"HR's Role in Maintaining Employee Engagement during a Merger,

Acquisition or Demerger"

Emily Pierse

Masters in Human Resource Management

National College of Ireland

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DECLARATION

I hereby declare that this dissertation is entirely my own work and all the research was conducted in an ethical manner. A promise of confidentiality has been made to the research participants and as such for the purpose of this research no names of participants have been given. Where other sources of information have been used they have been acknowledged.

Signature: _Emily Piese._

Date: _31/8/12._

ABSTRACT

This dissertation explores HR's role in maintaining employee engagement during mergers, acquisitions and demergers. It draws attention to the future post-recession increase in M&A that is predicted to occur as the economy improves.

The objective of this research was to examine the importance of employee engagement during M&A and to investigate the role of HR in maintaining employee engagement during M&A. The researcher conducted quantitative questionnaires on employees to gain the perspective of employees who had recently experienced M&A. The researcher also conducted qualitative interviews to gain the perspective of senior management who had experienced the same M&A.

The findings convey that senior management do not value the importance of employee engagement as much as is necessary for the success of M&A. The findings also convey that HR professionals must become strategic business partners in order to contribute to maintaining employee engagement from the beginning of the planning stages of M&A. Lastly the findings convey that HR can and must maintain employee engagement by training local management.

The research contributes to the literature review and adds value to the topic of employee engagement. The limitations of this study are discussed. Further research is also highlighted and recommendations are made.

ACKNOWLEDGEMENTS

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LIST OF ABBREVIATIONS

M&A	Mergers and Acquisition
HR	Human Resource professionals
BOI	Bank of Ireland
TUPE	Protection of employees on Transfer of Undertakings
EAT	Recent Employment Appeals Tribunal
CV	Curriculum Vitae
NPIA	The National Policing Improvement Agency
RBS	The Royal Bank of Scotland
ISR	International Survey Research
LRC	Labour Relations Commission
IR	Industrial Relations
ER	Employee Relations
EU	European Union

CHAPTER ONE

INTRODUCTION

The author of this research will investigate the importance of employee engagement and identify the role of Human Resource professionals in maintaining employee engagement during mergers, acquisitions and demergers. Hereafter the researcher will refer to mergers & acquisitions as M&A. An objective of this research is to examine if the involvement of HR professionals from the beginning planning stages of mergers, acquisitions and demergers contributes to the success of these substantial change initiatives. Another objective of this research is to make recommendations for HR professionals to follow in order to maintain employee engagement levels during M&A or demergers (Hutchings & De Cieri, 2007).

Organisations that experience global competition in order to survive have been forced to make operational adjustments. When profits decrease there will be suggestions made concerning cost reductions to return business to a profitable position by merging or acquiring new businesses (Shook & Roth, 2010). The need for change is generally in response to a weakness in the current environment, economically, or competitive threats. Mergers occur when two companies combine their operations and participate as equal partners in order to achieve strategic and business objectives (Sudarsanam, 2003). An acquisition occurs when one company takes over a smaller company and obtains control to determine how the combined operations will be managed (Shook & Roth, 2010). M&A are rational and strategic alliances that are conducted in the best interest of the organisation and its shareholders in order to improve the financial position of the

firm. The goal behind mergers and acquisitions is financial, value maximising, to increase shareholder wealth, economies of scale, to increase control or to share knowledge (Cartwright & Cooper, 1992). A demerger may be also an option for an organisation to cope with change (Hoare & Cartwright, 1997). A demerger is also a major change process. A demerger can be described as "the sale by one organisation of one part of itself to another party" (Hoare & Cartwright, 1997:1). There may be substantial shareholder gains from separation and the company may work better in two parts opposed to as one (Hoare & Cartwright, 1997).

Mergers and acquisitions can be organisationally disruptive as they can cause stress and broken bonds between people (Sharp, 2009). Ideally mergers should complement existing operations and have a similar culture. However, often cultural patterns of behaviour can be broken when a merger or acquisition occurs which can create an uncertain working environment for employees (Shook & Roth, 2010). Like a M&A, a demerger is likely to cause insecurity, uncertainty, stress amongst employees who feel a lack of control, and vulnerability. Disengagement can result from the change they are experiencing. Demergers, like mergers and acquisitions, are full of secrecy before the announcement. After announcements tensions tend to increase. The human issues are very similar between a demerger, merger and acquisition. However, a big difference is in a demerger the original parent company still maintains some control over the newly formed company. Therefore, the changes can be more easily planned as the employees are known and share the same culture. Hence, it is the dissolution of a culture opposed to the merging of two different cultures (Hoare & Cartwright, 1997). Culture change in a demerger may be slower in comparison to the culture change in a M&A. Culture is a

challenging factor that can cause difficulties integrating or separating the employees of two companies.

Regardless of successful financial deals many companies fail to successfully merge due to a failure to meet long-term objectives as they have not considered all aspects of the merger. Hence, the two companies don't integrate well. The compatibility of technology can be a major factor and can be an obstacle for integration as integrating systems can be very costly. Such issues should be taken into account as well as people issues, which are often forgotten before closure of the deal (Sharp, 2009).

These change processes are often given relationship analogies. A merger and a marriage are often correlated due to the importance of compatibility and the combining of two cultures. Whilst demergers are often linked with a divorce, as employees may feel abandoned and rejected as the two companies go their separate ways. The biggest thing both have in common is that demergers, mergers and acquisitions have destabilising affects on employees and can cause extensive people issues (Hoare & Cartwright, 1997). Human Resource professionals hereafter referred to as HR professionals face a variety of workplace challenges when dealing with these change initiatives one of which is maintaining the engagement of their employees, which is the focus of this research.

Context of Research

The context in which this research is based is the Irish Insurance and Banking Sector. Preparing HR professionals for the future increase in M&A as our economy progresses out of recession is critical for the success of M&A. HR professionals have a role to play in maintaining employee engagement during M&A.

The Banking system is central to the running of the economy. It provides transaction services and funds the development of technology and new business within the economy. However, the recent banking crisis (2008) has increased unemployment, depressed economic growth and further destabilised the wider economy. Downturns after a banking crisis, which Ireland is experiencing currently, are long and deep. The present recession is mainly a result of inadequate risk management practices of the Irish financial institutions along with a lack of supervision over these practices by the financial regulator (O'Sullivan & Kennedy, 2010). M&A have been affected greatly by the banking crisis as banks raised their standards strictly regarding lending. Banks were avoiding M&A because they were considered risky. As a result, the banks tightened the terms and declined loans (Sharp, 2009). The Banking sector has lost the confidence of the general public and international markets. The government needs to restore it's credibility with the nation and rebuild the reputation of the Irish financial services industry and the Irish economy (O'Sullivan & Kennedy, 2010). During the boom there was an extensive wave of successful M&A. HR issues at this time were focused on the retention of staff in such a competitive labour market. However, due to the meltdown and banking crisis many M&A deals have suffered large losses, as have shareholders, due to the stock market crash and the value of these acquisitions falling. Shareholders

may lose their investments but companies are motivated to make efficiency savings in production. However, this is done at considerable cost to workers in the form of redundancies (Sudarsanam, 2003). As the recession precedes the act of M&A will decrease from the original wave experienced in the boom. Therefore, the HR issues during the recession are mainly focused on restructuring, cost cutting, redundancies, increased workload and stress. Economists are predicting that as the economy improves slowly there will be a post-recession increase in M&A. This will herald the next phase of HR which will focus on employee engagement. Following the extended economic downturn, which caused a decrease in M&A activity, Dealogic in Schramm (2010) explained that by the end of 2009 corporate transactions were increasing, with $2.1 trillion in global M&A deals and by 2010 $2.7 trillion global M&A deals had been reached (Schramm, 2010). M&A markets historically have recovered quickly after downturns due to successful companies taking the opportunity to buy good companies with established revenue, good customer base and strong market position (Schramm, 2010). An increase in financial deals will occur post-recession as values will have dropped therefore businesses will be selling at discount prices for strategic buyers (Sharp 2009).

In order to execute these M&A successfully HR professionals must address the underlying problem - employee engagement. Problems such as engaging employees during the M&A makes executing them successfully very challenging for HR professionals (Schramm, 2010). The global economic recession and its uncertainty has made employees feel stressed as staff numbers have decreased with the aim of cutting costs and pressure to increase the productivity of the remaining workers. With this the

number of disengaged employees have increased. It is vital that HR professionals take an active role now to prepare for the post-recession increase in M&A in order to address and prevent the potential issue of employee disengagement (Schramm, 2010).

The practice of HR has transformed dramatically in recent years and will need to continue to evolve to face the challenges of tomorrow (Deloitte, 2006). It is important for organisations to realise that the recession we face is just a cycle and the issues facing HR professionals currently will change. It is vital HR professionals are ready to make that change. Between 2008-2009 there was a shift from talent attraction to talent engagement, which should be a high priority for HR professionals particularly facing the economic upturn and the post-recession increase in M&A (Hudson, 2009). HR priorities and challenges have changed already during the economic downturn and will continue to change during the economic upturn. This research will develop recommendations to help HR professionals through the post-recession increase in M&A and the next phase of HR to maintain employee engagement. It will also identify the importance of the HR professional's involvement from the planning stages of these large change initiatives in order to maintain employee engagement successfully. M&A in the Irish Insurance and Banking Sector are topical given the current economic climate.

CHAPTER TWO

LITERATURE REVIEW

The literature will examine the rationale for conducting M&A and demergers; It will explore reasons why they may fail and will identify employer obligations regarding employee entitlements during such change processes. It will explore the impact that M&A have on employees, such as uncertainty, how employee engagement can be lost during M&A by redundancies and how the feeling of disengagement and survivor syndrome can develop in a workforce. This literature will examine the importance of employee engagement for the success of M&A and explore the benefits. It will also identify the role of HR from the beginning of the planning stages of M&A in order to maintain employee engagement during M&A and their role in ensuring line managers are prepared for the change process.

Business Context/ Rationale for Mergers, Acquisitions and Demergers

Organisations are increasingly using M&A to strengthen and maintain their position within their market, as they are perceived as fast and efficient ways of expanding. In order for companies to be competitive in the global economy and respond quickly to market changes today companies must be efficient, profitable, fast growing, future focused and adaptable (Hutchings & De Cieri, 2007). Some industries try to work with smaller firms or focus on internal leadership and growth. While in the insurance and banking industry companies may move into new markets and expand. M&A have become a critical factor in maintaining a prominent position in our global economy. The future holds a strong prospect for the continuation of annual increases in M&A (Hutchings & De Cieri, 2007).

The business context or rationale as to why companies wish to merge, acquire or demerge differ. Some reasons proposed are a want to gain economies of scale, market dominance, global reach, synergies, leverage, flexibility, a bigger asset base to leverage borrowing, excess debt capacity, financial gain, key talent, expertise and new technology (Hutchings & De Cieri, 2007). The most common rational is that there is a belief that synergies exist between the two companies, which would allow them to work together more efficiently than if they were separate (Ravenscraft & Scherer, 1987). They also may seek strong leadership, reduced costs, to achieve worldwide dominance, increase future stability, to develop new products and services, to increase shareholder value, to make their company profitable again, to extend ones financial reach and to greatly enhance their presence in a particular industry sector or market (IRS, June 2000). For example, Bristol &West Building Society was sold to the Bank of Ireland (BOI) group, whose aim was to increase market share. This provides BOI with a greatly enhanced presence in Britain (IRS, June 2000).

Change can be divided into two types; "ordered" or "crisis". Ordered change is a gradual and slow adaptation to change within the organisation. Employees are able to accept, adapt or reject changes in a planned manner. However, a crisis change is fast and unplanned with structural adjustments being conducted in a chaotic and rapid manner. This type of change has a dramatic impact on employees. Nonetheless, both ordered and crisis change has the ability to have negative effects on employees (Hoare & Cartwright, 1997). Companies must conduct due diligence in order to access good synergies and the real values to be gained. HR should be involved during due diligence since integration will involve issues that are of concern to HR. A lack of attention to

employee problems in the due diligence phase can contribute to the chaos and disorganisation of the workplace environment. Due diligence should examine employee issues as well as financial aspects in order to prevent failure (Shook & Roth, 2010). The announcement of a merger or acquisition has an enormous impact on the workplace causing chaos and the possibility of reduced employee engagement (Shook & Roth, 2010).

Organisations must consider the financial aspects such as the impact of costs, revenue and profits. They must also consider the impact on structures, systems and processes Often this is where the biggest impact is. In terms of process and systems, separating internet programmes such as either integrating or separating the website or intranet can be an ordeal and very costly. As can changing structures such as payroll systems, IT services hardware. Companies must learn from past efforts and the mistakes of other organisations. Learning from past experience provides competitive advantage. Companies who have systematic approaches to deal making are generally more successful than those who do not. The recognition and attention to human capital and the many people issues that arise during M&A also contributes massively to its success (Hutchings & De Cieri, 2007).

Reasons why Mergers and Acquisitions Fail

The primary cause of failure for most restructuring can be directly linked to people related factors such as; a lack of clear strategy, lack of attention to implementation, poor project management, loss of key talent, high levels of internal conflict, duplicate roles and over ambitious senior executives trying to meet aggressive targets (Brown, 2004). A merger or acquisition success or failure has massive implications for lenders and shareholders as companies invest billions in making mergers and acquisitions happen. They may fail due to unrealistic expectations, poor planning and strategy, unskilled execution, inability to unify behind the message, talent mis-managed and lost, power and politics, requiring an unrealistic degree if synergy, culture clashes, underestimating people issues, transition costs underestimated or management is distracted from the core business (Schuler & Jackson, 2007). High speed deals that move too fast through due diligence often fail also. Fast paced mergers can be described as "changing the tyre whilst driving down the road" (Dixon, 2002:3). It is essential for companies to give attention, prior to signing the agreement, to due diligence. Organisations should be careful, calculated, negotiate and be absolutely thorough with due diligence when considering a M&A deal (Sharp 2009). However, it is common that large numbers of M&A fail to deliver the results they intended to for many reasons (Personnel Today, October, 2007). Their success is not assured as many fall short of their goals and objectives. Failure can be as a result of market or financial factors. However, despite the consistency of M&A activity 43% of them over the last 15 years have failed as they have experienced lower profits than before the merger. As a result over half of merged firms were forced to demerge (Banel-Estanol & Seldeslachts, 2011). Organisations need to address a variety of HR issues in order to ensure success in their M&A (Hutchings &

De Cieri, 2007). Even if a deal succeeds financially it can be disastrous if the organisation has not considered the integration of people and cultures with sensitivity. The main reason M&A fail is due to poor communication and when the cultural issues, attitudes, mission and values of both companies are not taken into consideration or, assumptions are made that they match and then they turn out to be incompatible (IRS, June, 2000). This occurs because management does not understand the cultural implications and focuses on the operational and business synergy aspects instead. Organisations can also forget to address communication with their employees and instead concentrate on short-term financial aspects, which can have a negative impact on productivity, morale and engagement (Balmer & Dinnie, 1999). A lack of honesty and transparency when the announcement is made can cause it to fail because trust is broken between management and employees. This can create low morale and uncertainty. (Dixon, 2002).

Mergers and acquisitions are very stressful processes with big impacts on employees from job losses, restructuring, adapting to new culture and identity and the widespread feelings of resentment and uncertainty in the workforce. A demoralised workforce, according to research, can cause the productivity of an organisation going through large scale change to decrease by 25-50% (Tetenbaum, 1999). According to research 50% of executives leave in the first year of a merger or acquisition. This loss of key talent, which links with the concept of employee engagement, is also a significant reason why M&A fail (Schuler & Jackson, 2007). There are many reasons for failure but the human factor is the most common reason. In order to avoid an uncertain and stressed work environment change needs to be implemented with great sensitivity towards employees

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and considerations taken regarding culture in order to avoid a demoralised and disengaged workforce (Tetenbaum, 1999). Managing the human side of the deal by the retention of key talent and managers. Also providing strong communication and integrating corporate cultures successfully will maximise the value and success of the deal. Therefore, "Putting people issues to one side in preference to sorting out processes and structures is a fatal mistake" (IRS, June, 2000:1).

Employer Obligations -Transfer of Undertaking s (TUPE)

The first thing HR must consider and address is the organisations obligations under employment law and contract law to their employees regarding their rights and entitlements. The key legislation in Ireland includes the European Council Directive 2001/23/EC, introduced into Ireland as the European Communities (Protection of Employees on Transfer of Undertakings) Regulations SI 131/2003 (TUPE) and the Employees (Provision of Information and Consultation) Act, 2006 (Daly & Doherty, 2010).

The transfer of undertakings (TUPE) happens when a business is transferred to a new employer, for example, during a merger, acquisition or demerger. The company remains the same and the liabilities and employees are transferred across to the transferee. In an asset sale, up until 1977, there was no protection in place for employees and companies were making workers redundant too easily after M&A. Therefore TUPE regulations were introduced to protect employees, rights during a transfer and to establish the obligations of the transferor and the transferee. The conditions of employment and contracts of employment of individual employees are protected. Both the employer and

employee have obligations they must adhere to as laid down in the contract of employment. Remuneration, holiday entitlements, collective agreements, terms and conditions are all transferred. Terms and conditions should not be less favourable than those from the previous employer. However, the new employer is not obliged to provide a new pension benefit to transferring employees. When the transfer occurs legally the new employer must take on existing staff. The dismissal of an employee as a result of a transfer of undertakings is prohibited but they may take place for organisational or economic reasons. All employees must receive details of any transfer of undertaking with a minimum of 30 days notice if they are part of a union. The union should receive details containing the reason, date and the possible legal, social and economic implications for the employees. Employees must receive the same information in writing if they do not belong to a union in the same timeframe (Daly & Doherty, 2010). One of the most important elements of M&A is to ensure that employees feel part of the new company and experience a smooth integration and transition. Harmonising employee benefits is a crucial element in successful M&A. In a 'benefit harmonising strategy', the first step is to conduct an in depth due diligence in order to identify the similarities and differences in benefits between the two companies. HR must ensure they are well informed before they make important decisions. It is important to consider the facts by looking at each benefit or perk on its own merits along with information gathered from the due diligence process. The objective is to bring the best benefits from both companies together. This will provide employees with an enhanced benefits package and will contribute to ensuring a harmonious transition by benefiting all involved and avoiding feelings of "us and them" (Tyler, 2008). "Full employee engagement is vital for successful implementation of any harmonised benefits strategy"

(Tyler, 2008:22). However, employees who transfer over do so with their pre existing terms and conditions. An organisation cannot change the terms and conditions of transferred staff just to harmonise them with the existing staff's terms and conditions.

The Employees (Provision of Information and Consultation) Act, 2006 implements the European Information and Consultation Directive 2002/14/EC. In such a globalised world this Act is vital. For example, a decision made in a multinational company in New York may have an effect on workers in Dublin. The Act provides that employers are obliged to inform and consult employees on organisational and structural changes. Employers prior to a merger, acquisition or demerger should discuss the situation with employees. Section 3 states that an employee during an undertaking has a right to information and consultation. However, employers do not have to disclose confidential information to employees, that may harm the process of the undertaking (Daly & Doherty, 2010).

The overall aim is to prevent problems arising as the last thing an organisation wants at a time like this is a strike to arise. Addressing the legal obligations and requirements is vital to avoiding these issues and problems. HR has a responsibility to guide the organisation through the legislation minefield.

The Impact of Mergers and Acquisitions on Employees - Redundancy

It is common that many people are put at risk of losing their jobs when companies combine or separate because of a duplication of roles; as who needs two heads of HR etc (Personnel Today, October, 2007). A motivation for a merger can be the opportunity to pursue economies of scale. Eliminating jobs is difficult during tough economic times;

however it is essential to capture economies of scale and to be productive, efficient and effective (Dernovsek, 2011). Redundancy occurs when one looses ones job as a result of a business closing or sometimes employees are considered surplus to requirements or work has diminished so much that employers don't need as many employees to conduct operations (Hammonds, 2003). Redundancies increase the stress of a merger or acquisition and may cause the workforce to become chaotic (Shook & Roth, 2010). The planning for a redundancy strategy is highly secretive so as not to decrease productivity as sharing the information too early may have negative effects on employees. HR managers must ensure line managers are supported and briefed prior to the announcement to prepare them in how to deal with employees and the emotional uncertainty and fear that they will experience on the floor (Personnel Today, November, 2008). Notifying employees about redundancies is a sensitive process. A surprise notification is not advised; instead, a gradual transition by sign posting employees throughout the process is a better approach (Bashford, 2004). Recent Employment Appeals Tribunal (EAT) decisions require consultation with employees to avoid liability under the Unfair Dismissals Act 1977-2007 in a redundancy situation. Redundancies involve change and must be totally impersonal. A personal redundancy is not lawful and becomes Unfair Dismissal. There is a heavy onus on employer to show that they have acted reasonably and they have a statutory requirement to consult. Communication is critical for delivering the clear business reasons behind the redundancy decision (Personal Today, November, 2008). Information regarding the redundancy must be presented to the employee, union representative and the minister (Daly & Doherty, 2010). If an employer does not it is a breach in a collective redundancy. A collective redundancy occurs when a number of people are being made

redundant at the same time. Proper consultation may lead to employees agreeing to pay cuts or freezing pensions therefore companies won't have to make as many people redundant. There is no statutory requirement to consult with employees unless a collective redundancy situation occurs. Employers avoid this by letting people go gradually over time. However, an employer always has a duty to act reasonably; therefore, they should act in consultation (Daly & Doherty, 2010). An employer should communicate and provide warnings of a possible redundancy situation, explore alternatives, set out the selection criteria, apply it consistently and provide career transition support to ultimately prevent key workers from leaving (Personal Today, November, 2008).

During redundancies the focus is mainly on the staff being made redundant and little attention is given to those who remain. Management sometimes runs on the assumption that the remaining staff will be motivated and engaged due to the fact that they still maintain their jobs (Bashford, 2004). This attitude has particularly emerged since the recession began. However, redundancy exercises have a destabilising effect on all employees. Work fulfils various aspects of an individual such as economic, social, status and personal identity. Therefore, redundancy can have a detrimental impact on those made redundant and also those who survive (Doherty, 1998). Mirvis (1985) suggests that the Rubler – Ross Model of personal bereavement shows the impact on the psychological contract between the employee and employer and the general psychological response to M&A, demergers and all large-scale change within organisations including redundancies. Firstly, they experience disbelief, denial of rumours and general shock. Secondly, anger, disbelief and resentment is experienced as

the inevitability if the change sets in. This is often directed at management. Thirdly, emotional bargaining as people feel uncertain and angry. They often blame themselves for not anticipating the change in advance and resent their past commitment to the company. This leads to lowered morale and engagement. Lastly, acceptance, as eventually employees accept the future and the restructured organisation. If one cannot accept at this stage then one becomes unproductive and will possibly leave the organisation. Some employees demonstrate a strong acceptance of new organisational goals and values in a strong desire to remain in the organisation. While other employees only remain as they have no job alternatives (Ozag, 2006). Acceptance can lead to compliance but may not go as far as commitment to the new organisation and therefore not engaging staff (Mirvis,1985).

Individuals who survive a redundancy may suffer from survivor syndrome (Rankin, 2008). Survivors can experience a range of emotions. They feel guilty but relieved they are still in employment but also may feel anxiety about the future and fear they are next and can experience disengagement towards their work and a longing for lost colleagues (Shook & Roth, 2010). Survivors can also experience increased workloads, different goals, an unstable environment, changes in priorities and inconsistent leadership. This can cause them to feel stressed and overwhelmed which can reduce employee productivity, efficiency, morale commitment, trust, loyalty and engagement levels (Bashford, 2004). Redundancies and re-organisations can have a major negative effect on engagement. Poor line management, below market pay and a lack of communication and involvement are big threats to staff morale and engagement during uncertain times like redundancies (Rankin, 2008). Organisational engagement focuses on developing a

bond between individuals and the organisation. Communication, leadership, strategic direction, staff involvement, market aligned pay and benefits, opportunities in training and development and fair and effective management are critical factors for increasing engagement levels in the workplace and retaining key employees. Organisations have experienced budget cuts in the recession and redundancies, which have resulted in low employee engagement at a time when high employee engagement is necessary (Hayward, 2010:11).

Managing redundancies requires managing the emotions and behaviours of redundant staff and survivors. HR has a central role to play in redundancies to ensure good practice in redundancy management and provide support for employees being made redundant. This is the concept of outplacement or redeployment. They are programmes paid for by companies and given by external consultants to help the employee through the redundancy process and to help them re-enter the job market by providing them with psychological and practical support in the form of career counseling, CV development and skills training. Outplacement can also help reassure survivors that the redundancy process was fair which can contribute to maintaining employee engagement during such uncertain times (Doherty, 1998).

Employee Engagement

"In many merger & acquisition deals, success hinges on maintaining high levels of employee engagement and retention through each phase of the transaction – from deal announcement and close all the way through integration planning and implementation" (Allan & Cianni, 2011:1).

