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# A STUDY ON MERGERS & ACQUISITIONS – ITS IMPACT ON MANAGEMENT & EMPLOYEES IN MEDIA COMPANIES

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### *Abstract*

*The purpose of this paper is to study the concept of Merger & Acquisition in detail by taking example of some companies. The objective is to find out the major issues associated with pre & post merging situation with special emphasis on the human aspects. M & A is a phenomenon which is easy to think but hard to implement. There are 3 phases of Merger - Pre Merger, Transition merger & the Post merger phase have its own advantages as well as difficulties. Here we taught about Post merger transition phase is the most difficult one as in any organization, whether large or small.Due to this company should face many problem in their business. During any M & A effort there are at least 2 groups of employees involved, often coming from organization with distinctly different cultures & styles. Learning a new culture can be challenging. During M & A change can be especially difficult & can lead to stress which can have negative impact on organization.Companies are acquiring more & more firms in order to expand their business & with lots of reasons which are discussed here. If any company is not adopting this way either they will not grow or will be acquired by the other major big firm.Some companies adopting the strategy for takeover to anyother companies. But this is not a major solution for any business. M & A is adopting a strategy for expansion or growth of the business or synergies. M & A show unity in business activities. M & A is play an important role in economic development of the country. Due to this company can transfer their Risk, Cost Reduction, Customer Satisfaction etc take place.*

***Key words:*** *Merger, Acquisition, Change Management, Human factor, Employee Communication.*

## INTRODUCTION

In merger two or more companies engage in some negotiation which ultimately leads to transaction. Acquisition also involves in two or more companies but in acquisition the bigger company swallows the smaller company. So merger & acquisition is the process of integrating two or more companies with different values, cultures & forces into one cohesive unit. From an economic point of view, there are 2 types of merger : Horizontal merger & Vertical merger. Merger can provide a new areas for expansion. In addition to this benefit, the combination of two or more firms can offer several other advantages toeach of the corporations such as Operating Economics, Risk Reduction & Tax Benefit.

The merger is not only seen from the financial perspectives but it is the union of two different companies & 2 different cultures which is bound to bring some anomalies. It is very important that the concern departments should be actively involved in the process so that they under these difference & plan in an orderly manner for the smooth transition during M & A, the leader of both the companies face many challenges : Cultural, Management, Stress Management, Redundancies, H.R Restructuring, Resistance to Change, Job Insecurity, Talent Drainage, Low Motivation etc. All the aforementioned factors are responsible for change. Most of the merger & acquisition fail because of improper handling of change management.

The research provides proofs for the organizations that whenever the workforce is not satisfied and motivated with their jobs, performance is affected. The conclusion also suggests that after a merger happened, the management might be able to increase the level of commitment in the organization by increasing satisfaction and motivation of employee with compensation, policies, and work conditions. Impact of mergers and acquisitions on top level management may actually involve a "clash of the egos". There might be variations in the cultures of the two organizations. Under the new set up the manager may be asked to implement such policies or strategies, which may not be quite approved by him. When such a situation arises, the main focus of the organization gets diverted and executives become busy either settling matters among themselves or moving on. If however, the manager is well equipped with a degree or has sufficient qualification, the migration to another company may not be troublesome at all. Mergers and acquisitions, like organizational transitions in general, are typically followed by major structural and cultural changes, which may arouse stress, anger, disorientation, frustration, confusion and fright among personnel. Uncertainty and other negative emotions, in turn, tend to lead on to the several negative organizational outcomes, like lowered commitment and productivity, increased dissatisfaction and disloyalty, high turnover, leadership and power struggles, sabotage and a general rise in dysfunctional behaviours.

Today M & A & other types of strategic alliances are on the agenda of most industrial groups intending to have an edge over competitors. Stress is now being made on the larger & bigger conglomerates to avail the economic of scale & diversification.

## LITERATURE REVIEWS

**Neethu T.C & Dr Rajeesh Viswanathan (Mar 2015)** from the analysis it is clear that there is significant effect of merger and acquisition on the financial performance of selected units. It is evident from the above analysis both the hypothesis are not fully accepted. The conclusion emerging from the point of view financial evaluation is that the merging companies were takeover by companies with reputed and good management. Therefore, it was possible for the merged firms to turnaround successfully in due course. However it should be tested with a bigger sample size before coming to a final conclusion.

