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Downsizings, Mergers, and Acquisitions:
How Human Resource Practitioners View Their Involvement

CLASSIFICATION: Research paper

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Abstract

**Purpose** – HR practitioners provided their viewpoints on mergers, acquisitions, and/or downsizings based on their experiences.

**Design/Methodology** – Thirteen HR practitioners were interviewed in this qualitative study.

**Findings** – The HR practitioners reported that they did not have a role in the due diligence process that was used by organizational leaders to determine downsizings or the fits of mergers/acquisitions. The HR practitioners were absent from planning decisions related to downsizings, mergers, and/or acquisition.

**Implications for Research** – These practitioners expressed a need to increase their visibility in non-traditional roles by strengthening their talents as strategic change agents, internal consultants, and facilitators. Future research is needed regarding how human resources practitioners can add value to their respective organizations.

**Implications for Practice** – HR practitioners need to be viewed by organizational leaders as contributors to important decisions. HR practitioners can provide more than transitional activities after these change events are announced. HR practitioners can provide needed insights during the planning stages to ensure that training and development supports the financial goals of these change events.

**Originality/value** – Study participants explained that failure to identify employee issues in the pre-downsizing due diligence phase creates a chaotic workplace atmosphere and increases employee fears and stress levels. Their voices explain how these change events can introduce or increase career uncertainty, fear, and stress in employees.

**Keywords** -- strategic HRD, downsizing, organizational change
Downsizings, Mergers, and Acquisitions:

How Human Resource Practitioners View Their Involvement

Firms downsize, merge with or acquire other firms in order to meet and gain an advantage in new and changing environments (Porter, 2008). They downsize to quickly increase profitability and they merge or acquire to increase market share, decrease time to market, and strengthen their position against competition (Gandolfi, 2006). All of these strategies require planning for the efficient use of capital and employees to achieve desired goals.

Events such as mergers, acquisitions, and downsizing can be demoralizing and stressful for employees. Although human resources (HR) units have a presence in nearly all firms, the size of the unit and range of responsibilities varies. Some firms organize their HR unit based on HR disciplines, such as HRM, OD and HRD; other firms blend these functions. Strong practitioner leadership can make a substantial difference in the success of the firm after a downsizing, merger, or acquisition -- from both the employee and financial perspectives (Pomeroy, 2005).

HR interventions that focus on reducing uncertainty can help employees maintain productivity levels or become more productive. The employee and organizational development activities require budget approval which is often difficult because HR activities are rarely one of the top concerns in a downsizing, merger, or acquisition (Harding, 2007). When employee development is not a top priority, human resource units tend to focus on the transactional and operational functions during these events, thus leaving employee concerns unattended.

Changing Landscapes and the Dilemmas for Practitioners
Although an organization’s financial team devotes considerable time and effort to developing goals and objectives related to the distribution of the organization’s capital, HR practitioners are rarely given sufficient opportunity to develop and execute plans to ensure employee contributions that assist in meeting those goals. From an outward appearance, one could speculate that HR practitioners are not effectively utilized in downsizings, mergers, and acquisitions. How do they view this speculation? Little is known about how HR practitioners view their involvement in downsizings, mergers, and acquisitions. This study investigates HR practitioners’ viewpoints regarding their involvement in downsizings, mergers, and acquisitions.

This study presents HR practitioners’ viewpoints of their roles, participation, and influence within their individual organizations. It examines HR practitioner interactions with the executive leadership team regarding downsizings, mergers, or acquisitions. The strategies associated with these matters potentially change all daily operational processes, from the size of work groups to eliminating entire work teams. HR theory and practice can be in conflict with a firm’s financial goals and objectives. This study provides “human” insight about events that are often viewed as financial decisions – yet the events greatly impact employees and their work environment (Downs, 1995).

The study is guided by the following questions:

How do HR practitioners describe their involvement in mergers, acquisitions, and/or downsizings?

How do HR practitioners recommend strengthening the supportive functions of HR during and after mergers, acquisitions, and/or downsizings?

