

# Managing Resilience to Change in Merger and Acquisitions

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## *Abstract*

*According to numerous studies in the field, the main cause of failure of international mergers and acquisitions is the difficulty of implementing changes requiring the realization of the expected synergies by integrating the acquired company in the case of acquisitions or the two companies merging into the new entity created. Most often, the impediment to successfully completing a merger or an acquisition is employee reluctance to change. Through this study, I propose to analyse the underlying causes of this reaction and potential ways to avoid and/or to overcome it.*

*Keywords: mergers and acquisitions, resilience to change, human resources, behaviour, emotions, conflict*

*JEL Classification: G34, F38*

## **Introduction**

Acquisitions and mergers are a very good way for firms to grow and gain access to new markets and new resources. However, the success rate of acquisitions and mergers is very low. Between 50% and 75%<sup>3</sup> -80%<sup>4</sup> of mergers and acquisitions end up with a failure. The most often cited reason for this is the difficulty of integrating the firm into the dominant company, or of the two entities merging into the new company, because too much emphasis is placed on the financial and strategic considerations of the merger and the resource- human, psychological and cultural aspects (Quah & Young, 2005).

The added value of acquisitions and mergers is most often associated with a series of changes that involve rewriting the procedures, policies and structure of one or more partners. In a typical acquisition, the parent company imposes a series of

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<sup>3</sup> Sarala, R., *The impact of cultural differences and acculturation factors on post-acquisition conflict*, Scandinavian Journal of Management, Vol 26, 2010.

<sup>4</sup> Sinkovics, R.; Zagelmeyer, S.; Kusstatscher, V., *Between merger and syndrome: The intermediary role of emotions in four cross-border M&As*, International Business Review, vol 20, 2011.

managerial and operational procedures on the firm to improve its performance and profitability. In the case of mergers between relatively equal size firms, the integration strategy is based on a mutual learning process where each of the two partners takes advantage of each other's strengths to improve their own procedures and practices<sup>5</sup>. In spite of this development potential, the merger / acquisition process is rarely impeded as employees receive most of the changes with retardation and even resistance. Through this study, based on literature in the field, we aim to identify the nature of the reaction of the employees of the companies involved in the acquisition / fusion process, the causes of this reaction, the main measures that can be taken to avoid or ameliorate these reactions, and the extent to which the application their results, according to qualitative research.

In the literature, in terms of mergers and acquisitions, this negative reaction of employees has been analysed from several perspectives: cultural, emotional, career prospects, and in relation to it a number of terms are spoken. *Stress of Accuracy*<sup>6</sup> (Berry, 1980) describes the post-acquisition behaviour of employees; the clash of cultures (Elsass & Veiga, 1994) refers to the negative emotional reactions of the members of the procurement organizations, while the fusion syndrome (Marks & Mirvis, 1985) is associated with the feelings of insecurity associated with mergers and acquisitions. The culture introduced by Cartwright and Cooper (1993) describes the organizational problems that derive from a poor integration of the firm / firms taken in a cultural acquisition<sup>7</sup>. According to Lewin's classical theory (1951), illustrated on the notion of field theory Force, human behaviour, both at individual and group level, is influenced by two opposing forces: motor forces and resistance forces<sup>8</sup>. Motor forces act in a sense, trying to generate change, while resistance forces act in the opposite direction, trying to maintain a certain state of affairs. Generally, people prefer to generate change, using the forces and putting pressure on those who oppose them, but, according to Lewin's theory, the greater the pressure of the motor forces, the more resistance will be the resistance of the higher opposing forces, what will result in maintaining the balance. This approach contrasts with the win-win solutions currently proposed in most mergers and acquisitions<sup>9</sup>.

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<sup>5</sup> Liu, W.; Fehling, M., *A practice-based modeling and analysis of social systems: Evaluating resistance-coping strategies in mergers and acquisitions*, Simulation Modelling Practice and Theory, vol 14, 2006

<sup>6</sup> Acculturative stress/culture clash/merger syndrome/ culture collision.

