

# Studying Emotional Transformations of Employees Post Acquisition

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**Abstract** Vodafone that has recently acquired Hutchison Essar has undergone a massive change. The change is visible in its brand name, marketing strategies, financial structure, management, as well as human resources. This change required huge input from both the sides- the acquiring and the acquired side. The study aims to study the changes in emotional identification of employees post acquisition. The study is supported by the help of statistical analysis using a structured questionnaire based on emotional changes of the employees in Vodafone. The sample size is a group of 60 employees from Vodafone. The results highlight the fact that this major acquisition of Vodafone over Hutchinson Essar has been successful so far. The results show that the components with highest mean values are Communication, team work and Co-operation, and Employee engagement. This implies the fact that the respondents of the organization are towards high agreement level to these components as being functional in the organization.

**Keywords:** *employee engagement, work life balance, teamwork, communication, cooperation*

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## 1. Introduction

The study aims to study the changes in emotional identification of employees post acquisition. Organizational development is a systematic process for applying behavioral science principles and practices in organizations to increase individual and organizational effectiveness. It is basically an organizational improvement strategy. In the late 1950s and early 1960s, it emerged out of insights from group dynamics and from the theory and practice of planned change. But nowadays the field serves as an integrated framework which is capable of solving most of the important problems confronting the human side of all the organizations.

Organizational development is about how people and organizations function and how to get them to function better. This field of study is based on many disciplines like psychology, social psychology, sociology, anthropology, systems theory, organizational behavior, organizational theory, and management.

By long term it is meant that organizational change and development take time- several years in most cases. There is no quick fix when it comes to lasting organizational improvement. In fact it is more accurate to describe 'improvement' as a never ending journey of continuous change. One program or initiative moves the organization to a higher plateau; then another moves it to a yet higher plateau of effectiveness.

The phrase led and supported by top management states an imperative- top management must lead and actively encourage the change effort. Organizational change is

hard, serious business; it includes pain and setbacks as well as successes. Top management must initiate the improvement 'journey' and be committed to seeing it through. But in most of the cases found so far on the practical grounds, it has been seen that the top management has failed to do so because of being ambivalent, lost its commitment or become distracted due to other duties and responsibilities.

By visioning processes it is meant that the processes through which organization members develop a viable, coherent, and shared picture of the nature of the products and services the organization offers, the ways by which those goods will be produced and delivered to the customers, and what the organization and its members can expect from each other. By empowerment processes, it is meant those leadership behaviors and human resource practices that enable organization members to develop and use their talents as fully as possible towards individual growth and organizational success. Empowerment means involvement of large numbers of people in building the vision for tomorrow, developing the strategy for getting there and making it happens.

### 1.1. Model of Planned Change

The development of models of planned change facilitated the development of organizational development. The model in one or the other way facilitated in the designing of the strategies for change in Hutchison Essar when Vodafone acquired it. Therefore, it is necessary to understand the concepts of the model in order to get a better insight in the process of change in Hutch.

## 1.2. Kurt Lewin's Model

He introduced two ideas about change- firstly, what is occurring at any point in time is a resultant in a field of opposing forces. Secondly, the idea is of a model of the change process itself. According to him change is a three step process: unfreezing the old behavior, moving to a new level of behavior, and refreezing the behavior at new level.

These stages can be explained as follows:

Stage 1: *Unfreezing*: creating motivation and readiness to change through

- a) Disconfirmation or lack of confirmation
- b) Creation of guilt or anxiety
- c) Provision of psychological safety.

Stage 2: *Changing through cognitive restructuring*: helping the client to see things, judge things, feel things, and react to things differently based on a new point of view obtained through

- a) Identifying with a new role model, mentor.
- b) Scanning the environment for new relevant information

Stage 3: *Refreezing*: helping the client to integrate the new point of view into

- a) The total personality and self-concept
- b) Significant relationships.