The concept of employee engagement is attracting a lot of attention in recent times from researchers and HR business leaders in industry. Employee engagement has evolved from other concepts such as motivation, empowerment, organisational commitment, trust and job satisfaction (Simeon, 2011). However, employee engagement goes beyond these concepts to describe "the psychological relationship between individuals and organisations" (Rankin, 2008:2). Organisations that have an engaged workforce experience higher profitability and perform better (Baynham, 2011). "Commitment is the emotional attachment one has to the organisation within which one works and the pride one has in its achievements" (Bones, 2007:2). "Engagement on the other hand is more the demonstration of discretionary effort to ensure the organisation achieves it's goals" (Bones, 2007:2). Employee engagement is not possible without emotional commitment to the organisation. Employee commitment provides the opportunity for better business outcomes but engagement goes a step beyond commitment and creates even greater rewards (Robinson, et al., 2004). Commitment relates to one being proud of the organisation's success, purpose and ethical stance. However, engagement drives superior performance but is dependent on how employees are managed (Bones, 2007). Employee engagement is a two way process in which employees and employers interact. Engagement has three aspects. Firstly, how employees speak of their organisation. Secondly, do they possess a desire to be employees of the bank and thirdly, do they go the extra mile for the organisation and it's success (Donkin, 2005). "Employee engagement accelerates superior organisational results" (Wallace & Trinka, 2009:5). During M&A there are lots of shareholder commitments that must be delivered. However, whilst juggling these commitments and planning their delivery strategies they must also address and build engagement to ensure the delivery of goals

during a period of great insecurity and uncertainty (Bones, 2007) Therefore, organisations should focus on their most important resource, their employees, and the engagement levels of their employees in order to increase the likelihood of success during mergers, acquisitions and demergers (Simeon, 2011)

Research shows that engaging employees can provide many benefits for organisations such as reduced turnover, improvement on customer focus and increased productivity by 20% (Wallace & Trinka, 2009) Disengaged workers are very costly The US is thought to lose 300 billion annually in lost productivity just due to disengaged workers (Wallace & Trinka, 2009) The MacLeod & Clarke Report (2008) focuses on the impact that employee engagement and disengaged employees have on an organisation Encouraging greater focus on employee engagement will positively affect profitability and performance and provide organisations with the competitive advantage they need during the economic upturn In 2001 the housing association "United Welsh" implemented a People Engagement Model focused on people and partnership It encouraged employees to give their opinions regarding decisions the company was making As a result employee sickness level dropped from an average of five days in 2001 to 2 days in 2006 (MacLeod & Clarke, 2008) The Towers Perrin –ISR Engagement Report in 2007 showed that companies with highly engaged employees on average increased profit margins by 2 06% and operating margins by 3 74% Whilst companies with disengaged staff declined 1 38% in profit margins and 2% in operating margins (Furness, 2008)

There are four drivers for engagement according to MacLeod & Clarke. They are; leadership, engaging managers, voice and integrity. Firstly, in terms of leadership, organisations with a strong strategic direction usually demonstrate ownership of objectives and have commitment from managers at all levels. In this way employees can express clearly the organisational vision, good culture, discipline, trust and support. Secondly, managers who can engage are at the hearts of an organisations' culture. They treat employees with respect, appreciation and wish to develop and reward the capabilities of which they manage. These managers do not control or restrict employees instead they empower them. Thirdly, widespread communication across the organisation is vital to ensure employee engagement. Employees views should be sought out an action are taken on them and if this happens employees have an effective and empowered voice. Finally, integrity is when the vision of the organisation matches the employee behaviours across the organization. Consequently, there is a sense of trust and integrity amongst employees within the organisation (MacLeod & Clarke, 2008).

The defining characteristics of an engaged employee are whether they are prepared to offer discretionary effort and go the extra mile (Furness, 2008). An engaged workforce is one where everyone is aligned with the strategic priorities of the organisation and where employees' energy and focus are directed towards the organisation and values (Hayward, 2010:12). An engaged employee expresses complete belief in the organisation, extensive understanding of the business context and a desire to keep up to date with development in their particular field and will work well with colleagues to improve performance for the benefit of the organisation (Robinson, et al., 2004). The ultimate goal for a company is to have an engaged workforce who will go the extra mile to help the company achieve its goals and objectives (Robinson, et al., 2004). The

problem with M&A is that commitment disintegrates during the process and a bond is unlikely to form immediately with and for a new organisation (Bones, 2007) In order to re-establish commitment it is paramount to communicate well, create a stable work environment and create a feeling of certainly about the future (Bones, 2007) The building blocks for maintaining employee engagement during mergers, acquisitions and demergers are, good two way communication, good quality line management, involving employees in decision making, career development, commitment to the wellbeing of employees, internal cooperation and focused objectives (Simeon, 2011)

The National Policing Improvement Agency (NPIA) supports the UK police service It was formed by merging several policing agencies Staff surveys stated that only 10% of employees believed there was a high level of trust between management and employees In its first six months three employees per week left the organisation (Peacock, 2008) This organisation is an example of an organisation, which failed to maintain employee engagement levels and suffered as a result Consequently, they needed to take action and to re-look at their people management strategy They set up a staff council to allow employees discuss ideas and give feedback to Senior Management They had to improve communication channels by providing face-to-face communication to share the organisations vision They began to utilise the skills of HR in order to make the major developments that were necessary (Peacock, 2008) They also learned that local management is critical to the success of maintaining employee engagement By getting local managers to meet with top management to discuss ideas and provide their knowledge and opinions helped break down hierarchies between staff and aided local managers to learn how to deal with the difficulties they were facing on the floor with employees (Peacock, 2008)

A company that is an example of excellence and best practice in relation to maintaining employee engagement is the Royal Bank of Scotland (RBS). The Royal Bank of Scotland Group is one of the largest financial service organisations in the world and has a superb reputation for managing and measuring employee engagement (Rankin, 2008). Since the 1990's the Bank has transformed itself from conducting seven to eight acquisitions annually. As a result HR had to transform itself from a transactional administrator to a focused and strategic business partner. They believe that in order to attain superior business results they require engaged employees and therefore they developed an employee engagement metric called the Human Capital Strategy in 2000 to express the link between business performance and people strategy (Employee Benefits Magazine, April, 2008). The RBS's aim is to establish how employment practices weaken or improve overall business performance.

The RBS also measures people issues such as managerial effectiveness and turnover and how they affect customer services and sales. (Employee Benefits Magazine, April, 2008). All new recruits, employees and leavers are surveyed and people who turn down offers of employment this can inform them of how they are projecting themselves publicly and how they are perceived by candidates. The RBS conducts an acquisition survey on the acquired employees and management once the deal is completed. They benchmark the results externally and internally to highlight strengths and weaknesses and areas that require development. This approach helps with integrating the acquired business (Donkin, 2005). They use this information to form trends and therefore learn what changes are necessary (Donkin, 2005). Using this data allows them to draw correlations between HR interventions and profitability. These metrics create the

opportunity to link people strategy, engagement and business performance (Employee Benefits Magazine, April, 2008). The RBS acknowledges the relationship between business performance and employees. They place a high value on the engagement levels of their employees, which contributes to the overall success of their organisation (Donkin, 2005). The RBS identifies the importance of HR in maintaining employee engagement by developing the HR function into a statistics led discipline applying various metrics (Donkin, 2005). It is important that HR professionals have metrics to bring to the table so they can be perceived as a valuable business partner to the organisation as they have a critical role to play.

The Importance of Maintaining Employee Engagement during Mergers, Acquisitions and Demergers

As a result of the current economic climate, organisations have re-evaluated their strategic opportunities and introduced change (Hayward, 2010). Mergers and acquisitions can generate uncertainty and worry amongst employees who can become less productive due to disengagement (Allan & Cianni, 2011). One of the key ideas to easing employees through the deal is to provide employees with constant support and information from the beginning (Allan & Cianni, 2011). Successful M&A's require thinking in the long term not just achieving the short term cost synergies. Long-term aspects include; leveraging human capital in order to grow revenue and to serve the customer at a high standard. In order for this to become a reality, employee commitment and engagement must be aligned to the strategic initiatives of the M&A (Baynham, 2011). An organisation, which possesses engaged employees, can outperform its competition. However, without employee engagement two organisations merging

cannot hope to align its people with the goals and objectives they set. Employee engagement is crucial for a successful execution of strategy and ultimately a successful M&A (Bones, 2007). If an organisations workforce is engaged this will increase productivity, lower staff turnover and reduce rates of absenteeism. In contrast with a disengaged workforce, which produces a poor quality of output, poor customer relationships can result in a damaged organisational reputation (Hayward, 2010). Therefore, it is in the organisations interest to have two way open communication between employers and employees instilled and to continually monitor and take action where needed regarding employee engagement levels as this has a massive impact on business outcomes(Robinson, et al., 2004). "Employee engagement is the basis of success for any organisation" (Hayward, 2010:12).

The Role of HR in Mergers and Acquisitions

"There is a strong case to be made for involving HR expertise at the most senior levels of...organisational change" (Brown, 2004:2).

It is believed that many changes within organisations are being poorly managed and that HR is not always actively involved. Although, people issues are one of the biggest concerns during M&A and on which the relative success or failure depends (Rankin, 2008). Therefore organisational changes, like M&A, are impacting negatively on staff engagement levels and retention of staff which results in decreased profits and customer service. Consequently, HR should be given more opportunities to actively participate and lead in such changes processes to increase the likelihood of success and to ultimately help maintain engagement levels during M&A (Rankin, 2008). There is a

growing body of evidence linking staff retention and engagement and also engagement, profitability, performance and customer service. As engagement is perceived as the underlying factor for success it should take priority and be tackled. HR should be an involved business partner from the beginning of the planning stages of M&A's and demergers by using good HR practice and management to support the organisation during change (Rankin, 2008). In reality, the common approach is that decisions do not involve HR as change initiatives are mainly focused on short term financial gains. As a result, Senior Executives develop change rationale, which are primarily focused on financial considerations and then implement them without communicating effectively to managers or employees (Brown, 2004). Generally the HR role begins after the financial team decides to proceed and then HR is left to pick to the pieces.

The point at which HR is brought into many merger processes to undertake the people management issues can vary and can ultimately contribute to the success or failure of the merger or acquisition. Research shows only 35% of senior HR professionals are involved in M&A's activities from the beginning of the planning stages (Hutchings & De Cieri, 2007). In 1998, a financial services company called Bristol &West became a subsidiary of the Bank of Ireland Group and in 1999 Halifax merged its banking division with its property services. In both mergers the HR department became involved from the start of the negotiations. In 2000, two law firms merged to make Denton Wilde Sapte and in 1998, Price Waterhouse and Coopers & Lybrand merged to form a giant business services company called Pricewaterhouse Coopers. In both mergers HR professionals became involved once the basics of the deal were agreed. In 1995, Lloyds TSB formed from merging TSB and Lloyds bank and the HR department was not

involved until the deal was signed between the two banks (IRS, June, 2000) In the organisations where HR was involved from the beginning they played a minor role However, the advantage was that they were exposed to what was potentially going to happen This allowed HR to consider and prepare for potential people issues that would arise including maintaining employee engagement rather than finding out to late and left to pick up the pieces "The success and failure of an M&A hinges on HR activities" (Sengupta, 2011 1)

When HR professionals are involved from the beginning of the planning stages of merger, acquisitions and demergers they can help develop a goal and belief support system for employees (Shook & Roth, 2010) HR also has an increasingly vital role during the due diligence of an M&A to assess the cultural fit of the organisations (Sengupta, 2011) HR is responsible for ensuring that the organisation maximises employee performance and achieves their strategy objectives They also play a vital role in the aftermath of a merger or acquisition HR's role is to develop exit policies and procedures for redundancies, communication plans as well as training and development interventions (Shook & Roth, 2010) Pressure to complete deals as quickly as possible can lead to cultural and people issues being neglected Overlooking these elements can lead to decreased employee engagement and productivity and can have a negative impact on the success of these change initiatives (Towers Watson, 2011) HR needs to develop a stronger strategic presence during these change initiatives in order to help minimize possible damages to employee engagement and M&A failures (Shook & Roth, 2010) HR needs to be highly involved from the beginning of the planning stages of mergers, acquisitions and demergers to ensure that all issues are addressed and to

maintain employee engagement effectively. This is a critical factor that correlates with successful reorganisations (Brown, 2004). Their involvement and perspective regarding the human factors of mergers and acquisitions is critical for success (Shook & Roth, 2010). HR needs to reposition their role within the organisation so they are seen as indispensable and highly valuable for strategic decision making of this kind.

HR's Role in Implementation

Firstly, HR need to be involved from the beginning of the planning stages of mergers, acquisitions and demergers in order to ensure people issues are addressed and to maintain employee engagement levels. They need to establish a leadership team. A leadership team is crucial that has expertise to plan and implement a merger or acquisition. The team needs to develop a change strategy with realistic estimations regarding financial returns, costs, risks and timescales (Brown, 2004). At the planning and due diligence stage the cultural fit of the two organisations should be considered and addressed by HR. A people and integration strategy should be developed by HR for the new organization, the impact of employment legislation should be considered and human risks such as a loss in key staff should also be addressed. Identification of potential problems is vital. HR needs to integrate changes in organisations structures, business process and systems. When the deal is being delivered HR need to address employee relations, appraisals, career structures, reward systems and how they will be affected. In the event of redundancies HR managers need to minimise the impact of disengagement before, during and after redundancies. Constant communication also before, during and after redundancies can help prevent a loss in morale and employee engagement. HR must ensure that local managers are educated and prepared on good

communication skills and leadership skills in order to enable them to set a positive tone and focus on leading employees towards a better future in the organisation (Shook & Roth, 2010) It is vital that management reassures staff of their position in the business to keep them involved and motivated in the bigger picture of the organisation HR must also take a more strategic role regarding employee engagement, which should benefit the long-term future of the organisation The focus should be on those who remain after redundancies in order to prevent a loss in productivity due to decreased employee engagement Those employees who will remain need to be communicated with and talked through the situation that is occurring to keep them ultimately engaged and performing to a high level The challenge for HR professionals is keeping surviving employees engaged during an uncertain time in an organisation (Shook & Roth, 2010) HR also needs to consider what employees are thinking and feeling and how can you build a sense of purpose and support between the two organisations (Brown, 2004 2) Organisations must conduct a very extensive process of employee engagement and communication to avoid failure Employees should be allowed influence the shape and direction of changes by being involved Encouraging involvement can help maintain employee engagement during uncertain times For example, Glaxo Wellcome and Smithlkline Beecham merged and made mixed teams from both companies This helped the integration process and gave employees a sense of involvement In order to build capacity to manage a merger or acquisition companies need to pay greater attention to people issues and employee commitment and engagement in order to reach desired financial returns (Brown, 2004)

Culture

In order to achieve high employee engagement it is required that the two organisations understand each other's cultures (Baynham, 2011) Corporate culture is an organisation's DNA consisting of structures, processes, systems and actions that support the organisation's strategy These define how stakeholders, employees and customers interact (Towers Watson, 2011) Focused HR professionals and leadership teams are required to create a new culture Top executives often underestimate culture in change initiatives and sometimes even believe it will take care of itself Culture is the essence of an organisation It involves problem solving techniques, attitudes, behaviours, values, policies and procedures When two firms combine they enter a process of culture transformation (Shook & Roth, 2010) How well two organisations fit together in relation to culture, leadership style, strategic priorities and workforce and workplace process and practices are possible factors or reasons as to why a M&A deal may not meet objectives (Towers Watson, 2011) Completing the merger from a HR perspective does not confirm the change process is over Culture transitions are difficult to manage and needs the focus and support of HR professionals due to possible human resistance Effective communication and leadership is essential to avoid problems such as low morale, disengagement and reduced productivity in the workforce (Shook & Roth, 2010)

Role of Leadership and Line Managers in Mergers & Acquisitions and Demergers

"Employee engagement tends to improve when HR and line management follow good practice principles" (Rankin, 2008 2)

Due to the economic turndown many organisations in order to survive are going through M&A (Teasdale, 2009) According to Christopher Bones (2007) creating certainty about the immediate future and the development of a stable working environment are both fundamental for re-establishing commitment and engagement during a merger or acquisition (Bones, 2007) Leaders can either damage or build commitment They need to get the people management process right (Bones, 2007) Leaders must have the courage to make challenging decisions They must be honest, have integrity and be fair and conscientious The impact of the merger or acquisition on the employees is a reflection of the leaders (Dixon, 2002) The top leaders must embed the culture, involve employees and stakeholders at all stages of integration plan, establish leadership alliances, use other failures as learning opportunities and treat people with respect, dignity and integrity (Dixon, 2002) Leaders need to be open, honest and engage employees and inspire them to be committed to organisational change in order to help build a successful future (Hayward, 2010)

In any organisation it is likely that there is a gap between the level of engagement and commitment Commitment is always higher therefore superior performing organisations have smaller gaps The commitment of employees can be influenced by the leaders of the organisation Engagement is the outcome of the interaction between the line

manager and employee This can be expressed by "My line manager is the lens through which I look at the company and through which the company looks at me" (Bones, 2007 2) This may explain as to why organisations struggle to transform commitment into engagement "You can't have engagement without commitment" (Bones, 2007 2) Due to the potential future post recession increase in mergers and acquisitions the role of the line manager is vital for maintaining performance and engagement However, it's not always achieved as many managers struggle to engage their employees so as they are prepared to go the extra mile to attain organisational goals and objectives Then if you add the complication of a merger and acquisition it is understandable as to how a lot of M&A fail to meet their goals as engagement is often not there to begin with (Bones, 2007) Trust in management can be eroded during the merger process especially if it results in redundancies Long-term managerial relationships before, during and after the merger are integral (Ozag, 2006)

The relationship between manager and employee is critical as managers have an important role in creating a sense of value and involvement for employees (Robinson, et al , 2004) Employees feel engaged when they are involved in decision making, when they feel heard, when they feel secure and when given opportunities to develop their position (Robinson, et al , 2004) An employee needs to feel engaged to identify with the organisation therefore they need to believe in the product or service and the organisational values and objectives Understanding the context in which the organisation operates is crucial for an employee to be engaged An employee who is engaged will feel business appreciation so benefits for the organisation will be paramount to them (Robinson, et al , 2004) Mercer (2008) cited in Hayward (2010)

research shows that employers' focus has changed from the satisfied employee to those employees who are committed to the organisation and engaged in the work and mission of the organisation Mercer identifies leadership as a distinctive driver of employee engagement Employee engagement requires the organisation to engage the employee (Hayward, 2010) A two-way relationship is imperative between an employer and the workforce It is the organisation's responsibility to nurture and develop employee engagement (Robinson, et al , 2004) "Effective employee engagement calls for whole leadership" (Hayward, 2010 11)

It is the role of the line manager to generate engagement The increase in M&A activity leads Bones (2007) to conclude that the role of the line manager is critical to successful performance and engagement in the workplace It is essential that line managers deliver therefore investments should be made into line managers as they will more than likely bring organisations greater long term returns than most other investments (Bones, 2007) Developing strong leadership is the most important element in driving this Great leaders develop engaged employees, which drives business performance (Wallace & Trinka, 2009) There is a link between engagement and top performing managers and leaders This suggests that investments into mangers can create acceleration in engagement levels of their employees Leaders need to have three vital competencies, coaching performance, developing careers and the ability to communicate the meaning of an employees work to them (Wallace & Trinka, 2009) A manager as a coach should clarify expectations regarding performance, provide frequent feedback, encourage, support, give praise, show interest in employees accomplishments, ask questions that make employees think for themselves, share personal insights, show appreciation and make suggestions A coach should never criticise, point out faults or disapprove

Managers need to be provided with training so they can learn how to be effective coaches and therefore enhance their employees' engagement levels generally and particularly during mergers, acquisitions and demergers (Wallace & Trinka, 2009) Managers should develop and use a career-learning plan with each of their staff This shows they care and are taking an interest in their future They should provide feedback on their strengths and weaknesses and distribute assignments that challenge them and align learning opportunities and employee interests This will all help a manager gain employee commitment and engagement A manager who is interested in their employees learning and who cares about their future receives higher levels of discretionary effort from their employees (Wallace & Trinka, 2009) Managers should communicate with their employees and link their work directly to the organisations outcomes This will create an understanding of the bigger picture for employees and ultimately engage them Translating this greater meaning to an employee provides a clear sense of direction (Wallace & Trinka, 2009) Organisations have a responsibility to develop managers so they can make the right decisions and choices for themselves, their employees and the organisation as a whole This responsibility is intensified during mergers, acquisitions and demergers as HR must ensure that managers receive the appropriate training and briefing in order to deal with their employees who will experience uncertainty during this time Preparing line managers prior to change announcements will contribute to maintaining employee engagement and therefore prevent a loss in productivity If one can achieve this then one can begin to drive engagement through the line managers as they build the effective relationships that are required to drive engagement This is particularly vital during uncertain times (Bones, 2007)

The literature has examined the importance of employee engagement and the increased necessity of employee engagement during the process of M&A for success It is clear that M&A decisions should consider the human consequences as well as the financial implications The effect a deal could potentially have on employees must be considered as the success or failure of that decision ultimately depends on them M&A activity is to increase post recession therefore there is a "significant contribution to be made by the HR department and its professionals in partnership with line managers and the employees and their representatives" (Hutchings & De Cieri, 2007) Leadership and manager training are critical for this and particularly in the economic crisis "Better coaches create greater employee engagement" (Wallace & Trinka, 2009 5) Most employees want to succeed and are engaged It is therefore the role of HR and line managers to meet their employees' expectations "Engagement is therefore ours to lose" (Wallace & Trinka, 2009 5)

CHAPTER THREE

RESEARCH QUESTION & OBJECTIVES

The research questions and objectives have derived from the literature review conducted on this research topic In order to develop clear objectives the researcher conducted the Smart test to ensure that all objectives were specific, measurable, achievable, and realistic and timely (Saunders et al , 2009) The use of both quantitative questionnaires and qualitative interviews will be used in order to collect data

The Research Question is

What is HR's role in maintaining employee engagement during a merger, acquisition or demerger?

The Four Objectives of this Research are

1   To examine the importance of employee engagement during mergers, acquisitions and demergers

2   To investigate if the involvement of HR professionals from the beginning planning stages can positively contribute to maintaining employee engagement during a merger, acquisition or demerger

3   To investigate how HR professionals can maintain employee engagement during mergers, acquisitions and demerger

4   To draw conclusions and to make proposals and recommendations to prepare HR professionals for the future post-recession increase in M&A and the next phase of

HR to ultimately enable them to maintain employee engagement levels during

M&A's or demerger's

CHAPTER FOUR

METHODOLOGY

Introduction

Research is "the systematic collection and interpretation of information with a clear purpose to find things out" (Saunders et al , 2009 600) The nature of the research questions are the basis of this research and have influenced the researcher's choice of research methodology Saunders, Lewis and Thornhill (2009) use the concept of the research onion to describe the research process which will be utilised in this methodology starting with the research philosophy, research approach, research strategy, research choices, time horizons and lastly research techniques and procedures The analogy of the research onion demonstrates the various layers that need to be peeled away in order to reach the core of the onion or research (See Appendix 1)

Research Philosophies

A "research philosophy is an overarching term relating to the development of knowledge and the nature of that knowledge" (Adapted from Saunders et al , 2009 107) Research philosophies include important assumptions about the way in which a researcher views the world and the relationship between knowledge and the process by which this knowledge is developed from The appropriate research philosophy will depend on the research question one is trying to answer Ultimately it will enhance the researchers understanding of how they are approaching their study in relation to their assumptions about how the world works and the role of their values (Saunders et al , 2009) In this case the researcher can justify the philosophical choice that was adopted in comparison to other philosophical choices that could have been chosen

The most important consideration when planning a research design and choosing methods to obtain information are the research questions and objectives of the overall study. The research question is the basis for any piece of research as it determines what the researcher addresses (Saunders et al., 2009). "Pragmatism argues that the most important determinant of the epistemology, ontology and axiology you adapt is the research question" (Saunders et al., 2009:109). One's research question is vital when designing a research method. Guba & Lincoln (1994) believe that questions of method are not as important as questions of paradigm (epistemology, ontology and axiology), which guide the research, as they are the researcher's belief system. They believe choosing between one position and another is unrealistic. Therefore, the researcher of this study will adopt a pragmatic view, as the research questions of this study are neither clearly positivist nor interpretivist this confirms that it is possible to work with variations in your epistemology, ontology and axiology. This also proves that the use of qualitative and quantitative methods in a mixed methods approach is possible and appropriate. Hence, the researcher in this research is adopting a pragmatic approach and a mixed method approach. A pragmatist believes the researcher must research what interests them and what has a positive impact on their value system (Bryman, 2008).

The researcher shows axiology skills when choosing the research topic, as honesty regarding judgments about values was required. The role of the researcher's values is vital to the credibility of the research. The researcher's choice of philosophical approach and data collection techniques are a direct reflection of the researcher's values. The researcher was also very aware of the value judgments that could potentially be made when conclusions were being drawn from gathered data (Saunders et al., 2009). The

research philosophy one adopts says a lot about the way in which they interpret the world around them. A research philosophy has an impact on the choice of which type of research strategy and methods are conducted (Saunders et al., 2009). Epistemology is concerned with "what constitutes acceptable knowledge in a field of study" (Saunders et al, 2009:112). It consists of the resources researcher who takes on a positivist philosophy stance and conducts quantitative methods. Conversely, the feelings researcher takes an interpretivist philosophy stance and conducts qualitative methods of data collection. It is concerned with how one might go about discovering knowledge. "Ontology is concerned with the nature of reality" (Saunders et al., 2009:110). It relates to the researchers assumptions as to how the world works. There are two positions a researcher can adopt in order to look at the world. They are objectivism and subjectivism.