<sup>7</sup> Sarala, R., *The impact of cultural differences and acculturation factors on post-acquisition conflict*, Scandinavian Journal of Management, Vol. 26, 2010.

<sup>8</sup> Driving forces and restraining forces.

<sup>9</sup> Quah, P.; Young, S., *Post-acquisition Management: A Phases Approach for Cross-border M&As*, European Management Journal Vol. 23, No. 1, pp. 65–75, 2005.

## 1. Methodology

In the studies referred to in this paper, three methodologies are used: qualitative research - interviews, observation and focus group - made on a limited number of companies, quantitative research using questionnaires and computer models based on a series of relationships causation<sup>10</sup>.

### Using qualitative research

In the Sinkovics study (2011), 18 members were elected from all hierarchical levels - top management, middle management and non-managerial employees, members of four organizations resulting from acquisitions and mergers from different cultural environments. The Quah study (2005) analyzed the acquisition and merger chain in Europe, a major player in the US automobile market, from 1991-1995. The study was based on questionnaires and in-depth interviews with key managers and employees from both European companies and US headquarters. The Brannen study (2009) bases its conclusions on analyzing data gathered over a five-year period in a US factory, which was taken over by an Asian company. Data collection methods include observation, in-depth interviews and group interviews.

### Using quantitative research

Other authors - Sarala (2010) - had as their basis the acquisitions and mergers of Finnish companies during 2001-2004. The data were collected in 2005, 1-3 years after the completion of the acquisitions / mergers via the questionnaires sent to the decision-makers identified both in the takeover companies and the takeover companies. The final sample analyzed comprised 118 respondents from 100 companies.

For the Weber study (1996), two sets of American companies were selected that underwent a takeover/fusion process between 1985-1987. The sample comprised 52 companies, and data collection was done through questionnaires.

### Using regression analysis

Larsson (1999) analysed a number of acquisitions and mergers in the literature - over 500 in number, in Europe and the US -, a set of criteria and variables were established and a method by which these variables can be quantified. On the basis of these, a regression analysis was made by which a series of hypotheses were tested.

### Computer models based on causality

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<sup>10</sup> Sinkovics, R.; Zagelmeyer, S.; Kusstatscher, V., *Between merger and syndrome: The intermediary role of emotions in four cross-border M&As*, International Business Review, vol. 20, 2011.

In the study of Liu (2005) a computer model is used, based on a series of assumptions, of which the most important are that the resistance to change is a behavioural manifestation and that following a merger or acquisition, it is desired to reduce the resistance to change. The model includes the following relationships: practices generate actions, so there can be no actions that have not been generated by a practice, but based on the actions taken - the experience - people can change their practices; through the fusion process, employees learn and apply the practices of the other company.

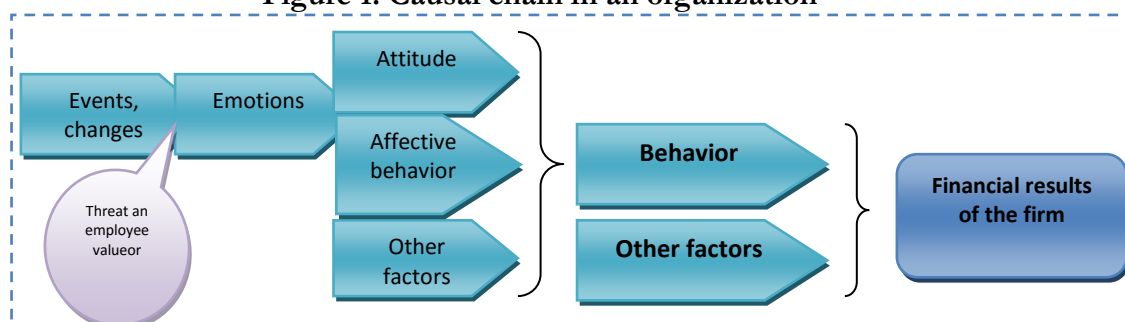
## 2. Results

### 2.1. Individual responses

Acquisitions and mergers, especially in the immediate aftermath of their implementation, are associated with employees changing identity, centralizing decision-making, stress, power games, declining productivity, and feelings of insecurity, anxiety and mistrust.

