Human resource management in merger and acquisition planning

Purpose - Many of the papers that analyse human resource management in merger and acquisition processes focus on the last two stages (integration and implementation). Then, this study proposes a human resource management model for the first stage of the process (planning) with four key factors: the due diligence process human resources plan, the integration plan, the communication plan, and the learning plan.

Design/methodology/approach – From the theoretical model, we analyse a case study of a multinational company that operates in the mechanical engineering sector.

Findings – The results show the special importance of human resource management in the success of the merger and acquisition process. And, the main actions implemented in human resources contributing to the success of this process are identified.

Research limitations/implications – Subsequent investigations could conduct similar analyses for the rest of the stages of the merger and acquisition process (integration and implementation), with the objective of presenting a complete human resources management model in merger and acquisition processes.

Practical implications – The case study allows researchers to learn from professionals and business leaders while also offering a theoretical model that can help managers make decisions and improve the management of these processes.

Originality/value – The main contribution of this study has been to observe how human resources are managed in the planning stage of mergers and acquisitions.

Keywords - Merger/acquisition; planning; human resource; due diligence; integration; communication; learning.

Paper type – Case study.

Introduction

Traditionally, leaders have thought that the success of mergers and acquisitions (M&As) came in the aftermath of the signing of the agreement. However, the literature offers examples of failures that may be due to the implications of human resources (HR) in the early stages of the operation (Bagdadli, Hayton and Perfido, 2014).

Some of the causes of failure in M&As related to human resources management (HRM) are integration problems due to cultural incompatibility (Marks and Mirvis, 2011), an excessive price paid due to an incorrect valuation of intangible resources(Bhaskar, 2012), a lack of leadership during the process, uncertainty (Deogun and Scannell, 2001) or communication deficiencies that lead to problems of motivation, and abandonment or absenteeism (Drori, Wrzesniewski, and Ellis, 2011).

An M&A is a complex process involving people from different companies and organizational levels; thus, trust and integration mechanisms play a relevant role (Meglio, King, and Risberg, 2015). So, it is necessary to break with the historical approach that considers HR an operational support, assigning them a secondary role in these processes.

Of the three stages identified in an M&A process (planning, integration, and implementation), most research focuses on the last two, when HRM problems are already inevitable, forcing a reactive approach to their solution, which implies a greater consumption of resources and time (Lupina-Weneger, 2013). In this study, based on the theoretical model developed by the authors in a previous work published in 2015, the HRM in the first stage of the M&A process (planning) is analysed through a case study of an international M&A.

To that end, in the first section, the theoretical framework is proposed. In the second section, the methodological aspects of the case study are analysed. In the third section, the results are shown. Finally, the conclusions and future lines of research are presented.

Theoretical background

M&A processes involve a modification of the organizational structure of the company, creating a need to reorganize HR and modify traditional work procedures. In practice, however, little attention has been paid to the role of HR in this process, even though HR are one of the main actors in implementing the changes envisaged (Marks and Mirvis, 2000).

Following Neira Fontela and Castro Casal (1994), the fundamental phases of the M&A processes are:

- Phase 1 (Planning). Planning occurs before the agreement is signed, when the change in ownership of the acquired or merged company occurs.

- Phase 2 (Integration). The integration of organizations is defined as the degree of interaction and coordination between the two companies participating in the M&A and is typically considered the key phase of the process (Larsson and Finkelstein, 1999).

- Phase 3 (Implementation). Implementation is often characterized by dismissals, conflicts of interest, power struggles, voluntary employees resignations, or absenteeism (Sielh and Smith, 1990).

Although some authors have analysed the three stages of the M&A process and their relationship with HR (Schuler and Jackson, 2001; Pascual de Blas, 2006), few studies analyse the importance of HR in the stage of M&A planning.