Quantitative Research Philosophies

The resources researcher in this study is concerned with using quantitative methods for data collection resulting in facts, statistics and numbers, thus, adopting a positivist philosophy and an objective view of reality. Positivisms "prefer working with an observable social reality" (Saunders et al., 2009:113). This approach builds on existing theory by testing and producing observable credible facts and data. When collecting the data in this study the resource researcher was external to the process, and as a result, independent. This means the researcher had no impact on the research. The positivist approach conducts quantifiable observations, which creates and develops statistical analysis. Quantitative methods often entail a deductive approach (Bryman, 2008). A deductive approach entails developing a theory hypothesis and to design a research

strategy to test hypothesis (Heath & Tynan, 2010:156). Only observable data is considered credible data to the positivist. For the resources researcher, tangible objects that own a separate existence represent reality. As a consequence, this research is less likely to be biased and therefore objective (Saunders et al., 2009). Objectivism portrays how "social entities exist in reality external to social actors" (Saunders et al., 2009:110). Social phenomena from everyday life has an existence that is separate from actors. The social entity, for example culture, is external to the actor as it has a reality of its own. "It has the characteristics of an object and hence of having an objective reality" (Bryman, 2008). The researcher of this study adopted a positivist philosophy and the ontological position of objectivism.

Qualitative Research Philosophies

The feelings researcher in this study is concerned with using qualitative methods of data collection to obtain behaviors, feelings and attitudes of respondents and therefore adopt an interpretivist philosophy viewing social reality as constantly changing and a subjective view of reality. This study aimed to obtain the insiders perspective of the phenomena the research was based on (Heath & Tynan, 2010). "Interpretivism advocates that it is necessary for the researcher to understand differences between humans in our role as social actors" (Saunders et al., 2009:116). Interpretivists criticise positivists for losing insights in to the world by developing generalising conclusions. The researcher will experience symbolic interactionism when interpreting the social world, which can alter the researcher's original understanding. The researcher in this study adopted an interpretivist stance and with that an empathetic stance in order to understand the point of view of those whose social world the researcher was entering.

The researcher also took a subjectivists position. Subjectivism implies that "social phenomena are created from the perceptions and consequent actions of social actors" (Saunders et al., 2009:111). They believe in order to understand reality the researcher must research the situation in detail which is the concept of social constructionism. "Social Constructionism views reality as being socially constructed" (Saunders et al., 2009:111). Interpretivist philosophy is linked with the subjective position, as there is a belief that the subjective meaning that stimulates the actions of social actors must be explored in order to conduct and gain an insight into the research. In order to understand motives and actions the researcher of this study gained an understanding of the respondent's subjective reality. Objectivisists believes that the organisational culture is something the organisation has while a subjectivist believes that the organisation is it's culture and rejects the objectivist's belief as they perceive it as too simplistic in that culture is developed through social interactions, meanings and rituals (Saunders et al., 2009).

The resources researcher claims to be more external and independent from the research in comparison to the feelings researcher as they may phrase questions inappropriately or interpret the respondent's answers inaccurately. However, the feelings researcher argues that the resources researcher still chooses a topic to research, so consequently the resources researcher is not entirely separate from their values, as this is virtually impossible. The feelings researcher also argues that attitudes and feelings can be measured and are vital to understanding reality and to gain the insiders perspective. In order to gather an overall perspective the researcher of this study adopted the epistemology approach, the positivist and interpretivist stance as well as both the

objectivist and subjectivist ontological positions as the researcher conducted a mixed methods approach.

"A paradigm is a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted" (Saunders et al., 2009:118). Paradigms can generate fresh insights into real life issues and problems.

Research Approaches

A researcher must attach either the deductive or inductive research approach to the right research philosophy.

Deduction

The researcher adopted a deductive approach and attached it to the positivist philosophical stance that was adopted. Deduction "involves the development of a theory that is subjected to a rigorous test" (Saunders et al., 2009:124). The deductive approach deduces a theory and hypothesis on what is known on a particular subject. As a result, a research strategy is designed in order to test the theory and hypothesis. Deduction is the most dominant of the research approaches in the natural sciences. Deduction was used to explain a casual relationship between particular variables in the research. Controls were established when testing the hypothesis to ensure reliability of the research. The deductive approach required the researcher to ensure they were independent of what was being observed. Questionnaires had to be phrased to be objective and unbiased. In order to measure quantitatively, concepts had to be operationalised in a way that this

was possible. This follows the principle of reductionism, which is that if problems are decreased to their simplest form they are easier to understand (Saunders et al., 2009). The researcher ensured the sample was an appropriate size in order to statistically generalise about findings regarding human social behaviour. Robson (2002) states that the following cycle must be repeated to verify a theory. Firstly, from the theory, the researcher deduces a hypothesis and indicates how this hypothesis is to be measured and tests it using a research strategy. Following this, the researcher examined the outcome of the test, which confirmed the theory in light of what the findings reveal. The main concepts in the deductive approach are that the theory and hypothesis are developed first and then tested to obtain data. The deductive approach is quantitative in nature and strongly related to the positivist philosophy and in this research questionnaires were used.

Induction

The researcher adopted an inductive approach and attached it to the interpretivist philisophical stance, which was adopted. The inductive approach collects data and develops a theory from analysing the collected data. The induction approach is qualitative in nature and uses interviews to gather data. The idea of this approach was to gain an understanding of the problem from getting a feel for the situation (Bryman, 2008). Deduction regarding variables creates a cause-effect link to be established without taking into account and understanding how humans interpret their social world and surroundings. Therefore, social scientists have become critical of the deductive approach because it is rigid and does not consider alternative reasons for results. The inductive approach in this study developed an understanding into how humans interpret

their social world, which is the approaches strength. Induction allowed for considerations to be made about alternative reasons for events and situations. As a result, it took into consideration the context in which certain events took place and required a smaller sample of respondents in order to do so. The inductive approach was more interpretive, more flexible and not as clinical as the deductive approach. The inductive approach was about building the knowledge on what was observed in order to draw conclusions from the specific and detailed discoveries that were obtained. The inductive approach was qualitative in nature and used interviews to collect data and strongly relates to the interpretivism philosophy (Saunders et al., 2009).

Choosing the appropriate approach helped the researcher discover which strategy was going to be most suitable. It also helped the researcher decide what kind of evidence was required, where it was going to be gathered from, what techniques to use, how to analyse the data and how to interpret findings to provide valid conclusions. This researcher has opted to combine the deductive and inductive approach. The researcher has considered the nature of the research topic and the time available as the inductive approach is more time consuming and there is a risk that patterns of theory may not emerge as expected.

Research Design and Strategy

The researcher considered the research question and objectives when choosing the research design and strategy.

Research Design

The research problem determined the researcher's choice of research methodology. The research design describes the researcher's general plan for solving and answering the research questions and objectives. Possible constraints for conducting research maybe access to data, resources, time or location (Saunders et al., 2009). The purpose of the research questions and this research was to develop an explanatory study where a casual relationship between variables maybe developed and established using both quantitative and qualitative methods. An extension of this was to present descriptive research to provide an accurate profile of the merger, acquisition and demerger. Also, the impact these change processes have on employee engagement and to highlight the role of HR in maintaining employee engagement and their role from the beginning stages of the change (Saunders et al., 2009).

Research Strategy

The researcher's research questions, objectives, existing knowledge, philosophical underpinnings and the time available and resources available guided the researcher in choosing the most appropriate research strategy. This researcher used the case study method to explore the real life context of how HR professionals can maintain employee engagement and how their involvement is necessary at the strategic planning stages of mergers and acquisitions and demergers. The case study research strategy is defined as "a strategy for doing research which involves an empirical investigation of a particular contemporary phenomenon within its real life context using multiple sources of evidence" (Robson, 2002:178). Ethnography relates also to the social world but it requires inquiries over a long period and therefore was not relevant to this research due

to shorter time period available. The researcher in this study yielded both quantitative and qualitative data and obtained the data by using two methods of data collection, questionnaires and structured interviews in order to understand the context. This was the concept of triangulation. "The use of two or more methods of data collection in the study of the same aspect of human behaviour" (Cohen, 2000:12). The case study strategy provided a rich understanding of the real life context. It used triangulation and multiple sources of data and was categorized as a single case and an embedded case study by examining more than one unit of analysis; such as the role of HR in the strategic planning stages and how do HR professionals maintain employee engagement during a merger/demerger (Saunders et al., 2009). "Case studies aim to describe, illustrate, explore or explain settings and allow significant opportunities for extensive analysis" (Yin, 2003:46). The research strategy that was adopted enabled the researcher to answer the research questions and meet the objectives. The researcher was able to justify decisions of research design and strategy back to their research philosophy questions and objectives (Yin, 2003).

The philosophical grounding of this research was both quantitative and qualitative. A mixed methods approach was used (Saunders et al., 2009). This research was predisposed to believe that the relationship between HR professionals, employee engagement and their involvement from the beginning stages of mergers, acquisitions and demergers is vital for the success of these change processes. This research was also based on the belief that maintaining employee engagement during change helps prevent a loss in efficiency and productivity. The researcher in this study adopted the role of a practitioner researcher as the researcher will be working as an intern in Company A and

worked in the past in Company B. In both companies questionnaires and interviews were conducted. The advantage of being a practitioner researcher was that the researcher had knowledge of the organisation (Saunders et al., 2009). However, there were also disadvantages. The researcher had to ensure assumptions were not made due to preconceptions that existed due to familiarity with the organisation as this would have jeopardised the reliability of the findings. Therefore, the practitioner researcher was aware of the potential threats familiarity could cause. The researcher made sure these disadvantages did not have an impact on the findings (Saunders et al., 2009).

Research Choices

A research method or choice is "simply a technique for collecting data it can involve a specific instrument, such as a questionnaire or interview" (Bryman, 2008:266).

The research choice of this study was to use a combination of both qualitative and quantitative methods referred to as a mixed methods approach to data collection. The qualitative data focused on words obtained by the interview data collection techniques and categorising data was used to analyse the data to produce descriptive non-numerical data. While the quantitative data focused on numeric data obtained by questionnaire data collection techniques; graphs and statistics were used to analyse the data and produce numerical data. There were two methods of data collection employed, a structured interview (qualitative) and questionnaires (quantitative). This is the concept of triangulation, which combined both qualitative and quantitative research methods. These enabled the researcher to counteract the weakness and limitations that exist in both methods (Dawson, 2009). However, there was a primary focus geared towards

qualitative methods, such as interviews. The two data collection techniques, however, were analysed separately. Thus qualitative data was qualitatively analysed and quantitative data was quantitatively analysed. There were many benefits for using the mixed methods design in this study, such as, by using both techniques this helped to fill gaps in research as the questionnaires gathered the issues and the interviews gathered the meaning. Therefore, the different methods complemented each other. Using both techniques allowed the researcher to research slightly different aspects. For example, questionnaires studied the employee's perspective and interviews studied the senior management's perspective. Using qualitative and quantitative techniques provided generality, which provides a broader context and relevance to this piece of research. The researcher found that using qualitative methods contributed to interpreting and explaining the meaning of the quantitative findings obtained from the questionnaires. Overall the two data collection methods helped to enhance this study's findings which is referred to as triangulation. (Saunders et al., 2009).

Research Principles

"Reliability addresses the question of whether respondents are consistent or stable in their answers" (Groves et al., 2009:282). Reliability refers to how consistent your findings and results will be over time and how much of an accurate representation of the population they are. "Reliability is concerned with the question of whether the results of a study are repeatable" (Bryman, 2008:31). The researcher considered if other researchers could have similar findings and would the same findings occur on other occasions. Robson (2002) stated that there are four possible threats to studies reliability. Subject or participant error relates to the particular time the respondent participates

which can impact on the results. Subject or participant bias may occur when participants are not honest. This occurs particularly in authoritarian style organisations or when employment insecurity is arising as this research discovered. Observer error relates to when the way an interviewer asks a question interferes with the reliability of the answer. Therefore, interviews must be highly structured to avoid a threat to reliability. Observer bias can occur if the researcher interprets answers incorrectly. A questionnaire must be reliable to be valid. Respondents may interpret questions in a way that you did not foresee. In order to ensure reliability, the researcher ensured internal consistency by correlating responses to each question in the questionnaire. A good way of seeing if something is reliable is to ask whether it can be replicated, in other words, can the results of the research be repeated under similar methodology (Saunders et al., 2009).

"Validity refers to the problem of whether the data collected is a true picture of what is being studied" (Mc Neill & Chapman, 2005). In order to ensure validity the researcher conducted the questionnaires first. If there had been a lack of validity it would have been reduced by the research design to conduct the interviews with senior management after the questionnaire results were analysed. Certain threats that may negatively impact on validity are history, for example when an event had just occurred before the research initiated. However, in this case it was ideal to conduct the research just after the acquisition/demerger as the research at a more stable time would not yield the results that were required. Generalisability, known as external validity, determines whether your findings are generalisable to other research settings such as other organisations (Saunders et al., 2009). It is as if the research can make generalisations based on the results one discovers. However, with regards to this study, the researcher is aware that this may be problematic as the case study approach was adopted which researched a

small number of companies Quantitative research tends to give a better opportunity to make generalisations based on findings

To eliminate the possibility of bias in this research the interviewer will check translated interviews with respondents The researcher was aware at all times of the possibility of bias In order to minimise the possibility of bias occurring, the researcher tried to phrase the questions to the respondents in as unbiased a manner as possible To avoid issues with validity and reliability the researcher should ensure respondents check information they have provided for accuracy prior to transcribing It is recommended that one interviews respondents twice to avoid inconsistencies in acquired data however this was not feasible with senior level Manager as their time is valuable The researcher had to respect this time limitation "Generating knowledge through research within any discipline is ultimately directed towards improving peoples' lives and the way they live" (Bryman, 2008 76)

In relation to research ethics the researcher allowed ethics and moral principles to guide the research The researcher was aware of the obligation and responsibility to the research subjects The researcher understood that all research participants had the right to know what the research was about and was honest in the portrayal of the research topic to the respondents The researcher ensured confidentiality as all respondents were anonymous unless they agreed to exposure Therefore, the researcher ensured a responsibility to protect people participating in the study When phrasing questions, ethical considerations were addressed to avoid discrimination or developing leading questions (Mc Neill & Chapman, 2005)

Research Population and Sample Size

The context in which this research is based is the Irish Insurance and Banking Sector. Therefore, the research population of this study will be employees and senior management in the Irish Insurance and banking sector who have experienced mergers, acquisitions or demergers in their careers. A population is "every possible person that could be used in research" (Sutton, 2004:3475). The population of this research is a representation of employees and senior management. Sampling is a "process by which study subjects or objects are chosen from the larger target population" (Seaman, 1987:56). Total coverage of the proposed audience was not feasible nor was it a realistic endeavour due to the large numbers that would have been involved and due to location and time factors.

Interviews were conducted on senior level management and questionnaires will be conducted on employees to gain each of their perspectives regarding the importance of HR from the strategic planning stages of change and the role of HR in maintaining employee engagement during mergers, acquisitions and demergers. The researcher interviewed senior level management and immediately checked if the information was gathered accurately before transcribing to ensure reliability and validity of the research and results (Saunders et al, 2009). The researcher gained a great understanding of their experiences and perspectives by asking a combination of direct and indirect questions and by making the interviewee feel as comfortable as possible. It was proposed to send questionnaires to employees who have gone through change recently. The researcher issued a total of 55 questionnaires and received back 43 answered – overall result is a response rate of 78%. An understanding of their experiences was gained, the challenges

they faced and changes they see necessary which contributed to the drawing together of the conclusion. The conclusion led to the development of recommendations for future HR professionals who will have to deal with maintaining employee engagement during the post recession increase in M&A in the Irish Insurance and Banking Sector.

Research Time Horizons

This research represents a snapshot in time due to time restrictions. It represents the events of mergers, acquisitions and demergers that take place at a given time. This time horizon is referred to as cross sectional "the study of a particular phenomenon at a particular time" (Saunders et al, 2009:155). The cross sectional study employed quantitative methods, such as questionnaires, to explain the employee's experience of the change and also employed the qualitative method of interviews conducted over a short period of time.

Research Techniques and Procedures (Data Collection and Analysis)

Interviewing will be one of the data collection techniques used to collect data on the research questions and objectives. Interviews are a less structured approach and allow both the researcher and respondent flexibility (Robson, 2002). Thorough and accurate recordings are essential. Interviews allow for following up on interesting responses and investigating motives which other research methods like questionnaires are unable to do. Interviews are in no way a 'soft option' of research methodology, instead, they can obtain rich and highly interesting research. However, interviews require a substantial amount of preparation and are very time consuming. It is the responsibility of the researcher to determine an interview schedule (Robson, 2002). The researcher in this

study conducted structured interviews, which contained very standardised questions The interviewer ensured to read the identical questions in a non-biased tone the exact same way to show consistency in behaviour ultimately to avoid interviewer bias The structured interviews were clear and were less likely to result in researcher bias Structured interviews use explanatory but mainly descriptive research to identify patterns (Saunders et al , 2009) Professionalism is required to eliminate concerns of reliability and bias (Robson, 2002)

From examining all possible data collection methods the researcher chose to conduct questionnaires that can be both explanatory and descriptive (Saunders et al , 2009) Questionnaires are a fixed quantitative design (Robson, 2002) They entail collecting a small amount of data in a highly standardised form from a large number of participants who are representative samples of individuals A questionnaire interview is a highly structured method of research (Robson, 2002) The researcher administrated the questionnaires electronically to Company A using 'Survey Monkey' and hand delivered and collected them from Company B The researcher used rating questions to collect opinion data in a Likert style rating scale asking respondents if they agree or disagree with various statements (Saunders et al , 2009) It contains fixed and closed questions in a particular order with specific wording that mean the same thing to all respondents and which must be answered by selecting from a small list of alternatives The main issue is receiving a high degree of involvement from respondents maybe challenging as they may have a desire to be seen in a certain way rather than expose their true beliefs and behaviours Therefore, conducting surveys face to face maybe the best way if feasible However, in this case that was not possible Notwithstanding, they can obtain large

amounts of data of great value (Robson, 2002) The researcher, to ensure the participants would read statements clearly, included statements that were both positive and negative contributing to the overall reliability of the research In order to eliminate issues with the questionnaire the researcher conducted a pilot test and also asked others to comment on the structure of the questionnaire as well as the appropriateness of the questions This was all to establish problems and assess the questionnaires validity and reliability before it was conducted officially (Saunders et al , 2009)

Using mainly qualitative methods of data collection was the most effective way of meeting the research objectives of this study Interviews, although timely, can gather accurate data on how the respondents feel, while questionnaires gather a lot of information but may fail to gather the true feelings of the respondent By using both methods this helped counteract the weaknesses of each

In order to explain the emerging behaviors the research will be grounded by identifying themes illustrated in graphs and tables to analysis the interviews The analysis for questionnaires will use graphs to ease interpretation and aid understanding for the readers

Relevance of this Research

Business experts predict that due to large cash reserves from years of cost cutting and the large number of failing targets post- recession the number of M&A will be on the rise (Towers Watson, 2011) Therefore, it is critical to prepare and ready HR professionals for the increase of M&A as their expertise will be in demand in the

coming years It is vital for HR professionals to be seen as indispensable regarding their participation in the planning stage of M&A as the human aspects are vital to change initiative success The role of HR professionals in maintaining employee engagement during M&A is critical to maintain productivity levels in the workforce This research has developed guidelines and recommendations for HR professionals to follow to help them in the next phase of HR where there will be a focus on employee engagement and the post recession increase in mergers and acquisitions

CHAPTER FIVE

FINDINGS AND ANALYSIS

The previous section outlined the methodology that was implemented to conduct and gather the data in order to answer the research question and objectives This section will present the results of the primary data that was accumulated from conducting the mixed method approach Both quantitative questionnaires and qualitative interviews were used to gather the following data The findings concentrate on the objectives of this research The following discussion section will go into further detail on the analysis of the questionnaires from the employee's perspective and the interviews from senior management's perspective

Findings and Analysis of Questionnaires

The questionnaire consisted of 25 questions and was answered by 43 respondents chosen from different departments at random The researcher issued a total of 55 questionnaires and received 43 answered, overall resulting in a response rate of 78% The respondents were general level employees from Company A who experienced a demerger and from Company B who experienced an acquisition These companies cannot be named due to confidentiality ensured by the researcher The results of the questionnaires are based on the employee perspective of the demerger and acquisition they experienced

The questionnaire results are presented as follows

Question's 1 and 2

Figure 1.1 depicts a bar chart that represents the frequency which is the number of times an event reoccurs. Figure 1.2 depicts a bar chart that represents the percentage of this frequency. Figure 1.1 illustrates a total of 13 respondents from Company A and a total of 30 respondents from Company B. Equaling 43 respondents overall. Figure 1.2 illustrates that 30% of respondents are from Company A and 70% of respondents are from Company B.
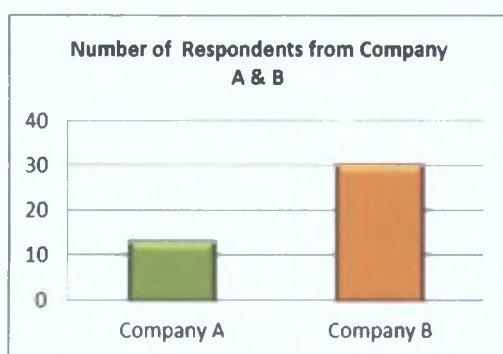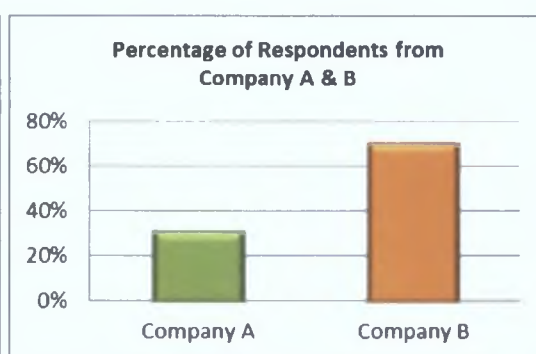
Figure 1.1   **Figure 1.2**

Theme	Frequency	%f
Company A	13	30%
Company B	30	70%
Total	43	

Table 1.1: Frequency Distribution and the Percentage Frequency Distribution

The response rate was 65% from Company A and 86% from Company B therefore resulting in an overall response rate of 78%.

Figure 1.3 and Figure 1.4 depict bar charts that represent the number and percentage of

employees in both Company A (Green) and Company B (Orange).
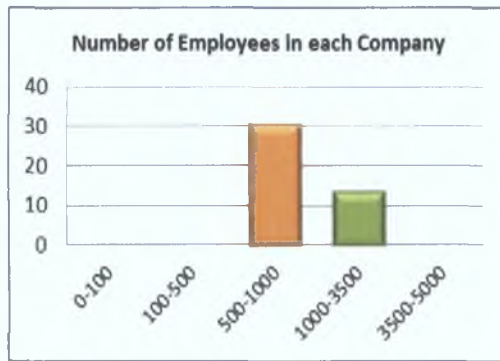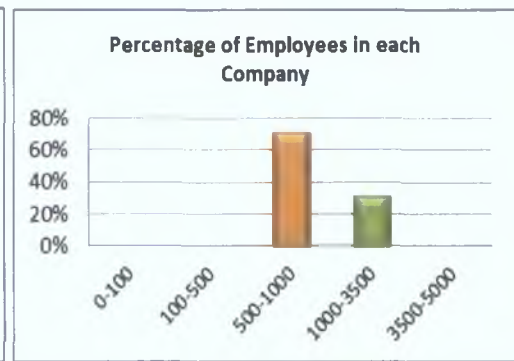
Figure 1.3   Figure 1.4

Theme	Frequency	%f
0-100	0	0%
100-500	0	0%
500-1000	30	70%
1000-3500	13	30%
3500-5000	0	0%
Total	43	

Table 1.2: Frequency Distribution and the Percentage Frequency Distribution

Question 3

Question 3 asked 'What is the job title of your current position' to ensure all participants were at general employee level, which is confirmed by Table 1.3 below:

Job Title of Respondents	Number of Respondents
Client Service Representatives	7
Company Secretary	2
Contracts Specialist	1
Corporate Secretary	4
Group Equality and Diversity Officer	1
Learning Specialist	5
Learning and Development Officer	1
Personal Assistant	5
Project Manager	6
Recruitment Specialist	1
Accountant	10
	Total 43 Respondents

Table 1.3: What is the Job Title of your Current Position?

For the purpose of this research the researcher has combined the results from Company A and from Company B for the rest of the questionnaire data analysis as both an acquisition and demerger have similar implications on employee engagement which is the focus of this research.