Sinkovics et al. (2011) establish a causal chain the various events that occur in an organization following an acquisition or merger - change of processes, change of values, change of management, layoffs, etc. - and employee behaviour - decrease of productivity, voluntary leaving of work place, and so on. Thus, certain workplace events trigger a series of emotions (positive or negative) of employees, emotions that in turn trigger affective behaviours and changes in attitude towards work. Work behaviours are influenced by attitudes towards work, emotions, and other external factors. Events trigger emotions only when they come to threaten one of the core values of the employees, such as the threat of social identity through restructuring.

**Figure 1: Causal chain in an organization**



Source: Sinkovics, R.; Zagelmeyer, S.; Kusstatscher, V., *Between merger and syndrome: The intermediary role of emotions in four cross-border M&As*, International Business Review, vol. 20, 2011

The attitude and negative behaviour of employees in a process of acquisition or merger can be largely based on the phenomenon of alienation. The employee is no longer identified with the new company, he does not see the purpose of his work and is demotivated. In general, alienation is characterized by four defining elements, according to Blauner (1964):

- Impotence (does not have control over working methods, rhythm, etc.);
- Disconnect (does not see the connection between his daily work tasks and company results);
- Social isolation (does not integrate into the new collective);
- Self-separation (seeing work as a means of achieving a goal and not an end in itself).

Therefore, events and actions in an organization following a purchase or merger that can generate negative emotions to employees can be classified as follows: communication, management behaviour, and other causes<sup>11</sup>.

**Communication** is one of the most often cited factors generating negative feedback from employees. This includes both internal, external, vertical, horizontal communication, but above all rumours. In general, the post-merger / acquisition period is characterized by poor communication as in the period before the merger, managers are obliged to maintain the confidentiality of the negotiations and strategic decisions to be taken, so they are retained, even after the official announcement to reveal too many details before full implementation. This atmosphere of uncertainty and lack of information leads to the decline in labour productivity, the commencement of the rumours and the lack of information as a bad sign. To deal with this situation, people start to talk more, to create sort of scenarios, with overall productivity dropping. In addition, many choose to leave the workplace to avoid this stressful atmosphere, while others are minimizing their involvement in work, doing just the right thing<sup>12</sup>.

In addition, in some situations, information and know-how are not willingly shared because of the general state of mistrust and suspicion. Under these circumstances teamwork is almost impossible. Members of the partner organization and sometimes their own colleagues are seen as competitors, not as potential collaborators. It is expected that the tension between employees on the same hierarchical scale will increase, as the relationships between the employee and the superior are also expected to get worse.

Difficulties learning and transfer of information is under study Liu (2005) one of the main causes of resistance to change, and this is manifested by three

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<sup>11</sup> Idem.

<sup>12</sup> Ibidem.

mechanisms: (i) confidence in their own practices: the number of positive experiences from the past and have strengthened a hired the confidence in those practices, and to change them requires a much higher volume of negative feedback - they must note that they are no longer fit for the new circumstances; (ii) reduced exposure to new practices: mimetism is the action by which the solution observed to someone else is taken to solve a problem. It was found that not the best solution, or the solution of the one who is in a situation similar to the one in question, but the one to which the employee is most exposed, will be copied. Therefore, the practice of his own company, where the employee was more exposed, will be chosen; (iii) failure to recognize new alternatives because of poor formalization: mimicry leads to imperfect copies because an individual has no direct access to the set of practices in mind his colleagues, but only indirect access to the type of behaviour / actions that these practices generates them, so the image he will make about the practices in question will be subjective and probably incorrect. Therefore, the more clearly a practice is described, the more resistance to change should be less.

