



**IMPACT OF METRO-MAKRO MERGER ON EMPLOYEE
ENGAGEMENT AT METRO RAVI STORE
(PREVIOUSLY MAKRO STORE)**

Project submitted to the Faculty of School of Professional Advancement,

University of Management and Technology, Lahore Pakistan.

In partial fulfillment of the requirement for the degree of

Master of Human Resource Management
(MHRM)

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School of Professional Advancement

EXECUTIVE SUMMARY

The intent of this project is to evaluate and analyze the employee engagement at METRO-Habib Cash & Carry Pakistan (Pvt.) Limited. The focus of the study is METRO-Habib's branch located at Ravi Road. The said branch was operated by Makro-Habib prior to the merger with METRO in July 2012. The merger raised the biggest retail store chains in Pakistan. However, the merger brought in dissatisfaction amongst the employees and the management found numerous motivational issues. Thus, the study has focused on the employee engagement at METRO-Habib Cash & Carry Private Limited.

The research methodology applied for the research is qualitative in nature. To ascertain the level of employee engagement at METRO-Habib, primary research using survey instrument and interviews were conducted. The survey questionnaire included employee engagement in terms of their willingness to stay with the company, to improve company performance their perception of the company in terms of highly regarding it. The interviews were conducted from various employee levels that included Directorship to associate levels. The survey questionnaire is provided in the appendices. The results indicate that METRO's Ravi road branch is facing problems. The results highlight that employee engagement at the store is between 45-50 percent; whereas the industry benchmark is 60 percent. The lower engagement level of employees is related to numerous factors that have been highlighted by the interviewees.

The results suggest that Human Resource Department of METRO should focus on the employees as the employees of merged company Makro-Habib are in a state of confusion and insecurity, leading to lower employee performance, which will lead to lower profitability for the company. The HR department should impart trainings to employees of the merged company to familiarize them with the METRO culture. Further, the management should also have direct communication links with the employees to address their genuine concerns especially after the merger.

ACKNOWLEDGEMENTS

Foremost we want to thank Allah Almighty for granting us the power, strength, vision and determination to write this research paper for which our mere thanks expression does not suffice.

We would like to express our gratitude towards Prof. Mr. Ali Hussain Bukhari without his guidance, patience, support and motivation this project would have been insuperable. We could not have imagined a better mentor for our MHRM project. He was our moral support throughout.

Last, but certainly not the least, we would also like to acknowledge the academic and technical support lent by the UMT. The faculty, library and computer facilities have been indispensable for us during the completion of this thesis.

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DECLARATION

We, Babar Kamal and Abuzar Ghaffari hereby declare that the work entitled **IMPACT OF METRO-MAKRO MERGER ON EMPLOYEE ENGAGEMENT AT METRO RAVI STORE (PREVIOUSLY MAKRO STORE)** is our original work. We have not copied from any other student's work or from any other sources except where due reference or acknowledgement are made explicitly in the text, nor has any part been written for us by another person.

ABSTRACT

Mergers and acquisitions are corporate restructuring done primarily with the aim of creating value for its shareholders over and above the sum of two companies. Revenue enhancement, cost efficiencies and many other benefits actually compel any two companies to merge thus, creating a synergy, but in practice things can go awry. This study also examines the greater challenges faced by the HR department at Metro after Makro- Metro merger. Conducted at Metro Ravi branch , where HR is has to address various employees concerns like employee engagement , dissatisfaction and demonization ,redrafting policies , division of tasks and many others in the ongoing process of establishing the cultural due diligence. The information was gathered with the help of Employee Survey Questionnaires and interviews conducted for the key executives at Director level to associate level employees of the two merged enterprises. The data collected was then analyzed with the help of statistical tools. Major findings revealed that the employee issues stemmed mainly from two different cultures integrating. The employees were generally satisfied with the merger and take pride in their work but were mostly concerned with the job security and varying educational requirements at both companies; METRO generally followed a strict compliance of standard operating procedures of international standards. To address the issues, management of METRO transferred one of its ablest managers to the Ravi road store to manage the store. Shifting the competent HR staff did improve the level of satisfaction of employees to 45%, but still stands much lower than the industrial benchmark. The paper concludes by arguing that the Management needs to work closely with the employees so that the satisfaction level reaches the industrial benchmark for Ravi road store to become a success story of the merger and for this purpose a set of recommendations has also been made.