The planning stage begins when the company is interested in a possible M&A as a strategic option (Neira Fontela and Castro Casal, 1994). Pascual de Blas (2006) shows that only 22% of organizations include HRM within the initial planning stages of the operation, and that 80% of the organizations participating in that study stated that HR factors become relevant to success only once the operation has progressed. Although these results confirm that HRM has not been considered in the first stage of an M&A, the experience of companies demonstrates that it is critical to the achievement of the expected results.

In this stage, potential target companies are sought. Once they are identified, the choice of one of them can be made considering five dimensions (Neira Fontela, 1992): 1) the strategic purpose that underlies the decision, 2) the level of efficacy and efficiency of both companies, 3) the degree of friendship *versus* hostility involved in the M&A, 4) the form and level of integration desired, and 5) the intensity of impact on management and employees.

The selection of an inadequate company reduces the possibility of success of the M&A (Schuler and Jackson, 2001). The assessment of candidates may be limited by the lack of information and the refusal of the firm to provide the desired data (Neira Fontela and Castro Casal, 1994). Naturally, even if the right partner is selected, not having a well-structured plan for the rest of the process greatly reduces the chance of success of the combination (Marks and Allen, 2000).

When the appropriate partner has been selected and the M&A process is launched, management should take a proactive approach to HRM problems and propose an action plan with four phases: a due diligence process HR plan, an integration plan, a communication plan, and a learning plan (Bastida, 2007).

Due diligence process HR plan

The due diligence process HR plan is essential to determine the HR value of the target company and, consequently, the price of the operation (Figure 1). Its usefulness lies in analyzing factors related to HR that can affect the achievement of the objectives and desired results in the M&A operation (Catwright and Cooper, 1992; Bramson, 2000). Some of these factors are easily identifiable because they are based on formal documents such as work contracts or salary tables. However, we must also evaluate intangible assets, identify the strengths and weaknesses of companies as well as cultural compatibility, recognize valuable people, and determine the potential risks of the operation (Pascual de Blas, 2006).

Insert Figure 1 here

The evaluation of intangible assets is complex and expensive, but its planning serves as a prevention to reduce conflicts and create synergies between different cultures (Drori, Wrzesniewski, and Ellis, 2011). These difficulties are the reason why many directors do not give the necessary importance to soft factors (Schuler and Jackson, 2001). The time spent exploring, analyzing, and planning soft factors is generally low compared to the time spent on hard factors; however, it is observed that the soft factors are determinant of the success of the M&A (Bhaskar, 2012).

Integration plan

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The integration plan is a tool to guide and plan the steps that must be followed during the M&A process, and three questions must be answered: What do we need to do? Who will take care of it? When should it be done? (Bramson, 2000). It is particularly important in the transition between the announcement or signature of the agreement and the moment when changes begin to take effect.

The different types of M&As allow planning of the degree of integration between organizations and are a guide to conduct HRM (Napier, 1989), which affects both the organizational and cultural environments as well as the productive environment. According to Pitt and Koufopoulos (2012), for integration to be more likely to succeed, it is necessary to analyse whether the activities of both companies are more or less independent or complementary, and whether it is appropriate to maintain some degree of autonomy between some activities and others. This process must be performed in stages, and for its control, the objectives, the periods of realization, the possible interdependencies, and the resolution of unforeseen events must be very clear.

Communication plan

The existence of an internal communication plan is one of the key components of the success of the M&A. The priority objective of the communication plan is to ensure employee commitment and loyalty. This plan must be defined in the planning stage so that effective and valuable communication can be developed in the later stages (Castro Casal and Neira Fontela, 2002b). In Lin, Hung and Li (2006) study of employees of acquired banks, 48.6% report that they were confused about the impact of changes and procedures, 38.9% consider the work

environment unstable, and 22.2% indicate that the changes implemented to combine departments were not predicted.

A frequent problem is the rumors in the target company (Bramson, 2000) about, for example, job loss, geographic relocation, or blocking opportunities for promotion. Rumors tend to focus on negative and often somewhat inaccurate information, provoking anxiety and stress (Buono and Bowditch, 1989). According to Castro Casal and Neira Fontela (2002a), under this pressure, people are particularly attentive to bad news. Employees may lose confidence.

