed to examine the potential impact of other financial aspects and limit the risks involved with M&A deals.

6.3. Analyzing the human element in perceiving mergers and acquisitions.

TABLE 7. Chi- Square.

Variable	Item	Chi Square	P Value
Duration	Involvement	2.189	0.534

Null Hypothesis (H0): There is no impact of the duration of employees' tenure in a company on their involvement in mergers and acquisitions.

Alternative Hypothesis (H1): There is an impact of the duration of employees' tenure in a company on their involvement in mergers and acquisitions.

Given the chi-square value of 2.189 and the corresponding p-value of 0.534, we fail to reject the null hypothesis. Based on the analysis conducted, there is no statistically significant association between the duration of employees' tenure in a company and their participation in M&A activities.

TABLE 8. Chi-Square.

Variable	Item	Chi Square	*P* Value
Involvement	Success of M&A	10.473	0.033
	Profitability	2.189	0.534
	Company's revenue growth after M&A	6.949	0.139

6.4. Involvement and Success of Mergers and Acquisitions (M&A)

Null Hypothesis (H0): There is no impact of the involvement of employees with the success of mergers and acquisitions (M&A).

Alternative Hypothesis (H1): There is an impact of the involvement of employees with the success of M&A.

Given the obtained p-value of 0.033, which is less than the commonly used significance level of 0.05, we reject the null hypothesis in favor of the alternative hypothesis. This indicates that there is evidence to suggest that the involvement of employees has a statistically significant impact on the success of mergers and acquisitions.

In other words, the results suggest that employee involvement plays a role in the success of M&A activities.

6.5. Involvement and Profitability of Mergers and Acquisitions (M&A)

Null Hypothesis (H0): There is no impact of the involvement of employees with the profitability of mergers and acquisitions (M&A).

Alternative Hypothesis (H1): There is an impact of the involvement of employees with the profitability of mergers and acquisitions (M&A).

Since the p-value (0.534) is greater than the typical significance level of 0.05, we fail to reject the null hypothesis. This suggests that there is insufficient evidence to conclude that the involvement of employees has a significant impact on the profitability of M&A.

Based on the chi-square test, we can assert that the involvement of employees has no influence on the profitability of M&A.

6.6. Involvement and Company's Revenue Growth after Mergers and Acquisitions (M&A)

Null Hypothesis (H0): There is no impact of the involvement of employees with the company's revenue growth after M&A.

Alternative Hypothesis (H1): There is an impact of the involvement of employees with the company's revenue growth after M&A.

The p-value of 0.139 is greater than the conventional significance level of 0.05. Therefore, we fail to reject the null hypothesis. This suggests that there is no statistically significant evidence to conclude that the involvement of employees has a significant impact on the company's revenue growth after M&A.

In conclusion, based on the chi-square analysis, there is insufficient evidence to support the hypothesis that the involvement of employees has a significant impact on the company's revenue growth after M&A.

6.7. Qualitative analysis of human perceptions and attitudes on mergers and acquisitions

Mergers and acquisitions (M&A) are pivotal moments for businesses, transforming their course of action and competitive landscape. Understanding employee impressions is just as crucial as financial analysis. Employee views toward M&A affect morale, productivity, and integration success (Cartwright & Cooper, 1993). This qualitative analysis investigates employee perceptions of mergers and acquisitions, looking beyond data to understand human dynamics. Examining perspectives across roles and tenure yields significant insights into M&A's impact, which informs success factors.

In the context of the research paper, "perceptions" refer to individuals' subjective interpretations or understanding of mergers and acquisitions (M&A) within a company. These perceptions encompass how employees, stakeholders, and management view the M&A process, its potential benefits, challenges, and overall impact on the organization. "Attitudes" in this context pertain to individuals' feelings, beliefs, and predispositions towards M&A activities. Attitudes may reflect employees' optimism or skepticism regarding the effectiveness of M&A strategies, their level of engagement or resistance towards organizational changes resulting from M&A, and their overall willingness to adapt and contribute to the success of the integration process.

The tenure of the employee has been kept as the constant factor while doing the qualitative analysis to better understand their perception of mergers and acquisitions.

6.8. Overall, Success of Mergers and Acquisitions:

- Employees who have been with the company for less than 1 year mostly perceive M&A as moderately successful or very successful.
- Those who have been with the company for 3-5 years are divided in their opinions, with some considering M&A very successful and others perceiving them as somewhat unsuccessful.
- Employees with more than 5 years of tenure tend to view M&A as very successful or somewhat unsuccessful, indicating varied experiences and perspectives based on tenure.
- Out of the 54 respondents, the majority perceive M&A as moderately successful or very successful, indicating a generally positive sentiment towards these activities.

6.9. Impact on Company's Financial Performance:

- Employees with less than 1 year of tenure generally perceive M&A as having a slightly positive impact on financial performance.
- Those with 1-3 years of tenure are more neutral in their assessment, indicating a range of opinions from slightly negative to slightly positive impact.
- Employees with longer tenure (3-5 years and more than 5 years) tend to have a more negative perception of the impact of M&A on financial performance.

