

**IMPACT OF MERGERS AND ACQUISITIONS
ON EMPLOYEE PSYCHOLOGICAL
CONTRACT IN SELECTED GLOVE
MANUFACTURING COMPANIES IN
SELANGOR, MALAYSIA**

LIM CHEE LIP

**ASIA e UNIVERSITY
2024**

IMPACT OF MERGERS AND ACQUISITIONS ON EMPLOYEE
PSYCHOLOGICAL CONTRACT IN SELECTED GLOVE
MANUFACTURING COMPANIES IN SELANGOR, MALAYSIA

LIM CHEE LIP

A Thesis Submitted to Asia e University in
Fulfilment of the Requirements for the
Doctor of Business Administration

April 2024

ABSTRACT

Mergers and Acquisitions (M&A) represent pivotal corporate manoeuvres designed to enhance business growth, market competitiveness, and financial gains. The glove manufacturing sector in Malaysia has experienced a notable surge in M&A activities in recent years. Although these strategic undertakings hold the potential for considerable corporate advantages, they also bear a substantial impact on the psychological contracts of employees. The psychological contract embodies the tacit set of expectations, perspectives, and convictions held between employees and employers. It covers the perceived mutual commitments, assurances, and collective understandings within the employment bond. These contracts, though unspoken and not codified in formal documents, are derived from interactions, the organization's ethos, and its policies and practices. Essentially, psychological contracts mirror employees' personal beliefs about their anticipated benefits from the employer, alongside their own contributions. Expectations might span job stability, career progression opportunities, acknowledgment, work-life harmony, and the broader work experience. The nature of a psychological contract is fluid, adjusting with shifts in the workplace, policy modifications, leadership changes, and personal employee journeys. Effectively navigating and honouring these contracts is vital for nurturing positive employee engagement, contentment, and organizational triumph. When employees' preconceptions are met by their actual work experiences, it fosters a thriving and efficient workplace. Conversely, discrepancies or breaches of the psychological contract can precipitate employee discontent, sagging morale, and waning organizational allegiance. This study delves into the effects of mergers and acquisitions (M&A) on the psychological contracts of employees in Selangor, Malaysia's glove manufacturing industry. As M&A becomes increasingly commonplace in today's fast-evolving business milieu, it's imperative to scrutinize its impact on the fabric of the employer-employee relationship. The inquiry is set against the backdrop of Selangor's glove industry, a sector of significant economic weight, and examines how corporate amalgamations may reshape the workforce's landscape. The analysis of the interplay between a range of elements and the facets of the psychological contract amid mergers and acquisitions (M&A) has yielded insightful revelations. Within the cognitive realm, components such as supportive interrelations, supervisory and peer backing, along with a sense of fairness, are found to bolster psychological well-being and presence, thereby fostering employee engagement. Conversely, detrimental elements like workplace aggression, high staff turnover, stress, and subpar performance impinge upon the affective aspect, eroding employee dedication. Moreover, efficacious dialogue, personal convictions of the workforce, and the practice of mindfulness contribute positively to the affective sphere. In terms of behaviour, the working milieu's factors, including supervisory and collective organizational backing, are pivotal in shaping staff conduct. M&A activities precipitate profound alterations in behaviour, amplifying collaborative efforts and cultivating a culture of enhanced transparency within teams. The research underscores the complex nature of psychological contracts during periods of M&A, offering key strategies for guiding employees through these organizational changes. The establishment of nurturing relationships, the assurance of fairness, the resolution of workplace conflicts, and the advancement of transparent communication and mindfulness are identified as vital to the successful navigation of M&As. By attentively managing these facets of the psychological contract, organizations can

secure a positive and engaging employee experience and maintain steadfast dedication during times of transition. While the cross-sectional design of this study may introduce common method bias, constraints within the organizational setting limited the methodology choices. Nevertheless, the study's practical findings reveal that M&A activities exert a considerable impact on how individuals perceive their employment relationship. Employees adept at navigating organizational changes tend to perceive their psychological contract as evolving into a revised, and sometimes less advantageous, one. Therefore, it becomes imperative for organizational leaders to actively foster employees' adaptability to change, thus shielding them from the potential negative impacts of M&A. This paper contributes unique insights into the shifts in psychological contracts post-M&A, particularly within the glove manufacturing industry, with a special emphasis on the experiences of mid-level employees.

