

SOURCES OF STRESS AND COPING STRATEGIES FOR LEADERS IN FACING THE MERGER PROCESS AT THE RESEARCH CENTER MEDAN PALM

Fatimahhakki Salsabela¹, Nur Aisyah², Sjahril Effendy³

^{1,2,3}Industrial and Organizational Psychology, Faculty of Psychology Universitas Medan Area

Abstract

Entering the era of free trade, business competition between companies is getting tighter. This condition requires companies to always develop company strategies so that they can survive or develop further. Therefore, companies need to develop an appropriate strategy in order to survive, develop and be competitive. One strategy that can be carried out by companies is by merger. A merger is the process of combining two entities with one of them remaining under its entity name, while the other disappears. Mergers can affect organizational members in many ways, resulting in diverse emotional experiences, which will likely influence individual behavior and determine the success of managing a merger. Negative emotions experienced by company leaders are stress, fear, worry, and insecurity, mainly triggered by ambiguity regarding their future roles and the roles of their subordinates in the newly joined organization. Work stress can affect the merger process and reduce work productivity, so coping is needed to deal with these problems. Coping carried out can be different. The number of respondents in this study was 4 respondents with qualifications for the positions of deputy head, section head and sub-section head. The research method used in this research is a qualitative method. The research results showed that each respondent showed different responses in dealing with sources of stress and the coping strategies they used. This source of stress has an impact on the success of the merger process.

Keywords: *Mergers, Coping Strategies, Stressors.*

1. INTRODUCTION

Entering the era of free trade, business competition between companies is getting tighter. This condition requires companies to always develop company strategies so that they can survive or develop further. Therefore, companies need to develop an appropriate strategy in order to survive, develop and be competitive. One strategy that can be carried out is by merger. Merger is the process of diffusion or merging of two entities, one of which remains standing under its entity name, while the other disappears under all its names and the assets are included in the entity that remains in existence (Cummings & Worley, 2018).

Merger activities must go through systematic stages and pay attention to the guidelines in the applicable system or rules. Systematic refers to merger activities guided by steps that are determined sequentially and in stages with each other in a rational manner. According to Hill in Suprianto (2018) there are seven stages to a very good merger (seven steps to merger excellence). Before entering this stage there are pre-merger activities, namely collaboration in building a cultural integration strategy as an initial framework agreement or agreement. (Cultural DNA Due Diligent). Post-pre-merger continues with the stages: involvement and engagement, share vision, analysis, action, implementation, maintenance, and renewal. These stages are cyclical in nature and the cycle can be given feedback on each cycle so that it can start again from stage 1 and continue to the next stage.

Mergers can affect organizational members in many ways, resulting in diverse emotional experiences, which will likely influence individual behavior and determine the success of managing mergers & acquisitions. The negative emotions experienced by managers of acquirer and target companies are stress, fear, worry, and insecurity, mainly triggered by ambiguity regarding their future roles and the roles of their subordinates in the newly merged organization (Klok et al, 2020). One of the merger processes is the cultural integration process. A successful organizational culture integration process can lead to a successful merger. The results of research conducted by Sperduto (Suprianto, 2018) show that merger failure occurs because organizational members are incompatible with the new organizational culture and are unable to integrate the organizational culture. This was expressed directly by the deputy head of the company during the first semester coordination meeting:

“.....Our culture and habits are different from the Medan office. We have to be able to adapt to the culture here because we will often be in contact with the Medan office...” (MR. RP 22 July 2022). Organizational changes create work stress which has an impact on work discomfort, as well as mergers, this is caused by large-scale changes, demands for rapid adjustment, uncertainty, and employees having to let go of organizational identities that were previously important to them (Cummings & Worley, 2018). Employee routines cannot be separated from the environment they work in. Physical fatigue due to routine work and an uncomfortable work environment can result in psychological fatigue in employees, which is called stress. According to Silverman Stress is the body's reaction to changes that require physical, psychological and emotional response, regulation and/or adaptation. Stress can originate from situations, conditions, thoughts, and/or cause frustration, anger, nervousness and anxiety (Hidayati & Harsono 2021)