An important issue is when to start the communication process. Creating formal, internal communication mechanisms as early as possible can help reduce uncertainty. It is advisable to inform employees before the announcement of the M&A, because doing so can reduce the initial shock and increase confidence in subsequent internal communications (Castro Casal and Neira Fontela, 2002a). Also, frequent, immediate, honest, and constant information is essential for the creation of integration capabilities to prevent negative reactions from employees (Bastien, 1987).

Learning plan

An outstanding final issue is the planning of the learning process. Companies that conduct an M&A process should create a group of experts to share and disseminate the learning gained in the organization. The learning and experience of previous processes can help make a good restructuring process (Vermeulen and Barkena, 2001).

In M&A processes, training and continuous education are essential to develop the new knowledge and skills required for a great performance in each job. Training should be extended to new work systems and procedures. To achieve these skills, new technologies

allow the development of high quality online training, in addition to the use of collaborative tools such as forums and blogs. Manuals and databases with up-to-date information are a widely used complement.

To manage the development of talent, companies have implemented coaching, mentoring or outdoor-training programs, that offer the possibility of developing more specific skills such as leadership, teamwork, negotiation skills, or decision-making. The goal is to attract and retain the best professionals in the process.

Methodology

In this research, the case study methodology is been used for three reasons: 1) the investigated phenomenon is exploratory and descriptive; 2) the literature is not conclusive, and it is necessary to perform an in-depth and qualitative analysis of the subject; and 3) primary information is available owing to the collaboration of the company studied, which has allowed interviews with people involved in the process and a stay of one of the researchers within the organization. The steps followed in the case study are shown in Table 1.

Insert Table 1 here

The study is conducted in a multinational organization which operates in the field of mechanical engineering that was founded in the nineteenth century. It manufactures, markets, and offers post-sales service, competing for the global leadership of the sector. The group has more than 1,000 branches in five continents, employing more than 50,000 people in more than 100 countries. During its trajectory, it has expanded geographically, developing new

markets through international M&A operations, making it a company with sufficient experience in M&As to consider the results obtained valid and reliable.

This study analyses M&As operations in Spain that involves the investment in production facilities in a geographical area where, until now, only products manufactured in other countries such as Switzerland and Germany have been marketed.

Case study findings

The parent organization is immersed in a development process with the aim of becoming world leaders in the industry by the year 2020. The reasons that justify the M&A are mainly strategic: 1) having the size for competing in the global market, 2) acquiring the advantages of vertical integration, 3)entering or consolidating its position in a country, specifically in Spain, and 4) reducing competition and influencing future developments in the industry.

The organization selected a method of external development and the agreement was formalized through merger by absorption (the target company lost its legal identity and integrated 100% of employees in the parent company). This method made it possible to choose the right time to enter the country and, once the agreement was signed, to gain quick access to new facilities, personnel, and products.

To select the target entity, both the market share and the stages of the production process in the country were considered. The impact on HR was very large as job locations, computer systems, work procedures, etc. were changed. Thus, it was essential to analyse the characteristics of the HR of the target company. The objective was to detect the level of

compatibility of the employees of both companies with the desired changes and to identify the people most prepared to make these changes.

Five dimensions were considered to evaluate the compatibility (Neila Fontela, 1992): the strategic purpose (to be world leaders in the year 2020), the level of efficacy and efficiency of both companies (companies consolidated in their geography), the degree of friendship (no direct competitors), the desired level of integration (total integration of the target company), and the impact on managers and employees (procedures and work routines).

Following, we explain the evidence that we have obtained from our case of study for each factor of the theoretical background.

Due diligence process HR plan findings

Once the potential partner for the M&A was selected, the negotiation of the conditions started. And, it was necessary to determine the value of the target company and to set the price of the operation.