Keywords: Merger & acquisition, physiological contract, employer, employee, glove

APPROVAL

This is to certify that this thesis conforms to acceptable standards of scholarly presentation and is fully adequate, in quality and scope, for the fulfilment of the requirements for the degree of Doctor of Business Administration.

The student has been supervised by: **Associate Professor Dr Oo Yu Hock**

The thesis has been examined and endorsed by:

Associate Professor Dr. Frank Kiong

Associate Professor

Asia e University

Examiner 1

Dr. Dahlia Zawawi

Senior Lecturer

Universiti Putra Malaysia

Examiner 2

This thesis was submitted to Asia e University and is accepted as fulfilment of the requirements for the degree of Doctor of Administration.



Dr Khairul Nizam Mahmud

Asia e University

Chairman, Examination Committee

3 April 2024

DECLARATION

I hereby declare that the thesis submitted in fulfilment of the Doctor of Business Administration degree is my own work and that all contributions from any other persons or sources are properly and duly cited. I further declare that the material has not been submitted either in whole or in part, for a degree at this or any other university. In making this declaration, I understand and acknowledge any breaches in this declaration constitute academic misconduct, which may result in my expulsion from the programme and/or exclusion from the award of the degree.

Name: Lim Chee Lip

Signature of Candidate:

Date: 3 April 2024

ACKNOWLEDGEMENTS

I would like to express my deepest gratitude to all those who have supported me throughout the journey of completing this dissertation.

First and foremost, I am immensely grateful to my supervisor, Dr Oo Yu Hock for his guidance, expertise, and unwavering support. Dr Oo's valuable insights and constructive feedback have been instrumental in shaping the direction and quality of this research. I would also like to extend my appreciation to the management and staff of the selected glove manufacturing industries in Selangor, Malaysia, who generously participated in this study. Their willingness to share their experiences and perspectives has been vital in enriching the findings of this research.

My heartfelt thanks go to my family and friends for their continuous encouragement, understanding, and patience throughout this challenging process. Their unwavering belief in me has been a constant source of motivation and inspiration. I would like to acknowledge the academic and administrative staffs at Asia E University for their support and resources, which has facilitated the smooth progress of this research.

Lastly, I am indebted to all the researchers and scholars whose work has provided the foundation for this study. Their contributions to the field of mergers and acquisitions, psychological contracts, and related areas have been invaluable in shaping the theoretical framework and methodology of this research.

Thank you all.

LIM CHEE LIP

TABLE OF CONTENTS

ABSTRACT	ii
APPROVAL	iv
DECLARATION	v
ACKNOWLEDGEMENTS	vii
TABLE OF CONTENTS	viii
LIST OF TABLES	xi
LIST OF FIGURES	xii
LIST OF ABBREVIATION	xiii
CHAPTER 1 INTRODUCTION	1
1.0 Chapter Overview	1
1.1 Background of the Study	4
1.2 Problem Statement	8
1.3 Research Questions	9
1.4 Research Objectives	10
1.5 Significance of the Study	10
1.6 Research Gap	13
1.7 Operational Definitions	14
1.7.1 Merger and Acquisition (M&A)	14
1.7.2 Psychological Contract	14
1.7.3 Affective-Level Psychological Contract	15
1.7.4 Psychological Safety	15
1.7.5 Psychological Meaningfulness	15
1.7.6 Psychological Availability	15
1.8 Outline of the Dissertation	15
1.9 Chapter Summary	16
CHAPTER 2 REVIEW OF LITERATURE	17
2.0 Introduction	17
2.1 Theoretical Framework: Psychological Contract Theory	18
2.2 Independent Variable: Merger and Acquisition (M&A)	19
2.3 Dependent Variable: Psychological Contract	23
2.3.1 Importance of Psychological Contract	27
2.3.2 Employment Contract and Psychological Contract	29
2.3.3 Psychological Contract Change	30
2.4 Mediating Variables	33
2.4.1 Psychological Contract Change	33
2.4.2 Psychological Meaningfulness	34
2.4.3 Psychological Availability	36
2.5 Moderating Variable: Affective Dimension	37
2.6 Chapter Summary	38
CHAPTER 3 METHODOLOGY	39
3.0 Chapter Overview	39
3.1 Research Hypothesis	39
3.2 Research Model Development	43