Question 4

Figure 2.1 and Figure 2.2 illustrate bar charts that represent a summary of the number and percentage of time the employees were in service. This depicts that the majority of employees are in service between 0-5 years or 5-10years.
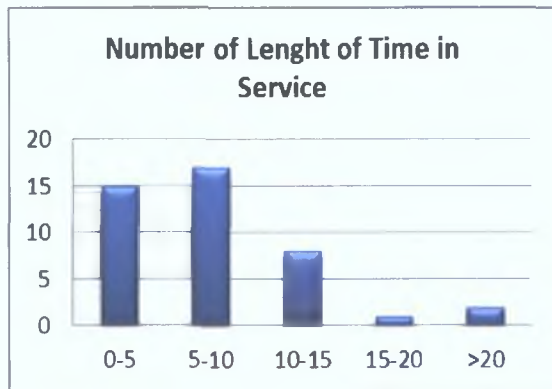
Figure 2.1
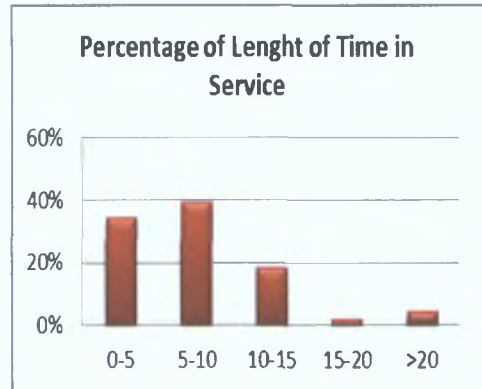
Figure 2.2

Theme	Frequency	%f
0-5	15	35%
5-10	17	40%
10-15	8	19%
15-20	1	2%
>20	2	5%
Total	43	

Table 1.4: Frequency Distribution and the Percentage Frequency Distribution

Question 5

Figure 3.1 and Figure 3.2 illustrate bar charts that represent the number and percentage of employees who had experience of these change processes.

Figure 3.1
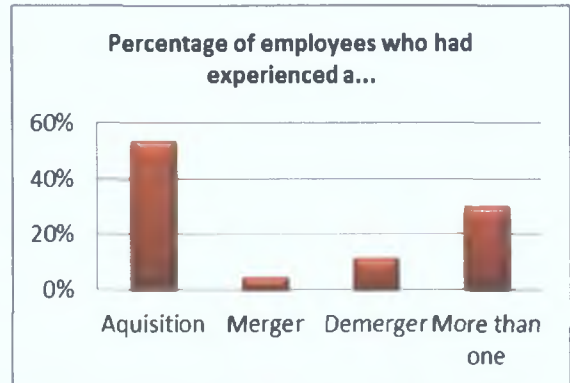
Figure 3.2

Theme	Frequency	%f
Acquisition	23	53%
Merger	2	5%
Demerger	5	12%
More than one	13	30%
Total	43	

Table 1.5: Frequency Distribution and the Percentage Frequency Distribution

Question 6

Figure 4.1 and Figure 4.2 depict bar charts which represent that 29 out of 43 respondents therefore overall 67% of respondents believed they understood the long term strategy of their organisation.

Figure 4.1

Figure 4.2

Theme	Frequency	%f
Strongly Agree	8	19%
Agree	29	67%
Neutral	3	7%
Disagree	3	7%
Strongly Disagree	0	0%
Total	43	

Table 1.6: Frequency Distribution and the Percentage Frequency Distribution

Question 7

Figure 5.1 and Figure 5.2 illustrate bar charts that represent a summary of the number and percentage of respondents who felt that they were given plenty of advance notice on planned change initiatives. The bar charts show that 18 out of 43 respondents agreed and strongly agreed. Therefore overall 45% of respondents believed that they were given plenty of advanced notice.
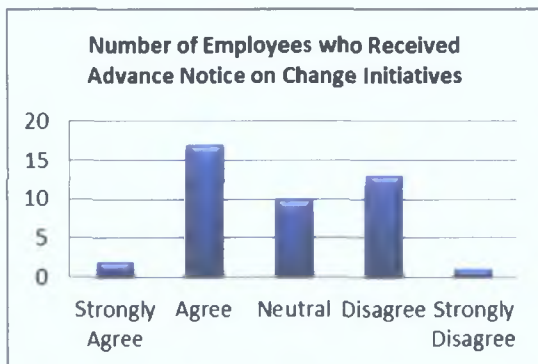
Figure 5.1

Figure 5.2

Theme	Frequency	%f
Strongly Agree	2	5%
Agree	17	40%
Neutral	10	23%
Disagree	13	30%
Strongly Disagree	1	2%
Total	43	

Table 1.7: Frequency Distribution and the Percentage Frequency Distribution

Question 8

Figure 6.1 and Figure 6.2 depict bar charts that show 21 out of 43 respondents hence almost half at 49% felt communication was encouraged by senior management during the acquisition and demerger.
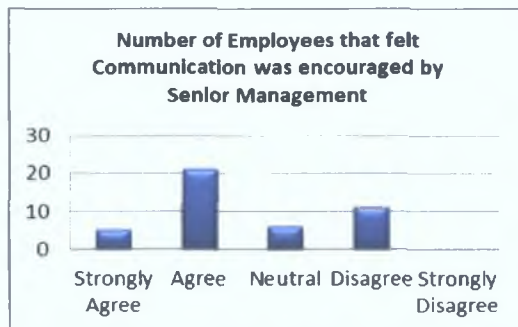
Figure 6.1

Figure 6.2

Theme	Frequency	%f
Strongly Agree	5	12%
Agree	21	49%
Neutral	6	14%
Disagree	11	26%
Strongly Disagree	0	0%
Total	43	

Table 1.8: Frequency Distribution and the Percentage Frequency Distribution

Question 9

Figure 7.1 and Figure 7.2 illustrate bar charts which demonstrate that 18 out of 43 respondents therefore 42% overall were satisfied and rather satisfied. However 24 out of 43 respondents and therefore 56% were unsatisfied and rather unsatisfied with communication levels with their local managers.

Figure 7.1

Figure 7.2

Theme	Frequency	%f
Satisfied	7	16%
Rather Satisfied	11	26%
Partially	1	2%
Rather Unsatisfied	5	12%
Unsatisfied	19	44%
Total	43	

Table 1.9: Frequency Distribution and the Percentage Frequency Distribution

Question 10

Figure 8.1 and Figure 8.2 depict bar charts that represent the number and percentage of employees who believed that they were treated fairly by their employer during the acquisition and demerger they experienced. These results clearly show that employees did feel that they were treated fairly by their employer as 77% of respondents agreed and strongly agreed.
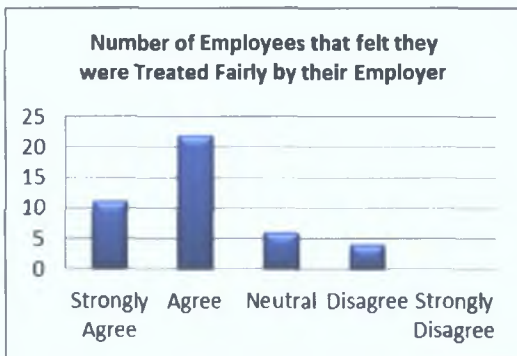
Figure 8.1

Figure 8.2

Theme	Frequency	%f
Strongly Agree	11	26%
Agree	22	51%
Neutral	6	14%
Disagree	4	9%
Strongly Disagree	0	0%
Total	43	

Table 1.10: Frequency Distribution and the Percentage Frequency Distribution

Question 11

Figure 9.1 and Figure 9.2 depict bar charts which represent that 25 employees out of 43 agreed and strongly agreed that trust was broken between themselves and their employer during the change process. Therefore overall 58% of employees felt that trust was broken.

Figure 9.1   **Figure 9.2**

Theme	Frequency	%f
Strongly Agree	4	9%
Agree	21	49%
Neutral	8	19%
Disagree	10	23%
Strongly Disagree	0	0%
Total	43	

Table 1.11: Frequency Distribution and the Percentage Frequency Distribution

Question 12

Figure 10.1 and Figure 10.2 depict bar charts that represent a summary of the number and percentage of respondents who felt that redundancies occurred in their company due to the acquisition and demerger.

Figure 10.1
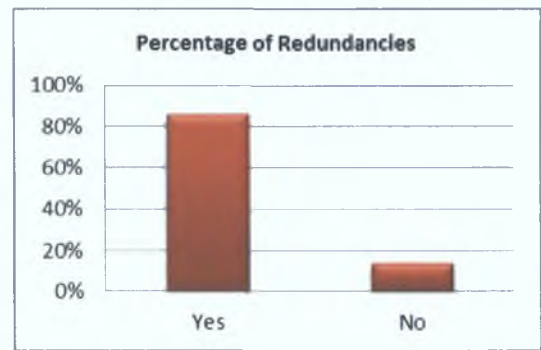
Figure 10.2

Theme	Frequency	%f
Yes	37	86%
No	6	14%
Total	43	

Table 1.12: Frequency Distribution and the Percentage Frequency Distribution

Question 13

Figure 11.1 and Figure 11.2 illustrate bar charts that represent the number and percentage of employees who considered alternative employment as a result of the change process. It shows that 24 out of 43 respondents disagreed and strongly disagreed therefore 56% overall stated they did not consider alternative employment as a result of the change process.
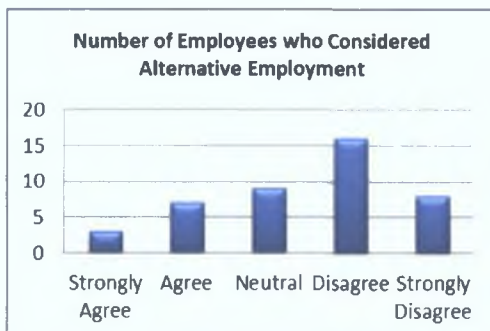
Figure 11.1
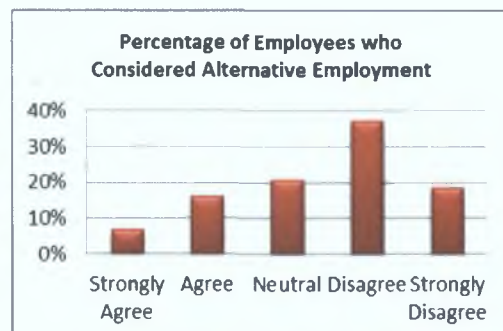
Figure 11.2

Theme	Frequency	%f
Strongly Agree	3	7%
Agree	7	16%
Neutral	9	21%
Disagree	16	37%
Strongly Disagree	8	19%
Total	43	

Table 1.13: Frequency Distribution and the Percentage Frequency Distribution

Question 14

Figure 12.1 and Figure 12.2 depict bar charts which represent a summary of the number and percentage of respondents who felt that their organisation took their interests into account during the change process. As the bar charts indicate there is only a slight variation in these results as 37% of respondents agree, 28% are neutral and 30% disagree.
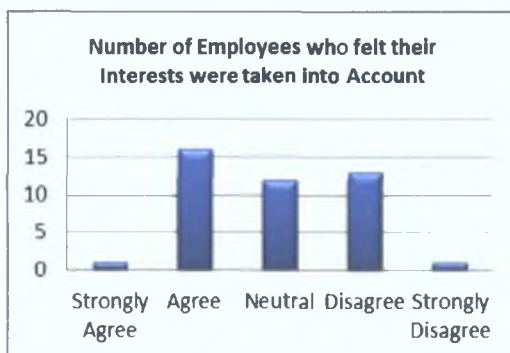
Figure 12.1
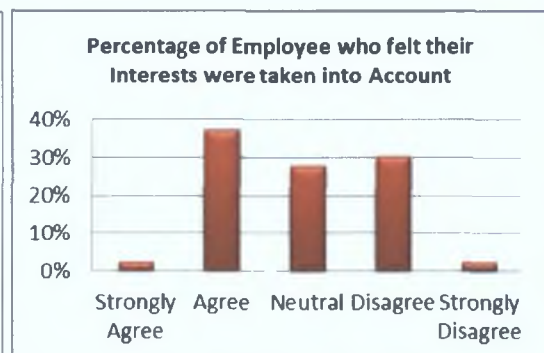
Figure 12.2

Theme	Frequency	%f
Strongly Agree	1	2%
Agree	16	37%
Neutral	12	28%
Disagree	13	30%
Strongly Disagree	1	2%
Total	43	

Table 1.14: Frequency Distribution and the Percentage Frequency Distribution

Question 15

Figure 13.1 and Figure 13.2 illustrate bar charts which represent that 29 out of 43 respondents disagreed and strongly disagreed with the statement. Therefore overall 67% of employees felt that they were worried about the future of their career during the acquisition and demerger.
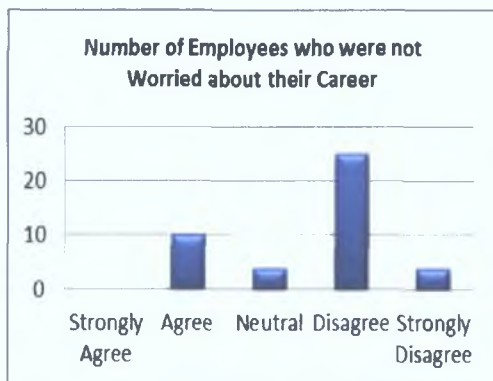
Figure 13.1
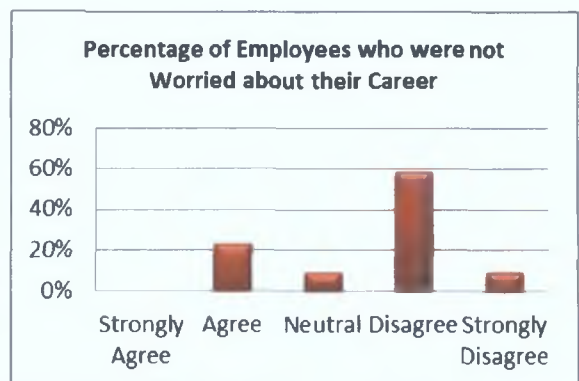
Figure 13.2

Theme	Frequency	%f
Strongly Agree	0	0%
Agree	10	23%
Neutral	4	9%
Disagree	25	58%
Strongly Disagree	4	9%
Total	43	

Table 1.15: Frequency Distribution and the Percentage Frequency Distribution

Question 16

Figure 14.1 and Figure 14.2 depict bar charts which show that 20 out of 43 respondents disagreed. Hence almost half at 47% felt that they were not provided with adequate training and development to adapt to changes in their job.
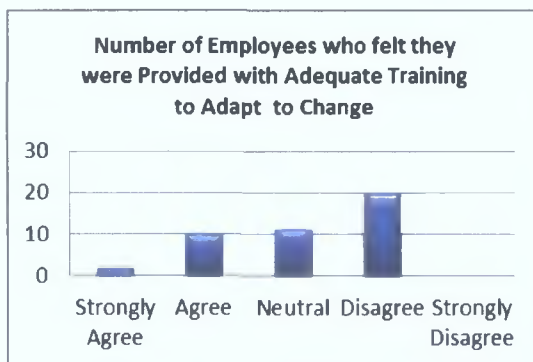
Figure 14.1
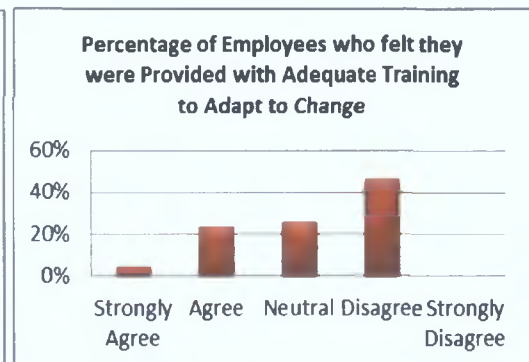
Figure 14.2

Theme	Frequency	%f
Strongly Agree	2	5%
Agree	10	23%
Neutral	11	26%
Disagree	20	47%
Strongly Disagree	0	0%
Total	43	

Table 1.16: Frequency Distribution and the Percentage Frequency Distribution

Question 17

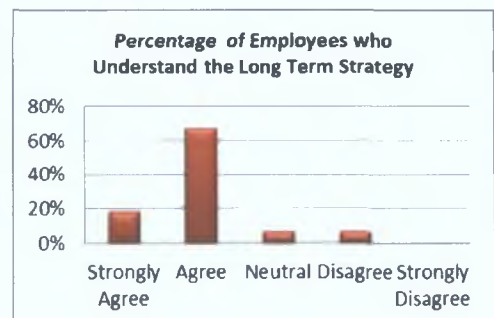Figure 15.1 and Figure 15.2 illustrate bar charts that represent that 33 out of 43 respondents agreed and strongly agreed that they were committed to the organisation throughout the change process. This demonstrates that 76% of employees overall felt committed to the organisation.
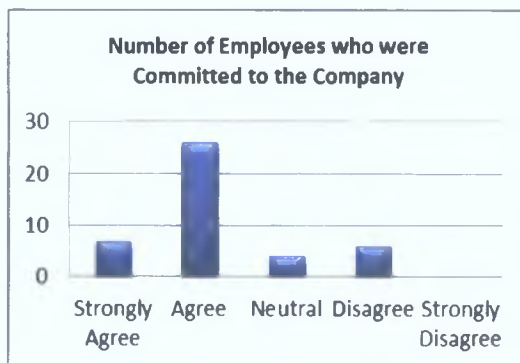
Figure 15.1
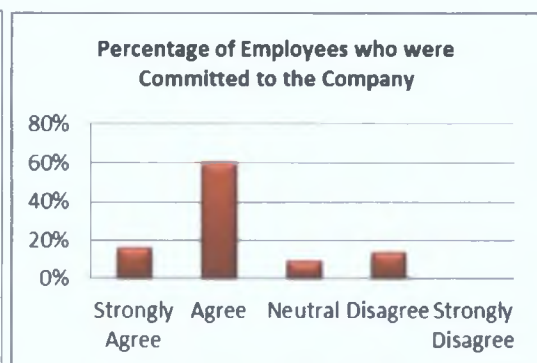
Figure 15.2

Theme	Frequency	%f
Strongly Agree	7	16%
Agree	26	60%
Neutral	4	9%
Disagree	6	14%
Strongly Disagree	0	0%
Total	43	

Table 1.17: Frequency Distribution and the Percentage Frequency Distribution

Question 18

Figureure 16.1 and Figureure 16.2 depict bar charts which represent that 27 out of 43 employees disagreed and strongly disagreed. Therefore they did not feel secure in their job during the acquisition and demerger. This demonstrates that 63% of employees did not feel secure at this time.
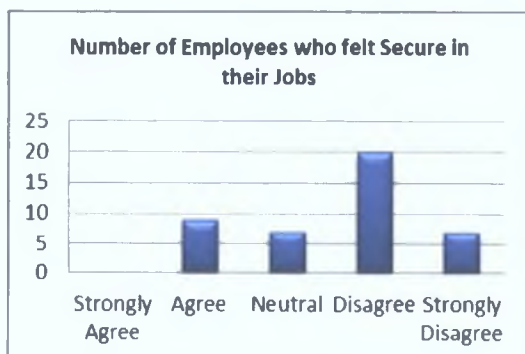
Figure 16.1
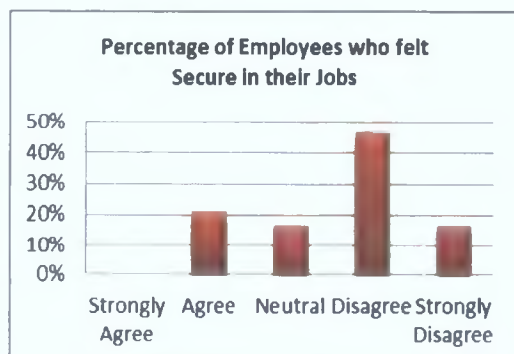
Figure 16.2

Theme	Frequency	%f
Strongly Agree	0	0%
Agree	9	21%
Neutral	7	16%
Disagree	20	47%
Strongly Disagree	7	16%
Total	43	

Table 1.18: Frequency Distribution and the Percentage Frequency Distribution

Question 19

Figure 17.1 and Figure 17.2 illustrate bar charts which represent that 23 out of 43 employees disagreed and strongly disagreed. Therefore these employees did not find the acquisition and demerger a positive experience. This indicates that 53% of employees found the change process to be a negative experience.

Figure 17.1

Figure 17.2

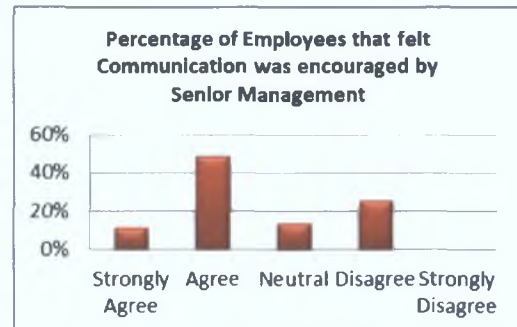| Theme	Frequency	%f
Strongly Agree	0	0%
Agree	10	23%
Neutral	10	23%
Disagree	19	44%
Strongly Disagree	4	9%
Total	43	

Table 1.19: Frequency Distribution and the Percentage Frequency Distribution

Question 20

Figure 18.1 and Figure 18.2 depict bar charts which express that 17 out of 43 employees felt their work performance was excellent and 20 out of 43 employees felt their work performance was good during the change process. Therefore overall 87% of employees felt their work performance was above average.

Figure 18.1
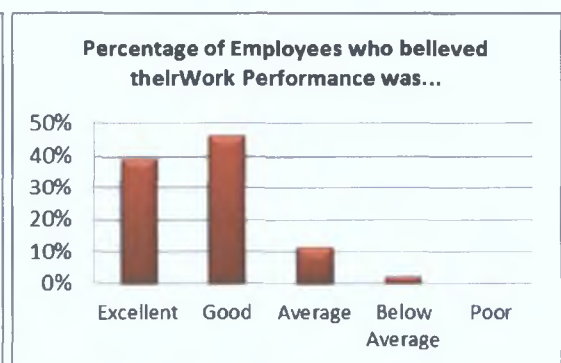
Figure 18.2

Theme	Frequency	%f
Excellent	17	40%
Good	20	47%
Average	5	12%
Below Average	1	2%
Poor	0	0%
Total	43	

Table 1.20: Frequency Distribution and the Percentage Frequency Distribution

Question 21

Figure 19.1 and Figure 19.2 depict bar charts which illustrate that 9 out of 43 employees felt that their engagement level was excellent and 26 out of 43 respondents felt that their engagement level was good during the change process. Therefore overall 81% of employees felt that their engagement level was above average.

Figure 19.1

Figure 19.2

Theme	Frequency	%f
Excellent	9	21%
Good	26	60%
Average	7	16%
Below Average	1	2%
Poor	0	0%
Total	43	

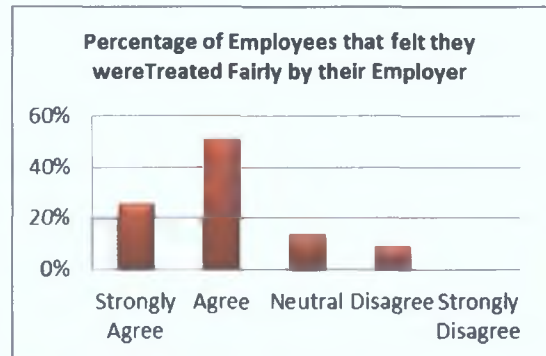**Table 1.21: Frequency Distribution and the Percentage Frequency Distribution**

Question 22

Figure 20.1 and Figure 20.2 illustrate bar charts which represent that 25 out of 43 respondents therefore 58% felt that the atmosphere in their company was strained. While 11 out of 43 respondents therefore 26% felt that the atmosphere in their company was nervous during the change process. Therefore overall 84% of employees believed that the atmosphere was negative as it was either strained or nervous.
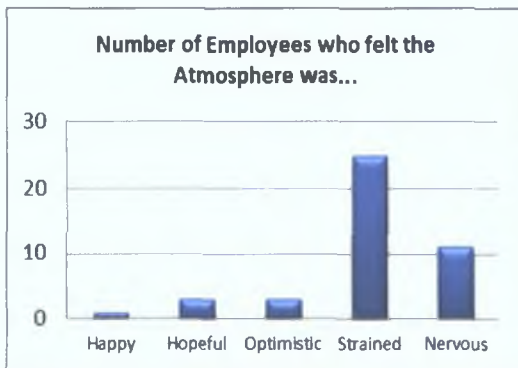
Figure 20.1
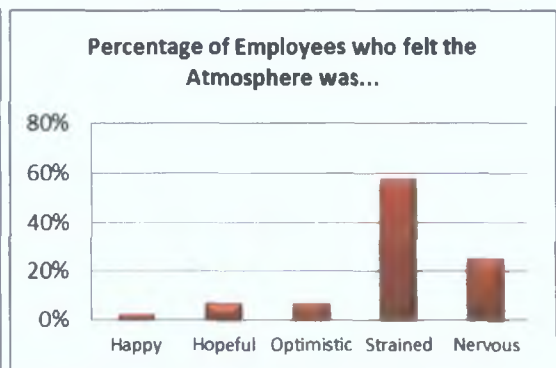
Figure 20.2

Theme	Frequency	%f
Happy	1	2%
Hopeful	3	7%
Optimistic	3	7%
Strained	25	58%
Nervous	11	26%
Total	43	

Table 1.22: Frequency Distribution and the Percentage Frequency Distribution

Question 23

Figure 21.1 and Figure 21.2 illustrate bar charts which represent that 20 out of 43 employees agreed therefore 47% overall felt that the goals and targets of the change process were attained as was explained to them. While 18 out of 43 employees were neutral and therefore 42% felt indifferent as to whether or not the goals and targets of the change process were attained.
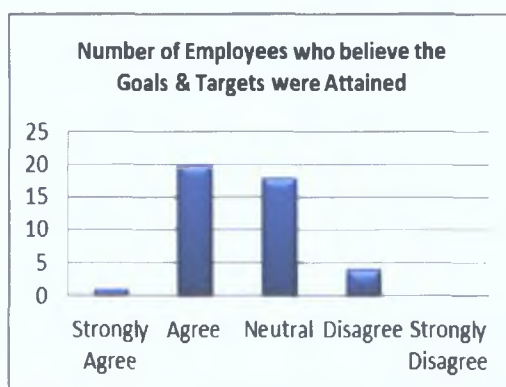
Figure 21.1

Figure 21.2

Theme	Frequency	%f
Strongly Agree	1	2%
Agree	20	47%
Neutral	18	42%
Disagree	4	9%
Strongly Disagree	0	0%
Total	43	

Table 1.23: Frequency Distribution and the Percentage Frequency Distribution

Question 24

Figure 22.1 and Figure 22.2 depict bar charts which illustrate the number and percentage of how satisfied employees were with the handling of the change process. These results suggest great uncertainty as 37% state they are satisfied and rather satisfied while 33% state they are partial and 31% state they are rather unsatisfied and unsatisfied regarding satisfaction with the overall handling of the change process.