Employee psychological fatigue can have an impact on work stress, where humans have limitations in managing stimuli from within themselves and their environment so that it can have a negative impact on physical and psychological health. Each employee's ability to handle work stress is not always the same, depending on the employee's resilience. If employees have high resilience, then they will be able to overcome stress, which is different from people who have low resilience. Employees' inability to deal with stress and letting it drag on has an impact on the mental and emotional condition of employees, which will ultimately affect their performance (Utaminingtias et al, 2016). In carrying out the stages/process of mergers and acquisitions, there are obstacles that occur, such as adjustments to organizational culture, position adjustments, organizational structure, workload, work targets and uncertainty at the beginning of the merger and acquisition process. One source of stress (stressor) in the merger and acquisition process is demotion and uncertainty, especially for employees, which has an impact on mergers and acquisitions (Cummings & Worley, 2018; Klok et al, 2020). This is in accordance with the author's interview with one of the company employees affected by the merger:

"Miss, the merger resulted in me losing my position. I used to be Ka. Sub Division, now maybe just as an ordinary employee. Or maybe I will be removed from this position. And this could have an impact on my salary, sis" (Ms. RS, 20 July 2022). In some of the cases above, employees who were acquired and acquired experienced stress due to limitations in managing stimuli from the work environment. And given these limitations, they must be able to find ways to manage stress so they can carry out their duties. Efforts to manage stress are called stress coping. According to Lazarus (Malau, 2015) coping stress is a continuous cognitive and behavioral effort

to overcome certain external and internal demands that are considered to burden or exceed an individual's resources.

According to Sarwono, if the stimulus is greater than the processing capacity, an overload occurs which results in a number of stimuli having to be ignored so that the individual can focus their attention on certain stimuli only (Hidayati & Harsono 2021). Coping behavior selection strategy to choose which stimuli will be prioritized or ignored at a certain time. This is what determines employees' reactions to their environment. If employees are unable to handle it, their mental condition will be depressed, bored and helpless. On the other hand, if employees manage it successfully, it can be adaptive and the merger and acquisition process can run well.

According to Sarwono, if the stimulus is greater than the processing capacity, an overload occurs which results in a number of stimuli having to be ignored so that the individual can focus their attention on certain stimuli only (Hidayati & Harsono 2021). Coping behavior selection strategy to choose which stimuli will be prioritized or ignored at a certain time. This is what determines the leadership's reaction in facing the merger process. If the leader is unable to handle it, his mental condition will be depressed, bored and helpless. On the other hand, if the leadership manages to handle it, the leadership will be able to be adaptive and the merger process can run well. From the phenomenon above, this is what makes researchers interested in researching "Sources of Stress and Coping Strategies in Leaders in Facing the Merger Process at the Medan Palm Oil Research Center".

2. LITERATURE REVIEW

2.1 Merger

Merger is the process of diffusion or merging of two entities, one of which remains standing with its entity name, while the other disappears with all its name and assets included in the entity that remains standing.(Cummings & Worley, 2018). The aim of merger activities is to strengthen the capital structure, increase competitiveness, expand business, expand product types and variations, increase sales value and receive better income (Supriyanto, 2018). The merger must be carried out systemically, meaning that the merger must pay attention to and be guided by the applicable system or rules. Systematic refers to merger activities guided by steps that are determined sequentially and in stages with each other in a rational manner. Hill, Weiner, & Weiner (Suprianto 2019) show seven stages for an excellent merger (Seven Steps To Merger Excellence). Before entering the seven stages, there are pre-merger activities, namely Cultural DNA Due Diligence, namely collaboration in building a cultural integration strategy as an initial framework agreement or agreement. Post-pre-merger continues with the following stages:

1. Involvement and Engagementnamely dreaming rational dreams regarding the formulation of a new identity,
2. Shared Visionnamely expanding the vision from what is owned and making the vision come to fruition;
3. Analysisnamely evaluating existing conditions within the framework of the strategy being prepared;
4. Actionnamely carrying out the process that has been prepared by creating a sense of ownership in it;
5. Implementationnamely building and creating momentum or main strength during implementation;

6. Maintenance namely focusing on the direction and energy of a new corporate identity (the organization's new identity); And
7. Renewal namely Re-evaluation and re-creation or carrying out evaluation and creation again.