**Management behaviour** following a merger or acquisition is characterized by centralizing decision-making, crisis management, power games, protecting personal interest, domination. Incorrectly, some managers adopt post-merger crisis management by taking unilateral decisions, which only increases the insecurity of employees and makes the transition more difficult. Even with a sound approach from management, after a change of this magnitude in the organization, employees tend to focus on personal appearance - to redefine their career plan, to see where it would fit in the new organizational structure. This can be a very stressful and anxious process because the first objective in the case of an acquisition or merger is generally to increase productivity, improve efficiency and relieve redundant staff. From the point of view, for a success of the merger or acquisition, the management should be aware that between the firm and the employee there is not only a contract of employment but also a psychological contract. The psychological contract is the way the employee perceives the relationship with the employer from an emotional point of view. He engages emotionally in his work, invests trust in the company he works for. When the commitments are violated, the employee feels betrayed and his trust is violated.

Another concept related to the way the employee perceives his future in the new organization is the one related to his career. Career can be seen both from the employee's perspective and from the organization. Career is the course of the individual's professional life, is what defines him, and individualizes him. From the point of view of the organization, this is the sum of its members - the employees give life to the corporation. When an employee is professionally defined in

relation to the organization in which he works, an unexpected change of the employee will be regarded by the employee as a personal affront, threatening what he defers professionally, resulting in thus a very high resistance to change. At the same time, employees feel threatened by the discontinuity of a merger or acquisition<sup>13</sup>.

Often, employees fail to see beyond the immediate fears of a merger / acquisition - job loss, changing colleagues, changing procedures, values, working atmosphere, etc., so as to develop a positive attitude and see this change as an opportunity for development. The behaviour of management should come to reject these fears, but, unfortunately, it generally only accentuates them.

**Other causes** that generate a negative reaction of employees during the implementation of a merger or acquisition process would be social environment, organizational culture, job design, roles, uncertainty, complexity, integration approach.

Organizational culture is an important aspect to be dealt with more extensively in the collective reaction section, but it also has an impact at a personal level. Employees identify with the values promoted by the company and its image, and when they change, they feel their identity is attacked, so they show strong resistance to change. It is easy to guess that in the case of an acquisition, the company's employees will feel the problem more seriously, but surprisingly, the studies show that even the employees of the dominated company may feel certain alienation to their organizational culture. They can be afraid that their value at the organization level will be diluted or even destroyed by the inferior company acquired. In general, the firm that makes the take-over assumes that it has a more successful business model than the firm that it takes, so it imposes its procedures, which creates frustration, anger, feelings of lack of value for the company's employees. In the case of mergers, the impact on organizational culture is smaller, but even in this situation, although the culture of the new company embodies the values and leadership of both merging companies, employees can find themselves in a situation where they cannot identify themselves with these<sup>14</sup>. In the management, in the mergers between the equal relative partners, assessing the practices of each of them in order to see what is best to create competition and there are feelings of jealousy, distrust and suspicion among those who should be partners.

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<sup>13</sup> Millward, L.; Kyriakidou, O., *Linking pre- and post- merger identities through the concept of career*, Career Development International, 2004.

<sup>14</sup> Weber et al., *ational and corporate cultural fit in mergers/acquisitions: An exploratory study*, Management Science, Vol. 42, No. 8, pp. 1215-1227, 1996.



From a social point of view, employees are afraid of losing their colleagues and not breaking down the social group they were working on every day.

### **Group-level reactions**

In general, at the group level, we take into account the destructive attitude "we versus them", which derives from a difference both in the culture of the merging or taking over organizations and a difference in national culture, in cases where we are considering an international merger.

National culture is reflected by basic values, such as defining what is good or bad, beautiful or ugly or rational or irrational. It has been demonstrated that the specificity of national cultures greatly influences the organizational structure and behaviour of employees. Thus, a number of studies argue that a large gap between the national cultures of the merging firms will increase the resilience of employees as it requires the need for a greater exchange of information and knowledge. Some authors, however, argue that people are more open to accepting differences in national culture than accepting differences in organizational culture, and this very difference brings a positive attitude and stimulates the employees because they are interested in finding out more from their colleagues, precisely because the large input of new information. It should also be borne in mind that cultural singularities can also be achieved by complementarity, not necessarily just by similitude<sup>15</sup>. Following the regression analysis, the Sarala study (2010) concludes that although both hypotheses were rejected as the results indicated they were not relevant, the data collected is in support of the second theory: national cultural differences decrease employees' resistance to change<sup>16</sup>.