## 2. Literature Review

[4] Due diligence refers to a comprehensive process of investigating and evaluating business opportunities in mergers and acquisitions. While early-stage due diligence usually encompasses financial and strategic assessment, one of the most important things in due diligence is looking at organizational culture at an early stage. Hassett Research on the human resource side of mergers and acquisitions has typically emphasised the human resource 'problems' related to integration, such as low motivation, increased dissatisfaction, low commitment and performance, stress, leadership and power struggles, and high employee turnover. However, there is scant research on organisational commitment in the context of acquisitions. Yet, based on prior research, organisational commitment is important in terms of employee retention, commitment to change and post-acquisition performance. [11] Explores what differentiates success from failure in post-acquisition integration. It seeks to overcome some of the limitations of previous research by adopting a more holistic and dynamic examination of the process and by focusing on aspects that can be readily applied in practice. Four cases of mergers and acquisitions (M&A) in the global automobile industry are examined using secondary data and taking a grounded theory approach. The four cases comprise two pairs of successes and two pairs of failures. It is inducted that what differentiates the successful cases from the failures is their different approaches to two common tensions in post-acquisition integration, namely, their approaches to integration strategy and people issues. Dagnino & Pisano [3] focuses on the human side of the integration phase between the acquiring and the acquired firms. To discern the champion of acquisitions, study proposes the coexistence of a set of distinctive features

such as: (1) the capability to achieve the full commitment of the integration teams; (2) a leader's personality able to guide change in the acquiring firm's desired direction; (3) networking capabilities to facilitate or reduce the two firms' boundaries permeability; (4) communication skills and relational capabilities necessary to facilitate the interface activity between individuals who are critical to the integration phase; and (5) the knowledge of (and the access to) the power centers necessary to obtain the indispensable legitimacy of his/her roles and actions. [6] Three different collective maps were found, representing "the Strategists", strategic business unit-presidents, and human resource (HR) managers. The maps show differences in perspectives on four central themes: control versus cooperation; how to handle the culture of the acquired firm; trust versus distrust; and speed versus carefulness. If the maps are compared with literature on management acquisition processes, the HR-managers' map shows richer insights into how to manage human factors in acquisition processes than the other two. Instead of exploiting these valuable insights, the differences in perspectives fostered distrust between the two management levels, which constrained mutual learning. [9] Transformations in organisations are recognized as an embodied, emotional and aesthetical as well as inter-relational event. With an extended understanding, transformational leadership can itself be transformed into an aesthetically in-formed and more integral practice of leader- and followership. Building on the insights gained, practical, theoretical, and methodological implications are provided. Furthermore, limitations and problems are discussed. Marmenout & Mignerat [10] explains how HR executives can leverage social network understanding in order to facilitate post-merger integration. The study argues that an understanding of social networks and the proposed interventions would allow HR executives to better monitor and steer post-merger integration. [5] Processes of affect regulation are supposed to go through three stages: first, identification (affective situation awareness); second, elaboration of affect is constituted through schemas of emotional feeling, which include emotion ideologies generating emotional responses to distinct contextual situations; third, execution: in the operative system primary emotions are assessed through operative intelligence for any adaptive information and the capacity to organize action; and turned into action, i.e. responses, through cultural feeling rules and socio-cultural display rules, conforming to emotion ideologies. [1] Emotion and learning are deeply intertwined in the workplace. To understand this inter-relationship, it is essential to examine the cultural and political context of particular organisations and the countries in which they are located. Class, gender and race are also highly influential factors that need to be taken into account in such studies. Cole et al. [2] the nature of the workplace changes with the different national culture contexts. This outlines various implications for the employers, employees and the facilities managers. [8] The team managers' ways of sense making through mobilizing rhetorical strategies, institutional categories, and how they recontextualise frames in negotiation of a disputed issue, adds new aspects to previous studies of the multi voiced complex integration processes in a cross-border acquisition. The

significance of the results is the revealing of actors' frequent use of rhetorical strategies, frames, and categories in sense making processes.

### 3. Research Methodology

**Objectives:** Following are the objectives of the study-

- To study the changes in emotional identification of employees post acquisition.
- To find out the correlation between employee engagement & reward and recognition.
- To find out the correlation between reward and recognition & work life balance.
- To find out the correlation between work life balance & development.
- To find out the correlation between development & communication.
- To find out the correlation between communication & teamwork and cooperation.

**Research Design:** The descriptive research design is adopted in the study to assess the organizational change in culture and emotional transformations in the employees of this organization after its acquisition. The research underwent a systematic process of finding out emotional changes post-acquisition by analyzing the responses achieved through questionnaires.