2.2 Work stress

Based on the description above, it can be concluded that work stress is an internal condition that can damage and endanger an individual's physical and psychological well-being due to a mismatch between work demands and the individual's ability to respond to them. Work stress is a condition of tension that occurs due to physical and psychological imbalance, which affects the emotions, thought processes and conditions experienced by employees. Stress at work (Job stress) is a stressful experience related to work (Asih, 2018). There are two sources of work stress, namely sources of stress that come from the organization and sources of stress that come from life. Sources of stress from organizations include task demands, physical demands, and interpersonal demands. Stress at work is basically also influenced by sources of stress outside the organization. Stress in the history of human life will inevitably have an impact on how a person works (Asih, 2018).

2.3 Coping Strategy

Coping strategy is an effort made by individuals to manage demands, both internal and external, to provide resistance to the impact of stress in the form of physiological, emotional, cognitive, interpersonal and organizational impacts (Asih, 2018). According to Lazarus (Hidayati & Harsono 2021) there are 2 coping strategies, namely:

- Emotion focused coping is a stress management strategy in which individuals respond to stressful situations in an emotional way, especially by using defensive judgment.
- Problem focused coping is a coping behavior used to reduce stressors, individuals will overcome it by learning new ways or skills to be used to change the situation, circumstances or main problem.

3. RESEARCH METHODS

The research was conducted using a qualitative approach. The determination of this method was adjusted to the researcher's aim to describe, understand and interpret the meaning of the respondents' life experiences (Lubis, 2011). Data collection techniques in qualitative are by conducting observations and interviews. The author uses a purposive sampling approach technique, namely how to determine informants by selecting informants according to the criteria and needs of the research author. The leaders selected as samples were: group IV and group III leadership employees, holding structural positions as deputy heads, heads of divisions, and heads of sub-divisions. The number of respondents consisted of 4 people and 4 informants. In qualitative research the data obtained is in the form of words. From these words a qualitative analysis was carried out. The stages of qualitative analysis according to Poendari (Lubis, 2011) are as follows: data and transcript organization, creating codes and themes, thematic analysis, examining allegations and interpretation stage. Whereas The credibility used in this research is triangulation. Triangulation means using multiple approaches to ensure the accuracy and consistency of research results. By using various approaches in research, certain weaknesses of one approach can be

covered through other approaches (Lubis, 2011). Triangulation can be carried out through 4 basic types, namely: data triangulation, investigator triangulation and methodological triangulation.

4. RESEARCH RESULTS AND DISCUSSION

When carrying out interviews with respondents and informants, researchers conduct interviews and interact as often as possible with subjects to obtain more accurate information about what this research wants to reveal. In conducting interviews, researchers first observe behavior in the office. Such as during meetings, during work sessions, during breaks and when giving directions to its members. Researchers did this during the merger process. In the interview process, the subject answered all questions asked by the researcher smoothly without any communication barriers.

4.1 Reasons for Mergers in Companies

Based on the research results, the reason for the merger was based on the issuance of a director's regulation which stated that the merger of two companies was by diffusing the Biotech Research Center into PPKS with the aim of strengthening PPKS in the field of human resources (research experts), expanding the types and variations of products and services, optimizing the use of technology, and improving sale value. Meanwhile, companies that diffuse will gain business stability, human resource development and repayment of company debt.

4.2 Stages of Mergers in Companies

From the research results of the merger stages carried out after the Board of Directors Regulation was issued, they are:

- Formation of a team to accelerate the merger and organizational restructuring process by involving the Head, Deputy Heads of all L2 and L3.
- Conduct coordination meetings between the main company and the company that is being distributed with the aim of controlling the company, work culture, equalizing perceptions about the company's vision and mission, calculating assets, uniforming HR process policies, developing research, calculating accounts receivable, and managing and developing business
- Evaluation of the progress of the merger process

Researchers found that the merger process was not carried out systematically. This can be seen from the coordination meeting activities carried out when the Company joined. The company did not implement the guidelines prepared by Hill, Weiner & Weiner (Suprianto, 2019) where pre-merger activities should be carried out before the merger so that the main company knows the problems that exist in the company that will be completely diffused. Problems resulting from this merger process are a source of stress for leaders.

4.3 Sources of Stress Faced by Leadership in Facing the Merger Process

In the merger process, researchers found many conflicts resulting from the merger process which became a source of stress for leaders, namely:

- The main company does not carry out prior analysis of the legal and financial (debt) aspects of the company that will be diffused. So the main company was surprised by the Company's diffuse debt. These debts include debts to employees and debts to third

parties, which are very large. Main company management is confused by unexpected debts and this is a source of stress for leaders.