Within the due diligence, both hard and soft HR factors were evaluated. For the evaluation of the hard factors, there were few complications. Jointly with the legal team and a specialized consultancy, three key points were analysed:

- Contracts signed with clients. To ensure the trust of stakeholders and customer loyalty, the commercial department planned actions of renewing and resigning contracts, using the format of the parent company.

- Contracts and agreements with employees of the company. This was a point of conflict, because it directly affects the economic conditions, schedules, and labor category of employees. After examining the formalized agreements and contracts, the decision was

made to respect the current conditions of all members of the integrated organization. This decision led to many management problems. There were employees in the target company who were high commanders and took a lower rank in the integrated organizational chart. In the vertical relationship, there were leaders managing subordinates from the target company with a better salary or higher labor category. In contrast, in the horizontal relationship, employees were in functional departments performing similar tasks or responsibilities but having different counterparts, creating a situation of "envy and pressure" that was difficult to manage by the leaders.

- Contracts signed with suppliers. Some of them were respected to exploit the stability of the target company with sector/country-specific suppliers. However, the new processes demanded new and more modern technological tools (the SAP operating system or internal communication systems). A problem arose because many contracts had high indemnities for anticipated unilateral termination, which is why it had to wait to the end, incurring costs in time and money.

The evaluation of the soft factors aimed at detecting the valuable employees of the target company. Therefore, the number of people that could be part of the new integrated company was assessed, and the people who were to stay in the company were selected. This process lasted approximately two years until the final decision was made. During this period, information was obtained and analysed while interacting with the HR of the target company.

To conduct this analytical process, as it was a friendly M&A, the organizations signed a confidentiality agreement, thus avoiding leaks to the market. The members of the parent company had the opportunity to perform stays within the target company, working together

with its employees to know their work procedures, habits, and concerns. The time and resources used to interact, to know, and to make people feel that from the beginning they were part of the project were the basis for avoiding problems of integration and implementation. At the time of the change, employees already knew their new leaders and managers.

To select the leaders, a platform was prepared through the intranet where all company employees could assess the capabilities of their direct managers. A successful leader must have certain characteristics, such as sensitivity to cultural differences, a flexible mentality, an ability to recognize the strengths and weaknesses of both companies, a commitment to the valuable employees' retention, good listening skills and a focus on value drivers. Dissemination and incentive participation activities were performed, with 87% of employees providing valuable feedback and information. It was noted that owing to this initiative, people felt valued by the organization and had sufficient confidence to express their ideas and opinions. Also, the choice of an adequate leader can ease theachievement of the objectives quickly and efficiently. In this sense, the HR manager commented, "We need leaders prepared to experience a complex situation. Given the difficulties, only people with a good attitude, committed, responsible and patient are able to succeed".

In addition, teams were created at intermediate levels of support to the leader. For example, a functional department was initially planned in the administration department where the 35 employees depended on the administration manager. Due to the high number of employees, the scope and influence of the manager had no impact on HR. This situation was modified by creating three groups of approximately 15 employees and one team leader as a reference in each group. The interconnectedness and trust between the members of the groups, coupled

with the good transmission of information from each team leader to the upper echelon (administration manager) and the lower echelon (subordinate team), were fundamental to success and compliance with the guidelines from the board.

Integration plan findings

Due to the characteristics of the M&A agreement (absolute control of capital and absorbing all of the resources of the target company), the necessary integration was total, which led to a careful and detailed integration plan. From the outset, the senior management of the parent company anticipated a time of drastic changes, and thus, proactive actions to detect possible deviations and the time spent in the analysis was fundamental.

Progress was planned, and people had no uncertainty about the future. People knew who was responsible for each task and the time horizon for each activity. Naturally, problems appeared during the process. For example, there were employees who did not accept the geographic relocations, but having analysed the culture of the country, the organization was prepared before this type of problem appeared, ensuring that it could be corrected with the minimum negative impact.