If, on the other hand, companies are not characterized by a homogeneous national culture among their employees, one should take into account the way this multiculturalism influences post-acquisition integration. If the takeover company has a high degree of multiculturalism, we can argue that it will value more diversity and will not impose a high degree of integration and cultural adaptation on the employees of the firm, if that is not absolutely necessary. It can also counter the argument that a high degree of multiculturalism of the company that makes the acquisition will be perceived as ambiguous, fragmented by the employees of the company taken over, and it will be harder for them to understand and adapt to the new culture. The results of the Sarala study (2010) lead to the rejection of both hypotheses as irrelevant, but the data tend to confirm the first argument: a high

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<sup>15</sup> Idem.

<sup>16</sup> Sarala, R., *The impact of cultural differences and acculturation factors on post-acquisition conflict*, Scandinavian Journal of Management, Vol 26, 2010.



degree of multiculturalism of the firm making the takeover will reduce post-acquisition resistance<sup>17</sup>.

Following the study by Brannen et al. (2009) it has been contradicted that those in the two organizations who do not know foreign languages will feel more alienated from the job after an international merger / acquisition than those who know one or more foreign languages. Workplace alienation can be measured by assessing the satisfaction of pre- and post-merger employees<sup>18</sup>.

**Organizational culture** is contoured and developed by a specific group and defines a way to think and address issues and changes in the internal and external environment of the organization. Most researchers in the field agree that important differences in organizational culture will intensify the state of conflict experienced by employees during a merger / acquisition. The main arguments on which this position is based will be briefly debated further. Firstly, social attraction theory argues that groups will develop negative attitudes towards other groups that do not look like them. Problems can also occur when members of two distinct organizations have difficulty understanding. In addition, the cultural ambiguity of the new company may also be a source of tense states - uncertainty about what culture will dominate -. This hypothesis was also confirmed by the Sarala study (2010), with differences in organizational culture increasing stress, tension, anger, and lower employee engagement.

According to the social identity theory, groups will try to maintain a continuity of identity, so in the case of an acquisition, both the takeover firm and the partner will try to preserve their organizational culture, which will lead to escalation of tensions and hampering post-acquisition integration. These assumptions are also confirmed in Sarala's study (2010).

Regarding the attractiveness of the two companies towards each other, it is expected that this will have a positive influence on the post-merger integration process, and the resistance of the employees will be lower, which is confirmed by the regression analysis of R Sarala (2010).

### **Employee resilience and expected synergies**

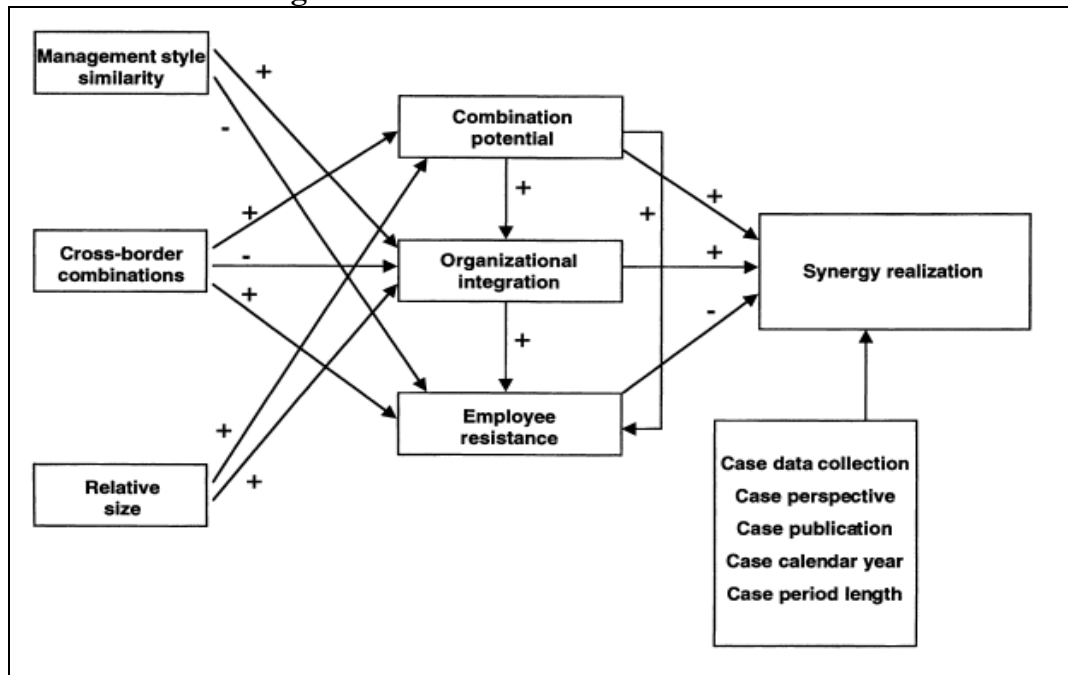
The realization of the expected synergies is directly influenced by a number of factors - combining potential, organizational integration, employee resistance and other factors, according to the interdependence scheme proposed by Larsson and Finkelstein (1999).