3.3	Research Design	45
3.3.1	Rationale of Purposive Sampling	45
3.4	Sampling	45
3.4.1	Justification of the Sample Size: Population Variability	47
3.4.2	Limitation of the Smaller Sample Size	48
3.4.3	Mitigation of Weakness with Smaller Sample Size	49
3.5	Sampling Procedure: Stratified Random Sampling	49
3.5.1	Justification	49
3.6	Scaling Measurement	51
3.6.1	Measurement of Variables	51
3.6.2	Justification of Choosing Likert Scaling	53
3.6.3	Validity	55
3.6.4	Reliability	55
3.7	Data Collection Procedure	58
3.8	Statistical Technic Used	60
3.8.1	Descriptive Analysis	61
3.8.2	Factor Analysis	61
3.8.3	Correlation Analysis	62
3.8.4	Regression Analysis	62
3.9	Reliability Analysis	63
3.10	Chapter Summary	63
CHAPTER 4 DATA ANALYSIS AND FINDINGS		65
4.0	Chapter Overview	65
4.1	Participation and Response Rate	65
4.1.1	Respondent Profile	65
4.2	Data Coding and Entry	69
4.2.1	Coding Demographic Variables:	69
4.2.2	Coding Survey Responses	70
4.2.3	Coding Mergers and Acquisitions (M&A)	70
4.3	Data Screening and Cleaning	70
4.4	Demographic Profile of Participants	71
4.4.1	Years of Work Experience	71
4.4.2	Place of Work	72
4.5	Descriptive Statistic Analysis	72
4.6	Reliability Analysis	76
4.7	Correlation Analysis	76
4.8	Summary of the Findings	88
4.9	Chapter Summary	89
CHAPTER 5 CONCLUSION, IMPLICATION AND RECOMMENDATIONS		90
5.0	Chapter Overview	90
5.1	Recapitulation of the Study	90
5.2	Discussion	91
5.2.1	Affective Commitment: During Mergers and Acquisition, Perception of Employee's Willingness to Work Leading to a Decrease in Employee's Commitment.	93
5.3	Organizational Change	95
5.4	Communication and Information	96

5.5	Leadership and Management Support	97
5.6	Employee Involvement and Participation	97
5.7	Training and Development	98
5.8	Job Security and Stability	98
5.9	Organizational Culture and Values	99
5.10	Contribution of Study	100
	5.10.1 Theoretical Contribution	101
	5.10.2 Managerial Contribution	101
5.11	Limitation and Future Research Direction	102
5.12	Conclusion	103
	REFERENCES	105
	APPENDICES	117
	Questionnaire	117
	Survey Letter	130
	Pilot Test Feedback Summary	132

LIST OF TABLES

Table	Page
3.1 Measurement item	52
3.2 Reliability test results	56
4.1 Gender	65
4.2 Age	66
4.3 Job position	67
4.4 Education level	68
4.5 Years of experience	71
4.6 Place of work	72
4.7 Descriptive statistics	75
4.8 Case processing summary	76
4.9 PS and PC	77
4.10 Correlation PM and PC	79
4.11 Correlation PA and PC	81
4.12. Correlation affective dimension and PC	83
4.13 Correlation between the MC and affective dimension	85
4.14 Correlation between the beliefs of employee during M&A	87
4.15 Correlation between M&A and Affective Dimension (AD)	88