- Regulations regarding HR management that have been mutually agreed upon based on the company's Joint Work Regulations (PKB) are not implemented by the company being distributed. They still carry out the old company regulations.
- Conflict between employees is diffused towards top management.
- Conflict between employees and the main company's plantation workers' union (SP-BUN) against top management
- Conflicts among the top management team
- Unpreparedness of diffuse employees (researchers) with the research object that must be studied, namely oil palm
- The work culture is very different and still applies the old work culture. The work culture of one company is clearly different from another company. If the merger of entities or various forces is able to combine cultures into a new culture, then the merger can be declared successful. Work culture can be the cause of the merger's success, but it can also be the cause of the merger's failure or success.
- Communication style

4.4 Impact of Stress

From the sources of stress that researchers found, researchers found that all respondents experienced the impact of stress, namely physiological, emotional, interpersonal and organizational. According to Moorhead & Griffin (Asih, 2018) there are three impacts on individuals, namely behavioral, psychological and medical. Behaviorally, people will carry out unusual behavior such as smoking. The three respondents do not have a smoking habit, but there is a condition where they are faced with a problem that the respondents and the management team choose to smoke as well as other impacts, namely psychological impacts which result in, for example, disorders. on eating patterns, sleep, or negative mood. Impact on health, stress usually causes high blood pressure, headaches and heart disease (Asih, 2018)

4.5 Coping Strategy

In overcoming all problems, all respondents combined emotional focused coping with problem focused coping, they first managed their emotions and then analyzed and looked for ways to resolve the conflicts that occurred so that the objectives of the merger were achieved. Respondents prioritize resolving problems related to employee rights. They try to ensure that employee work motivation does not decrease because while the merger process is taking place, business processes are also running. Respondents tried to take a specific approach in order to get clear information on the point of the problem. And then discuss looking for the best solution for the company.

5. CONCLUSION

Of the four respondents, respondents 1, 2, and 3 responded to the reasons for the merger based on the decision letter issued by the director's office while respondent 4 saw it differently. Respondents have a special analysis of the occurrence of mergers. Respondents 1, 2, 3, and 4 have

similarities in the stages of the merger according to the agreement or discussion that took place, namely:

- Formation of a team to accelerate the merger and organizational restructuring process by involving the Head of the Research Center, Deputy Heads of all Heads of Divisions and Heads of Sub-Divisions.
- Conduct coordination meetings with the agenda of introducing the palm oil research center including introducing collective labor agreements (PKB), work culture, equalizing perceptions regarding the Company's vision and mission, asset calculations, accounts payable, human resource processes and business management and development.
- Develop a strategy so that the transition from PPBBI to PPKS Bogor Unit goes well.
- Evaluation of the progress of the merger process
- The sources of stress experienced by respondents varied, namely:
- The source of stress for respondent 1 occurred because the HR regulations that had been agreed upon were not implemented in the Bogor office, causing many problems to occur both in the Bogor and Medan offices.
- Sources of stress for respondent 2 are conflicts between researchers, employee management regulations, Bogor employees' distrust of mergers, the legality of research collaboration, debts and different organizational communication cultures.
- The source of stress for respondent 3 was a conflict with the HR assistant in Bogor who did not carry out the agreed regulations which resulted in many problems in the Medan, Marihat, Kebun Kebun and Bogor offices. Apart from that, during the merger period the respondent was diagnosed with coronary heart disease which caused this to become a new source of stress for the respondent
- The source of stress for respondent 4 was the unfairness of several regulations carried out by the Bogor unit and approved by management. Apart from that, respondents must increase company profits through the work units they lead

The impact of stress experienced by respondents also differs in how respondents respond to these stressors. The impact of stress on respondents 1,2,3,4 has physiological, psychological and behavioral impacts. In contrast to respondent 4, apart from respondent showing a behavioral impact in the form of anger, respondent 4 was motivated by the challenges provided by the company. The respondent even raised the target set by the company and was optimistic that the respondent's work unit team could achieve this target. Leaders' ways of dealing with sources of stress varied, but all respondents carried out emotional focused coping and problem focused coping. Initially they controlled their emotions and then looked for ways together to overcome the stressors they experienced.

