Psychological effects of mergers and acquisition on employees: case study of some selected banks in Nigeria

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Abstract: Mergers and acquisitions have had a significant impact on the banking industry in Nigeria and around the world, over the last decade. As a result, many bank employees have experienced numerous psychological effects of mergers and acquisition. Acquisition is often seen to have negative impacts on employee’s behaviour, resulting in counter productive practices, absenteeism, low morale and job dissatisfaction. This paper studied the effects of merger and acquisition on the morale and psychology of employees in the Nigerian banking sector and how it affects employee’s productivity. It identified the different stages in mergers and acquisition and also the problems that may emerge at each stage of mergers and acquisition integration process. The paper observed that various factors relate to pre and post mergers and acquisition stages among which communication seems to be the most vital. The paper therefore suggests that open, timely, and accurate communication with employees may effectively reduce the negative psychological and behavioural consequences, thereby reducing employee’s anxiety, uncertainty, confusion, rumour activity and labour turnover.

Keywords: psychological; merger and acquisition; M&A; employees; banks; productivity


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