**Methods of the Study**
Grounded theory methods were used in this study to explore the experiences of human resource practitioners in mergers, acquisitions, and downsizings. Through the use of the constant comparative method, categories and properties were developed (Glaser and Strauss 1967). Content analysis was used to divide the interview text into units of meaning and qualification according to specific rules of coding (Guba and Lincoln, 1981).

Thirteen HR practitioners, nine women and four men, were interviewed in the study, and all agreed to be audio-taped. Participant selection criteria were HR knowledge and experience during downsizing, mergers, and acquisitions. Age, race, and gender were not factors in the selection process. The interviews were semi-structured and were conducted (when possible) face-to-face in a quiet location of the practitioner’s choosing. When a personal interview was not a practical option, telephone interviews were conducted. All interviews were fully transcribed and field notes were added to each transcript. The interviews were individually analyzed for inconsistencies and compared to other interview transcripts utilizing the constant comparative method.

**Issues of Trustworthiness**

Several steps were taken to establish trustworthiness of the data: the researcher’s attention to the interview questions, data transcription, and analysis; member checks; and reviews of the data by peer researchers. Whether or not findings of a study may be trusted is an essential concern in qualitative research (Merriam, 1998). Processes to ensure trustworthiness were used during each interview, as well as during transcription and coding. During the course of every interview, each question was asked two or more times.
to ensure that the interview question was understood by the participant and the response was understood by the researcher.

The researcher listened to each tape to confirm that each interview question had been answered completely. The direction of an interview can change its course when a subtopic is touched upon and the participant takes the conversation down a side road. In such cases, the original question may be left only partially answered. The reviews of the tapes allowed the researcher to seek out such instances, and contact the participant to gain a completed response to unfinished questions.

**Peer Reviews.** Peer reviews were used to provide other lenses through which to view the data. Five colleagues volunteered to examine the findings, codes, segments, and emergent themes. These colleagues were either graduates of doctoral programs or business associates who were skilled in analyzing research. The peer reviews provided an opportunity for the data analysis to be challenged (Cresswell, 2007). The results from the peer reviews ensured that the coding processes and the emergent themes were logical and made sense based on the data.

**Member Checks.** Member checks are a means to confirm the data and tentative interpretations with the study participants (Merriam, 1998). In this study, the researcher used member checks with the most complex interviews. Transcripts of the interviews were mailed to the participants with a request for their review. Specifically, the participants were asked to check the transcript for content accuracy and to ensure that the intent of their comments was captured in their words. The participants were welcomed to add clarity and offer additional comments. Minor refinements were offered regarding the transcripts and the researcher felt confident about the content of the transcripts.
**Triangulation.** Triangulation is a means to address the partiality in a qualitative study (Denzin and Lincoln, 2008; Mathison, 1988). Triangulation involves using a variety of data sources to provide evidence regarding themes or perspectives (Creswell, 2007). The processes of triangulation in this study included comparing the transcripts to the audio taped interviews, conducting member checks, and enlisting the help of peer reviewers to make judgments about the data, coding, and emergent themes.

**Downsizings: Perspectives of HR Practitioners**

Unfortunately, attainment of economies of scale often means reductions in the labor workforce without a reduction in the volume of work, and consequences await the survivors. After a workforce has been reduced due to downsizing or in conjunction with a merger or acquisition, business process modifications may be required to stabilize or increase efficiencies. An important component in the downsizing processes involves notifying employees.