The target company had to asumethe cultural characteristics of the parent company, with a suitable transition period and adapting this culture to the country of origin of the target company. Due to the characteristics of the parent company (strong culture, very impacted by the circumstances of its creation, the personalities of its founders, the circumstances of its growth, the country of origin of the founding family, and the behaviour of the component descendants of the global steering committee), from the beginning, it was necessary a cultural

assimilation. The cultural factors detected as determinants in the selection of the right partner are similarity versus cultural differences and the degree of cultural compatibility.

The integration plan was based on three fundamental points. First, the compatibility of the new structure and administrative systems was analysed. The complementarity of the activities of both companies in this geographical point was a very favorable characteristic of the compatibility. The parent company in Spain was characterized by its commercial activity, whereas the target company had factories installed in the territory with a stable production process. Characterized by activities at different stages of the value chain, the design of jobs, the formation of organizational units, and the standardization of processes were less drastic. That is, there was a minor change in people's habits and uses, which provoked greater confidence and less uncertainty during the feared process of change.

The organization's bureaucratic secondary structure led to a detailed drafting of the new updated instructions and internal rules of engagement affecting the areas of the company (financial, administrative, commercial, and legal). These manuals were made available to employees on the new corporate intranet, and each update was sent by email. The diffusion of information provoked confidence at all levels of the organization and prevented the fear of possible audits and future controls.

Secondly, an organizational control system was planned with both internal and external audits. Internal audits could be planned or by surprise. It was intended that all workplaces would be internally audited at least once a year.

The audits results could be of three types: 1) satisfactory – green: the manner of working was considered adequate; 2) deficient – yellow: leaders were required to have an action plan to

correct deviations within a term of one year by evaluation through another audit; and 3) problematic – red: management was required to have an imminent action plan, and the situation is reviewed with quarterly periodic audits. The results of 44 internal audits were: 23 green, 20 yellow and one red. In the case of yellow audit, the action plans modified work routines to adapt them to the company`s procedure or demand to be more strict with the documents to be homogenized respect to all company`s offices. The red color was assigned to audit result, which indicated that one of the employees consciously falsified the results of his work in order to become eligible for a monetary bonus. Once this falsification found out, the person guilty of such action was fired.Furtherly, the organizational units of greatest conflict were externally audited. The geographical points where functional departments (administration, financial, legal advice, or marketing) were centralized were considered points of conflict because they integrated employees from the parent company and the target company, from different locations rooted in a culture and customs, with a change of tasks due to work duplication, new computer systems, etc., characteristics that made the integration of HR complex. Every two years, each strategic unit was audited externally to detect negative psychological factors that were affecting employees' motivation or efficiency. This demotivation could lead to the main problem of integration: the loss of valuable people.

Thirdly, another organizational control action was to create jobs called controllers, experts in the implanted operating system who analysed variables, statistical data, ratios and results on a daily basis to proactively detect the points in which there were deviations or procedures with which there was a failure to comply. The controllers were frequently in contact with team leaders to detect the origin of possible problems.

Communication plan findings

The communication plan was a factor in which the organization made an extraordinary effort, investing several resources and organizing different activities. To improve the internal communication and the exchange of knowledge were used some tools such us information exchange forums and the intranet.

The HR department developed a project to generate a quarterly newsletter to disseminate updated information about the organization development, remarkable HR achievements or future plans. For example, an action that had a successful participation rate was the sending of anonymous assessments in the quarterly magazine to empower people with talent. With a questionnaire, information on the contribution to the company through their effort, motivation, innovative ideas and teamwork was obtained. More than 300 opinions were obtained on certain people who were highly valued by their peers, given that it was considered that they positively influenced their work and daily mood.

Other relevant action of communication was the implementation of the annual commitment survey. This survey was the main source for obtaining information on the state of mind of employees, their concerns and commitment. Actions were performed to spread the importance of the survey and to increase the percentage of participation. For example, in the 2015, the employee engagement survey was called "your voice matters". During the first five months of the year, advertising spots, bullets in the magazine, messages through the mail, and bulletin boards were created to encourage participation. The feedback obtained from employees in the different scheduled activities indicated high levels of commitment and motivation. In the 2015 employee engagement survey, 89% of employees in Spain participated.