**Petr Suchanek& Maria kralova, (2015)** from the above study of these twelve, three factors relate directly to the customer (customer satisfaction, experience with the product, frequency of the purchase), the product quality and comparisons of the company product with the competition – from the customer's perspective, in eight categories (price, quality, tradition, flexibility, customer approach. It is clear that in the area of customer satisfaction, there are other factors that have an impact on company performance.

**Dusan Baran, Andrej Pastyr& Daniela Baranova (2016)** from the above study indicates that competitive environment the financial analysis is an essential part of monitoring the business subject support the decision making of various stakeholder groups. This analysis is prediction models of financial-economic analysis of the business subject is able to predict their future development and possible option for bankruptcy. Among the benefits of this article belongs financial-economic analysis focused on the business subject's ratio indicators of activity, profitability, liquidity and indebtedness itself.

**Randall Schuler & Susan Jackson (2001)** founded that there are numerous conclusions that can be made about M&A activity, both at the company level and at the HR level. At Company level it is important that business and integration strategies be clear. While in HR level Companies should put their best people in charge of implementing M&A deals.

**Thorsten Hennig-Thurau, Edward C. Malthouse, Christian Friege, Sonja Gensler, Lara Lobschat, Arvind Rangaswamy& Bernd Skiera (2010)** we found as new media, customer relationships, electronic word-of-mouth, online communities, recommendation systems, mobile technologies become very much powerful tool for marketing & communicating the customers. While managers might benefit from the article through its analysis of new media trends and their potential impact on traditional marketing models.

**Al-Sharif Ahmad Moh'dJasemMoh'd (2017)** from the above study Social media marketing, Brand image, Customer satisfaction is very much beneficial to increase profit in the company through Social Media Marketing. This research aimed to study the impact of social media marketing on customer satisfaction through brand image. Brand image gives organizations more and more clues to invest in using the online technologies.

**Martin Holubcik (2016)** from the above study Synergy, Cooperation, Cooperation management is very much important part of Management. Conclusion of these previous findings is important to point out that cooperation is essential for formation the synergy. The competitive advantage is determined by business surroundings; i.e.: carried forward or given value for the market players. This value is forming by strategy decisions which the company makes. It is important to draw attention to strategy management of synergies of group of companies which individual relations create value by which is created competitive advantages.

**Chan Jenn Ming, Rashad Yazdanifard (2014)** from the above study Social Media Marketing, Profitability, Online Company, Consumer point of view can be more beneficial for the purpose to earn higher profit in the company. Social media marketing has become the key strategy to gain competitive advantages among the competitors. It also shown the importance for a company to look into the customer point of view to stay competitive in the market.

**Hugo K.S. Lam, Andy C.L. Yeung, T.C. Edwin Cheng (2016)** from the above study Social media, Operational efficiency, Innovativeness. Social media represent "one of the most transformative impacts of information technology on business, both within and outside companies Organizations across the globe are increasingly adopting social media for customer relationships management, employee.

**Shina Afzal, Research Aspirant (2017)** Review study of strategic financial management from the perspective of organizational performance. From the above study we know that Strategic Financial management, Firms performance, financial strategy, organizational financial performance, corporate financial performance, firm financial performance, organizational financial performance. In the above study the importance of various factors relating to SFM is well established on organizational performance still there is scarcity of more studies to examine these functions more deeply. Further holistic and empirical studies can be conducted to explore the topic in future.

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1. firm boundaries" (Aral et al., 2013, p. 3). Through social medi

## OBJECTIVES OF THE STUDY

1. Main objective of the study is the impact of merger and acquisition on management & employees of company.
2. Another objective of the study is the social media marketing impact on company.
3. The third objective is management & employees cooperation is good or not ?
4. Strength of merged entity to survive in market.

## LIMITATION OF THE STUDY

1. Selected merged data has been taken.
2. Time duration is limited from 2005 to 2017.
3. Number of year's data could not take because every decade had different economy.
4. Inflation rate is different in every segment of decade.

## HYPOTHESIS OF THE STUDY

Merger and acquisition increases impact on management & employees of banks.