**Downsizing Notification Process**

“A successful downsizing process requires planning that begins long before the formal announcement. Unfortunately, many organizations engage primarily in damage control, reacting to negative employee reactions following the announcement” (Mishra et al., 1998, p. 86). It is unclear from the literature and from this current study whether it is better or not for employees to have advance notice of the upcoming downsizing. The element of surprise in a downsizing is associated with protecting the organization’s assets and maintaining regular production levels rather than concerns about employee well being. However, the reasons employees don’t “jump ship” may have more to do with an overall poor job market than an organization’s goodwill (Cappelli, 1997). When faced
with a choice of only two alternatives, working in an environment of distrust or being 
unemployed, employment is usually the choice. One of the practitioners discussed 
retention issues, and why employees choose to work through the changes instead of 
leaving:

People still have memories of when it was good and when it was positive and 
people were developing and learning and having fun and being recognized. So, 
they still have the memory or a lot still have the memory of how it can be. But 
yeah, they’ve been beat up it’s not that they’re not used to change it’s just, you 
know, it’s a cynicism that has permeated the group. (Franklin)

The process of identifying employees to be involuntarily separated from a firm 
can be fairly straight forward. As an example, headcount is reduced by a designated 
percentage across all or some identified work groups in an organization. Some firms 
employ a more complex procedure to ensure that key resources are not lost when staff 
reductions are required.

Rather than just saying everybody across the board is going to have to (reduce 
staff), we say 40% of your group is going to have to leave or 10% of a different 
group is going to have to leave. We’re looking at special skill sets that a person 
might have that are difficult to replace. We’re talking about diversity, we’re 
talking about job complexity, there’s a bunch of things that we’re looking at when 
we downsize. (Linda)

No single downsizing strategy was found among the practitioners of this study. It 
is debatable, from an employee point of view, whether it is fair or equitable to save 
certain employees because they have unique skills or whether high performing employees 
with obsolete skills should be retrained. One of the practitioners of this study commented, 
“Usually the employee (with special skills) would not fall within the 10% of poor 
performer’s range.” The following comments provide additional insights about processes 
involved in downsizings.
We have a downsizing plan. The financial people got together and determined that the organization could shrink and that work could be redistributed. HR then stepped in and determined how the people, which candidates, would be selected to be separated from the company. HR looked at what we know about this person versus that person. What sort of exposure, from a liability standpoint, are we having on any one group (like age). We looked very closely at that and what kind of programs or outsourcing or severance packages would be put together for them. (Bill)

In one large multinational firm it was imperative that the downsizing event occur simultaneously in multiple locations in multiple states. To minimize geographic procedural differences an outside consultant was used to develop the process. All internal HR practitioners were trained by the external consultants.

The process was decided and planned by external consultants. The external consultant basically gave us how we would do it and what we (practitioners) did was try to put a better shape upon what was proposed by the external consultant. When the actual lay off day came we had a script. My role was to serve as a support person for this team of people that would lay people off. (Wilson)

Post Downsizing Interventions

After a permanent reduction in staff members, “rebuilding organizational effectiveness requires that barriers to performance be identified and removed and that work groups develop or re-develop self-sufficiency” (Marks, 1994, p 112). The literature suggests that “The human resource is the only continuing asset that a company has” (Ayling, 1997 p. 84). Participants of this study describe how their organizations often used the rhetoric that “People are our most important asset.” However, in many organizations training is seen as a merely a cost item, not an essential element in reconstructing the organization.
The practitioners of this study were asked if employee development and organizational development are concepts supported by their leadership team and whether there is a separate HRD or OD department in their firm.

Yeah, that’s because I named it HRD -- it was called corporate training. There was no such thing as development, if you developed it’s because you developed yourself. There was nothing that the company did to help. (Victor)

There are no education departments anymore, anywhere in our organization. There is no true HRD in this system and there is an incredible resistance to human resource development. (Ella)

Even within those firms which have identified the need for OD and HRD, they do not totally embrace the concept of developing employees. Training and development interventions are commonly cited in the literature as the primary tools used by HRD units to achieve organizational and strategic goals. For example, Werther (1999) states that the purpose of training is to assist employees with their current work role, and development is future orientated and it is designed to help employees develop skills for future responsibilities and jobs. The HR practitioners in this study described gaps between research and practice in training and development.