Figure 22.1

Figure 22.2

Theme	Frequency	%f
Satisfied	3	7%
Rather Satisfied	13	30%
Partially	14	33%
Rather Unsatisfied	8	19%
Unsatisfied	5	12%
Total	43	

Table 1.24: Frequency Distribution and the Percentage Frequency Distribution

Question 25

Question 25 was qualitative in nature and was answered by 20 out of 43 employees. This question invited the employees to make suggestions on what they felt the organisation should have done differently to maintain employee engagement more effectively.

Theme	Frequency	%f
Communication	11	55%
Honesty	2	10%
Trust	2	10%
Local Management	2	10%
Culture	3	15%

Table 1.25: Frequency Distribution and the Percentage Frequency Distribution

The themes that were identified are presented in Table 2.1. Figure 23.1 depicts bar charts that represent the themes that were suggested by the employees for the organisation to have done differently in order to maintain employee engagement more effectively. 55% of the employees agreed that communication needed to be improved, 10% of employees agreed that honesty was vital, 10% of employees agreed that trust is important, 10% of employees agreed that local management needed to consider their well being more often and lastly 15% of employees agreed that improved cultural integration was essential to avoid a "them and us" atmosphere.
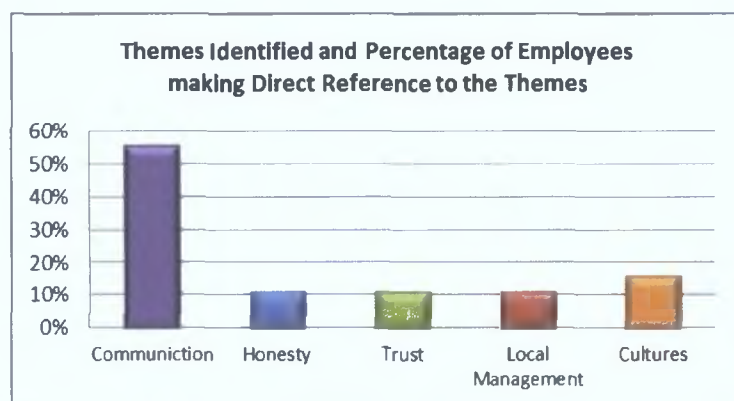
Figure 23.1

Findings and Analysis of Interviews

The structured interviews were carried out on 8 senior managers from Company A and from Company B. The interviews were 18 questions in length. In Company A which was an example of a demerger the Head of Learning and Development was interviewed. In Company B which is an example of an acquisition the Head of Ireland Transfer Agency, Project Manager new business team Ireland, Vice President Relationship Manager, Manager Company Secretarial Department, Senior Vice President Relationship Management and Head of Human Resource Management- Ireland were

interviewed Therefore the findings and analysis of the interviews are based on senior management's perspective of the acquisition and demerger For the purpose of this research the researcher has combined the results from Company A and from Company B for the interview data analysis as both an acquisition and demerger have similar implications on employee engagement which is the focus of this research

The interview results and analysis are presented under a number of headings as follows

The Motive behind the Demerger and Acquisition

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative The identified themes influenced the motive behind the acquisition and demerger Table 1 26 presents the themes that emerged which were to acquire a new product, to extend company capabilities, to grow strategically, an acquisition of new skills and government instruction Figure 24 1 depicts a bar chart which represents that 50% of senior management agreed that the motive behind the change was to extend the companies capabilities and 38% of senior management agreed that the motive was an acquisition of new skills, these are the most agreed responses Due to the fact that there was only one respondent from Company A which experienced a demerger only 13% out of the 8 responses stated government instruction The motive behind the demerger was government instruction as it was recapitalised by the government which led to the demerging of Company A

R1	R2	R3	R4	R5	R6	R7	R8
New Product					New Product		
		Extend Company Capabilities	Extend Company Capabilities	Extend Company Capabilities		Extend Company Capabilities	
				Grow Strategically			
	Acquisition of New Skills				Acquisition of New Skills	Acquisition of New Skills	
							Government Instruction

Table 1.26: An Overview of the identified themes directly obtained from the narrative.

Theme	Frequency	%f
New Product	2	25%
Extend Company Capabilities	4	50%
Grow Strategically	1	13%
Acquisition of New Skills	3	38%
Government Instruction	1	13%

Table 1.27: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes

Figure 24.1

The Role of HR

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The identified themes help to explain one of the objectives of this research that is "to investigate if the involvement of HR professionals from the beginning of the planning stages can positively contribute to maintaining employee engagement during a merger, acquisition or demerger". Table 1.28 presents the themes that emerged which were that yes HR were involved from the beginning of the planning stages of the change initiative, HR drove the change, HR did not drive change, HR were not valued and lastly HR were valued during the change initiative. Figure 25.1 depicts a bar chart which clearly represents that 100% of senior management agreed that yes HR was involved from the beginning of the planning stages of the change initiatives. While only 25% of senior management agreed that HR was valued during the change initiative in comparison with 75% of senior management stating HR were not valued. Also 63% of senior management agreed that HR drove change.

R1	R2	R3	R4	R5	R6	R7	R8
Yes HR Involved	Yes HR Involved	Yes HR Involved	Yes HR Involved	Yes HR Involved	Yes HR involved	Yes HR Involved	Yes HR Involved
	HR Drove Change	HR Drove Change	HR Drove Change	HR Drove Change	HR Drove Change		
HR did not Drive Change						HR did not Drive Change	HR did not Drive Change
HR not Valued	HR not Valued		HR not Valued	HR not Valued	HR not Valued		HR not Valued
		HR were Valued				HR were Valued	

Table 1.28: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Yes HR Involved	8	100%
HR Drove Change	5	63%
HR did not Drive Change	3	38%
HR not Valued	6	75%
HR were Valued	2	25%

Table 1.29: Frequency Distribution and The Percentage Frequency Distribution of the Identified Themes
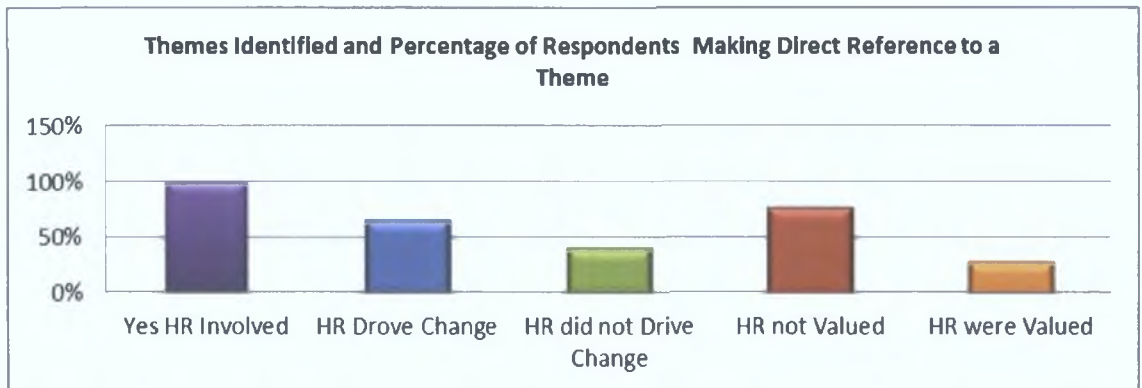
Figure 25.1

The Role of HR During the Change

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The themes identified help to examine the role of HR during the change initiatives. Table 1.30 presents the themes that emerged which were terms and conditions, compliance with employment law, systems and functions, HR policies, redundancies and administration support. Figure 26.1 depicts a bar chart which represents that 63% of senior management agreed that HR's main role was dealing with redundancies and 50% of senior management agreed that HR's main role was dealing with the integration and/or separation of systems and functions during the change process. However all the themes identified are all effectively operational and transactional work. This would signify that the strategic HR elements such as employee engagement were largely forgotten once the change process began.

R1	R2	R3	R4	R5	R6	R7	R8
			Terms & Conditions		Terms & Conditions		
Compliance with Employment Law					Compliance with Employment Law		Compliance with Employment Law
			Systems & Functions		Systems & Functions	Systems & Functions	Systems & Functions
		HR Policies			HR Policies		HR Policies
Redundancies	Redundancies	Redundancies		Redundancies	Redundancies		
			Admin Support			Admin Support	

Table 1.30: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Terms & Conditions	2	25%
Compliance with Employment Law	3	38%
Systems & Functions	4	50%
HR Policies	3	38%
Redundancies	5	63%
Admin Support	2	25%

Table 1.31: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes

Figure 26.1

Trust, Resistance and Atmosphere

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The themes identified help to clarify if trust was broken, if there was resistance and to explore what the atmosphere was like during the change process. Table 1.31 presents the themes that emerged which were that trust was broken, there was resistance from employees, there was no resistance, there was a negative atmosphere or there was a positive atmosphere. Figure 27.1 depicts a bar chart which represents that the most agreed response was 100% of senior management agreed trust was broken between themselves and employees. Out of senior management 88% agreed there was resistance from employees and 75% of senior management agreed there was a negative atmosphere during the change initiatives.

R1	R2	R3	R4	R5	R6	R7	R8
Trust was Broken	Trust was Broken	Trust was Broken	Trust was Broken	Trust was Broken	Trust was Broken	Trust was Broken	Trust was Broken
There was Resistance	There was Resistance	There was Resistance	There was Resistance	There was Resistance	There was Resistance	There was Resistance	
							No Resistance
	Negative Atmosphere	Negative Atmosphere	Negative Atmosphere	Negative Atmosphere	Negative Atmosphere	Negative Atmosphere	
Positive Atmosphere							Positive Atmosphere

Table 1.32: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Trust was Broken	8	100%
There was Resistance	7	88%
No Resistance	1	13%
Negative Atmosphere	6	75%
Positive Atmosphere	2	25%

Table 1.33: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes
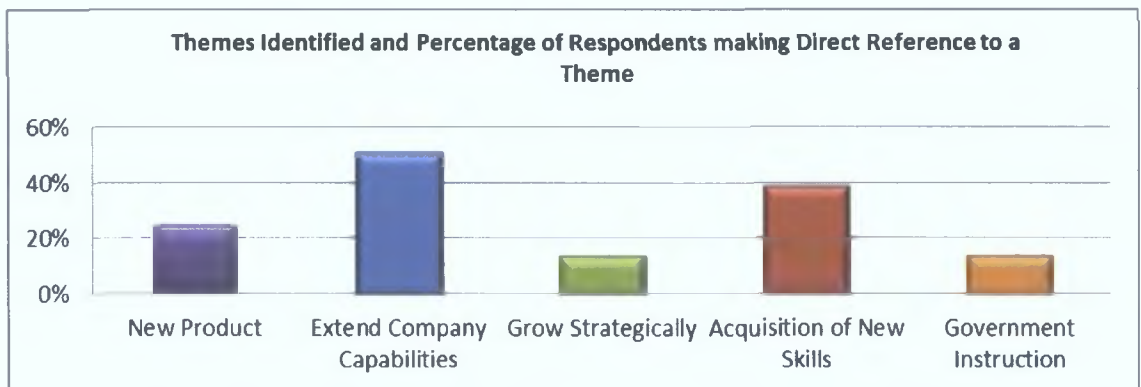
Figure 27.1

Employee Engagement

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The identified themes examine senior management's perspective on what employee engagement is. Table 1.34 presents the themes that were identified which were a productive worker, motivation, belief in the company, willingness to go the extra mile, effective communication and an empowered employee. Figure 28.1 depicts a bar chart which represents that the most agreed response across all respondents which was that communication and belief in the company are critical factors in employee engagement However Figure 27.1 shows that only 25% of all respondents identified the willingness to go the extra mile as an important element of employee engagement. The lack of consistency in responses represented in Table 1.34 show across all respondents a lack of understanding in the concept employee engagement.

R1	R2	R3	R4	R5	R6	R7	R8
							Productive Staff
	Motivated			Motivated			Motivated
Believe in Company					Believe in Company	Believe in Company	Believe in Company
	Extra Mile				Extra Mile		
		Communication	Communication	Communication		Communication	
					Empowered		

Table 1.34: An Overview of the Identified Themes Directly Obtained from Narrative

Theme	Frequency	%f
Productive Staff	1	13%
Motivated	3	38%
Believe in Company	4	50%
Extra Mile	2	25%
Communication	4	50%
Empowered	1	13%

Table 1.35: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes

Figure 28.1

Consideration given to Employee Engagement and Training

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The themes identified examine whether the impact of the change initiative on employee engagement was considered and whether training was provided. Table 1.36 presents the themes that were identified which were employee engagement was not considered, employee engagement was considered, training was provided and training was not provided. Figure 29.1 depicts a bar chart which represents that the most agreed response across all senior management was 75% of senior management agreed that the impact of employee engagement was not considered. The bar charts also represent that across all senior management 63% stated that was no training provided to help ease implementation of the change initiative at either employee or management level.

R1	R2	R3	R4	R5	R6	R7	R8
Employee Engagement not Considered	Employee Engagement not Considered	Employee Engagement not Considered	Employee Engagement not Considered	Employee Engagement not Considered			Employee Engagement not Considered
					Employee Engagement was Considered	Employee Engagement was Considered	
Training provided	Training Provided	Training Provided					
			No Training	No Training	No Training	No Training	No Training

Table 1.36: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Employee Engagement not Considered	6	75%
Employee Engagement was Considered	2	25%
Training provided	3	38%
No Training	5	63%

Table 1.37: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes

Figure 29.1

Impact of Recession on Employee Engagement

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. The identified themes influenced maintaining employee engagement during the recession. Table 1.38 presents the themes that were identified which were salary increases, a focus on career development, happy to have a job, managing expectations and lastly empowering local management. Figure 30.1 depicts a bar chart which represents that the most agreed response across senior management which was that 38% stated that the salary increases and a focus on career

development had the biggest impact on employee engagement during the recession. The bar charts also shows other influencing factors such as empowering local management, managing expectations and the fact that people were just happy to have a job which helped employee engagement during the recession.

R1	R2	R3	R4	R5	R6	R7	R8
Salary Increases	Salary Increases	Salary Increases					
			Career Development	Career Development			Career Development
					Happy to have a Job		
						Managing Expectations	
							Empowering Local Management

Table 1.38: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Salary Increases	3	38%
Career Development	3	38%
Happy to have a Job	1	13%
Managing Expectations	1	13%
Empowering Local Management	1	13%

Table 1.39: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes
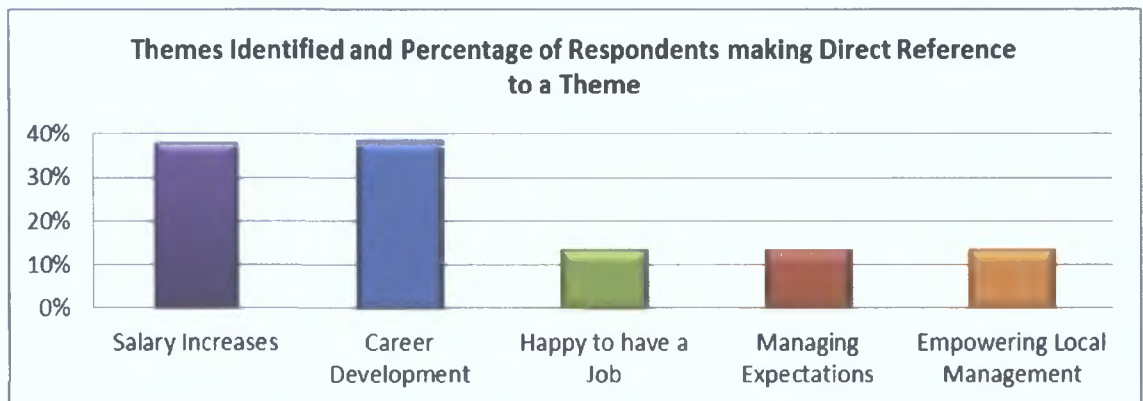
Figure 30.1
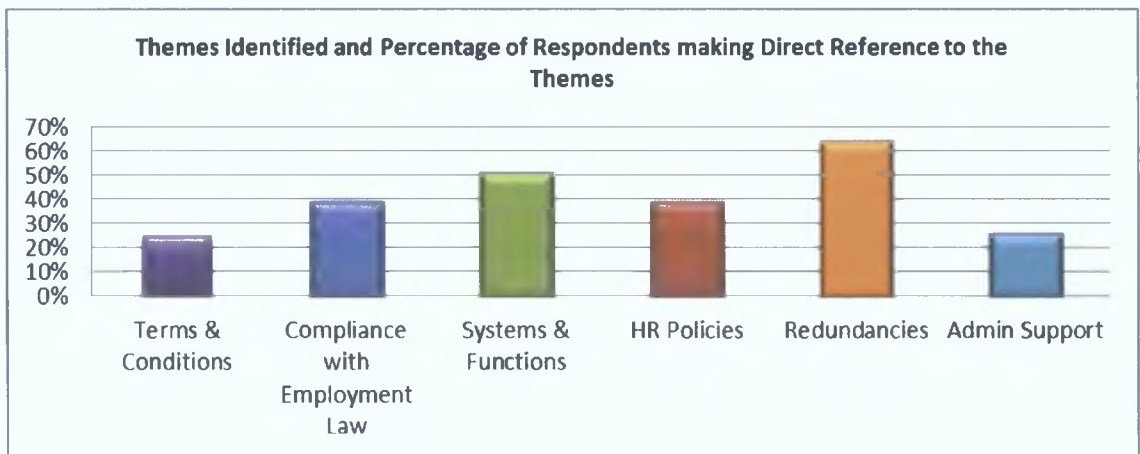
Maintain Credibility as a Manager Despite Low Trust Levels

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. These identified themes influenced how managers maintained credibility during times of low trust and uncertainty. Table 1.40 present the themes that emerged which were good communication, honesty, holding regular staff meetings, providing one to one meetings and sharing empathy with employees. Figure 31.1 depicts a bar chart which represents that the most agreed responses across all senior management for maintaining credibility as a manager were communication at 63% and honesty at 63%. Managers also stated holding regular staff meetings, one to one meetings in and sharing empathy with employees are also important influencing factors contributing to managers credibility.

R1	R2	R3	R4	R5	R6	R7	R8
Communication	Communication	Communication		Communication		Communication	
Honesty	Honesty				Honesty	Honesty	Honesty
		Regular Meetings	Regular Meetings		Regular Meetings		
One to One meetings		One to One meetings					
Sharing Empathy	Sharing Empathy						

Table 1.40: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Communication	5	63%
Honesty	5	63%
Regular Meetings	3	38%
One to One Meetings	2	12%
Sharing Empathy	2	25%

Table 1.41: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes
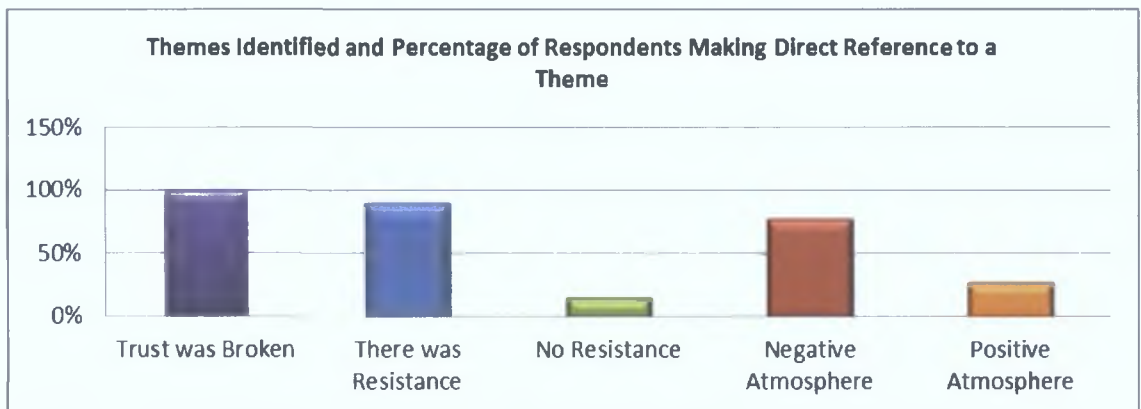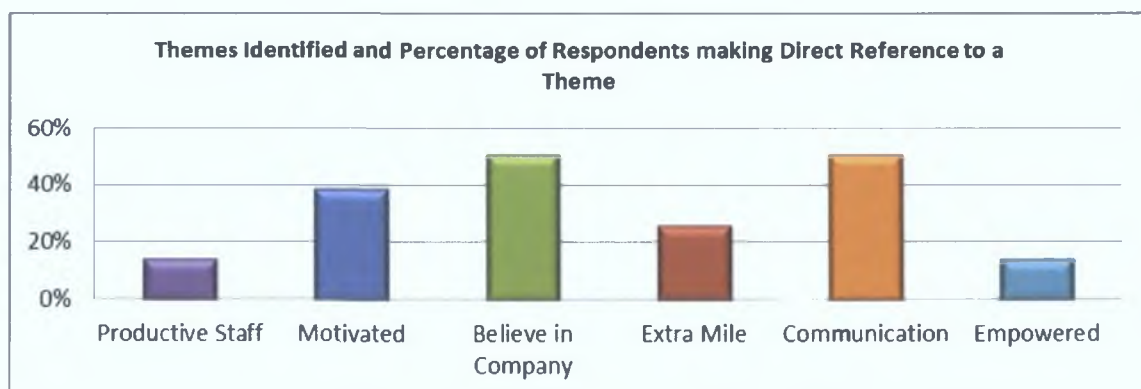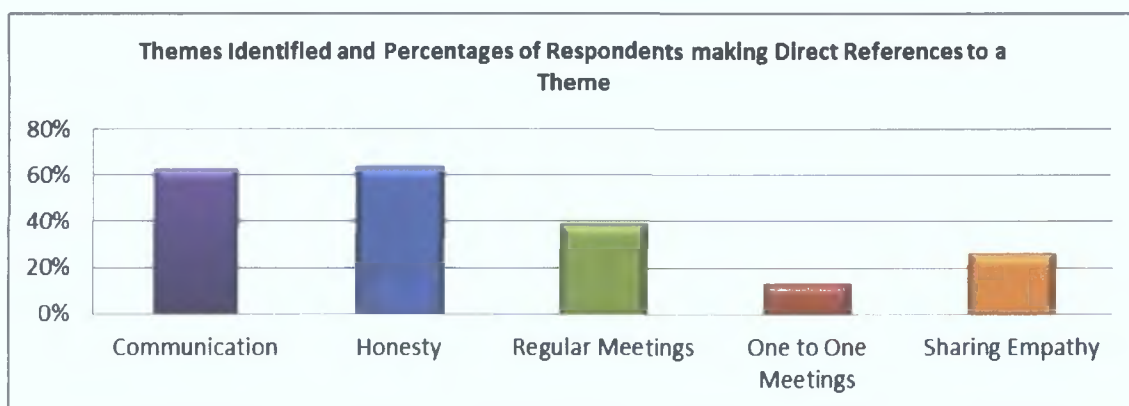

Figure 31.1

Communication Best Practices

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. These identified themes influence good communication practices during change initiatives. Table 1.42 present the themes that emerged which were effective communication, honesty, holding regular meetings, providing one to one meetings and providing regular updates are the most frequent communication best practice themes identified from the respondents. Figure 32.1 depicts a bar chart which represents that 63% of senior management agreed that providing one to one meetings was best practice during change initiatives and 50% agreed that effective communication was essential.