The survey was the initial tool for obtaining information on the state of HR. Then, a group of experts was in charge of analysing the results to present the response reports to the managersof each area. Finally, the company acted based on the information and points of improvement that the HR had transmitted. If people detected that their information and participation were used to improve the organization, then they would be encouraged and motivated to become involved in the activities that were marked by the direction.

Other communication action was a semiannual event to review the evolution of the results and proposals or new developments that were to come. The members of the board, the managers, and some leader who had stood out during the year were invited to present their suggestions and questions at that event and all of the employees of the organization had the option to answer their questions. The objective was to bring people together from different organizational levels so that information flowed in both directions, i.e., from the top down, so that all levels were clear on the objective and the broad lines of action of the organization, and from the operational levels upwards, so that the members of the senior management could know the concerns and problems in regard to work in the field. In short, it was a matter of uniting the views of planners and executors to formulate realistic strategies.

Each event was accompanied by a series of fun activities; for example, in 2015, employees were invited to a motivational coaching. Various activities were prepared where participation, relaxation, and laughter were the predominant points of the activity. At the end of the day, everyone enjoyed a cocktail where the intention was to encourage informal communication between employees from different organizational levels and departments, dialoguing and exchanging opinions.

At the intermediate level, every year, each boss, with his/her direct supervisor, carried out the "performance review" to evaluate the results of the previous year, to analyse the availability and commitment of a professional development plan, and to detect training needs. The HR manager prepared a questionnaire where the immediate manager evaluates the employee and the employee evaluates him/herself. Once the evaluation is performed separately, the results are reviewed and compared in a subsequent meeting to detect similarities and deviations. They are always characterized by being an open dialogue in a friendly environment with the aim of detecting employees concerns and gaining trust in management.

The "breakfasts with the board" was a communication action evaluated very positively by the employees. Each quarter, the CEO, along with another member of the board, visited the work centers and shared the day with five or six employees from different levels. This activity encouraged close dialogue by exchanging opinions and showing that no matter their level in the organization, all the employees are valuable and determinant for the company.

In addition, different organization activities were used, such as photography competitions, workshops about new tools, new procedures or activities for the development of skills, both face-to-face and online.

Finally, another important communication action was to give importance to the environment that surrounds the employees. Every year, an event was planned where the protagonists were the relatives of the employees, for example, days at the circus, at the theater, or at the cinema, or painting workshops for the children to share time in the family with the organization.

Learning plan findings

To finalize the first stage of the M&A process, education and training are essential to develop new knowledge and skills avoiding the initial shock. The philosophy of the organization is to ensure that knowledge and learning are shared to attract, motivate and retain valuable employees.

Training and adaptation to new tools were spread among the employees. In 2010, a training platform that allowed employees to select face-to-face or online training activities through the intranet was implemented. This platform is used and requested every year. In 2012 in Spain, only 37 employees requested training, of which only 15 completed all the proposed activities. This number has increased, reaching 378 applications in 2017 and more importantly, 354 of them have completed the activities and obtained their diploma.

However, the objective was to interact, analyse, and have feedback on the HR status of the target company. The trainers were specialists from the parent company; their identity was kept confidential, and it was simply indicated that they were trainers from an external company specialized in the subject.

In turn, the area managers, together with the team leaders, had the obligation to organize, each year, specific training at the workplace. The training courses were of all types: team management, conflict management, customer loyalty, environment, etc. The objective was to develop competencies and skills such as teamwork, negotiation skills or decision-making. These activities included outdoor training with two-three-day stays, with outdoor activities developing empathy, leadership, motivation, and coordination; or mentoring programs for young talented individuals, tutored by the board to prepare the organization for the future and the generational change that was needed in the current environment.