**Perspectives Regarding Post Downsizing**

HR practitioners commonly play a role in developing processes to ensure that the downsizing is implemented in the fairest and least demeaning manner for the employees targeted for involuntary termination (Orlando, 1999). HR practitioners may help with organizational effectiveness by developing interventions that will improve the employee’s quality of work life by developing strategies that relieve stress and procedures that redistribute the work load. During this period of transition employees often expect HR units to provide training material that mitigates stress and to provide
information about the changes in the firm. During a downsizing the HR unit also feels the impact of staff reduction and a heavily slashed budget, and it is often unable to implement many of the programs that would provide the most benefit for the surviving employees. After all, organizations downsize to save money, and training and other developmental interventions that support the surviving staff costs money.

The HR practitioners of this study explain how interventions after the downsizing notifications were provided to the surviving employees, and the interventions were determined by the leadership team at each firm. Not all of the organizations provided interventions after a downsizing. In one instance the leadership did not feel that training, development or team building would be a benefit.

We don’t believe in survivors here. We just tell people to get over it, get on with their work and that’s still the mentality here. (Franklin)

Downsizings can be an activity that a corporate entity pursues to stabilize or improve declining profits or it can be just one of many strategies of larger more complex plans such as a mergers or acquisitions. The responses from the participants of this study have largely been based on downsizing not associated with merger or acquisition activity. This study also explored the role of HR units in mergers and acquisitions and the subsequent downsizings necessitated by combining two or more firms (which created duplicate and overlapping positions). Generally, the desired outcome from these corporate marriages is the pursuit of elusive economies of scale.

**Mergers and Acquisitions – Perspectives of HR Practitioners**

The central idea or core characteristic of a merger or acquisition, as the study participants explain, is a mutual agreement and blending of resources. A merger represents a combining of resources, both capital and human on a consensual basis.
I think of a merger as a combining of companies to improve profitability (Anna)

We define mergers as kind of a marriage of equals because two companies of equal size or equal power or equal financial resources decide to come together to join forces. (Irene)

I think a merger is when two parties agree to join forces and perhaps take the best of both and build something better or new from it. (Linda)

The practitioner definitions of mergers are as diverse as those found in the literature and are consistent with the myriad definitions found in the literature. The study practitioners and the literature share the idea of combining multiple entities into one. Legally, “A merger takes place when an existing corporation absorbs one or more existing corporations” (Schantz and Jackson, 1987, p. G-22).

The roles of the study participants in mergers and acquisitions were varied. The point at which each HR unit entered the process depended on the respective leadership team. Although each of the participants had extensive roles in the post-merger or acquisition activities, their roles were administrative rather than leadership or partnership.

HR was brought in and given a role in the process -- not a part (of) planning but given a role, you will need to provide the benefits, you will need to work on the compensation. (We were) planners and implementers in the post merger environment. Once it was given to us we would work with what we were given. We were an implementation staff rather than a planning staff. HR’s role was to follow the direction of leadership. HR was compliant and complicit in what ever the leadership wanted to do. The vice president of HR was complicit and rubber stamped the leadership decisions of the merger acquisition. (Brandon)

The study participants indicated that the majority of HR units are involved in mergers and acquisitions after the decision has been made.

After the due diligence was done and the deal was closed the HRD manager would get a phone call and say we’ve decided to make this merger and we’re making this acquisition, guess what, come clean up the mess. (Victor)
When the options are being reviewed about what to do about your business, it has not been my experience that it’s discussed with HR. The impact of those decisions (for HR) is just a quick reporting process that makes sure a company’s in compliance with what the CFO wanted to do or the owner. (Ella)

Two of the participants indicated that their HR department was involved in merger and acquisition decisions, one department was involved strategically and one was involved administratively:

Oh, absolutely! We’re at the table from the very beginning. Looking at people issues right from the beginning. HR leaders want to be at the table when those (executives) are talking about whatever business issues they have so they’re there to ask the people issues, they won’t ask a lot of the financial issues obviously or the technology issues because they’re not experts at that, but they are definitely regarded as an equal business partner at the table as we go through any strategy or planning. (Linda)