## RESEARCH METHODOLOGY

**DATA COLLECTION**

1. Secondary data has taken to analysis of various merged media company.
2. The performance of the media has been evaluated based on the following financial measures:

The data tell the story

Here's a list of TV distributors, content creators, video-game developers and telecommunications-services companies in the S&P 500 Index SPX, **-0.39%**sorted by how much their sales per share have changed over the past 12 months from the year-earlier 12-month period:

| Company | Sales per share - past 12 months | Sales per share - year-earlier 12-month period | Change in sales per share | Total return - 2018 through June 11 | Total return - 3 years | Total return - 5 years |
|---|---|---|---|---|---|---|
| Discovery Inc.DISC, +2.70%DISCK, -1.42% | $14.64 | $10.96 | 34% | 7% | -26% | -36% |
| Amazon.com Inc.AMZN, +1.46% | $390.07 | $293.29 | 33% | 45% | 295% | 525% |
| Netflix Inc.NFLX, -1.76% | $28.46 | $21.58 | 32% | 90% | 285% | 1,127% |
| Alphabet Inc.GOOG, +0.60%GOOGL, +0.43% | $168.04 | $134.64 | 25% | 9% | 110% | 163% |
| CBS Corp. Class BCBS, -1.34% | $35.42 | $29.01 | 22% | -11% | -7% | 21% |
| Charter Communications Inc. Class A CHTR, -0.14% | $161.47 | $141.36 | 14% | -13% | 53% | 136% |
| Comcast Corp. Class A CMCSA, -0.95% | $18.27 | $16.92 | 8% | -18% | 17% | 78% |
| Walt Disney Co.DIS, +0.28% | $36.99 | $34.36 | 8% | -3% | -1% | 77% |
| Electronic Arts Inc.EA, -0.12% | $16.62 | $15.58 | 7% | 33% | 123% | 549% |
| Time Warner Inc. | $39.85 | $37.71 | 6% | 6% | 18% | 96% |
| Activision Blizzard Inc. | $9.50 | $9.10 | 4% | 21% | 205% | 457% |

| | | | | | | |
|---|---|---|---|---|---|---|
| Twenty-First Century Fox Inc. FOX, +0.16%FOXA, +0.06% | $15.74 | $15.23 | 3% | 18% | 29% | 56% |
| Verizon Communications Inc.VZ, -1.26% | $31.27 | $30.25 | 3% | -6% | 19% | 23% |
| Viacom Inc. Class BVIAB, -0.20% | $32.05 | $32.41 | -1% | -8% | -54% | -51% |
| AT&T Inc. T, -2.73% | $25.76 | $26.28 | -2% | -9% | 16% | 25% |
| Dish Network Corp. Class A DISH, +3.85% | $27.85 | $30.22 | -8% | -32% | -55% | -14% |
| Take-Two Interactive Software Inc.TTWO, -1.00% | $15.49 | $17.59 | -12% | 4% | 306% | 646% |
| CenturyLink Inc.CTL, -6.32% | $26.53 | $31.94 | -17% | 14% | -27% | -24% |

We included the video-game companies because this form of entertainment is growing rapidly and competes with traditional TV/video content. We included google holding company Alphabet GOOG, **+0.60%** GOOGL, **+0.43%** because YouTube offers pay video services. And we included Amazon.com AMZN, **+1.46%**because the company's Prime service features video content, including original programs and movies produced by Amazon.

We used sales per share, rather than raw sales, because the per-share numbers incorporate any dilution caused by the issuance of new shares to fund acquisitions or for any other reason. The per-share numbers are also boosted when buybacks reduce share counts. We looked at 12 months of data to smooth out the numbers.

You can see that the sales growth numbers for the two major telecom companies aren't particularly impressive. Verizon's VZ, **-1.26%** sales per share were up 3%, while AT&T's were down 2%. The major telecoms' stock performance has greatly lagged that of Amazon, Netflix NFLX, **-1.76%** and Alphabet, all of which are now dynamic content creators and distributors.

## CONCLUSION

In this paper we study overall management problem occurring due to merger & acquisition after pre post merging suitation. Conclusion of these previous findings is important to point out that cooperation is essential for formation the synergy. The competitive advantage is determined by business surroundings; i.e.: carried forward or given value for the market players. This value is forming by strategy decisions which the company makes. It is important to draw attention to strategy management of synergies of group of companies which individual relations create value by which is created competitive advantages.

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