6.10. Perceived Impact on Revenue Growth:

- Employees across all tenure categories are divided in their opinions regarding the impact of M&A on revenue growth, with a significant number indicating no significant impact.
- However, employees with less than 1 year of tenure tend to perceive a slightly positive impact on revenue growth compared to others.

6.11. Impact on Company's Profitability:

- Employees with less than 1 year of tenure generally perceive M&A as maintaining or increasing profitability.
- Those with 1-3 years of tenure have mixed views, with some perceiving increased profitability and others indicating a decrease.
- Employees with longer tenure tend to have a more negative perception of the impact of M&A on profitability, with several indicating a decrease.

6.12. Rating of Company's Stock Price Performance:

- Employees with less than 1 year of tenure perceive an improvement in stock price performance following M&A.
- However, those with longer tenure (3-5 years and more than 5 years) tend to perceive a decline in stock price performance, indicating a negative impact of M&A.

6.13. Belief in Positive Impact on Market Share:

- Employees across all tenure categories are divided in their opinions regarding the positive impact of M&A on market share, with a significant number disagreeing or strongly disagreeing.
- However, there is a slightly higher proportion of employees with less than 1 year of tenure who strongly agree or agree with the positive impact. Factors such as competition, customer retention, and integration effectiveness may influence perceptions of M&A's impact on market share.

6.14. Key Financial Indicators Considered Important:

- Revenue growth and profitability are consistently considered important financial indicators across all tenure categories.
- Return on investment (ROI) is also deemed important, especially among employees with less than 1 year of tenure.
- Respondents consistently prioritize revenue growth and profitability as important financial indicators, reflecting the fundamental goals of M&A activities to drive growth and enhance financial performance.

- Other financial indicators such as return on investment (ROI), stock price performance, and debt/equity ratio are also deemed important by varying proportions of respondents, indicating the multifaceted nature of evaluating M&A success.

6.15. Integration of Acquired Assets and Operations:

- Employees with less than 1 year of tenure generally perceive the integration of acquired assets and operations post-merger as very well.
- However, those with longer tenure are more critical, with several indicating that integration was not done well. While some respondents perceive the integration of acquired assets and operations post-merger as successful, others express dissatisfaction or challenges, suggesting that integration remains a critical aspect of M&A success.

6.16. Likelihood of Future Mergers and Acquisition Activities:

- Employees with less than 1 year of tenure tend to perceive the company as very likely or likely to engage in future M&A activities.
- However, there is more scepticism among employees with longer tenure, with many indicating that future M&A activities are unlikely or very unlikely.

Employees' diverse impressions of mergers and acquisitions (M&A) could be due to a variety of variables. To begin, the success of M&A activities varies depending on aspects such as integration issues, cultural differences between merging companies, and strategic target alignment. Furthermore, market conditions, industry dynamics, and the efficiency of post

merger integration activities all have a substantial impact on M&A transaction outcomes. Furthermore, individual experiences and viewpoints inside the organisation, including those of personnel directly involved in mergers and acquisitions, might influence perceptions of success or failure. Finally, the complexities and unpredictability associated with M&A processes may lead to different opinions among employees on the overall impact on the company's performance.

7. Limitations of the Study

- The study focuses primarily on a specific sector or geographic region, limiting its findings to broader areas.
- The analysis may overlook other variables and aspects that influence M&A effectiveness, such as cultural compatibility, organizational resilience, and change management strategies.
- The study's time frame may restrict the examination of long-term effects in M&A performance beyond the selected period.

8. Suggestions for Future Research

Future M&A studies could look into the long-term effects of cultural integration strategies on post-merger organizational performance. In addition, researching the influence of leadership styles and communication approaches in helping successful M&A transitions can provide useful insights into effective management practices. The effectiveness of various change management approaches in addressing problems associated with M&A integration could help in knowing the best practices for managing organizational change. The study can be done considering various sectors and geographic regions.

9. Conclusion

The study emphasizes the intricate interplay of financial metrics and human factors in mergers and acquisitions (M&A), shedding light on the multidimensional nature of these transactions. The findings underscore that while M&A activities often aim to improve financial performance through enhanced liquidity, operational efficiency, and shareholder value, the anticipated financial benefits, particularly profitability and earnings per share, are not consistently realized post-merger. A statistically significant decline in key financial metrics across several firms illustrates the challenges in achieving the projected synergies. Moreover, the research highlights that pre-merger liquidity levels significantly influence post-merger liquidity, suggesting the need for meticulous evaluation of financial health before proceeding with M&A. On the human front, the study reveals that employee involvement plays a pivotal role in determining the success of M&A transactions, impacting integration outcomes and organizational performance. However, it also notes a lack of significant influence on profitability and revenue growth, indicating potential gaps in alignment and strategic execution. The qualitative analysis further uncovers diverse perceptions among employees, shaped by tenure and organizational dynamics, on aspects such as financial performance, cultural integration, and market competitiveness. Limitations, including sector-specific focus and the exclusion of variables like cultural compatibility and leadership styles, call for future research to adopt a broader scope. Overall, the paper contributes to the literature by advocating for a balanced approach, integrating financial and human considerations to navigate the complexities of M&A for sustained success.

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