

# Human Resource Integration and Performance of Mergers and Acquisitions in UAE

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**Abstract:** *The realistic study evaluated the association between Human Resource Integration and Performance of mergers and acquisitions in the United Arab Emirates (UAE). The education study utilized a descriptive consideration design with a quantitative prototype. A sample of 300 participants were prudently chosen from 1071 people using Slovene's formula. Evidence was congregated by means of survey questionnaires. The researchers used simple random sampling to garner facts for the study. Statistics were assessed using Descriptive statistics, Structural equation modelling, Bootstrapping to test the indirect effects and Pearson linear correlation coefficient (PLCC) for quantitative measurements. The study verdicts came up with a momentous correlation between Human Resource Integration and Performance of mergers and acquisitions in the United Arab Emirates (UAE). The project concluded that Human Resource Integration is essential for Performance of mergers and acquisitions in the United Arab Emirates (UAE) because it covenants with issues to do with achievement of joint objectives of the mergers and acquisitions in the UAE. If the Human resources of the merged banks are well managed, they can contribute to the socio-economic headway of the nation on the whole. From the study outcomes, the researchers recommended that the government of UAE should encourage the prioritization of the practice of virtues of accountability, transparency and reconciliation among the workers in order to allow growth of mergers and acquisitions in the nation at large. The government of UAE should increase on the budget meant for training the Human Resources countrywide for better management of mergers and acquisitions in order for the country to develop globally.*

**Keywords:** Human Resource Integration, Mergers and Acquisitions, UAE

## 1. Introduction

In the modern era, globalization and market change have increased competition among organizations, requiring them through change management efforts to be dynamic and adaptable, continually changing and updating their systems. Ulrich (2019) contended that the primary difference between organizations that succeed and those that fail is the ability to respond to the pace of change. Change management amid mergers and acquisitions can prove to be extremely difficult for directors. Banks that have failed to understand their unique culture in terms of innovation, authority and operations have failed in different Merging groups.

Change management factors including human resource integration have been assumed to hold a significant effect on organizational culture, power and the performance of mergers and acquisitions in the UAE banking sector. Human resource integration involves the process of

combining all the systems to do with managing human resources in an organization so that they work effectively together for the best results (Rennung & Anca, 2018). This comprises of individual employee integration after being transferred and integrated in a new organizational context due to a merger and acquisitions process, the process justifies the difference between successful and unsuccessful mergers. Having a strong post-merger integration process can help organizations rise above any problems in the development and design of a merger. The integration process can be difficult and tiresome, but it is a path that is definitely worth trodding on. Banking managers are obliged to handle all human resource issues, culture differences, finances and arising pressure.

Salim (2020) & Hatch (2010) held that the merger human strategy was to have an early and quick decision about employees at an early stage. Although decisions related to employees are always tough it was important for the bank to make it as early as possible. They did it with the human resource teams of both the organizations. The bank did do their best to retain the best talent. Also task integration and rebranding where by human resource and marketing department can work along with the integration team in formulating and consolidating new human resource structure, plans, policies, and marketing strategies for the organization.

Bank mergers have various benefits. The prime component for taking on M&A is built-in generating value. This is considered the utmost advantage of M&A where merged entities produce the best possible corporate governance procedures, which enables banks to serve customer needs with excellence and more efficiency in security, accountability, and transparency. It operates on practices and regulations reinstated by the firm's board of directors. Additionally, mergers help institutions reach higher profitability levels and greater market values ([Musah et al., 2020](#)). It is wise for banks to manage both change and employees in a timely and satisfactory manner while in the merging process.

In spite of the benefits of M&As, studies have shown that mergers at times fail to add value due to cultural and financial reasons (Roll, 2014). The consequence is high-profile failure and financial crippling which badly damage the bank's reputation. Also Bankers and executives can misjudge the future of a market, for example Microsoft paid \$6.3 billion for digital marketing company, Quantize, finally taking a \$6.2 billion write down for it in 2013. **The other financial reasons why mergers fail to add value according to Roll (2013) are intervention, fear and greed.** He explained that even when two companies agree to the terms and conditions of a merger or acquisitions, third parties with ulterior motives can interfere, adding restrictions which prevent a merger from becoming final or achieving its intended objectives.

According to Schermerhorn, et al (2020) "managing change" firstly implies implementing change in a planned and managed structure via agents, individuals and groups in order to resolve organizational performance problems or realize performance opportunities. The change that needs to be managed is bounded and controlled by the organization. Change secondly occurs when events outside the organization trigger change. In this case "change management" implies the organizational response to change where there is limited control over the change by the organization. Kotter (2019) states that producing change is about 80 percent leadership, i.e. establishing direction, aligning, motivating, and inspiring people - and about 20 percent management, i.e. planning, budgeting, organizing, and problem solving.

McGrath (2015) asserted that plenty of prospective bank mergers and acquisitions only look at the two banks on paper – without taking their people or culture into account. Failure to assess cultural fit (not just financial fit) is one reason why many bank mergers ultimately fail.