HR is very involved in mergers. All the vacation policies, comp and benefits, rewards systems that we have is very much part of the HR. We also make sure that the new leadership talent in that organization is also developed as we acquire the new company and merge. (Kara)

The practitioners in this study experienced these events because their organizations divested lines of business to concentrate on core competencies. They were purchased by a firm because their employees had special skills and talents. Some found themselves involved in a merger due to an overall decline in an industry sector and due to the changing internal or external business environments. Other firms decided to reduce labor costs and improve their bottom line. The overarching reason for the merger or acquisition does not appear to have been the deciding factor in whether or not the HR practitioners were involved in the planning or the implementation stage. When to involve HR is strictly a leadership or executive decision.

*HR Practitioners Involvement in Communicating Change*
Communications plays a critical role in successful transitions, particularly for those caused by a downsizing or blending of two or more companies. According to the practitioners in this study, relevant information should be shared quickly and often to keep employees engaged and interested in the health of the organization. As with other aspects of downsizings, mergers, and acquisitions the HR practitioners did not play a significant role in developing the communications plan; however, they played an important role in sharing information informally with employees. Since the practitioners were not actively involved in the development of a formal plan most of their communications work was post-event, not pre-event.

Afterward it was clear that more communication, more effort was needed to support those employees who were remaining or survivors. That’s where people like myself and some of my colleagues worked together to create plans for our particular segment of the business. So it was really based upon where you fell in the business as to what your communication plan was after the deal was complete. When it was time to implement the deal the human resource development people were brought to the table to figure out what to do. (Brandon)

Mergers and acquisitions generally cause employees high levels of discomfort. Employees are concerned about how the merger will affect them and how it will affect their jobs (Holbeche, 2001). Employees in both firms know that cost savings are planned, and they frequently surmise that jobs will be eliminated (Gustin, 2007). Effective communication plans are needed to convey accurate information to employees during these stressful events.

**Interpretations of the Their Experiences**

The findings reveal that the involvement of HR practitioners in downsizings, mergers, and acquisitions varies from organization to organization. The practitioners of this study were involved in developing the exit procedures for involuntarily separated
employees, as well as ensuring that the transactional tasks such as benefits and severance pay were managed. The practitioners found it difficult to apply HRD and OD principles in the workplace during the chaotic events. Their suggestions for training or development interventions were not supported by their organization’s leadership team, with the exception of two of the participants’ respective organizations.

**Downsizings – HR Practitioner Involvement**

Eleven of the thirteen practitioners were excluded from the decision making processes during downsizing implementation planning sessions. Subsequently, the type of support and the frequency of interventions they were able to develop and implement during and after the downsizing, merger, or acquisition were limited.

During downsizings, mergers, and acquisitions most of the HR practitioners performed operational and administrative duties. The findings indicate that when times are good employees are viewed as drivers of profit and when times are bad they are viewed as agents of cost that must be contained and potentially trimmed. When the decision was made to determine which employees would be downsized in eleven of the thirteen firms HR practitioners were involved only procedurally. The HR practitioners provided information to make the process fair but did not have direct input into the decision of which employees would be targeted. One participant, who was the single HR practitioner at an organization with more than three hundred employees, was able to influence decisions related to employee termination selections.

The descriptions of the downsizings and the post-downsizing environment revealed that HR practitioners place a stronger emphasis on the legal aspects of the downsizing, not the well being of employees who are either leaving or remaining. Seven
of the practitioners stated that the reason there are no interventions or few interventions for surviving employees is two fold. First, because HR does not have a voice in the decision, neither the issues that impact employees nor the cost of their remedies are considered in the financial due diligence phase. Subsequently, funds are not allocated in the budget for post downsizing training, development, and communication. Second, little consideration is given to the stress levels caused by downsizings or the stress that will likely lead to a reduction in productivity which could be mitigated by training interventions.