R1	R2	R3	R4	R5	R6	R7	R8
Communication			Communication	Communication			Communication
			Honesty				Honesty
				Regular Meetings	Regular Meetings		
One to One meetings	One to One Meetings	One to One meetings		One to One Meetings		One to One Meetings	
				Regular Updates	Regular Updates		

Table 1.42: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Communication	4	50%
Honesty	2	25%
Regular Meetings	2	25%
One to One Meetings	5	63%
Regular Updates	2	25%

Table 1.43: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes

Figure 32.1

Factors that have the Biggest Impact on Maintaining Employee Engagement
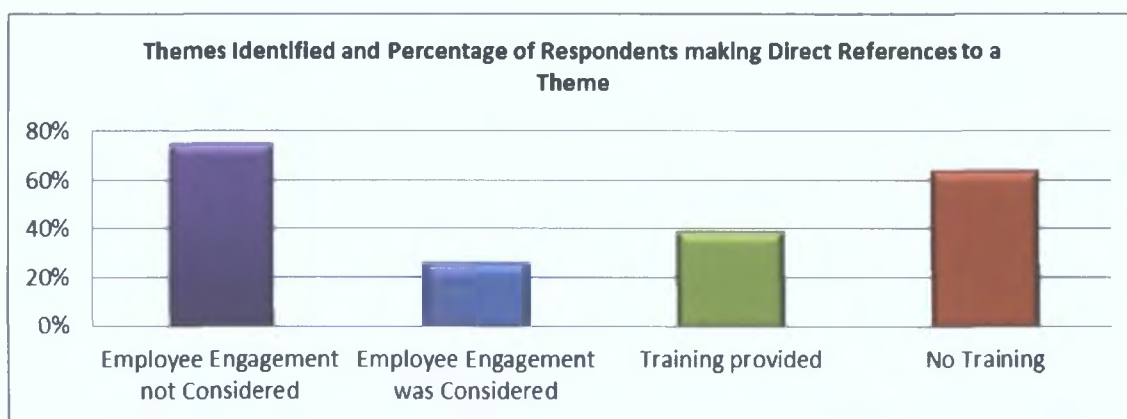
The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. These identified themes influence and have the biggest impact on maintaining employee engagement during change initiatives. Table

1.44 present the themes that emerged which were communication, honesty, employee involvement, visibility of management, assuring terms and conditions and considering employee engagement from the beginning. Figure 33.1 depicts a bar chart which represents that 100% of senior management agreed that communication has the biggest impact on maintaining employee engagement during acquisitions and demergers. The bar chart also illustrates that 63% of senior management agreed that honesty also has a big impact on maintaining employee engagement. Figure 24.1 represents that only 13% of senior management agreed that considering employee engagement from the beginning would have a big impact on maintaining it during change initiatives.

R1	R2	R3	R4	R5	R6	R7	R8
Communication	Communication	Communication	Communication	Communication	Communication	Communication	Communication
Honesty	Honesty		Honesty		Honesty		Honesty
Involvement							Involvement
	Visibility of Managers			Visibility of Managers			
					Terms & Condition	Terms & Condition	
	Consider Engagement						

Table 1.44: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Communication	8	100%
Honesty	5	63%
Involvement	2	25%
Visibility of Management	2	25%
Terms & Conditions	2	25%
Consider Engagement	1	13%

Table 1.45: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes
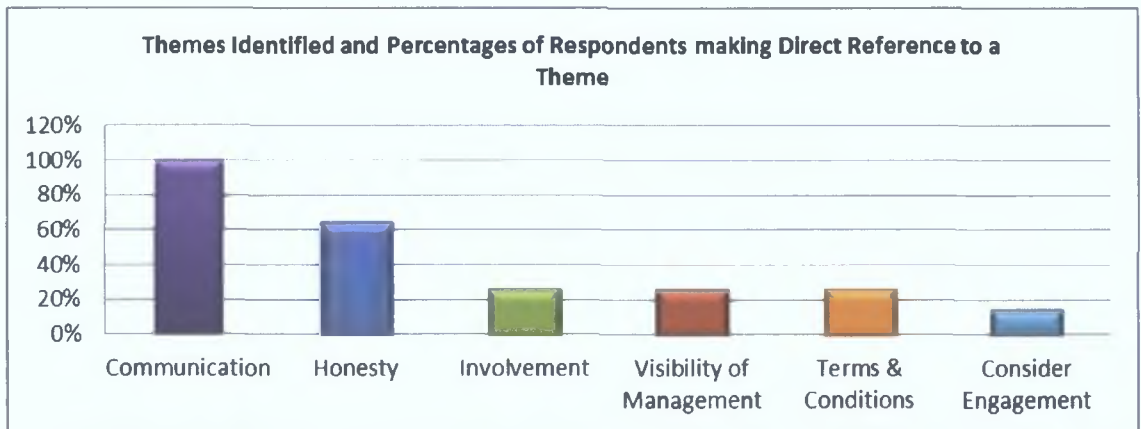
Figure 33.1

Biggest Challenges during the Acquisition and Demerger

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. These identified themes influenced the challenges that were faced during the acquisition and demerger. Table 1.46 present the themes that emerged which were, disengagement, culture, survivor syndrome, mistrust

and terms and conditions. Figure 34.1 depicts a bar chart which represents that the most agreed responses shows that 38% of senior management agreed that redundancies were a big challenge. The bar chart also represents that 38% of senior management agreed that disengagement was the big challenge and 25% of senior management agreed that survivor syndrome was a big challenge.

R1	R2	R3	R4	R5	R6	R7	R8
	Redundancies				Redundancies		Redundancies
			Disengagement	Disengagement		Disengagement	
		Culture					
	Survivor syndrome				Survivor Syndrome		
Mistrust							
					Terms & Conditions	Terms & Conditions	

Table 1.46: An Overview of the Identified Themes Directly Obtained from the Narrative

Theme	Frequency	%f
Redundancies	3	38%
Disengagement	3	38%
Culture	1	13%
Survivor Syndrome	2	25%
Mistrust	1	13%
T&C	2	25%

Table 1.47: Frequency Distribution and the Percentage Frequency Distribution of the Identified Themes
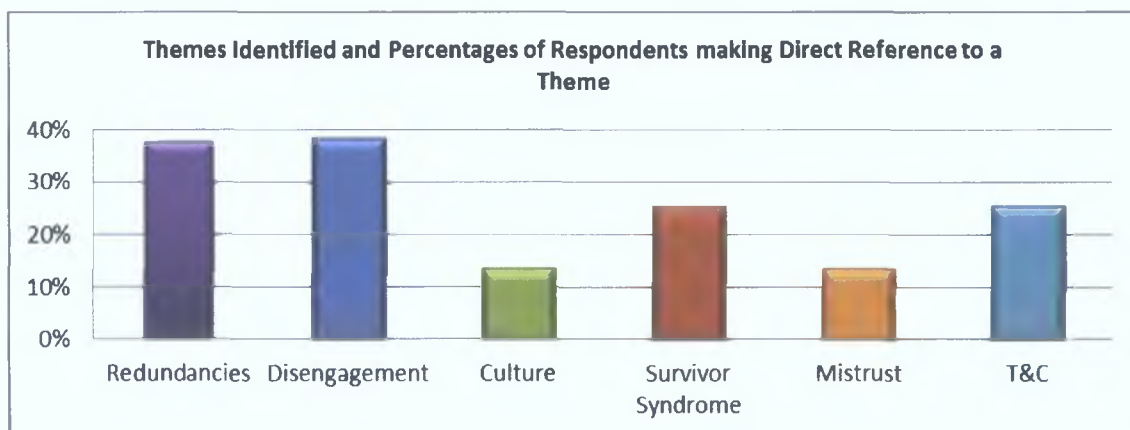
Figure 34.1

What Senior Management would do differently/ Recommendations for the future

The qualitative responses from the 8 respondents have been grounded based on the themes identified within the narrative. These identified themes are factors that the senior managers felt they would do differently in the future. Table 1.48 presents the themes that emerged which were, communication, training local management, honesty, holding regular meetings, showing sensitivity and integrating the culture. Figure 35.1 depicts a bar chart which represents that the most agreed responses across all respondents was that 100% of senior management agreed that they would increase communication levels with their employees. Figure 35.1 also illustrates that 50% of senior management agreed that they would train management prior to the change. Only 38% of respondents agreed they would integrate employees differently this was surprising considering low trust, high resistance and negative atmosphere results.

R1	R2	R3	R4	R5	R6	R7	R8
Communication	Communication	Communication	Communication	Communication	Communication	Communication	Communication
			Local Managers	Local Managers		Local Managers	Local Managers
Honesty					Honesty		
Regular Meetings		Regular Meetings					
	Sensitivity				Sensitivity		
Integrate Culture	Integrate Culture			Integrate Culture			

Table 1.48: An Overview of the Identified Themes Directly Obtained from the

Narrative

Theme	Frequency	%f
Communication	8	100%
Local Management	4	50%
Honesty	2	25%
Regular Meetings	2	25%
Sensitivity	2	25%
Integrate Culture	3	38%

Table 1.49: Frequency Distribution and the Percentage Frequency Distribution of
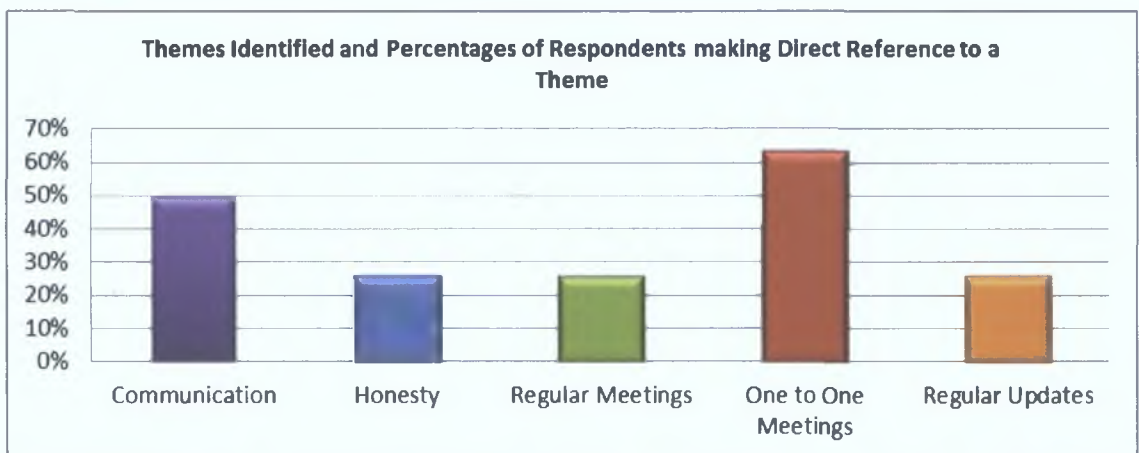
the Identified Themes
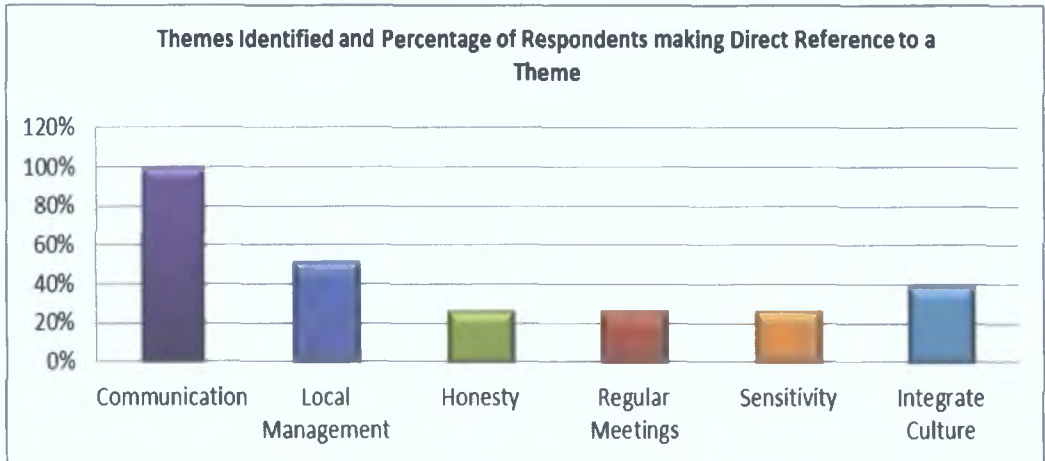
Figure 35.1

CHAPTER SIX

DISCUSSION OF FINDINGS

This section will discuss the findings from both the questionnaires and interviews. The questionnaires present the employee perspective and the interviews present the senior management perspective on the acquisition and demerger.

One of the objectives of this research was to examine the importance of employee engagement during the merger, acquisition and demerger. As we can see from the literature there is great importance placed on the concept of employee engagement. Employee engagement provides benefits for organisations as an engaged workforce helps to outperform competitors and helps ensure successful execution of an M&A. However when senior management were asked "what was their understanding of employee engagement?" The qualitative data shows that only 25% of senior management identified the factor, employees willingness to go the extra mile, as a critical aspect of employee engagement. This contrast with Furness (2008) who identifies going the extra mile as a key factor of employee engagement. Senior managements inconsistency in results reveal great uncertainty and a clear lack of understanding for what the concept of employee engagement actually is. Robinson (2004) believes that every organisation aims to have an engaged workforce who will go the extra mile to achieve the company's vision. However this research shows that only 13% of senior management agreed that considering employee engagement from the beginning would have an big impact on maintaining employee engagement. This is not surprising as 75% of senior management also agreed that employee engagement was not

considered before the acquisition or demerger. This implies employee engagement is not considered important by the senior management of these organisations. However the literature states that to ensure success of M&A employees must be engaged. Therefore employee engagement should be nurtured by local management and HR professionals.

One of the objectives of this research was to investigate if the involvement of HR professionals from the beginning planning stages can positively contribute to maintaining employee engagement during mergers, acquisitions and demergers. The qualitative data revealed that 100% of senior management agreed that HR professionals were involved from the beginning of the planning stages. This finding contradicts Brown (2004) who believes that HR professionals are not generally involved in decision making but are usually left to pick up the pieces once decisions are made. However although HR were involved from the beginning it is clear from the qualitative data that HR played an administration support role by predominantly conducting operational and transactional work during the acquisition and demerger. This was confirmed when the qualitative data identified that 63% of senior management agreed that the role of HR was to deal with the redundancies and when 50% of senior management agreed HR's role was to deal with the systems and functions during the acquisition and demerger. Therefore the findings indicate that HR are involved from the beginning of the planning stages however the operational and transactional elements took priority to the detriment of strategic HR elements such as employee engagement. It is important to address change by assuring employees of their terms and conditions because ultimately these are the number one concerns for employees initially. However to solely concentrate on the transactional and operational aspects is a mistake. HR's involvement from the beginning of the planning stages could contribute to maintaining employee engagement

if HR develop a strategic presence during mergers, acquisitions and demergers to minimise damages to employee engagement according to Shook & Roth (2010) in the literature. As the success or failure of M&A depend on employee engagement. The qualitative data shows that 75% of senior management agreed that HR were not valued. Therefore they need to reposition themselves to ensure they are valued. The literature refers to the Royal Bank of Scotland which is an excellent example of a HR team that had to transform itself from a transactional administrator to a focused and strategic business partner in order to understand the relationship between employee engagement and business performance. HR need to become valuable business partners to ensure the strategic HR elements such as employee engagement are not forgotten during M&A.

One of the objectives of this research was to investigate how HR professionals can maintain employee engagement during M&A and demergers. According to the literature local management are vital in maintaining employee engagement. The qualitative data gathered established that 63% of senior management agreed that no training was provided either at employee or management level to ease the implementation of the acquisition and demerger. The quantitative data gathered revealed that 47% of employees felt that they did not receive adequate training to adapt to changes in their jobs. From the qualitative data it is clear that the only training that was provided was practical systems training. Local managers were not provided with training however they required it the most. The literature identified the Rubler – Ross Model of personal bereavement which demonstrates the complexity of the employee's reaction to change and uncertainty. This indicates local management requires training in order to cope with employees during uncertainty as employees look to local management for answers not senior management as they are too far away and disconnected from them. In this

research people issues were left to local managers however due to their increased workload they focused on the business needs. The organisations wrongly assumed local managers would be able to take on the responsibility of the people issues. Senior management didn't have control over how line managers communicated or passed down communication and messages to staff. Additionally the quantitative findings showed that 56% of employees were unsatisfied with communication levels with their local manager. This confirms that HR need to ensure local management training to maintain employee engagement. Communication should have been owned locally. Local managers should have been trained prior to change on its rational and how to communicate and pass down messages effectively to employees. Communication practices weren't effective; if they had been managed more effectively 58% of employees may not have felt that trust was broken. The qualitative data revealed that 100% of senior management also agreed that trust was broken between management and employees. Senior management should have also managed the expectations of their employees better. In Company B management told employees "redundancies are not in our DNA" and then proceeded to make a redundancy announcement soon after. As a result employees don't trust the organisation or management. Maintaining trust is vital to maintain employee engagement. The qualitative findings also revealed that 100% of senior management would increase communication and 50% would train local management prior to the change if they were to do anything differently, therefore they are beginning to learn from their mistakes.

The qualitative data identified that 100% of senior management agreed that communication has the biggest impact on maintaining employee engagement during the acquisition and demerger and 50% agreed that honesty has a big impact. Other findings such as assuring employees on their terms and conditions, visibility of management on the floor and involvement of employees as early as possible were also identified as having the biggest impact on maintaining employee engagement. According to the findings and the literature review in order to maintain employee engagement during mergers, acquisitions and demergers HR need to most importantly train local managers prior to change regarding how to engage employees during uncertain times, as all employees wish to be engaged and it is up to the local managers to generate engagement as stated in the literature. However it is HR's responsibility to ensure managers are trained as this will contribute to the overall success of a M&A. HR need to remember people leave managers not companies. HR also need to provide open communication, honesty, trust, hold regular meetings and show sensitivity and integrate people and cultures more effectively in order to maintain employee engagement during a successful acquisition and demerger.

Another interesting finding was that quantitative data illustrated that 67% of employees were worried about the future of their career and 63% of employees did not feel secure in their jobs at the time of the acquisition and demerger. However 56% of employees stated that they did not consider alternative employment. These results make no sense logically. But taking the economic recession and the current employment environment into consideration people may value having a job in the current climate and therefore be willing to tolerate more than they would if the economy was booming and the job

market was competitive. This may also relate to the quantitative data that revealed that 87% of employees felt their work performance was above average and 81% of employees felt their engagement levels were above average. This may indicate that the majority of people are engaged "with their heads but maybe not their hearts" due to pragmatic concerns like providing for their family according to Head of Learning and Development in Company A. Additionally 38% of senior management agreed that one of the biggest challenges they faced was disengagement. However the attitude that people are engaged because they are happy to have a job lacks insight. Companies and HR need to realise that the economic recession is a cycle and it will turn around. HR need to ask themselves will employees remain once the economy improves. Furthermore these findings indicate a possible area of further research regarding the high possibility of a potential talent crisis as employees may take their opportunity to leave organisations as soon as the economy improves.

Conclusion/ Recommendations

In conclusion, this research has examined the importance of employee engagement. The concept of employee engagement has developed in recent years and is attracting an increased amount of attention. Employee engagement is vital for attaining superior organisational results and contributes to the success of M&A. However this research discovered that the concept of employee engagement was poorly understood by senior management and was not considered prior to the acquisition or demerger. Therefore this research shows that employee engagement was not considered important by senior management. This research has examined if the involvement of HR professionals from the beginning of the planning stages of M&A can positively contribute to maintaining

employee engagement. This research discovered that HR were involved at the beginning but were neglecting HR strategic elements like employee engagement in preference to operational and transactional work during the acquisition and demerger. HR must develop a strategic presence and therefore become a focused and strategic business partner in order to ensure their involvement from the beginning of the planning stages can contribute to maintaining employee engagement during M&A. In order for HR to maintain employee engagement during M&A and demergers the research has identified that HR need firstly to ensure that local management receives training prior to restructuring. HR need to place importance on the relationship between employees and manager in maintaining employee engagement. HR must establish local management in a position where they can nurture the engagement of employees as stated in the literature. Organisations going through mergers, acquisitions and demergers need to communicate through their local managers as opposed to communicating to them.

The context of this research shows that business experts predict that there will be a post-recession increase in M&A as business will be selling at discount prices. In order for organisations to execute M&A successfully post-recession HR need to address the underlying problem of employee engagement. Maintaining employee engagement will provide the organisation with competitive advantage in the upturn and also can help organisations recover quicker after the recession. HR must look to the future and prepare by finding the best way to maintain engagement to prepare for the economic upturn and the post-recession increase in mergers and acquisitions. HR should start with maintaining employee engagement as this will have a knock on effect and retain key staff as a natural consequence. Organisations who want to succeed must address

engagement levels in order to retain employees in the future post-recession increase in mergers and acquisitions once the economic upturn occurs.

The intended purpose of this research was to investigate the role of HR in maintaining employee engagement during merger, acquisition and demerger. The actual findings of the research have been discussed in relation to the literature and compared and contrasted. Possible areas for further research have derived from the findings regarding the possible talent crisis post-recession.

Considering the importance of the literature and the findings of this research the researcher will propose a number of recommendations to prepare HR professionals for the future post-recession increase in M&A in order to enable them to maintain employee engagement more effectively during this time.

Recommendations

In order to maintain employee engagement effectively during the post-recession increase in M&A HR professionals must firstly consider the impact of M&A and demergers on employee engagement and plan appropriately. HR professionals must provide early, honest, clear and effective two way communication in order to avoid broken trust and the development of a negative atmosphere. HR must provide one to one communication for employees to allow them to voice their concerns and issues as this will contribute to maintaining their engagement. Senior Management should communicate through local managers as local management hold a valuable position in the organisation as employees trust and look to local managers before they look to

senior management Therefore it is vital for the success of a M&A that HR ensure that local managers receive training prior to change so they are equipped to maintain the engagement of their employees and contribute to maintaining the overall credibility of management and therefore trust with the organisation during M&A Employees are committed, and wish to be engaged but it is vital that an organisation leverage this wish by bringing employees one step further so they are willing to go the extra mile and therefore contribute to superior organisational success in M&A Ultimately HR and local management must work in partnership in order to successfully maintain employee engagement during the future post-recession increase in M&A

APPENDIX 1 – THE RESEARCH ONION
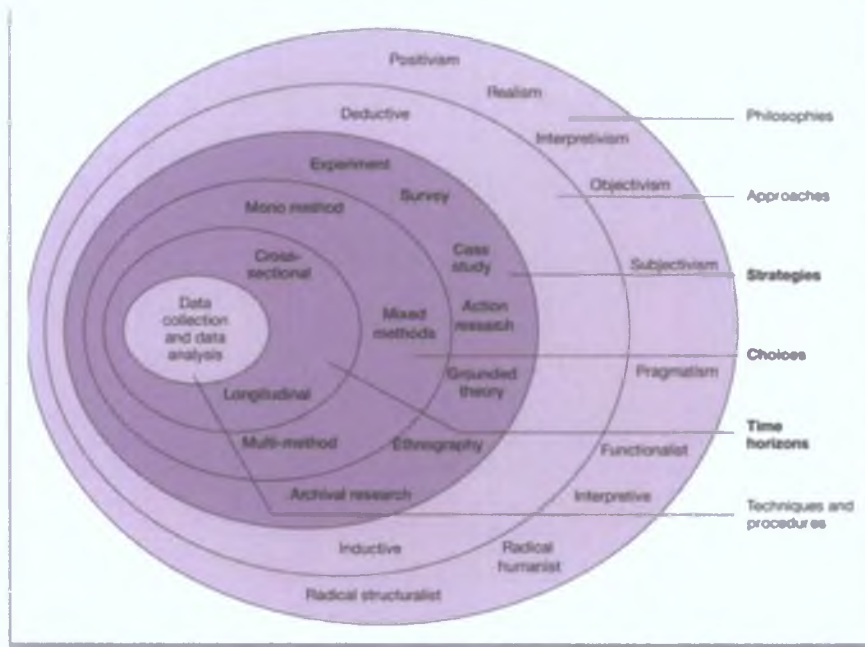
The Research Onion

Source: Mark Saunders, Philip Lewis and Adrian Thornhill 2009

APPENDIX 2 - EXAMPLE OF QUESTIONNAIRE

Questionnaire on "HR's Role in Maintaining Employee Engagement during a Merger, Acquisition or Demerger"

Below are several statements Please fill in all the box's and circle the correct answers from your perspective I ensure answers will be anonymous and confidential and results will be used in summary form only to protect confidentiality

Employee Experience - General Questions

1 What company do you work for?

2 Number of employees in company

    0-100   100-500   500-1000   1000-3500   3500-5000

3 What is the job title of your current position?

4 Length of service

    up to 5 years   6-10years   11-15years   16-20years   +20years

5 Have you as an employee ever experienced a

    Merger   Acquisition   Demerger   More than one

Communication

6 "I understand the long term strategy of this organisation"

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

7 "I am always given plenty of advance notice on planned change initiatives"

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

8. "Communication was encouraged in this organisation by Senior Management during the merger, acquisition or demerger".

   Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

9. Please rate your satisfaction regarding the communication levels between yourself and your local manager during the merger, acquisition or demerger.

   Satisfied   Rather Satisfied   Partially   Rather Unsatisfied   Unsatisfied

Trust

10. "I believe I was treated fairly by my employer during the merger, acquisition or demerger".

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

11. Trust between staff and employer was broken during the change process.

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

12. Due to the merger, acquisition or demerger was there redundancies in your company?

    Yes   No

13. "I have considered alternative employment since the change process began".

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

Engagement/ Motivation

14. "I felt the organisation was taking my interests into account during the change process".

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

15. "I was not worried about the future of my career during the merger, acquisition or demerger".

    Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

16. "I was provided with adequate training and development to adapt to changes in my job as a result of the merger, acquisition or demerger".

Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

17. "I was strongly committed to this organisation throughout the change process".

Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

18. "During the merger/demerger I felt secure in my job".

Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

19. "I found the merger/demerger experience positive".

Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

20. "I believe my work performance during the merger, acquisition or demerger was....".

Excellent   Good   Average   Below Average   Poor

21. "I believe my engagement level during the merger, acquisition or demerger was.....".