Throughout the merger and acquisitions process, be sure to thoroughly communicate and double-check that employees are adapting to the change. Execution risk is another major danger in bank mergers to the level where banking executives don't commit enough time and resources into bringing the two banking platforms together – and the resulting impact on their customers causes the newly merged bank to fail completely. Avoid this mistake by dedicating enough resources for a full integration of the two financial institutions (Oprea, 2014).

While undergoing an M&A event at any bank, it's critical that one pays attention to the impact it has on your customers. Especially with smaller community banks, customers often respond very emotionally to a bank acquisition – so it's essential that one manages customer perception with regular and careful communication. And once the merger or acquisition is fully underway, remember to consider the impact on your customers at every stage: Anything from changing technology platforms to financial products could impact your customers negatively if you do not pay attention (Andrews, 2012). A final danger to consider during most mergers or acquisitions is the risk and compliance culture of each bank involved. The different banking compliance and federal banking regulations indicate mismatched risk cultures, clash during a bank merger, and this negatively affects the profitability of the business

## **2. Methods and Materials**

### **Data Capturing**

Certainties used for the research arrangement were gathered by means of both primary and secondary nitty-gritties of data. Primary facts were reached at by usage of survey questionnaires to vibrant persons related to the project. Secondary facts was got by the use of documentary histories. The study betrothed a descriptive examination design with the use of quantitative modus operandi. The researchers picked a total of 299 contributors (sample size) by means of the Slovene's formula to partake in the survey study.

### **Sampling methods**

The communal experts involved simple random sampling techniques in the project. The study general population used the target population including groups like Bank customers, lower-level managers, middle level managers, Political leaders and Top Bank executives.

### **Survey Questionnaires**

The questionnaire is a research instrument consisting of inter-related grilling organized by the investigator about the research predicament under study stuck on the intentions of the investigation study. Items were set and recorded for the providers to answer with choices as reproduced on the likert scale type questions.

This technique was venerated because it covers a diverse physical space in data audience; it accumulates a lot of proof within a short period of time and offers greater guarantee regarding confidentiality.

However, the questionnaire involved some restrictions of attrition. There were inadequate copies that were not returned, although this was fixed by issuing a lot of copies than the obligatory number of the sample size for the project.

### **Validity and reliability of research instruments**

Validity of the well-organized survey questionnaire was assured by using content validity Index. Arising from the examination of the validity of the instruments, the researchers got

content validity index (CVI) of 0.79 which was well directly past 0.75 signifying that the instrument was valid to bring together data for the scrutiny study (Amin ,2005).

Reliability of the Structured Questionnaire was premeditated by means of Cronbach’s alpha coefficient formula yet observing the variables that had an alpha coefficient of digit superior than 0.70. Since the reliability calculation attained by the researchers produced 0.77 alpha value, it concluded that the research instrument was reliable to produce data essential for the orderly study.

### Data analysis

Investigation Statistical tools which were involved to scrutinize data for this research study included; Descriptive measurements, Structural Equation Modelling, Pearson Linear correlation Coefficient, and Bootstrapping to test the indirect effects. All these data analysis tools were used to evaluate data garnered in order to come up with a plausible study.

## 3. Results

### Demographic Profile of Respondents

The management profile of the 300 respondents is illustrated in Table 1 below. It shows that there were more male employees (60.3%) than females (39.7%). In terms of age, (42.0%) of the total respondents were aged 31–40 years, followed by (38.0%) aged 41 & above and lastly (20.0%) aged 20-30 years. (62.7%) of the respondents were married, (20.7%) of the respondents were single, (13.3%) were separated/divorced and lastly (3.3%) were widowed. The majority of the respondents (38.7%) held postgraduate degrees, (24.7%) completed tertiary education, (21.3%) were bachelor’s degree holders, (12.0%) completed O’Level and (3.3%) completed A’Level. This implied that the participants were the right persons to supply information for the research study.

**Table 1: Demographic Profile of Respondents**

Profile	Categories	Frequency	Percentage
<b>Gender</b>	Male	181	60.3
	Female	119	39.7
<b>Age</b>	20-30 Years	60	20.0
	31-40 Years	126	42.0
	41 & Above	114	38.0
<b>Marital Status</b>	Married	188	62.7
	Single	62	20.7
	Widowed	10	3.3
	Separated/Divorced	40	13.3
<b>Education</b>	O’Level	36	12.0
	A’Level	10	3.3
	Tertiary	74	24.7
	Degree	64	21.3
	Postgraduate	116	38.7

Source: Primary Data, 2023

## Contribution of HR Integration on Performance of Mergers and Acquisitions in Banking Industry in UAE.

This item of the study presents descriptive results that sought to find out Contribution of HR Integration on Performance of Mergers and Acquisitions in Banking Industry in UAE which was studied in seven items as indicated in Table 2 below.

**Table 2: Frequencies, Percentages and Means on Items of Contribution of HR Integration on Performance of Mergers and Acquisitions in Banking Industry in UAE.**

### Human Resource Integration

This construct is concerned with a series of structured statements which assess the change management framework adopted by the UAE banking sector to enhance the performance of mergers and acquisition. Table 2 presents the frequency, percentage, the mean and standard deviation of each item, which measures the perception of human resource integration constructs among respondents. A respondent is asked to indicate their opinion which is measured on a five-point scale ranging from 1 (strongly disagree) to 5 (strongly agree).