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<sup>17</sup> Idem.

<sup>18</sup> Brannen, M.; Peterson, M., *Merging without alienating: interventions promoting cross-cultural organizational integration and their limitations*, Journal of International Business Studies Vol. 40, pp. 468–489, 2009.

Figure 2: Model of M&amp;A Performance



Source: Larsson, R.; Finkelstein, S.; "Integrating strategic, organizational and human resource perspective on mergers and acquisitions: A case survey of synergy realization", *Organization Science*, Vol. 10, No. 1, p. 13, 1999.

The results of the study indicate that the first hypothesis was confirmed, along with the fourth, but hypotheses two and three and five were rejected.

Therefore, it has been found that a high resilience to employee change will reduce the chances of a successful merger / acquisition, results also confirmed by a multitude of other studies in the field. In addition, it appears that a similar management system of the two companies will have a positive impact on employees' reluctance to accept changes. Instead, there was no support for the assumptions that employees will have a higher resistance to change if the two companies have greater synergy potential or greater integration, which leads us to conclude that a number of other factors play a much more important role in causing a weaker or stronger response from employees. In addition, the trans-frontal character is not in itself a factor that results in increased resistance to change. Given the results of the Sarala study (2010), we could even argue that such a merger could be even more attractive than an internal one.

### **Pre-acquisition / merger measures**

The most important stage of the pre-acquisition / merger phase, if we do not consider the victim of a hostile takeover, is the selection and evaluation of the partner. When taking this step, the values they share, the management style, the risk tolerance and the focus on individual work or teamwork must be taken into account<sup>19</sup>.

Additionally, after making the decision to merge or make a purchase, consideration should be given to the need to prepare employees for these changes in advance. It has been found that those employees who have benefited from, for example, communication, teamwork or foreign language courses have had a less refractory reaction to subsequent changes in the organization<sup>20</sup>.

What is important is the way in which, prior to finalizing the acquisition or merger, the company takes a stand against information in the press, how it communicates with employees and how it makes the official announcement. In general, articles appearing in the press about talks and negotiations on an acquisition or merger generated a negative reaction from employees, but the company's lack of reaction to this topic greatly accentuated this reaction. Management response and communication are positively correlated with the opening of employees to changes in the organization, so a lack of reaction leads implicitly to an escalation of tensions<sup>21</sup>.

### **Measures in the integration phase**

In the integration phase, it is recommended to pursue a systematic and explicit integration process, but it must be adapted to the strengths and weaknesses of the organizations concerned.

One of the key tools to reduce employees' resilience to change is an effective communication. Given the fact that during the implementation of a merger or acquisition of employees there is a multitude of uncertainties about the new organization and its future within it, it is important that the management adopts an open position for communication, thus reducing these uncertainties. The results of the study, Sinkovics et al. (2011), indicate that all employees were unhappy with the way their managers communicated with them. This is a noteworthy aspect, as the need for communication is subjective and perceptual, so

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<sup>19</sup> Schuler, R.; Jackson, S., *HR issues and activities in mergers and acquisitions*, European Management Journal, Vol. 19, No. 3, pp. 239–253, 2001.