**Sampling technique:** Purposive sampling/ stratified random sampling has been used in the study.

**Sample size (N):** The sample size is 60 consisting of employees of Vodafone.

**Research tool and techniques:** - The questionnaire has been designed carefully to minimize ambiguity and generate responses from all executive level of employees of the organization. This questionnaire aims at studying the changes in emotional identification of employees with either of the merging sides. This questionnaire consists of following dimensions-

- Employee engagement- This parameter may be defined as a concept which is viewed as a discretionary effort when employees in an organization have choices, in which they can act and develop their organization's interests.
- Rewards and recognition- This parameter may be defined as a communication tool that reinforces and rewards the most important outcomes people create for the business of their organization.
- Work-life balance- This expression may be defined as a parameter which denotes the balance between an employees' personal and professional life.
- Development- This development means an employee development which is a joint and on-going effort on the part of an employee and the organization to upgrade his knowledge, skills, and abilities.
- Communication- It may be defined as process of transmitting information, ideas, thoughts, opinions, and plans between various parts of an organization.
- Team work and co-operation- This parameter may be defined as an important aspect of an employee's emotional identification and may be

defined as an employee's participation and contribution in a team effort.

**Scaling technique:** - A Likert scale is used in the questionnaire administered for the study.

### 4. Data Analysis & Interpretations

The analysis for achieving the above set objectives is a process under which the facts were collected with the help of a structured questionnaire. In the questionnaire there is a set of parameters on the basis of which we have measured the emotional aspects emerging due to the change in Hutchinson-Essar resulting from an acquisition by Vodafone.

The emotional and inter group dynamics have been measured with the help of a structured questionnaire with 25 questions and 6 parameters. The questions in these questionnaires were given to 60 respondents who are present Vodafone employees. The group of respondents included both pre-acquisition as well as post-acquisition employees. The statistical analysis on the basis of 6 parameters done with the help of SPSS can be shown with the help of correlation, mean, and standard deviation values achieved so far.

The results that have been derived by the analysis of the data collected can be represented with the help of tables obtained through SPSS software. The results are defined with the help of mean values, standard deviation values and correlation values. They can be shown as follows:

**Table 1. showing Mean values**

	N	Mean	Std. Deviation
Engagement	240	4.5750	.64247
reward & recognition	300	4.5467	.62913
work life balance	300	3.6733	1.29830
Development	180	4.4444	.70292
communication	180	4.6278	.58882
teamwork & cooperation	300	4.6500	.51157
Valid N (list wise)	180		

The parameters explained in the table above are the six parameters of the questionnaire. They have further variables under them and they may be analyzed as follows:

**EMPLOYEE ENGAGEMENT:** The mean of all the variables under the component of employee engagement lies between 4 and 5 which clearly shows that the employees are either agree or strongly agree with the statements provided in the component. It can be rightly said that the employees agree that they feel empowered in the decision making process in their respective departments. Moreover, they support the statement about their involvement in deciding KRA's for their jobs. The mean value related to third aspect of this component is 4.6 which is highly towards being strongly agree with the fact that they feel their job is important for their organization. Further, the mean value related to the statement that the have the authority to give their best work in their organization is 4.7 which are decently high towards being strongly agreed. Thus, it can be rightly said that the variables of empowerment, KRA's, mission value, and authority are strongly towards the agreement of the sample

size in this organization. Moreover, the deviation from mean is not very high and varies around 0.5 and 0.7 and the variation lies between 0.3 and 0.5.

**REWARDS AND RECOGNITION:** The table given above represents the mean of all the variables lying under the component of rewards and recognition varies between 4 and 5 which signifies that almost all the respondents either agree somewhat or agree strongly with the statements provided. The mean of value recognition which is 4.6 denotes that all the employees in Vodafone think that their views are valued and recognized. Further, they also suggest this statement that the system of their rewards and compensation has increased with the major change that has taken place in the organization. The responses lies closely towards agree somewhat when the recognition for performance and good work is concerned. The responses for the statement that the awards are fairly based on the performance parameter are also favorable as the mean comes out to be 4.6. Lastly the respondents agree strongly to the fact that the rewards that are given in this organization are a good source of motivation for them to achieve excellence in their work. Therefore, it may be clearly pointed out that the employees are satisfied by the reward and recognition pattern of Vodafone after acquisition.