LIST OF FIGURES

Figure	Page
3.1 Conceptual framework	47
3.2 Raosoft sample size computation	47
4.1 Gender	66
4.2 Age	67
4.3 Job position	68
4.4 Education level	69
4.5. Numbers of years of experience	71
4.6 Place of work	72
4.7. Descriptive statistics	75

LIST OF ABBREVIATION

M&A	Mergers and Acquisitions
HR	Human Resources
PC	Psychological Contract
SMEs	Small and Medium-sized Enterprises
ROI	Return on Investment
KPIs	Key Performance Indicators
CSR	Corporate Social Responsibility
R&D	Research and Development
ESG	Environmental, Social, and Governance
PESTEL	Political, Economic, Social, Technological, Environmental, and Legal
SWOT	Strengths, Weaknesses, Opportunities, and Threats
CAGR	Compound Annual Growth Rate
SOP	Standard Operating Procedure
NDA	Non-Disclosure Agreement
LOI	Letter of Intent
MOU	Memorandum of Understanding
IPO	Initial Public Offering
P&L	Profit and Loss
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
AIDA	Attention, Interest, Desire, and Action
CRM	Customer Relationship Management
KAM	Key Account Management
NPS	Net Promoter

CHAPTER 1

INTRODUCTION

1.0 Chapter Overview

The business world is in a constant state of flux, and firms are always seeking new strategies to gain a competitive edge. In this highly competitive environment, companies often turn to mergers and acquisitions (M&A) as a means of increasing their market presence and gaining a stronger foothold in their respective industries. However, successful M&A strategies require careful consideration of a range of factors that enable smooth integration during change. These factors include effective change management, clear communication, cultural alignment, and strategic planning, among others (Raviv, Rossi, & Tarba, 2013). By taking a comprehensive approach to M&A and ensuring all necessary aspects are considered, companies can increase their chances of success and achieve their desired outcomes. Ultimately, a successful M&A strategy can lead to a stronger, more competitive business that is well-positioned to thrive in an ever-evolving market (Prakash & Srivastava, 2013).

Existing research has provided insights into the impact of M&A on firms, but findings remain fragmented across different perspectives, and little attention has been paid to the psychological contract dimension as a crucial factor in managing change during M&A (Prescott, Shi, & Sun, 2012). Previous research has highlighted the importance of the psychological contract of employees in facilitating effective change during M&A (Patzelt & Schweizer, 2012). However, there is a need for more research that explores the relationship between psychological contracts and employee engagement during M&A. By investigating the influence of psychological contract dimensions on employee engagement, this study aims to contribute to the existing literature and provide valuable insights for employers seeking to manage change

effectively during M&A. By focusing on this previously underexplored area, the study aims to highlight the importance of psychological contracts in achieving successful M&A outcomes and promote more effective approaches to managing change.

A comprehensive overview of M&A research highlights the vast frontier existing in this field, which covers different expansion aspects. To successfully manage M&A processes from start to finish, there is a need to integrate and reconcile various research streams, combining findings from different perspectives to provide practical knowledge. This requires summarizing the existing knowledge base and highlighting the implications for future research, as well as developing strategies that can be applied in practice to manage M&A processes. By adopting a comprehensive approach that draws on different research perspectives, organizations can navigate the complex and challenging terrain of M&A and achieve the desired outcomes. Ultimately, the aim is to provide practical knowledge that can be applied to promote successful M&A outcomes and support sustainable business growth.