Excellent   Good   Average   Below Average   Poor

Summary

22. How would you best describe the atmosphere in your company at the time of the merger, acquisition or demerger?

Happy   Hopeful   Optimistic   Strained   Nervous

23. "I believe that the goals and targets of the merger, acquisition or demerger have been attained as was explained to me".
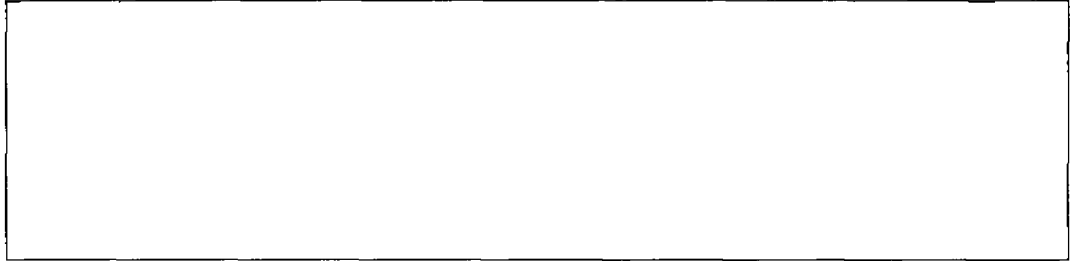
Strongly Agree   Agree   Neutral   Disagree   Strongly Disagree

24. When reviewing the merger, acquisition or demerger of your company altogether how satisfied are you personally with the handling of the change process?

Satisfied   Rather Satisfied   Partially   Rather Unsatisfied   Unsatisfied

25 From your experience, is there anything you suggest the organisation should have done differently to maintain or increase employee engagement during the merger, acquisition or demerger?

APPENDIX 3 – INTERVIEW TRANSCRIPTS

Interview Questions – Company A

Interviewee Respondent 1

Company Company A

Job title Head of Learning & Development

Have you ever experienced a merger or demerger? Demerger

The Role of HR

1   **What was the motive behind the demerger?**

It was on instruction from the Department of Finance The history behind it was that the company was being recapitalised as a result of the stress tests The government injected 4 billion into the company but as part of their order the most valuable part of the company was to be sold   Therefore the two companies had to be demerged to allow the company be sold

2   **Were HR professionals involved at the beginning of the strategic planning stages of the demerger?**

Yes they were In a typical demerger/merger in a large organisation external consultants are brought in particularly in organisations that have more than 1000 people They are not just going to hand it over to the local HR to do it no matter how good they are So in the case of the demerger there were 3 high profile major consultancy firms who worked on the demerger They were KPMG, Towers Watson and Bane & Co Company A worked with them in partnership There were joint steering groups set up where all the issues and requirements were looked at for the split All those that were HR or people related would have been given to local HR and consultants So, HR was involved from the moment instruction came but it was all done in partnership with the consultants

(a) **If so, to what extent did their involvement contribute to the success of the demerger?**

(b) **If not, do you believe their involvement could have increased success?**

3. **Did HR help drive the change within the organisation?**

No, HR did not drive or help to drive the change. The change was inflicted on the company as it was an instruction from the new stakeholders, the government to split the company. It wasn't an initiative by HR.

What was their role?

- Employee relations: In any merger/demerger situation you have to be conscious of what the employee legislation is, EU legislation is and what they say. The biggest legislative requirement that had to be met was TUPE, Transfer of Undertakings. It is legislation that protects people when companies are splitting or breaking up or being merged. It's to ensure people keep their holiday entitlements etc. Everything that was done in relation to employee relations had to be compliant with TUPE. Therefore, as Senior HR staff, we had to ensure that people going to point A or B had to be done in compliance with TUPE, employment law and that went down to the very detail regarding car parking spaces and lunch money.

- Industrial relations: IR in the demerger got extremely complex and confrontational on the union side opposed to the company side. A strike ballot happened as a result 60/40 in favour of going on strike. A strike would have been very damming for the organisation especially at a time when Irish Life was for sale. IR aspects were very complex. There were 35 meetings with union representatives, the process went on and on and on. They didn't feel that TUPE was good enough to protect their employees/members rights. It went to arbitration to the LRC (Labour Relations Commission) and they supported the company saying they were adhering to TUPE correctly. However, the union took that further and said we don't agree with the LRC - we want a strike. It's common in unionised environments that strikes come about due to mergers and demergers.

- Systems and Functions: HR information systems split, payroll systems had to be split up. Organisational hierarchy had to be split up. The data-base of employees and who works for whom all the way down which was very

complex HR policies, employment policies had to be re written for each side of the house Educational policies had to be separated and a new one re written for each side

This is the pluming of an organisation Often no one even sees it but its all-important stuff that has to be done

- Communication & Strategic side of HR Leadership training and supporting management, very little of this was done if any because you were putting out fires everywhere It would have almost have been a distraction putting people through leadership development programmes in the middle of a very busy environment with limited resources where your trying to split a company up There was not as much done as there, ideally, should have been

4   Do you feel that HR was valued during the transition and integration phases of the demerger?

People who would understand how the project ran and the complexity and who would have had exposure to that, the top table, and who would have seen these things would say yes, they are highly valuable As it was done in such a compliant way the risks were really managed well and the company and employees were protected However, your local manager probably would understand the question because they would have seen enough of it but they wouldn't have had great exposure to our value General employees would definitely say no because they wouldn't see it

Employee Engagement

5   Was there resistance prior to or during the change?

There's no black or white answer Overall people were engaged with it and people got on with it Much of that had to do with the employment environment out there at the moment and people valued having a job and people therefore tolerated a lot because the primary concern was that they had a job and could put food on the table and pay the mortgage etc Therefore, the vast majority were engaged with it at least

with their heads maybe not with their hearts They were engaged for pragmatic reasons They were probably not over the moon We had very small pockets of resistance which the union seized on and individual people who did not want to move from one place to another It was all case by case stuff not a collective thing where there were departments of people making noise There were maybe like 20 people who had a big problem with it We went through to the union reps, went through the grievance process, very localised small numbers of resistance Answer is that people were engaged for mainly pragmatic economic reasons It was a reality There was no plan in place to manage resistance

(a) **If yes what were the main sources of resistance?**

(b) **How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?**

6 **What is your understanding of what employee engagement means?**

Employee engagement has a lot of interpretations

It's important for organisations because engaged employee are more productive It is someone who is motivated and tied into what the company is doing and believes in the mission statement It is likely they will perform better and be engaged

HR should ensure there are operations, structures and processes that keep peoples morale up and that doesn't do the opposite like destroying their morale

7 **How did your organisation consider the impact on employee engagement during the demerger?**

The company did not consider the impact on employee engagement as it was not a priority Demergers happen fast and generally are crisis orientated Whilst in mergers they can go on a bit longer as there can be a stage of courting Lots of things a company would like to do but don't get to do because making sure the payroll is split is way more important or that they don't do anything that breaches EL is a lot more important They didn't consider it because they didn't have time and they had other priorities

8 **How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?**

We stuck to the requirements and what we were obliged to do under TUPE Incentives were also given "sweeteners" There were additional things the company didn't have to do that would have been aimed at engagement and making people feel valued

1   Preferential Mortgage Scheme for all staff so they got lower interest rate Once they split, the company was under no obligation to do this anymore for the separating staff as it was not a requirement of TUPE but the company maintained that anyway at a cost to the company of a few million a year

2   Defined Benefits Pension (the Rolls Royce of pensions) TUPE would say that you are entitled to be covered but it doesn't say how The defined pension's scheme has been closed for a few years but we opened it for staff moving in under the demerger We didn't have to do this - it was done as a good will gesture

OR

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

9   **Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the demerger?**

As opposed to the good times, they were limited as to what they could do Increments were gone and cutbacks in educational support were very limited in what we could do We were very pragmatic in what we did We empowered local managers to do certain things to allow someone a day in lieu for performing well as

this didn't cost the company anything We accommodated flexible working days and shorter working weeks

We conducted these types of incentives that did not cost the company anything The company gave local management discretion around these kinds of things for people who haven't got a pay increase and will not be getting one any time soon
I personally spent my entire training budget on my staff to do masters, degrees, professional qualifications, courses etc You can't give an increment, bonus or promotion but you can fund a course for them

Companies nowadays must do creative incentives that don't cost anything, employee incentivisation in a creative way is how to try to keep people engaged during these times

10 Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E g did you have to retrain staff or up skill employees for their positions?
No, we didn't We very much stuck to the knitting We ran tutorial sessions on employment law and TUPE, very practical stuff that people needed Once the two businesses were separated we planned to address that kind of thing such as leadership training and management development and talent management will all be addressed now because the two companies will really need it at this point

11 How was the atmosphere within the organisation affected throughout the demerger?
Most people just got on with it There was a lot of acceptance and resignation People resigned to the fact that this was a reality and there was nothing we could do about it Atmosphere was never bad There will always be some people who will cause a lot of noise but the majority people will just get on with it They see it as

the writing on the wall and will be practical. They understood it was happening and there was nothing they could do about it as it was being driven by Government.

12. Was trust between management and the employees broken at any stage during the change process?

Yes, it was. This would have come about due to the industrial action ballot. What you find in IR is that they will chose an issue and make the battle around that issue but it may not be that issue at all. All the issues in this company for the last few years have been about increment payments and bonuses but the company can't do this because we are broke. The demerger was an opportunity for the unions to use it as a battle-ground because they knew they could make a big impact as they knew it was very strategic and important. General employees do trust management - our engagement score says they do. The strike ballot was 60/40, 60% of people didn't want to go on strike despite what the union was recommending. One could speculate and interpret that as 60% of people trusted the company. However another view could be how can you claim employees trust management because you almost had a strike.

(a) If so what could have been done to manage it more effectively?

It relied too much on central communication to command and control stuff. The top team and separation committee are very high up and doing very high level work up on the 9th floor. All communications came from them. Some of the things one would read in the emails from them were so complex and high level and so strategic, ordinary workers hadn't a clue what the emails were trying to say.

If I was to change anything, it would be to empower middle and local managers to oversee communication rather than top down. As a local management team, they did this on their own initiative and ran weekly pod sessions. They tried to take ownership of communication at local level so telling people as much as they could, however they could; not tell them everything but we were able to give our views on it and give them assurance

when they needed it I would advocate to anyone doing a merger or demerger not to do command and control from top down on its own You need to have communication from the top but allow local management to interpret it and to pass it down

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

No, crap You have to have integrity in your communication you can't guess you will never be forgiven The problem is you can't tell everything that you know so you must be balanced because you don't want to come across as someone who's dodging questions or who doesn't have the guts to make a decision The easiest way if you can't tell them is say "I can't pass on that info it is still confidential but we will be able to disclose it at a certain point" Or if they ask you a question about what's going to happen and you don't know the answer don't say "here's what I think will happen" say "I'm speculating " always cover yourself and your credibility

People say in crisis people build character however I believe that's wrong people reveal character during crisis A poor/weak leader will be exposed in crisis Strong leaders thrive in a crisis No one is tested in good times

14 What communication best practices did you conduct during the demerger?
1 Local pod sessions, clustered meetings where I would brief them
2 Open door policy, one to one meetings anyone can come at anytime to ask questions
3 To make sure central communication is in plain English with the audience in mind not the author in mind You must get the high level strategic stuff out of it
4 Common sense

15. Looking back at your experience of the demerger, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during a demerger?

1. Assure people on the terms, conditions and salary entitlements. Salaries will be maintained and benefits etc. TUPE does most of it for you. Let people know these things are safe. Lead with this, its number one because if you don't do that there's going to be anxieties behind the scenes that won't go away. You can have all the training in the world but if someone is thinking I'm going to have a pay cut you will have big problems with employee engagement. You must lead with this.

2. As a manager, you are not to row in with the negativity of the team. A manager is the captain of the team. It happens that managers join in with their team's negativity instead of being a leader. There is a requirement that you as a leader maintain certain standards and behaviours as a leader. You don't go against the company and you don't row in with negativity. In terms of management take ownership of it - don't wait to be lead; be the leader and lead it in your own unit; communicate with staff; handle problems; don't rely on head office to do it all for you. Don't encourage a "them and us" atmosphere. Leaders can't be both things they can't go to meetings with senior management and agree, then go to the team and be negative about it. Leaders sometimes don't want to lose face, they want to be popular and think management is about popularity. It's not. It's about leadership. There is no doubt it can be a lonely place.

3. Communication, take ownership of it.

16. What were the biggest challenges you came up against during the demerger?

1. All problems were caused by the separation committee. Common sense would say what HR experience and skills and who do we need to run HR services on both sides of the house once it's separated. You would establish the positions and allocate the people to them in relation to skills and experience. However, the consultants don't do it this way. They ignore service needs and skill set needs at each side of the house and instead they make a very crude look back

on your work over the last 18 months and that decides where you go Whichever company you did more work for in the last 18 months was the company you went to There was a case where a woman had worked 30 years in the company but in the last 18 months she had done more work for one side of the group and was to be shipped off to the bank Overall it was a very dysfunctional way of separating staff as in the end each side of the house is unbalanced as in some departments most of the experienced and skilled people ended up going to one side and the other side of the house is struggling It was a very crude and frustrating as we have had to spend months cross training staff to get them skilled while there was an abundance of skilled staff going to the other side This crap system was the biggest challenge

2   Separating IT systems was also a big challenge For 12 years we were trying to integrate synergies together and then all of a sudden we are trying to separate them It was also a massive cost implication, cost millions For example, now we needed two contracts with Microsoft We didn't think it would cost as much as it did because we didn't think of those types of things There was a budget created for the demerger

17 What 4 things would you do differently?

Everything I just said before plus

1   More planning and organisation They mapped everything out at the beginning in terms of the milestones that needed to be hit However, of course we missed some So maybe if we had spent more time thinking about possible issues that may arise that ended up arising Try thinking about everything more thoroughly A lot was out of our control but I would have liked to have been able to tell people what kind of roles they were going into but I was unable to do that due to consultancies Provide local management with the knowledge to be more in control

2   Social side, nights out to build camaraderie

18 Is there anything you would have liked to say that I have not given you a chance to express?

It is my third merger/demerger as a HR professional from my experience I recommend

- Keep it simple

- Avoid big engagement surveys, talent strategies and succession plans in the middle of a merger or demerger There is a time to do these things and that's when the organisation is stable

- Consultancies can come in and say you need to do engagement surveys and leadership development to equip staff for the merger/demerger

- But in reality what you need is to tell people facts and about compliance with the law

- There is a time to do all the lovely HR strategic things and the developmental strategic HR things but do them when the organisation is stable not in the middle of a merger/demerger

Interview Questions – Company B

Interviewee Respondent 1

Company Company B

Job title Head of Ireland Transfer Agency

Have you ever experienced a merger, acquisition or demerger? Acquisition

The Role of HR

1 What was the motive behind the acquisition?

The motive was to gain a foothold in a specific type of product that we didn't have access to It was to gain access to this product and access to the knowledge around this product

2 Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?

Yes, they were involved But not as much as actively involved as they could have or should have been They were involved from the purchasing of the company They looked at potential HR issues but in terms of mixing the two groups from the two companies HR was not involved, this was left to line managers to mix and integrate staff However, they had big challenges with the business elements that the people side of things was very challenging for them This was possibly a mistake not to have HR involved at the mixing integration stage

(a) If so, to what extent did their involvement contribute to the success of the acquisition?

(b) If not, do you believe their involvement could have increased success?

3 Did HR help drive the change within the organisation? What was their role?

No, they didn't help drive the change They didn't use the right people from HR – they were very ridged but they needed to be flexible They needed to understand the uncertainty employees were feeling

130

4   Do you feel that HR was valued during the transition and integration phases of the acquisition?

No, they were not valued HR's role in the acquisition was largely in relation to the redundancies They answered a lot of questions but didn't have huge role in employee engagement

<u>Employee Engagement</u>

5   Was there resistance prior to or during the change?

Yes, there was resistance

(a)   If yes what were the main sources of resistance?

Change is still ongoing They main source was that at first we said there was going to be no redundancies - we said they were not in our DNA However, a few months later we had a list of 250 redundancies that were to happen This caused great mistrust between the two companies and with Senior Management from an employee perspective

(b)   How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?

It was poorly managed with poor communication We didn't communicate well and we were not honest This was a mistake as you can't be too honest and you can't communicate enough There was no plan in place to manage resistance

6   What is your understanding of what employee engagement means?

Employees are part of the company They know and understand their role But they must firstly understand and know the main objectives of the company

7   How did your organisation consider the impact on employee engagement during the acquisition?

We didn't consider it as much as we should have There was poor communication and not enough leadership It's not all down to HR the way the two companies did not integrate well

8 **How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?**

<div align="center">OR</div>

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

Not very well There were two packages which generated more mistrust between the two companies Terms and conditions were brought in line with Company B and what they received The company being acquired were happy They felt that there was more possibility with the acquiring company, Company B But Company B felt it was unfair as the acquired company were doing better

9 **Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**

Rewarding people who are performing well and key staff There were some pay increases and they were to be given to best performers

10 **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E g did you have to retrain staff or up skill employees for their positions?**

Yes and still ongoing There were three aspects

1 Functional - different systems, this is ongoing

2 How to use HR systems a lot of online using

3 How to manoeuvre your way through the Acquiring company as there is a lot of Bureaucracy to go through For example, in the acquiring company to fix your computer you have to go through a help desk while in the smaller acquired company you just contacted their IT department

We didn't provide as much of this as we should have as the company is driven by process and procedures

11 How was the atmosphere within the organisation affected throughout the acquisition?

It showed commitment to Ireland and was positive up until the time of redundancies The acquired company was mainly positive as they couldn't give pay increases or promotions so they were happy with the decision as there were more possibilities for them But some of them were unhappy because of the redundancies

12 Was trust between management and the employees broken at any stage during the change process?

Yes it was broken and now is still broken We did an employee engagement survey and there was a comment on it that the company had NO TRUST!

(a) If so what could have been done to manage it more effectively?

We needed senior management to be more visible Communication needs to increase and be better People heard a lot of negativity, the company did not sell the positives of the merger and that the original number of redundancies is decreasing as people are being put into new roles that have been formed as a result of the merger We cut them down to 150, 100 chose voluntary redundancy so only 50 were forced

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

I carried on as normal, spoke to staff, shared empathy with staff who were leaving There's not a lot you can do other than communicate as much as you can and be honest

14 What communication best practices did you conduct during the acquisition?

Not enough communication Walked the floor and spoke to staff and used face to face one to one communication

Summary Questions

15 Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?

1 Communication

2 Honesty

3 Employees involvement in the process

16 What were the biggest challenges you came up against during the acquisition?

Mistrust was the biggest challenge the acquired company did not trust the acquiring company One of the acquired company's managers went on sick leave for 9 months - this did not help as he was who they trusted They needed him at this time

17 What 4 things would you do differently?

1   More communication and open communication

2   Staff meetings

3   Integration staff should have been better

4   Honesty

5   There was a lot of uncertainty about the future as we didn't know what was going to happen

6   The manager who was on sick leave was replaced by a person who was not open as was necessary at the time and in the situation I would change this person that was liaising with employees and managers as he was just not appropriate for the job

18 **Is there anything you would have liked to say that I have not given you a chance to express?**

The key challenge behind the merger was that managers were expected to manage their increased workload and the business element and the people integration (clients and staff) This was not taken into consideration More support for Senior Managers and particularly local management is necessary

Interviewee Respondent 2

Company Company B

Job title Project Manager, New Business Team Ireland

Have you ever experienced a merger, acquisition or demerger? Acquisition

The Role of HR

1 **What was the motive behind the acquisition?**

To acquire the other company

2 **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

Yes, they were involved from the beginning stages they were part of the project of people involved Things happened fast Redundancies were bad HR manager was great very approachable but there was another HR manager who received a lot of negative feedback as he was not approachable, not engaged and didn't talk to staff He had to be told to get out on the floor

(a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

(b) **If not, do you believe their involvement could have increased success?**

3 **Did HR help drive the change within the organisation? What was their role?**

They were part of it They would have been at meetings in relation to the people at risk They supported all sides They supported the management team in relation to how they should go about the legal side of things and the best language to use ad ultimately how best to go about it They also met people who were at risk and who were being made redundant

4   Do you feel that HR was valued during the transition and integration phases of the acquisition?

There was a good feeling here that they did help but in the acquired company there was not a good feeling towards HR

Employee Engagement

5   Was there resistance prior to or during the change?

No resistance from this side we welcomed it The acquired company may have feared joining such a large company Or they may have been happy with the potential possibilities our company could offer them Rumours of redundancies went around very fast as there were duplicate roles from the acquired company Personally I didn't find integrating people and business too much My team are engaged and well integrated I have a team of 3 which is small in comparison to other departments

(a) **If yes what were the main sources of resistance?**

(b) **How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?**

6   What is your understanding of what employee engagement means?

Having motivated staff that are willing to work with the team and willing to use their spare capacity to help others They speak up and express ideas and they are interested in their colleagues and the company

7   How did your organisation consider the impact on employee engagement during the acquisition?

There have been a lot of feedback sessions recently which have shown it wasn't managed very well originally People should have been told others were being made redundant because you were working with these people that knew and you didn't which was hard when you found out If you knew maybe you could have been more sensitive towards them It's hard for redundant staff to be engaged It was handled very badly There were emails but no visual communication We should have had weekly/ monthly updates on the situation Constant

communication was necessary. There was a barbeque on the day people were leaving, this was very insensitive. It was not handled well for the people at risk and was very insensitive.

8. **How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?**

<div align="center">

OR

</div>

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff? Didn't know.

9. **Keeping in mind that due to the recession taxes are constantly rising. How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**
Staff from the acquired company received cash and car allowances and approx 9000 + increase in salary – they did well. They acquiring company got nothing. It was to balance it out and put both company's salaries and benefits in line with each other. There was only a few thousand between them originally. Considering the acquired company was not receiving salary increase for 3-4 years they were doing very well. Once it was explained to the acquiring company they were fine with it.

10. **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E.g. did you have to retrain staff or up skill employees for their positions?**
Training on both sides. There was a gap analysis done on both sides in relation to what they did, ideas, suggestions, what they don't like etc. Training programmes were given until people felt comfortable in what they were doing.

11. **How was the atmosphere within the organisation affected throughout the acquisition?**

Moral was bad in general throughout the company. There are lots of disengaged people in the company with bad attitudes thinking 'why should I bother?' People who are still here are not happy as their friends are gone (survivor syndrome) they are not engaged. There are feelings that management don't care, uncertainly, upset and unsatisfied. Operations and fund accounting are particularly bad as they are bigger sections. At the moment we are waiting for people to go. Once they are gone we can move on and look to the future. People are still here till December. They must wait otherwise they don't get their redundancy packages. Therefore the bad atmosphere is going to continue till the end of the year.

12. **Was trust between management and the employees broken at any stage during the change process?**

Yes, it is broken. Senior Management needs to be accessible and keep monthly meetings if info is not going down the chain of command, that's a problem. Some people may feel they don't have access and be afraid to go in to talk to managers even though there an open door policy. Senior management need to be visible and communicate more effectively. Every few weeks to have sessions to allow employees feel like they are being listened to and valued and considered and be heard. So they can ask questions and listen to answers. People don't perceive senior managers to have empathy towards them.

(a) **If so what could have been done to manage it more effectively?**

(b) **If not how did you keep trust levels strong?**

13. **How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?**

I was open and honest with my team, asked people how they were, and kept team meetings and one to one meetings.