<sup>20</sup> Sinkovics, R.; Zagelmeyer, S.; Kusstatscher, V., *Between merger and syndrome: The intermediary role of emotions in four cross-border M&As*, International Business Review, vol 20, 2011.

<sup>21</sup> Idem.

managers are advised to come back as often as possible with new information, even to say they have no new data, but they will keep them to the employees<sup>22</sup>.

Another critical step proposed by Schuler et al. (2001) is the choice of a **manager responsible for integration**. It has the role of de tensioning the relations between the employees of the two companies or between employees and leadership, being necessarily a good communicator, a good negotiator and a good facilitator.

**Ensuring strong leadership** is also a key element of successful integration. If employees cannot identify a leader, the company will face a lack of clear direction, postponement of strategic decisions and insecurity among employees. The leader should meet a number of qualities such as: • Sensitivity to cultural diversity, openness, flexibility, • Being a visionary and dedicated to preserving the key employees of the two companies<sup>23</sup>. In addition, it is very important that the behavior of the management is consistent with the ones communicated in order not to further increase the existing uncertainty among the employees about the changes that will take place in the organization. In addition, the actions must be prompt<sup>24</sup>.

Organizing activities to integrate the employees of the two companies, such as team building activities, or organizing activities to form mixed teams or engaging in projects from individuals in both companies, has a beneficial effect on reducing employee resilience<sup>25</sup>.

**Restructuring** should be done quickly, shortly after the merger, should be well thought out and planned, a much more appropriate approach, according to the authors of this study, than a staged, arranged restructuring that produces insecurity and anxiety among employees. These results are also supported by the study by Sinkovics et al. (2011) which revealed that long integration processes have even transformed the positive emotions that some employees had in connection with fusion / acquisition in negative emotions, as initial enthusiasm was lost in the long implementation period. Another reason to support this measure is that it was found that the lack of immediate action following the official announcement of the merger / acquisition is an important source of negative and frustrating emotions among employees. In conclusion, restructurings announced after long

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<sup>22</sup> Idem.

<sup>23</sup> Schuler, R.; Jackson, S., *HR issues and activities in mergers and acquisitions*, European Management Journal, Vol. 19, No. 3, pp. 239–253, 2001.

<sup>24</sup> Sinkovics, R.; Zagelmeyer, S.; Kusstatscher, V., *Between merger and syndrome: The intermediary role of emotions in four cross-border M&As*, International Business Review, vol 20, 2011.

<sup>25</sup> Idem.

periods of uncertainty, or sequentially announced, in the sense of dismissing a man, have a very strong and destructive impact.

**Key employee retention**, staff motivation, and effective communication. Many companies face the mass of their employees because they want to avoid post-acquisition / fusion tensions, a too long process of integration, or decide to leave as the new organization feels uncertain about their future career. The results of the study by R. Sinkovics et al. (2011) indicate that between 50% and 70% of the management positions voluntarily leave the company after the merger, and the percentage of those who do not hold a leading position and decide to leave can climb up to 60%. In general, they decide to leave the company the most valuable employees, those who have a multitude of options and easily find another job.

Their preservation can be done through several methods, including: (i) financial renegotiation of contracts with senior key employees; (ii) offering bonuses to keep loyalty to the company; (iii) signing agreements with employees who have been granted loyalty bonuses not to leave the company for a given period of time.

Removing the autonomy of one or more partners in the merger, following its implementation by imposing new practices, strategies and removing top and middle management. Starting from the accepted conclusion of numerous studies that resistance to change comes mainly from uncertainty and ambiguity, as employees do not know what set of principles and practices to follow, which leads to the inertia, this measure of guilt impose the claus set rules and processes to be followed. The main criticisms of this measure are that replacing the management and principles of one of the partners with the other violates the principle of mergers - equality between partners - and members of that organization can develop negative feelings towards the new company created. Another drawback lies in the fact that this practice reduces the contribution of the weaker partner in the company that it creates, lowering the beneficial effect it could bring<sup>26</sup>.