In today's challenging business environment, the primary objective of every business is to generate profits for its shareholders. The glove industry is growing rapidly, and with Industry 4.0, firms are going digital to improve their efficiency and productivity. In this fast-paced economy, it is crucial for businesses to take strategic action to avoid becoming outdated. Business strategies are the moves taken to amplify a firm's value proposition, and in a crowded business world, gaining visibility can be challenging, making it imperative for businesses to improve their efficiency. To remain competitive, firms are constantly seeking sources of competitive advantage, whether through financial resources, technical resources, human capital, natural resources, or others. Failure to acquire a competitive advantage may lead to business failure and lost potential profits. M&A is often viewed as a strategic move that firms

can use to beat the competition and position them competitively in the business environment. By using M&A as a means of gaining access to new markets, technologies, or other strategic resources, businesses can improve their efficiency, increase their market share, and achieve greater profitability.

Mergers and acquisitions (M&A) are a widely adopted global business strategy that enables organizations to penetrate new markets and expand their business areas. These terms are defined differently by scholars and industry experts. Georgios (2011) defined a merger as the coming together of two or more firms as a single entity, while an acquisition refers to the purchase of a smaller firm by a larger, financially sound firm (Georgios & Georgios, 2011). Khan (2011) elucidated that a merger encompasses the dissolution of two or more companies leading to the establishment of a new, singular entity. In a similar exploration, Durga, Rao, and Kumar (2013) described the processes of mergers and acquisitions as encompassing company takeovers, structural reorganization, or modifications in the control of corporate entities. Despite these different definitions, the underlying objective of M&A is to enable organizations to achieve strategic goals such as gaining access to new markets, technologies, or resources, increasing their market share, or improving their efficiency and profitability.

Mergers and acquisitions impact millions of workers worldwide each year, and business executives aim to maintain employee engagement throughout these processes. However, M&A-driven transformation can cause workers to feel as if the ground is shifting under their feet, leading to fear of job loss and reduced employee engagement. While it is common for employee involvement to decline during significant change, engagement can rebound once workers understand the new approach. Many executives make the mistake of deferring staff surveys until after their

strategic initiatives are entirely implemented, assuming that it is impossible to get an "accurate" measure of involvement until the new normal is established. This approach is flawed, as it misses opportunities to address employee concerns and maintain engagement during the transition period. By proactively assessing and addressing employee engagement throughout the M&A process, organizations can help to ease the effects of significant organizational change and promote successful outcomes.

This research will focus specifically on employees in the glove manufacturing industry in Selangor, Malaysia, with the aim of narrowing the scope and providing practical evidence from key players in the industry. By focusing on a specific industry and geographic location, the study seeks to provide targeted insights that are relevant and applicable to the stakeholders involved in M&A processes in this sector. The glove manufacturing industry in Selangor is a highly relevant context for this study, as it has been subject to significant M&A activity in recent years, and thus, the insights gained from this research will be highly valuable for employers and policymakers in this field. By conducting empirical research based on the experiences of manufacturing employees in this sector, this study aims to provide practical evidence that can be applied to promote successful M&A outcomes and support sustainable growth in the glove manufacturing industry in Selangor and beyond.

1.1 Background of the Study

Mergers and acquisitions (M&A) activity worldwide has been on the rise, as companies seek to strengthen their businesses, especially during times of prolonged uncertainty (Cristerna & Ventresca, 2020). While the benefits of combining resources and accumulating assets are numerous, doubts remain regarding the overall effectiveness of M&As. Research has shown that the actual benefits of acquiring other companies can vary significantly depending on the geographic region and industry

(DeYoung et al., 2009). As such, it is important for companies to consider the potential risks and challenges before pursuing M&A opportunities.

Mergers and acquisitions are processes that involve combining two or more businesses with different values, cultures, and objectives into a unified entity. From an economic perspective, there are two types of mergers: horizontal mergers and vertical mergers. Horizontal mergers involve companies operating in the same industry, such as Top Glove's acquisition of two plants in Malaysia to expand its access to China's market (Globaltimes, 2017). Vertical mergers, on the other hand, involve companies with different lines of business, such as Titijaya Land Bhd diversifying into healthcare products, including the supply of rubber gloves, or Inix Technologies Holdings Bhd entering the rubber glove business (Shankar, 2020).