**WORK-LIFE BALANCE:** The table given above indicates the mean of all the variables lying under the component of work-life balance which comes out between 3 and 4, which shows that the responses fall somewhere between neutral and agree somewhat. Firstly, difficulty for the employees to work in a British MNC environment indicates that this organizational change has been successful as far as the change in working environment is concerned. Further, the responses related to the statement that the employees are encouraged to learn new and efficient ways to work also fall between agree somewhat and neutral.

Moreover, the responses related to the question that if the working conditions have improved post-acquisition denotes that some employees are neutral to this fact while some of them agree to an extent. This is probably because some respondents who have been working earlier in the working conditions provided by Hutchinson Essar might find that it has been better. The values related to the statement that the work assigned to each respondent gives him/her a feeling of personal accomplishment which signifies that the respondents are to an extent favorable to this aspect. Finally, the responses for the statement that the respondents have the flexibility to arrange their work timings also supports the trend of respondents of agreeing somewhat and being neutral. Thus, these statistics shows that after the acquisition there has been no adverse effects on the work life balance of the employees. And it has not been much of a difficulty for the employees to adjust according to a British MNC environment. Although the working pattern has changed but is has not been very unfavorable for the employees.

**DEVELOPMENT:** The table shown above indicates that the mean of another parameter Development that is growth as a professional is 4.4 which indicates that either the respondents are neutral to this statement or they agree somewhat. This means that they support this fact to an extent that they are growing as a professional in this company. Further, the response to another component that is personality development denotes that most of the

respondents agree somewhat to this statement that they are encouraged to develop their overall personality in this organization post acquisition. The responses towards the last component of this parameter which is development programme is somewhere between agree strongly and agree somewhat. Thus, the employees feel that there are sufficient employee development programs for every employee in this organization.

**COMMUNICATION:** Table given above indicates that the mean of the component Communication that is information openness to every employee is 4.6 which are highly towards the response of being strongly agreed. Therefore the respondents feel that they are well informed about the major changes and decisions that affect their job. Further, the response related to another component that is timely information is indicating the fact that the employees agree somewhat to the statement that they were timely informed about the changes in the new working scenario. Further, the response related to the statement that the management in this organization is easily approachable also indicates this fact that the respondents strongly agree to this fact that the top management in this organization is easily approachable.

**TEAM-WORK AND CO-OPERATION:** Table given above indicates the mean value of the five components under the parameter of team work and cooperation. The mean value is 4.6 which mean that the respondents agree strongly to the fact that the new working environment at Vodafone encourages team work. Further, this value indicates the fact that every variable under this component is near to these responses. The responses towards the variable group effort again support the statement that the respondents feel that their group works well together to accomplish their organizational goals. The responses related to the third component cooperation also denote that the respondents agree somewhat to the statement that different departments in the organization co-operates with each other well. Moreover, the response related to another component that is role importance indicates that the responses lie somewhere between agree strongly and agree somewhat to the statement that every respondent feels that he/she is an important part of a team working towards a shared goal. Finally, the value related to last component of this parameter that is team spirit also shows that the responses lie closer towards agrees strongly to the statement that the system of awarding team achievements inculcates better team spirit among employees.

## 5. Inter Component Analysis

### a) Employee engagement and Rewards & Recognition

**Table 2. showing correlation between Employee engagement and Rewards & Recognition**

Correlations			
		engagement	reward & recognition
engagement	Correlation	1	.034
	Sig.	-	.298
reward & recognition	Correlation	.034	1
	Sig.	.298	-

Interpretations: There exists a linear positive correlation between employee engagement and rewards & recognition of 0.034. This means that there is a positive correlation between the two but it is at a low significance level. This also signifies that the respondents feel that there is a moderate relation between these two components. The survey reveals the fact that the respondents are satisfied with the policies of rewards and recognitions provided to them in the level of agree somewhat and agree strongly as well as in the component of employee engagement separately.

b) Rewards & Recognition and Work-life balance

**Table 3. showing correlation between Rewards & Recognition and Work-life balance**

Correlations			
		reward & recognition	work life balance
reward & recognition	Correlation	1	-.010
	Sig.	-	.432
work life balance	Correlation	-.010	1
	Sig.	.432	-

Interpretations: There is a negative correlation between rewards & recognition and work life balance of -0.01 that shows an inverse relationship between the two components. The correlation table reveals that the respondents feel that if the reward and recognition in this organization will increase there will be a decrease in the work life balance of the employees.