Creating practices and policies for transferring information can be an effective way to reduce employees' resilience to change, especially in situations where the two companies are very different, the desired level of integration is high, and the flow, the transfer of information will be also, by default, very large. There are two ways to transfer information: tacit learning - by observation and imitation - and the explicit one - by procedures, manuals, etc. By formalizing practices, a faster, explicit learning is provided, and the information is not flawed. In addition, through an explicit learning, rules and practices can be debated and employees will reflect on them. The main obstacle to formalizing practices is that many of the

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<sup>26</sup> Liu, W.; Fehling, M., *A practice-based modeling and analysis of social systems: Evaluating resistance-coping strategies in mergers and acquisitions*, Simulation Modelling Practice and Theory, vol 14, 2006.

practices in a firm are silent by nature and their transposition in an explicit form may not be feasible<sup>27</sup>.

**The concept of career** - there must be a dissociation of employees from the old organization, the new one being presented as much more attractive. In other words, people will be more open to organizational change if the attributes of the new company will be made more attractive than the old ones (attractiveness means satisfying a certain need for identity).

Between the employee and the employer, besides the palpable labor contract, a psychological contract is formed. Employees are emotionally involved in the work they place and invest trust in the company, trusting during a purchase / merger may feel cheated. That is why, following such a strategic move, psychological contracts must be renegotiated so that employees feel motivated and find and accept their place in the new organization. This can be done both individually - action that is the task of the first management step - or collectively - are common features of all psychological agreements between employees and employers - opportunity for development, income, ratio between working time and leisure time. Thus, at the organizational level through focus-group, appraisal of employees, etc. this aspect can be discovered and interventions can be made in this regard<sup>28</sup>.

In order to mitigate the cultural impact and alienation syndrome in cross-border mergers and acquisitions, Brannen and Peterson (2009) propose on-site training to familiarize employees with the work and management style of the partners. Also the results of the same study showed that employees who knew at least one foreign language adapted more easily and exhibited fewer symptoms of alienation<sup>29</sup>.

### Conclusions

Through this study, I set out to analyse the causes of employees' resilience to change, solutions that management can apply to avoid or reduce employees' resilience to change, and the extent to which these methods prove to have the expected results.

As we have shown in this study, the resistance of employees to change can be analysed both at individual level - behavioural manifestation, or at group level - specific structural characteristic of social systems.

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<sup>27</sup> Idem.

<sup>28</sup> Millward, L.; Kyriakidou, O., *Linking pre- and post- merger identities through the concept of career*, Career Development International, 2004.

<sup>29</sup> Brannen, M.; Peterson, M., *Merging without alienating: interventions promoting cross-cultural organizational integration and their limitations*, Journal of International Business Studies Vol. 40, pp. 468–489, 2009.

Concerning the reasons for this resistance, the negative emotions generated by the insecurity of the new job, the lack of communication, the management behaviour, the different organizational cultures of the two companies, but also others, discussed in this study were identified.

The solutions that can be taken to avoid or reduce this resistance are many and very diverse and can be applied both before and during fusion, but especially during their implementation. Among these, we mention more effective communication, management removal, key employee retention, on-site training, communication training and teamwork, team building activities, formalized transfer of information, ways to restructure, choose a similar partner style of management and structure, but also others. Some of these measures are even contradictory - some studies say it is more appropriate that restructuring is done immediately after the merger when people expect and are emotionally prepared for change, others claim that employees need a period of adaptation, and restructuring should be made gradually.

In conclusion, depending on the methodology used, the organizational culture, the national culture, the size of the companies, the sample used and other factors, the measures discussed prove to be more or less effective, but personally, I think a good plan to-date merger / acquisition, frequent communication, especially internal and prompt action, will give credibility to the new organization in the eyes of employees, reduce uncertainty, and reduce their resilience to change. In this way, the two organizations will be able to achieve the potential synergies.

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