**Table 2: Descriptive Statistics for Human Resource Integration**

Items	Questions	1 N %	2 n %	3 n %	4 n %	5 n %	M	SD
HRI1	The HR department does its work according to the laid down policies of the merger banking industry	21 7.0	35 11.7	89 29.7	96 32.0	59 19.7	3.46	1.140
HRI2	Employees find consolation in the HR department	19 6.3	27 9.0	82 27.3	103 34.3	69 23.0	3.59	1.125
HRI3	There is proper accountability at all levels for every activity that is implemented in the merger organization in UAE	27 9.0	48 16.0	78 26.0	77 25.7	70 23.3	3.38	1.252
HRI4	There is equity in payment of salaries and allowances in the new banking industry	14 4.7	41 13.7	73 24.3	73 24.4	99 33.0	3.67	1.199
HRI5	In my view, the merger between EBI and NBD has been successful	27 9.0	27 9.0	96 32.0	103 34.3	47 15.7	3.39	1.129
HRI6	Employees of the new organization normally attend sufficient workshops and seminars in order to gain more knowledge and skills	48 16.0	55 18.3	96 32.0	65 21.7	36 12.0	2.95	1.234
HRI7	The HR department normally prepares job description for all workers in the new banking industry	31 10.3	51 17.0	106 35.3	66 22.0	46 15.3	3.15	1.183
HRI8	The HR department normally advises employees in the face of challenges at work	30 10.0	52 17.3	91 30.3	82 27.3	45 15.0	3.20	1.188
HRI9	Employees of the new merger financial institution do exhibit a lot of cooperation at work	31 10.3	48 16.0	101 33.7	72 24.0	48 16.0	3.19	1.192
HRI10	I know the mission statement that binds us altogether	12 4.0	26 8.7	88 29.3	96 32.0	78 26.0	3.67	1.076

Source: Primary Data, 2023.

Note, n=frequency; %=percentage; 1= strongly Disagree 2=Disagree; 3=Unsure; 4= Agree; 5= strongly Agree  
M=Mean; SD=Standard Deviation

Ten indicators were used to measure the construct of Human Resource (HR) integration. The indicators had mean scores ranging from 2.95 to 3.67 and standard deviation scores ranging from 1.076 to 1.252. According to the scale used, the respondents thus had a moderate to high

level of perception of the construct under measurement. This also meant that majority of the respondents scored 3 or higher on the Likert scale, implying that HR integration influenced much the behavioural practices in the performance of mergers and acquisitions in the UAE Banking industry.

**Table 3: The correlation between HR integration and performance of mergers and acquisitions.**

		HR integration	Performance of mergers and acquisitions
HR integration	Pearson Correlation	1	.477**
	Sig. (2-tailed)		.000
	N	300	300
Performance of mergers and acquisitions	Pearson Correlation	.477**	1
	Sig. (2-tailed)	.000	
	N	300	300

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Primary data (2023)

The study recognized that HR integration significantly ( $p=0.000<0.05$ ) affected the performance of mergers and acquisitions in the UAE. Also, there was a moderate positive relationship ( $r=0.477$ ) between HR integration and performance of mergers and acquisitions in the UAE. In this context, HR integration improved the performance of mergers and acquisitions in the UAE; because it encouraged the practices of transparency and accountability in banking industry in the UAE. This implied that the set null hypothesis was rejected saying that HR integration has no strong bearing on the performance of mergers and acquisitions in the UAE.

#### 4. Discussion

The discoveries of the study indicated that the effect of HR integration on the performance of mergers and acquisitions in the UAE was significant. This finding is antagonistic to the findings of previous intellectuals such as Fergusson (2022) who conducted a study on HR management in Mauritania and found out that HR integration is full of conspiracy, a scenario that does not lead to achievement of organisational objectives. Nevertheless, the finding was in covenant with the study conducted by Kelly (2021) & Andrews (2012) on Unity in Diversity who found out that people from different backgrounds can bring to the organisation diverse skills and knowledge that can lead to development of the companies. This was because such persons may have wide experience in management and the wisdom or intelligence that may be required to excel in organisations.

#### 5. Conclusion

HR integration has been seen as one of the vital components required for the growth and development of organisations. Human Resource Integration is essential for Performance of mergers and acquisitions in the United Arab Emirates (UAE) because it covenants with issues to do with achievement of joint objectives of the mergers and acquisitions in the UAE. If the Human resources of the merged banks are well managed, they can contribute to the socio-economic headway of the nation on the whole.



## Recommendations

The researchers recommended that the government of UAE should encourage the prioritization of the practice of virtues of accountability, transparency and reconciliation among the workers in order to allow growth of mergers and acquisitions in the nation at large. The government of UAE should increase on the budget meant for training the Human Resources countrywide for better management of mergers and acquisitions in order for the country to develop altogether.

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