The practitioners of this study stated that improving productivity in the post-downsizing environment is a difficult challenge because the priorities are cost containment and cost elimination. Many of their projects and programs were not successfully implemented and for a variety of reasons. Frank developed and presented a comprehensive plan for post-downsizing training to the new leadership team but it was rejected. The leadership at Elaine’s firm did not support training or development unless it was related to legal or regulatory issues despite evidence that training interventions post-downsizing can improve productivity. The majority of the training or development initiatives were not sanctioned and sponsored by the executive leadership teams of these practitioners due to budget constraints. However, the HR practitioners of this study believed that the training programs that were implemented were a benefit to the employees.

**Mergers and Acquisitions – HR Practitioner Involvement**

Despite the importance of the employees, during the negotiations of the merger “people issues” are obscured by financial issues. The key elements used to determine
whether to proceed with a merger or acquisition includes a capital budgeting analysis which determines if the expected cash flow will exceed the purchase price.

From a financial perspective when the merger or acquisition closes, the goal is to achieve economies of scale. For most employees the post-merger or acquisition goal is to survive the changes. Employees want to know how the merger will affect their job and how they will fit in the new organization. Frank views the employee and business goals as compatible. He believes that resolving the employee issues actually support attainment of the financial goals. He described the strong disagreement he has experienced from his executive leadership:

‘I’ve tried ROI formulas and reports with him and he just does not want to believe in education and the development of soft skills. However you want to blanket that, he chooses not to believe that they generate income, that there is a return on that employee investment. (Franklin)

The challenge to HR practitioners is to develop new innovative interventions to keep employees engaged and productive (Walker and Price, 2000; Katz, 2000). The HR practitioners in this study stated that although only a few of their intervention plans were supported by their leadership teams, the plans that were executed made a positive impact on productivity.

We know that a lot of the skills training we did for employees helped productivity. We saw productivity go up because of that. (Anna)

Linda asserts that HR practitioners have to make changes to their analysis processes. Some of the difficulty practitioners encounter in their attempts to gain support and funding for training is because the financial benefits are not provided.

So could we do a dollars and cents analysis to prove the worth? Maybe, but we didn’t do it. We weren’t smart enough to really measure, really analyze what we were providing. Measuring the effectiveness of training, I think, could have made a difference. (Linda)
Mergers and acquisitions represent another method that business uses to expand into new markets and improve profitability. This method has been a dominant growth strategy for major corporations for more than three decades. HR’s primary purpose is to provide support by improving productivity that leads to the attainment of the overall organizational goals (Swanson and Arnold, 1996). The literature indicates that HR practitioners have minimal involvement in the early stages of a merger or acquisition (Greengard, 1999). The findings of this study reveal that the majority of the practitioners were not involved in the due diligence phases of mergers or acquisitions. Just one practitioner indicated that the HR department was asked to participate in the early due diligence phases of a merger. In this firm HRM was involved in the due diligence phase; however, HRD was not involved in the merger or the related downsizing until implementation.

**HR Practitioners’ Involvement in Post-Decision Planning For Downsizings, Mergers, and/or Acquisitions**

All of the practitioners of this study were involved in the post-decision planning stage for downsizings, mergers, and acquisitions. The degree to which the practitioner was allowed to plan the implementation varied from organization to organization. The practitioners of this study explained that the dates of the downsizing and the process to notify employees were shrouded in secrecy. Ten of the practitioners stated that HR played a major role in putting together exit packages, arranging final interviews, and in some cases organizing outplacement service contracts.

**HR Practitioner Involvement in Integration Planning and Implementation of Downsizing, Mergers, and/or Acquisitions**
Practitioners are key players in the last two merger phases: integration planning and implementation. The HR practitioners of this study viewed the human resources units as implementation teams in downsizing, mergers, and acquisitions. They are involved in downsizings, mergers, and acquisitions after the financially driven decision has been made. The literature indicates that employee labor represents approximately 60 percent of a firm’s costs and is typically not included in the due diligence phase (DeVoge and Spreier, 1999). The finance team gives the approval to proceed with the merger or acquisition; however, solid financial analysis is not always enough to ensure success for the merger or acquisition.