REFERENCES

- Aldwin, M. C., & Revenson, A. T. (1987). Does Coping Help? A Reexamination of Relation between Coping and Mental Health. *Journal of Personality and Social Psychology*, 53 (2), 337-348.
- Asih, Gusti Yuli., Widhiastuti, Hardani., & Dewi, Rusmalia. (2018). *Stress Kerja*. Semarang: Semarang of University Press
- Bazerman, M. & Moore, D.A. (2012). *Judgment in Managerial Decision Making*. Hoboken, NJ: Wiley
- Carpenter, T.P., Laney, T., & Mezulis, A. (2011) Religious coping, stress, and depressive symptoms among adolescents: A prospective Study. *Journal for the Scientific Study of Religion*, doi: 10.1037/a0023155
- Cummings, Thomas G. & Worley, Christopher G. (2018). *Organization Development & Change*. University of Southern California.
- Hidayati, Lina Nur., & Harsono, Mugi. (2021). Tinjauan Literatur Mengenai Stres Dalam Organisasi. *Jurnal Ilmu Manajemen*, Vol.18, No 1., Hal 20-30
- Kansil, Christine.(2014). *Kitab Undang Undang Ketenagakerjaan*. Yogyakarta: Fokusmedia
- Kartono, Kartini.(2016). *Pemimpin dan Kepemimpinan, Apakah Kepemimpinan Abnormal itu?*. Jakarta: Rajawali Pers
- Kaswan.(2017). *Psikologi Industri dan Organisasi*. Bandung: Alfabeta Bandung
- Klok, Yoei. Kroon, David P. & Khapova, Svetlana N. (2020). The Role of Emotions During Mergers and Acquisitions: A Review of The Past a Glimpse into The Future. *International Journal of Management Reviews published by British Academy of Management and John Wiley & Sons Ltd*.
- Kwantes, Catherine T & Boglarsky, Cherly A. (2007). Perceptions of organizational culture, leadership effectiveness and personal effectiveness across six countries. *Journal of International Management*, vol. 13, issue 2, 204-230
- Lantara, D., & Nusran , M. (2019). *Dunia Industri Perspektif Psikologi Tenaga Kerja*. Makassar: Nas Media Pustaka
- Luthas, Fred., Purwanti, Shekar.,& Yuwono, Vivin Andhika. (2006). *Prilaku Organisasi*. Yogyakarta: Percetakan Andi
- Lubis, Rahmi.(2011). *Diktat: Metode Penelitian Kulaitatif*. Medan: Universitas Medan Area
- Mahamid, F. A. and Bdier, D. (2021) 'The Association Between Positive Religious Coping, Perceived Stress, and Depressive Symptoms During the Spread of Coronavirus (COVID-19) Among a Sample of Adults in Palestine: Across Sectional Study', *Journal of Religion and Health*, 60(1), pp. 34–49
- Ndorang, Theofilus Acai., Eka, Angelina., & Danal, Paskalina. (2022). Pengaruh Koping Religious terhadap Stres selama Pandemi pada Masyarakat di Daerah Terpencil. *Jurnal Ilmiah Keperawatan Indonesia*. Vol.4 No 6 ISSN: 2580-3077
- Pargament, K.I.& Raiya, A.H. (2007). A decade of research on the psychology of religion and coping: Things we assumed and lessons we learned. *Journal Psyke & Logos*. Vol. 28 No 2. 742-766
- Suprianto, Ahmad. & Burhanuddin.(2018). *Budaya Organisasi Merger*. Universitas Negeri Malang
- Sujarweni, V.W. (2014) *Metodologi Penelitian*. Yogyakarta: Pustaka Baru

- Utaminingtias, Wiari., Ishartono., Hidayat, Eka Nuriyah. (2016). Coping Stres Karyawan dalam Menghadapi Stres Kerja. Prosiding Penelitian dan Pengabdian Masyarakat Vol 3 No 2. Hal.190-200
- Yusuf, Rizal (2022). Analisis Strategi Koping dan Resiliensi Terhadap Kinerja Tenaga Kesehatan di Rsu Muhammadiyah Ponorogo dalam Menghadapi Varian Baru Covid-19. Jurnal Ilmiah Indonesia. Vol 7, No 9, 1555-15578. ISSN: 2548-1398.