c) Work-life balance and Development

**Table 4. showing correlation between Work-life balance and Development**

Correlations			
		work life balance	Development
work life balance	Correlation	1	-.071
	Sig.		.173
development	Correlation	-.071	1
	Sig.	.173	

Interpretations: There is a negative correlation between two components work-life balance and development of respondents. This correlation only shows an inverse relationship between these two components in accordance with the responses. This negative correlation also shows that the employees of Vodafone feel that after the acquisition if the work life balance has increased then the development of employees has taken a downfall.

d) Development and communication

**Table 5. showing correlation between Development and communication**

Correlations			
		development	communication
development	Correlation	1	-.057
	Sig.		.224
communication	Correlation	-.057	1
	Sig.	.224	

Interpretations: There is a negative correlation between development and communication. This shows that there exists an inverse relationship between these two components. The respondents feel that after this major change that has taken place in the organization if the development level of employees is at a rise the communication among the employees of the organization suffers a downfall.

e) Communication and Teamwork & cooperation

**Table 6. showing correlation between Communication and Teamwork & cooperation**

Correlations			
		communication	teamwork & cooperation
communication	Correlation	1	-.050
	Sig.		.253
teamwork & cooperation	Correlation	-.050	1
	Sig.	.253	

Interpretations: There is a negative correlation between the two components communication and teamwork & cooperation of -0.05. This shows that there exists an inverse relationship between the two components.

## 6. Discussion

These results show that the components with highest mean values are Communication, team work and Co-operation, and Employee engagement. This implies the fact that the respondents of the organization are towards high agreement level to these components as being functional in the organization.

There exists a linear positive correlation between employee engagement and rewards & recognition of 0.034. This means that there is a positive correlation between the two but it is at a low significance level. There is a negative correlation between rewards & recognition and work life balance of -0.01 that shows an inverse relationship between the two components. There is a negative correlation between two components; work-life balance and development. This correlation only shows an inverse relationship between these two components in accordance with the responses. There is a negative correlation between development and communication. This shows that there exists an inverse relationship between these two components. There is a negative correlation between the two components; communication and teamwork & cooperation of -0.05. This shows that there exists an inverse relationship between the two components.

Further, after the analysis it is also found that the change in Vodafone was a culmination of the practical output based on the theories of change as suggested by Kurt-Lewin. According to Lewin's model the organization entered in the Indian market unfreeze the major player of the telecom industry, brought about the change by acquiring it and then eventually refreeze the whole change process. This acquisition was a complete result of the major factors responsible for introducing change in any organization. These factors as discussed above are the rate of globalization taking place in our country, thereby reducing

barriers to the entry of foreign players in the Indian market. Another factor may be stated as the technology factor which plays a key role in telecom industry, also the world politics during the time of acquisition and the competition level in the Indian market among telecom industries.

## 7. Conclusion

A very useful framework for thinking about the change process is problem solving. Managing change is seen as a matter of moving from one state to another, specifically, from the problem state to the solved state. Goals are set and achieved at various levels and in various areas or functions. Ends and means are discussed and related to one another. These are the important and careful procedures that are needed to be followed before this big task. Careful planning is accompanied by efforts to obtain buy-in, support, and commitment. The net effect is a transition from one state to another in a planned, orderly fashion. If the change is facilitated in such a manner then it is surely going to take the organization on a long way of continuous growth as well as sustainability. But the word 'change' is often accompanied with 'problem'. The word "problem" carries with it connotations that some people prefer to avoid. They instead use the word "opportunity." For such people, a problem is seen as a bad situation, one that shouldn't have been allowed to happen in the first place, and for which someone is likely to be punished — if the guilty party (or a suitable scapegoat) can be identified. From a rational, analytical perspective, a problem is nothing more than a situation requiring action but in which the required action is not known.

The management should enhance the skills and competence level of employees, facilitate technological transfer, and motivate wider employer-employee cooperation and team work. The management style of functioning should be reoriented to better manage the human resources of the organization. The traditional hierarchical structure can be replaced with a flat management structure and the employees should be given opportunities to self-manage themselves with decentralization of the power of decision-making. The management should also focus towards building a cordial and participative system through continuous management

including employee interactions in regularly arranged meetings as well as giving employees the opportunity to influence the decision making process.

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