The interventions for the surviving employees varied. Some practitioners were able to develop training that helped survivors build or enhance coping skills as well as training to enhance job responsibilities. In other instances the leadership team did not acknowledge the impact the downsizing had on the work or the workers. Only a few interventions were made available at those firms and in one instance zero formal interventions were implemented. Unfortunately the focus of many HR units is determined by leadership teams that have no HR representation. The leadership teams focus primarily on finance and not HR initiatives created to enhance productivity through the development of employees.

*HR Practitioner Involvement in Early Planning for Downsizing, Mergers, and/or Acquisitions*

The HR participants in this study were not involved in the planning stages for downsizing, nor for the early due diligence stages of mergers and acquisitions. However, the lack of involvement was not their choice. The downsizing planning process at their
firms did not include HR soon enough to mitigate the damage to the surviving employees within their organizations. The stress of being downsized ends for the terminated employee when they are escorted to the door; the stress to surviving employees is ongoing. The practitioners recommend that the HR role should be elevated to business partner in decisions that impact employees. When financial teams make decisions that affect personnel, HR should be included as the voice of the employee. The HR practitioners of this study recommend more training, development, and communication for employees and that HR should be included early in the decision making process.

**HR Practitioner Involvement in Merger and/or Acquisition Transition Planning and Implementation**

From the HR perspective, consolidation of two or more organizations is a huge undertaking. Regardless of the size of the combining entities, results can be more successful when HRD and training are engaged. The HR practitioners of this study assert that HR units should be involved in the merger and acquisition transition process. They can facilitate a smooth integration by consulting with managers and supervisors regarding specific training needs, and by helping to develop and implement a communications plan.

The HR practitioners of this study indicate that mergers and acquisitions cause productivity to slow down because employees are focusing on what might happen to them rather than focusing on the business needs, which are often not fully explained to them. Non-financial data such as improved morale and accuracy are not always eagerly accepted in financial discussions. Several participants of this study discussed proposals created by HR for interventions and training plans. These plans had the potential to improve the productivity of the employees, decrease costs, and create a more self directed
staff, thereby providing quantifiable financial benefits to the company. According to Matt his plans were summarily dismissed as not strategic or important,

Corporately they don’t believe in OD or HRD so there’s no drive to produce mass or en masse learning.

Similar to their roles in downsizings, HR practitioners of this study were part of the planning after the deal to merge or acquire was closed, and led part of the implementation planning. HR typically brings transactional skills to the merger or acquisition such as systems integration, new employee orientation, integration of benefits (including vacation policy), job descriptions, and competency analysis.

The HR practitioners of this study suggest that they should be able to contribute to the merger and acquisition process during the pre-deal phase. In the due diligence phase practitioners can use their “people” expertise to identify potential employee problems, examine the cultures of both companies, and begin the analysis that will identify future job skill requirements of the combined entity. Once the HR due diligence is completed they can assist the financial team and quantify the employee issues to ensure their impact is included in the analysis that ultimately determines the value of the deal.

**Concluding Comments and Suggestions for Future Research**

Human resource practitioners exert little influence over the volatile competitive environment in which organizations operate, but they can contribute to positive organizational change and facilitate adaptation to the new environment. HR practitioners are expected to provide solutions to a vast array of people problems in order to maximize employee contributions to organizations. A well thought out and executed HR plan can reduce the stress of the employees and focus them toward positive results. This study
depicts a significant gap between the desired responsibilities and the actual responsibilities of HR practitioners. The HR practitioners of this study do not describe themselves as strategic partners in organizational change; rather, they describe their functions primarily as administrative units within their respective organizations.

Based on the findings of this study, Table 1 below shows common characteristics of downsizings, mergers, and acquisitions, and recommendations for involvement of HR practitioners.