14. **What communication best practices did you conduct during the acquisition?**

1. Face to face communication one on one.

15 **Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?**

1 Communication

2 Timing of other communications promotions were given at the same time as redundancies - that's a bit insensitive

3 Senior management need to be visible

4 Now there are meetings about people's feelings etc

5 Employee engagement maybe should have been considered originally and the impact on it

6 Employee engagement survey is damming It's very bad The company is being honest now about it and not hiding it from staff

16 **What were the biggest challenges you came up against during the acquisition?**

Watching colleagues and friends being made redundant As a result I was put in difficult situations dealing with people and speaking with them For example, one staff member emailed looking for references so he would not be made redundant, however HR said ignore it

17 **What 4 things would you do differently?**

I think the company should have been more sensitive around promotions and redundancies and kept them a few months apart, the timing was just not good Social elements like having a barbeque on the day people were leaving was highly insensitive

When the employees came across from the acquired company they were not communicated well with A buddy situation should have been in place as the company felt in limbo as there was no induction which created the "them and us" feeling

18 Is there anything you would have liked to say that I have not given you a chance to express?

People have received help from the company to find other opportunities particularly those with positive attitudes. Some people with bad attitudes are still here and should have gone earlier as they are negative even in meetings with Senior Management present so imagine what they are like and what they are saying on the floor. They are poisoning the atmosphere and adding to the low morale and disengagement

<u>**Interview Questions – Company B**</u>

Interviewee Respondent 3

Company Company B

Job title VP Relationship Manager

Have you ever experienced a merger or demerger? Acquisition

<u>**The Role of HR**</u>

1 **What was the motive behind the acquisition?**

The motive was to merge the experience of two companies

2 **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

From the acquired companies perspective, yes, however not to a significant level though Top management would have been driving change

(a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

Their involvement is ongoing Firstly, it was operational and mainly the mapping of clients to the acquiring companies platform There is training in place for the familiarisation to the new systems HR was involved in vacancies, support and contract changes

HR soft skills are now the priority while originally not

(b) **If not, do you believe their involvement could have increased success?**

3 **Did HR help drive the change within the organisation? What was their role?**

There is an engagement process at the moment It was thought that the cultures were very alike however now they know they are very different The acquiring company is a global company who does business all over the world whilst the acquired company is a small firm of 300 people We are now trying to create and have a common culture The aim of the employee engagement survey is to help this

and to help understanding There was no formal induction, only training and support for systems HR's main job, role and responsibility was to manage redundancies - everything else fell by the waste side

4 **Do you feel that HR was valued during the transition and integration phases of the acquisition?**

Yes

Employee Engagement

5 **Was there resistance prior to or during the change?**

Yes, there was resistance depends on the company however The acquired company had a realisation that they couldn't continue servicing clients the way they were therefore a merger had to happen In terms of redundancies they would have been worse off had they not merged The acquiring company was surprised about the redundancies when they were announced as we were the acquiring company We didn't expect redundancies Most were from the other company but a substantial number were from our company

When people were advised on redundancies, staff were not given a date immediately as they needed people to remain for 18 months whilst they knew they were redundant

(a) **If yes what were the main sources of resistance?**

(b) **How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?**

6 **What is your understanding of what employee engagement means?**

Communication is essential from the top down Allowing employees be involved and discuss and ask questions, receive feedback and feel listened to this all helps and contributed to employee engagement

7   **How did your organisation consider the impact on employee engagement during the acquisition?**

Management committee may have considered it The challenge was to join the two companies with two different cultures External consultants met with groups of people who faced redundancies The feedback was brought to management committee and now being brought to middle management The feedback was hard hitting and honest

8   **How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?**

OR

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

Didn't know

9   **Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**

In the acquired company there was a freeze in place for salary increases for the last 3 to 4 years However, the acquiring company have had pay increases so there's been no freeze in place So, for the acquired company this was an opportunity that increased the possibility of salary increases Therefore there was a lot of expectation from employees because they haven't received pay increases for years HR compared the two organisations and discovered there was little between the two companies They had to explain to the acquired company why pay increases weren't as big as expected They understood and now both companies are in line with each other in terms of salary

10. **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E.g. did you have to retrain staff or up skill employees for their positions?**

First priority was the technical things like systems training which was needed for day-to-day roles. It was an opportunity to go through development plans. They needed to know the avenues to build their profile within the company however this was not provided. There was no induction. There were a lot of clients to transition across initially. There are soft skills courses now but none at the time or prior to the acquisition.

11. **How was the atmosphere within the organisation affected throughout the acquisition?**

There was a mixed atmosphere. It was when the first set of redundancies that were announced there began a trust issue which encouraged the rumour mill to begin; people were wondering who would be next. To prevent this there should have been:
1. Open communication
2. One to one sessions
3. Understanding concerns of employees
4. Feedback provided on their concerns

12. **Was trust between management and the employees broken at any stage during the change process?**

Yes, trust was broken based on feedback from employee engagement survey. Communication practices were bad and there was an over reliance on email. Senior management didn't have control over how line managers communicated or passed down the communication and messages to staff. Local managers need to know how to communicate to staff. However there was a lot of pressure for managers as they had an increased workload to do on the business side than usual and at the same time were expected to integrate and transition employees. Effectively they were expected to double job and they didn't have the time. They were focusing on business needs. They didn't have the time to talk to their team, ask questions,

answer questions and give feedback to them It's important that managers make the time for the people integration elements of the change

(a) If so what could have been done to manage it more effectively?

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

1 Regular meetings with staff

2 One to one sessions people can be more open in these than in group meetings therefore you must provide both so you can give people the opportunity to talk to you openly in whatever environment they prefer

14 What communication best practices did you conduct during the acquisition?

One to one sessions were the best where people could express their concerns about the future It was not all negative as people were looking forward to the future and what the acquiring company could offer

<u>**Summary Questions**</u>

15 Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during a acquisition?

1 Consistent two way communication channels from management committee to staff

2 Common culture

3 Integrating attitudes and ways of working

4 Recognising efficient and high performers

16 What were the biggest challenges you came up against during the acquisition?

The biggest challenge was bringing the two cultures together

Client vs the task = BIGGEST DAILY CHALLENGE

In the acquiring company we worked by having a framework for the task and tried to fit the client into this framework The acquired company considered the client first then set up the task framework around the client The two companies had two different cultural approaches to the same job We conducted a detailed gap analysis showing the differences between how both companies work and operate The two companies had to compromise to an extent We had to pick our battles - neither company could have it all their own way They had to look at specific clients on a case to case basis to form a culture between the two approaches

17 What 4 things would you do differently?

1   Give more opportunities to raise issues and concerns There is a flat structure in most teams so people do talk up generally You must provide the forum to do this

2   Provide opportunities for people to build their network and profiles and general development this will help with engagement

18 Is there anything you would have liked to say that I have not given you a chance to express?

Nothing

Interviewee Respondent 4

Company Company B

Job title   Manager Company Secretarial Department

Have you ever experienced a merger or demerger? Acquisition

The Role of HR

1   **What was the motive behind the acquisition?**

To extend company capabilities

2   **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

HR was very involved

(a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

(b) **If not, do you believe their involvement could have increased success?**

3   **Did HR help drive the change within the organisation? What was their role?**

Yes they did, their role as a facilitator and were involved a lot with terms and conditions and integrating the systems

4   **Do you feel that HR was valued during the transition and integration phases of the acquisition?**

From listening I gather that it was more a senior management role overall than a HR role so they wouldn't have really been valued as much

Employee Engagement

5   **Was there resistance prior to or during the change?**

Yes there was resistance The acquired company was very negative about the acquisition

(a) If yes what were the main sources of resistance?

Lack of communication and cultural differences were the main source of resistance However not post acquisition there is a plan in place

(b) How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?

6 What is your understanding of what employee engagement means?

Employee engagement means staff is happy to come to work, they work hard, and they contribute and communicate effectively

7 How did your organisation consider the impact on employee engagement during the acquisition?

Didn't know

8 How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?

OR

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

Not relevant

9 Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?

We have focused on the staff's career paths and the development of people so they have personal goals to work towards, this has helped

10 Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E g did you have to retrain staff or up skill employees for their positions?

Nothing was implemented

11 How was the atmosphere within the organisation affected throughout the acquisition?

The atmosphere has been affected negatively as everyone is unhappy

12 Was trust between management and the employees broken at any stage during the change process?

Yes trust has been broken Employees feel management didn't communicate effectively and that the process was not managed well enough

(a) If so what could have been done to manage it more effectively?

If there had been more communication it may have been managed more effectively and trust may not have been broken If there had been objectives implemented for managers and employees this would have allowed everyone to be involved in the merger as they would have had to meet objectives It might have also shown up cracks in the process

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

I held monthly meetings with staff telling them everything I knew had been told by my manager

14 What communication best practices did you conduct during the acquisition?

Open communication and honesty about the good and the bad was critical

15. **Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?**
    1. Communication
    2. Trust
    3. Honesty
    4. Increased Planning

    The acquired company felt that the acquiring company had been through a merger before, so they should have known integrating cultures is problematic and been prepared for it and implemented things to help integration success. They should have communicated better. They should have given weekly, monthly and quarterly updates to all staff containing the good and the bad news.

16. **What were the biggest challenges you came up against during the acquisition?**
    The Biggest challenge was the disengaged workforce as it impacts moral and productivity.

17. **What 4 things would you do differently?**
    1. Insist on open communication
    2. Change objectives and give them to managers and individual employees to increase their involvement.
    3. Social nights to increase camaraderie
    4. Local Management briefed on rationale and how to cope with their employees.

18. **Is there anything you would have liked to say that I have not given you a chance to express?**
    The acquired company must accept the acquisition and they need to settle into their new environment because currently there is a "them and us" attitude. They feel that the merger wasn't managed well by the acquiring company particularly because they had past experience of acquisitions. There is also the physical separation as the

company is presently in two buildings However, after the final redundancies leave in December we will all be in one building together

During redundancies it's hard to be engaged throughout a redundancy However, you are still being paid and you must be professional so you must do your job at the end of the day This is from personal experience from my last job where I was given 5 months

Interviewee Respondent 5

Company Company B

Job title Senior VP Relationship Management

Have you ever experienced a merger or demerger? Experienced two acquisitions

The Role of HR

1 **What was the motive behind the acquisition?**

We identified a company we needed in order to extend the capabilities of our company We had the same client centric model We wanted to grow strategically and if so we needed to acquire to grow further

2 **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

I assume they were involved

(a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

HR is hugely important because when you are dealing with companies you are dealing with people This is very important and is mainly HR's responsibility so they have a big part to play However HR main responsibility was the redundancies

(b) **If not, do you believe their involvement could have increased success?**

3 **Did HR help drive the change within the organisation? What was their role?**

Yes they were key in transition management

4   Do you feel that HR was valued during the transition and integration phases of the acquisition?

When there's uncertainty HR can get a hard time They were involved but perceptions can be different depending on a person's circumstances so they can be hard on HR

Employee Engagement

5   Was there resistance prior to or during the change?

Yes there was as people don't like change so therefore they resist it Long-term, they had a plan HR were visible and onsite in both locations to help people through it

(a)   If yes what were the main sources of resistance?

(b)   How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?

6   What is your understanding of what employee engagement means?

Employee engagement is ensuring that employees are engaged, motivated, challenged and enjoy working in the company To ensure this communication is vital

7   How did your organisation consider the impact on employee engagement during the acquisition?

When joining two organisations you must look at both organisations, the acquiring and acquired Instead of treating them like two different organisations you must treat them as one so they should receive identical communication in both companies at the same time etc

8   How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?

OR

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

There was huge coordination between HR teams and managers and the individuals involved A lot of work went into it from Country head right down through management

9 **Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**
We have a loyal workforce if you look at the longevity of the workforce there is a lot of loyalty and appreciation towards the company There were a lot of redundancies and job losses People were happy to have a job and happy with the commitment to Ireland by the global organisation which was shown through the organisation

10 **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E g did you have to retrain staff or up skill employees for their positions?**
No training was implemented

11 **How was the atmosphere within the organisation affected throughout the acquisition?**
There was a lot of uncertainty on both sides as people don't like change

12 **Was trust between management and the employees broken at any stage during the change process?**

Basically, yes, people wanted information that was not available to them at the time The senior team gave them as much as they could at the time There is always a piece you just can't share with staff due to confidentiality etc

(a) **If so what could have been done to manage it more effectively?**

(b) **If not how did you keep trust levels strong?**

13 **How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?**

I worked with my team closely and communicated with them I was visible on the floor to staff from day to day

14 **What communication best practices did you conduct during the acquisition?**

1   One to one communication

2   Weekly team meetings

3   Constant updates in what was going on

<u>Summary Questions</u>

15 **Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?**

1   Visibility of senior management on the floor

2   Communication

3   Ensuring that meetings take place with staff

4   Providing updates more regularly

16 What were the biggest challenges you came up against during the acquisition?

The Biggest challenge was keeping engagement and morale up as people were being made redundant However, the level of service did not drop to customers Staff were loyal to the company and ensured an excellent service They made sure clients and service were not affected

17 What 4 things would you do differently?

There are strict terms of reference as to what you can and can't do in an acquisition There are always going to be rumours However, you need to know how to manage uncertainly at an early stage We did well overall once people understood the strategic goals, similarities and differences We should have showed them the benefits of joining and that it was a good company to work for, this would have contributed to engagement levels

You must consider the best point of both companies in order to get the best of both companies Training Local management is vital for dealing with the uncertainty on the floor

18 Is there anything you would have liked to say that I have not given you a chance to express?

The number of acquisitions are increasing Managing an acquisition very structurally is very important Ensuring people are up to date and understand the strategy and why the acquisition is happening including the benefits and the negatives is vital for its success This is very important to keep staff motivated and engaged in an acquisition

Interviewee Respondent 6

Company Company B

Job title Head of Human Resources

Have you ever experienced a merger, acquisition or demerger? Acquisition

The Role of HR

1 **What was the motive behind the acquisition?**

It was an acquisition of new skills The aim was to gain access to a product we didn't have, the company we were to acquire were the best in the Irish market and had a strong client base

2 **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

Yes The head of HR was notified in early January First thing was due diligence before the announcement which went on for about 4 to 6 weeks about HR related things like working conditions, policies, ER issues, legislation issues and contracts We did not find anything that indicated that we should not proceed with the acquisition From a very early stage HR were involved with due diligence

HR made the decision to harmonise the terms and conditions of both companies They met with both companies and stated the terms and conditions of both and showed them the differences between the two and wanted the acquired company to sign to the terms and conditions of the acquiring company It was signed and came in to play on June 1st Most other companies would keep people on their normal terms and conditions and change them gradually over time

It was important for the employees of the company that was acquired to receive an introduction to our company, to HR systems, practicalities, time attendance system, culture, values and vision

(a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

(b) **If not, do you believe their involvement could have increased success?**

3   Did HR help drive the change within the organisation? What was their role?

HR was part of all discussions and our input was big during integration

4   Do you feel that HR was valued during the transition and integration phases of the acquisition?

Yes and No It's easy to say people are the centre of everything but when it comes down to pragmatic business decisions people are only part of it HR can't continually put their foot down on issues as colleagues will stop thinking of them as a beneficial and helpful HR business partner HR is not an overriding factor they are not more important than any other aspect of the business

Employee Engagement

5   Was there resistance prior to or during the change?

Yes, there was resistance HR spoke to employees about terms and conditions and reassured them regarding practical stuff and small details such as car parking and small perks When there is change you find out what is most important to your employees HE held 12 sessions prior to acquisition to address terms and conditions They had also about 200 one to one meetings before the acquisition Lots of communication is vital

(a) **If yes what were the main sources of resistance?**

(b) **How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?**

6   What is your understanding of what employee engagement means?

It is when people feel empowered, they trust what the organisation says and they want to go the extra mile and are actively present There are three groups of employees

1   Actively disengaged/ cynical/negative

2   Positive/eager/easily influenced and open

3   Vast majority of employees wait and see/ a little cynical but open to being empowered these are the middle group the floating vote if you will In order to promote employee engagement you try to harness this majority

7   **How did your organisation consider the impact on employee engagement during the acquisition?**

Yes the organisation considered employee engagement through the harmonisation of the terms and conditions It developed a step-by-step plan for those coming into our company and developed an engagement plan for 12 months However, all of this went out the window when redundancies were announced

8   **How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?**

OR

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

HR addressed people's issues The acquired company's redundancy policy was better than our policy We guaranteed their redundancy policy for 12 months However, this caused uncertainty and unhappiness as our staff thought this was unfair as their policy was not as good HR had to explain that we thought it was fair and eventually it blew over When the 220 redundancies were announced we had two options

1   We could have conducted redundancies in dribs and drabs, let 20 go then let 40 go and so on and so on A lot of companies do this in order to stay under the radar

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2   However instead we made the decision to announce the 220 redundancies on the 20th of July and by the middle of October everyone would know where they stood Announcing all the redundancies at once created 3 months of uncertainty but then everyone knew where they stood In the long term this will help our organisation to build back trust that has been lost

9   **Keeping in mind that due to the recession taxes are constantly rising. How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**

HR tries to be up front During acquisition we have hired 90 fixed contract workers to help us with the integration Honesty is very important The days of large pay rises are gone Firstly HR set the tone with the managers and informs them that the merit budgets are lower Now the focus is primarily on high performance and key staff We have to manage staff expectations We have made no pay cuts so this has helped when there has been a lowering of salary increases and benefits There is an attitude that people have to work harder for less and with fewer resources This is an attitude that is terrible and that has no hope attached to it and is not a good attitude to be encouraging within an organisation I say that if you need a resource, make a case for it and we will see what we can do This is a positive approach with possibility

It's all a cycle the economy will turn around If you have a bad attitude your employees will leave in the future as soon as things improve and as soon as they can leave Don't forget about retention in a recession, it will turn around – it's only a cycle

10   **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? E g did you have to retrain staff or up skill employees for their positions?**

Yes, we did We had a 12 month plan with a timetable The learning and development resources focused on the integration of the other company However,

we had to move with the business needs When redundancies were announced these plans took a back seat

11 How was the atmosphere within the organisation affected throughout the acquisition?

There were a couple of phases

1   We ramped up expectation prior to the acquisition Instead we should have set lower expectations Atmosphere was good as the acquired company felt we were going to save their jobs However, our staff was a little more uncertain We should have balanced this better as expectations were too high therefore there was a massive fall when announcement regarding redundancies was made

2   Then there was doom and gloom as the psychological contract was broken and damaged and trust was lost

3   Now it's trust is patchy, it's really not great

Local management are key, a lot depends on them They can't be cynical because they have such a big impact Engagement comes down to them they can't be part of the team they must be a leader Management did not receive training as to how to integrate new staff in their department We wrongly assumed managers would take on the role and show new staff around and help integrate them However, they did not and the acquired company felt in limbo No one showed them around and they received no induction Now HR is taking the lead on it The next people to come across will receive an introduction to their manager an update on the culture and the manager is being encouraged to buy breakfast for the staff to create camaraderie It's now apparent that someone must take the lead We can't just leave it up to whomever as they don't always take up the role or responsibility

12 Was trust between management and the employees broken at any stage during the change process?

Yes it was after the redundancy announcement This broke trust between employees and management

(a) If so what could have been done to manage it more effectively?

We should have managed expectation of both companies better We were too positive about joining us Management said "Redundancies are not in our DNA", this seriously back-fired Naturally you have to be positive about an acquisition but we should have managed it better as staff got upset The damage of trust is inevitable but hopefully it can be repaired quickly, that is the trick

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

It was very difficult My colleague and I held 20 questions and answers sessions after the redundancy announcement They were tough meetings with tough questions This helped with credibility they began to understand that we didn't have a lot of answers either People don't like uncertainty so we tried to be as honest and as up front as we could be

14 What communication best practices did you conduct during the acquisition?

1 Weekly newsletter - 1pager keeping employees informed

2 Question and Answer sessions

3 After the acquisition announcement we made a most asked questions document with answers to the most frequently asked questions

We did our best We over relied on emails and we could have communicated more as you cannot communicate enough

<u>Summary Questions</u>

15 Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?

1 Question and Answer sessions will stand to us in time with building back trust because we made the effort to answer their questions Honesty is essential and giving people the opportunity to let off steam

2   Being up front with people about the redundancies which will be important for building trust again

3   Terms and conditions, we were clear on the things we could be clear on

The biggest things are to be upfront and clear All bad news damages trust but the way we dealt with it will hopefully provide the building block to rebuild the trust that was lost

16 What were the biggest challenges you came up against during the acquisition?

The biggest challenge was the terms and conditions We had to explain some challenging decisions People didn't believe us because we changed tack after the announcement of the acquisition Cynicism by managers caused uncertainty Everyone knew restructuring was inevitable and everyone knew duplicate roles would occur HR had to adapt to the speed of redundancy announcement and change the mindset of people Suddenly all staff were at risk of redundancy

17 What 4 things would you do differently?

1   Set lower expectations for staff We made them think their jobs were 100% safe, we shouldn't have

2   We were sensitive to changing terms and conditions to make change flow though we could have been tougher That didn't come up in due diligence

3   You can't communicate enough Feedback from staff says we didn't communicate enough or effectively However the reality is it's hard to maintain communication levels and the daily job

18 Is there anything you would have liked to say that I have not given you a chance to express?

Mergers and acquisitions are increasing It's important for companies to realise it's a cycle

- During the Boom the HR issues were turnover, how do you keep staff, retention, motivators such as money and managing costs
- Now during the recession the issues are restructuring, redundancies, Mergers, acquisitions, demergers, less resources, stress, uncertainty and increased workload
- The next phase of HR post recession will focus on employee engagement, motivators and building reliance in staff

Engagement goes beyond integration It continues on after acquisition There are different phases to employee engagement during the acquisition process

- Pre Acquisition issues, HR are involved in due diligence which took 6 weeks to see if it was ok to proceed with the acquisition They found nothing that indicated they should not proceed After this there is a more detailed due diligence
- Announcement now employee engagement becomes very important However we didn't manage expectations well enough
- Redundancies Employee engagement plays a big part in this phase but is often lost
- Integration plan one year employee engagement plan but it took a back seat
- Post Acquisition, employee engagement continues, how do we work and practice long term Employee engagement is an ongoing and continual issue

Interviewee Respondent 7

Company Company B

Job title· Senior Vice President

Have you ever experienced a merger, acquisition or demerger? Acquisition

The Role of HR

1 **What was the motive behind the acquisition?**

We never acquire for scale we only acquire for product capability Therefore the motive was to gain product capability, clients and expertise in this new product area

2 **Were HR professionals involved at the beginning of the strategic planning stages of the acquisition?**

Yes, HR was involved from the start however they played an administration role dealing with headcount, costs and mainly operational and transactional work They were not involved in integration They forgot about the strategic role of HR as their focus became administration

   (a) **If so, to what extent did their involvement contribute to the success of the acquisition?**

   (b) **If not, do you believe their involvement could have increased success⁹**

3. **Did HR help drive the change within the organisation⁹ What was their role⁹**

No, it was a business decision they did not play a strategic role in the change HR played a purely supportive role

4. **Do you feel that HR was valued during the transition and integration phases of the acquisition⁹**

Yes they were valued for HR specific activities

Employee Engagement

5   Was there resistance prior to or during the change?

Prior to change there was excitement but at the same time the acquired company had to deal with the bereavement of leaving their own company behind and joining a global organisation Once redundancy announcement was made there was resistance on all sides

(a) If yes what were the main sources of resistance?

(b) How did you manage it? Did you anticipate the resistance? Did you have a plan in place to manage the resistance?

6   What is your understanding of what employee engagement means?

Employee engagement means good communication and employees having a feeling they belonging If employees feel like they belong they will be engaged and therefore be capable of supporting the companies objectives

7   How did your organisation consider the impact on employee engagement during the acquisition?

Employee engagement was not considered at the start It was considered at the announcement stage only The acquisition became focused on the technical, financial elements and focused meeting goals and deadlines There was no mention of people until it was too late

8   How did you manage the employee's terms and conditions effectively to maintain employee engagement and avoid feelings of uncertainty amongst transferring staff?

<div align="center">OR</div>

How did you manage the employee's terms of redundancy effectively to maintain employee engagement and avoid feelings of uncertainty amongst redundant staff?

This was a huge problem because we had two redundancy packages and the acquired company's package was better The acquired company believed we would save their job Our company, the acquiring company, never considered we would be in the firing line for redundancies Therefore, there were two big things the redundancy shock and the difference in the terms and conditions It came to the point where we were unable to compare the two groups they were just too different It was managed terribly, expectations in the two companies should have been managed better We were positive and said "redundancies were not in our DNA" setting expectations high and then announced 220 redundancies

9 **Keeping in mind that due to the recession taxes are constantly rising How did you manage the inevitable lack of salary increases, possible loss in benefits and increased workload as a result of the acquisition?**

This was one thing we managed well as people didn't suffer financially We are a global company in the global economy which is competitive therefore we did have money for pay increases and the money to provide incentives The acquired company hadn't had pay increases in three years therefore the acquisition brought hope and possibility However, we should have managed expectations because they didn't receive as much as they expected

10 **Did you implement any training and development strategies either at employee or management level to help ease the transition and implementation of the change process? e g did you have to retrain staff or up skill employees for their positions?**

There was systems related training but nothing at local management level prior to acquisition Now we are training our local managers but we should have done this prior to change Redundancies caused chaos

11 How was the atmosphere within the organisation affected throughout the acquisition?

The atmosphere was chaotic We had a lot of employees in different and difficult circumstances We had employees who got voluntary redundancy We had employees who we said you might be made redundant and then didn't make them redundant We had employees who we said you won't be made redundant but then did make them redundant and then we had they employees who were safe There were employees in multiple circumstances There was a couple who were both made redundant The atmosphere was chaotic, uncertain, fearful, strained and there was no trust and there still isn't

12 Was trust between management and the employees broken at any stage during the change process?

At every level trust was broken All levels were at risk We broke promise that there would be no redundancies and we managed expectations badly As a result recovery will take ages There is no trust the employees think there are going to be more redundancies and there is no convincing them otherwise because they don't trust the organisation We conducted a large employee engagement survey which presented a clear and damming report showing there was no trust at all

(a) If so what could have been done to manage it more effectively?

(b) If not how did you keep trust levels strong?

13 How did you maintain credibility as a manager despite <u>possible</u> low trust levels and uncertainty?

In general management had no credibility Anyone with a client facing job was safe as they were seen as valuable employees and the key was to protect the business during this time so it was vital not to tamper with the client facing staff In order to stay as credible as possible considering the circumstance a manager must be honest and respectful

14. What communication best practices did you conduct during the acquisition?

As an organisation we communicated loads But it was too top down When the big shots from the UK and the US came over we let them speak to the employees But the employees didn't trust them The senior management in Ireland should have stood up and faced their employees There should have been more local communication rather from the outside

Summary Questions

15. Looking back at your experience of the acquisition, can you name 3 factors you believe have the biggest impact on maintaining employee engagement levels during an acquisition?

1   Communication

2   Transparency and honesty

3   Involvement from employees as early as possible

16   What were the biggest challenges you came up against during the acquisition?

The biggest challenge was that the redundancy plan was put together from the outside and was handed to the Irish branch to implement

17   What 4 things would you do differently?

1   Execution planning should have been better and calmer

2   Communication should have been owned locally not by the UK and US

3   Should have trained local managers on the rationale and how to effectively communicate to staff

4   Should have identified key influencers faster and involved them more

18   Is there anything you would have liked to say that I have not given you a chance to express?

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