

# A Comprehensive Study of Human Resource Issues in Aspects of Merger & Acquisitions

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## Abstract

*The mergers and acquisitions are done to grow faster but it is not sure that the result emerges the same as it was thought. Amalgamation of companies presents both opportunities and hazards. One of the crucial causes that lead to the failure of M & A is people factor. Strategies of Mergers & Acquisitions are mostly framed on the basis of perceived cost available capital, Market conditions whereas the human factor is ignored. To achieve the synergic output, it is required to develop strategies which focusing equally towards people by involving HR personnel. HR dept if involved consistently can bring dynamic results for any M & A. This paper is throwing light on the role of HR in M&A.*

**Key Words:** Human Resource, Merger, Acquisition, Employee, Roles, Culture.

## Introduction

A merger is a combination of two or more business into one business in such a way that all assets and liabilities of the amalgamating companies become the assets & liabilities of the amalgamated company. This corporate strategy deals with selling, purchasing and amalgamating different companies that can produce synergic outputs.

In the today's era of cut throat competition various business organizations are restructuring with the mergers and acquisitions. With the tremendous opportunities, (M&A) consists of various challenges as well. While considering the other resources it is very necessary to develop trust among the people of amalgamating companies. there are various HR issues which turn the success of any M & A into the otherway.

## Issues & Role of Human Recourse

In the last 5 years, M & A are increasing in number with a high pace. With the whooping no. of M & A, concern of employees also ruse apparently. It become the duty of HR dept to look after these issues prior, during & post M & A.

### **1. HR issues in during Planning phase**

#### **(a) Identifying M & A objectives**

There are a plenty of reasons why an organization will merge or acquire by another. Clear objectives should be determined before going through implementation.

**(b) Formulating appropriate strategies**

Considering human factor equally critical as others it is very important to design apposite strategies various researches has demonstrated that mergers for companies whose HR practices are totally integrated run smoother & employees remain more happier & satisfied during any amalgamation.

**2. HR issues during implementation phase**

**(a) Understanding organizational structure differences**

There can be lot of differences in pay structure hierarchy, formal communication; various organizations fail to understand these differences which may lead to unsuccessful merger & acquisition.

**(b) Understanding organizational culture differences**

A commonly mentioned reason for the failure of mergers and acquisition is the inability to understand cultural difference of the companies. As a company mature, it develops a typical unique culture, customs., way f doing business and working patterns differ significantly from one company to other. It is very important to identify, understand and accept these differences & react accordingly. Various diversifications in the cultural issues which are required t give attention are as follow:

- i) Leadership styles
- ii) Behavioral pattern
- iii) Communication network
- iv) Appreciation for innovation
- v) Dress code
- vi) Orientation towards strict discipline like punctuality, biographic attendance
- vii) Acceptance of degree of organizational politics and psychological games.
- viii) Kind of interpersonal behavior among Subordinates, superiors and peers.
- ix) Degree of freedom to take decision.
- x) Orientation of people towards available resources.
- xi) Degree of freedom for the acceptability of social norms.
- xii) Degree of freedom to express grievances in front of management.
- xiii) Transparent and methods of performance appraisal system.
- xiv) Control Mechanism
- xv) Methods and frequency of ulcerating various ceremonies and rituals.
- xvi) Type of competition among the peers.
- xvii) Network of flow of information
- xviii) Types of intra organizational conflict and redressal machinery.
- xix) Degree for concern for people.
- xx) Degree of emphasis given on team work over individual performance.
- xxi) Orientation towards organizational development.
- xxii) Degree of loyalty & commitment towards organization.

- xxiii) Orientation towards recreation, stress business etc the organization.
- xxiv) Type of retrenchment policy.
- xxv) Kind of negotiation process.
- xxvi) Strictness towards deadlines.

It is very essential to focus on cultural differences and it is required to integrate both the cultures and if required than mold both the cultures into a new culture to allow employees of both companies to work in synchronization with each other.

**(c) Understanding and accepting workforce diversity**

Working diversity is the similarities and differences are various characteristics as age, ethnic heritage, race, personality patterns, physical abilities and disabilities among employees. It becomes crucial to understand and accept this diversity and act & react with them accordingly.

**(d) Briefing and motivation employees**

It becomes important to develop confidence among the employees of both the companies to minimize all sort of fear and uncertainties from their mind and it can be successfully done by appropriate communication.

**(e) Managing the actual change process**

This is the most vital step in the entire process and this is needed to be handled very carefully.

**3. HR issues after the change process**

**a) Understanding employee's reaction**

After merger and acquisition it is required to understand employee's behavior and their reaction towards each other's culture.

**b) Managing synchronized flow of information**

After actual change takes place it is required to provide the necessary information to the right person and to hide the information which is necessary to keep secret.

**c) Adjustments of manpower**

The strongest fear among the employees of both the companies is job in security. It is required to adjust manpower in the best possible manner which can reduce retrenchment or day off and the policies of adjustment are expected to be mentioned transparently. Also, it is essential to maintain the key personnel of both the companies.

**d) Managing employees performance**

Improving the performance of one or both companies is one of the most common value creating merger & Acquisitions strategy. Now it becomes important to manage employee's performance to give synergic results.

**e) Setting down all the disturbances**

During any change process lot of disturbances arises in any organization. This unrest is required to refreeze so that the normal working conditions are retained & the employees get involved in their job performance rather than in psychological games.

**f) Development of leader follower relationship**

It is required to make a formal hierarchical structure and communicate it to all the employees and try develop harmonious and trustful relationship between leaders and followers. It will create healthy environment which well enhance group cohesiveness and performance as well.

#### **g) Managing Equity**

It becomes the responsibility of the top management to maintain equity among the employees of both the companies in terms of pay packages, performance appraisal, growth and promotion opportunities, privileges etc.

#### **h) Development of ethical environment**

By formulating and parasitizing sound, equitable policies and procedures, by following ethical models, by adding moral values to the employees and ethical environment can be developed which can reduce mal practices & wrong behavior.

### **Conclusion**

Plenty of organizations failed in their mergers and acquisitions because of the negligence of HR issues. Success of any business activity entirely depends upon the potential and kinetic energy of the people who drive the business. It becomes necessary to involve HR personnel in merger and acquisition activities to forms on people issues. By parasitizing this they can achieve overvaulting results as tremendous opportunities are available for the success of mergers & acquisitions if one can understand the importance of human factor in the organizations.

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