Mergers and acquisitions, or M&A, have been a long-lived phenomenon spanning centuries and have now become pervasive worldwide. With trillions of dollars in deals transacted annually, the significance of M&A cannot be overstated. While M&A can bring about enormous positive impacts on businesses, economies, institutions, industries, markets, and communities, they can also have negative consequences on a range of stakeholders, including employees. As a result, M&A has drawn considerable attention from academics and consultants alike to better understand the factors contributing to success and failure in these deals.

The topic of M&A success and failure has been the subject of academic research for decades, with studies dating back to the 1960s. Despite the numerous empirical studies conducted, reported failure rates have remained consistently high over time, ranging from 40% to 60% (Cartwright & Schoenberg, 2006). However, some outlier studies suggest that failure rates may be as high as 80%. Notable M&A failures include Microsoft/Nokia (2014; \$7.9bn versus \$7.6bn write-off and 15,000

redundancies), Google/Nest (2014 price \$3.2bn versus no new products), Yahoo!/Tumblr (2013; price \$1.1bn versus \$0.7bn write-off), HP/Autonomy (2011; price \$11.1bn versus \$9bn write-off), and AOL/Time Warner (price \$164bn versus \$45bn write-off and significant losses leading to eventual disposal). While most analysis of success and failure has focused on developed economies, similar patterns are emerging in countries such as China and India (Reddy et al., 2019).

Over the past few years, the M&A landscape in Malaysia has experienced a notable slowdown, with the number of completed mergers and acquisitions involving publicly traded businesses decreasing from 338 in 2013 to just 78 in 2017 (Yan, 2018). Despite this decline, the consumer and financial industries have remained the most active in terms of M&A activity, accounting for 55% of deals from 2012 to 2015. While the reasons for the slowdown in Malaysia's M&A market are multifaceted, some experts suggest that regulatory changes, macroeconomic uncertainties, and the lack of suitable targets may be contributing factors (Yan, 2018).

Over the past six years, Malaysia's market has undergone significant changes, attracting both international and domestic investors to engage in a series of public business acquisition deals. One of Malaysia's top advantages for foreign investors seeking to acquire local companies is its strategic geographical position in the ASEAN region. Additionally, Malaysia is predominantly an English-speaking country, making company incorporation and management a relatively straightforward process. With an overall increase in investments and a positive evolution of the financial sector, the M&A market in Malaysia is expected to benefit significantly in the coming years. These favourable conditions, coupled with the Malaysian government's efforts to create an attractive investment climate, are likely to continue to attract investors and spur M&A activity in the country.

Barchan (2006) argues that managing the people side of a business is the most challenging aspect of leading a company through a merger. Managers tasked with making mergers work often fail to recognize that the merger is a transition process that requires effective change management initiatives (Galpin & Robinson, 1997). In many cases, change programs are absent during the transition process, and they are only implemented after employees struggle to adapt to the changed organization (Weick & Quinn, 2000). Leaders tend to focus on the more visible and objective aspects of change, such as changing systems and processes, while neglecting the softer side of change. The changes resulting from mergers and related downsizing often create chaos, fear, uncertainty, and political battles that contribute to lower levels of employee engagement (Kolwaski, 2013). Therefore, it is crucial for leaders to understand the importance of effective change management and to take proactive measures to manage the people side of the business during the transition process.

Employee reactions to a merger or acquisition can be detrimental to the intended purpose of the change and can risk the success of the change process. As Worley and Cummings (2018) point out, employee support for change is critical to the success or failure of organizational change efforts. Therefore, managers involved with change must focus on sustaining high levels of engagement among employees to help them transition from old, irrelevant work habits to new ways of work (Kolwaski, 2017). Employee engagement has become a crucial driver for organizational success, as engaged employees remain committed to the organization and contribute to increased customer loyalty, improved organizational performance, and greater stakeholder value (Lockwood, 2017). Therefore, it is essential for leaders to recognize the importance of employee engagement and to take proactive measures to maintain it

during the change process to ensure the successful integration of the merging organizations.