Table 1: Involvement of HR Practitioners in Downsizings, Mergers, and Acquisitions

<table>
<thead>
<tr>
<th>Characteristics of Downsizings, Mergers, and Acquisitions</th>
<th>Recommended Involvement of HR Practitioners</th>
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<tbody>
<tr>
<td>Workplaces become chaotic and stressful after a downsizing, merger, or acquisition.</td>
<td>HR should conduct substantial due diligence on employee related issues, just as financial experts conduct due diligence on financial accounts and records.</td>
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<tr>
<td>Workplace culture is a prime contributor to post downsizing, merger, and acquisition failure or success.</td>
<td>HR practitioners should study the best practices of both cultures and then present a transition plan that assures these best practices will be engrained in the post combination culture.</td>
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<tr>
<td>HR is not always “at the table” when downsizing, merger, or acquisition decisions are analyzed. This absence limits HR’s role to one of damage control following the downsizing activity.</td>
<td>When HR practitioners are involved as strategic partners, they can offer a more comprehensive array of interventions, including: training, coaching, and other activities to enhance productivity and morale.</td>
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Changes caused by downsizings, mergers, and acquisitions are opportunities for HR practitioners to show their knowledge and skill at managing human capital (Bramson, 2000). When these major change events occur, HR practitioners need to demonstrate to executive leadership teams that they can bring valuable expertise to the table.

HR practitioners must continue to increase their visibility in non-traditional roles by strengthening their talents to act as strategic change agents, internal consultants, and
facilitators. Practitioners who work within the human resource function must understand how to add value in the organization. They need to develop a strategy which allows HR units to align their strategic processes and practices with business needs. HR practitioners have numerous opportunities to add value to the organization’s strategic goals. Table 2 shows some examples of interventions to facilitate change.

Table 2: Potential HR Interventions for Downsizings, Mergers, and Acquisitions.

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<tr>
<th>For Executives:</th>
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<tbody>
<tr>
<td>• Case studies of M &amp; A success and failure, based upon alignment of culture</td>
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<tr>
<td>• Assessing organizational culture</td>
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<tr>
<td>• Identifying and documenting best practices</td>
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<tr>
<td>• Retaining productivity after downsizings or mergers</td>
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<tr>
<td>• HR roles as a strategic partner during the downsizing strategy planning and pre-</td>
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<td>merger and due diligence phases</td>
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<td>• Communicating change in the workplace</td>
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<td>• References for managing a transition</td>
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<td>• Explanation of the benefits and severance pay</td>
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<td>• Unemployment compensation, and other government benefits</td>
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<td>• Coping with an increased workload</td>
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<td>• Continuous improvement and the re-engineering of processes</td>
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Additional research is needed that can address the involvement of HR practitioners in downsizings, mergers, and acquisitions. Suggestions for future research are offered with the following questions:
1. What type of business metrics can be developed to measure the human cost of mergers, acquisitions, and downsizing?

2. What type of metrics should be developed to measure the cost of reduced productivity as a result of mergers, acquisitions, and downsizings?

3. What is the cost of culture loss as a result of mergers, acquisitions, and downsizings?

4. How can training and development be measured against return on investment (ROI)?

5. How can corporate cultures be more effective and quantifiably measured, so that similar to financial data, they can be compared and contrasted for pre-merger and acquisition analysis?

The closing paragraph of this article takes the reader back to the purposes behind downsizing, mergers, and acquisitions. The primary purpose of business is to improve stockholder value, and based on this purpose organizations seek to enhance their position in the global marketplace by reengineering their workplace practices and procedures. In the corporate world, this intent can lead to downsizing, mergers, and acquisitions. Internal and external challenges influence the methods an organization uses to manage these major change events. Its strategic choices are based on a diagnosis of the current state and its desired outcomes. As a result of these change events, HR units take on added responsibilities. The voices of the HR practitioners of this study were clear – HR practitioners need to be strategic planning partners before, during, and after downsizings, mergers, and acquisitions. They believe that their voices can help executive leadership teams make better, more informed judgments.
References