1.2 Problem Statement

The Malaysian manufacturing sector plays a significant role in the country's economy, accounting for 19.9% of the GDP and generating over 2.358 million jobs, which represents 27.4% of total employment in 2022 (dosm, 2022). Therefore, it is crucial to understand the impact of mergers and acquisitions (M&A) on the sector. While the financial impact of M&A can be easily measured, the human cost of these transactions is much harder to quantify. Previous research has emphasized the importance of considering the human factor in M&A, as failure to do so can lead to a range of challenges, such as resistance to change, job insecurity, low motivation, and talent drainage (Weber et al., 2013; Cho, 2017). Given the significance of the Malaysian manufacturing sector, it is essential to explore the impact of M&A on employees, specifically their psychological contracts, to promote positive outcomes for both workers and businesses. By understanding the human cost of M&A, companies can develop better strategies to manage change, maintain a stable and productive workforce, and contribute to the growth of the sector and the wider economy.

Mergers and acquisitions (M&A) are common corporate strategies employed by companies to expand their operations, increase market share, and achieve economies of scale. However, the success of M&A is often hampered by various challenges, including cultural differences, financial issues, and integration problems. One of the critical challenges faced by organizations during M&A is managing change effectively, especially in terms of the impact on employees' psychological contracts.

M&A can significantly disrupt employees' psychological contracts, leading to negative consequences such as reduced job satisfaction, decreased commitment, and

increased turnover. The mergers and acquisitions in the glove manufacturing industry have created various challenges in managing change effectively, especially in terms of the impact on employees' psychological contracts. Despite the growing trend of mergers and acquisitions in the glove manufacturing industry in Selangor, Malaysia, there is limited research on the impact of these changes on employees' psychological contracts. Business disruptions like mergers and acquisitions (M&A) can have a significant impact on employees' psychological contracts, leading to decreased job satisfaction, performance, trust, and commitment (Agee, 2000).

The study aims to investigate the impact of M&A on employees' psychological contracts in selected glove manufacturing industry in Selangor, Malaysia, and identify effective change management strategies to mitigate these impacts. While there are previous research the impact of mergers and acquisitions on psychological contract of employees, there is a lack of research in the glove industry. This research aims to address this gap by examining how change management strategies employed during mergers and acquisitions affect employees' psychological contracts in selected glove manufacturing industries in Selangor, Malaysia.

1.3 Research Questions

1. How does the occurrence of mergers and acquisitions (M&A) impact the psychological contracts of employees within organizations?
2. To what extent does psychological safety mediate the relationship between M&A activities and employees' perceptions of their psychological contracts?
3. How does the perceived meaningfulness of work tasks mediate the relationship between M&A activities and employees' perceptions of their psychological contracts?

4. In what ways does psychological availability mediate the relationship between M&A activities and employees' perceptions of their psychological contracts?
5. How does the affective dimension, particularly negative affectivity, moderate the relationship between M&A activities and employees' perceptions of their psychological contracts?

1.4 Research Objectives

1. To examine the impact of mergers and acquisitions (M&A) on employees' psychological contracts within organizations.
2. To investigate the mediating role of psychological safety in the relationship between M&A activities and employees' perceptions of their psychological contracts.
3. To explore the mediating role of psychological meaningfulness in the relationship between M&A activities and employees' perceptions of their psychological contracts.
4. To assess the mediating role of psychological availability in the relationship between M&A activities and employees' perceptions of their psychological contracts.
5. To determine the moderating effect of the affective dimension, specifically negative affectivity, on the relationship between M&A activities and employees' perceptions of their psychological contracts.

1.5 Significance of the Study

M&A transactions can have a significant impact on the employees of the companies involved. The study focuses on the impact of M&A on employees' psychological contracts, which are the unwritten expectations employees have about their role in the