Discussion and conclusions

This study, regarding how to effectively manage HR, focuses on the planning stage of an M&A operation to achieve success. Therefore, the literature is reviewed to identify the most relevant factors in HRM in the M&A processes, which are contrasted in a case study. According to Guest (1997), "it is essential to measure HRM outcomes to understand how HRM impacts on performance". In that sense, his model identifies six steps: 1) HRM strategy; 2) HRM practices; 3) HRM outcomes (commitment, quality and flexibility); 4) behaviour outcomes (motivation, cooperation, involvement and organizational citizenship); 5) performance outcomes (high productivity, quality and innovation; low absence, labour turnover, conflict, customer complaints and labour turnover); and 6) financial outcomes (profits and ROI).

As we haven't found previous studies that measure the outcomes of HRM in the planning stage of M&A processes, we have used the Guest (1997) model to discuss the study case findings. This methodology allows us to obtain evidence about steps 1-4 of the Guest (1997) model. So, regarding to the M&A strategy, we have identified the HRM practices in the planning stage –steps 1 and 2- (Table 2). Additionally, outcomes of HRM and behaviorhave been presented –steps 3 and 4- (Table 2). Finally, performance outcomes and financial outcomes – steps 5 and 6- could be measured when the implementation of the M&A process has been consolidated.

The table 2 summarizes factors, functional areas, HR practices and HRM and behavior outcomes performed by the company during the M&A planning stage.

Insert Table 2 here

Next, we present some evidence obtained in our case study related to HRM and behavior outcomes for each M&A planning factor. First, due diligence process HR plan allowed the achievement of two fundamental objectives for the success of the M&A. So, it was possible to retain the personnel involved in the planning process without voluntary departures. Currently, 85% of employees of the target company continue to work in the integrated company. On the other hand, the trust of the employees that remained in the company was maintained, and no uncertainty was created in the country's stakeholders.

Secondly, regarding to the integration plan, the good results of the audits show that employees are involved and respect the proposed processes. 44 internal audits have been performed since 2008 (manufacturing, administration, environment and after-sales service departments), of which only one has obtained a negative result.

Third, through the HR communication actions, the company achieves the goal of participation. In the 2015 employee engagement survey, 89% of employees in Spain participated. The question "Would you recommend working in this organization to a family member or friend?" was answered affirmatively by 82% of the people surveyed. The information obtained in communication actions should be transformed into new ideas for internal communication campaigns and into training activities. Then, people can feel that their information was valued and used for organizational development. If the need for communication is promoted and subsequently ignored, it can lead to distrust, apathy or lack of motivation of the HR.

Fourth, through the HR learning actions, the company achieves the goal of increasing the percentage of employees interested in improving their training. In 2012 in Spain, only 15 people completed training actions but, in 2017, 354 completed the activities and obtained their diploma.

Two types of contributions derive from our paper. For the scientific community, the work offers a model of HRM in the planning stage of M/A, integrating the previous theoretical contributions of experts in the field and corroborating their research with primary information from a leading multinational company in the sector.

The second type of contribution is practical for the business field. A roadmap that can be used as reference to the various executives involved in M&A process was developed, focused on each functional department. Thus, each executive can consult the roadmap to determine which factors must be considered to manage the HR in the planning stage of M&A and the practices that can be performed to influence the success of the process.

The results obtained in this work also propose new future research lines. Future studies could analyse the cultural integration and the diversity management in M&A process and their role in the process' success. In that sense, Ulrich (1997) presents a proposal to measure HR as a part of the Balanced Scorecard (productivity, people and process) and presents some items to measure people value added (PVA) focusing on two processes: leadership and diversity.

Subsequent investigations could conduct similar analyses for the rest of the stages of the M&A process (integration and implementation), with the objective of presenting a complete HRM model in M&A processes. Therefore, it would be interesting to contrast the model in

other companies in this or other sectors. Another future line of research is to analyse the performance and financial outcomes of the HRM in the M&A processes.
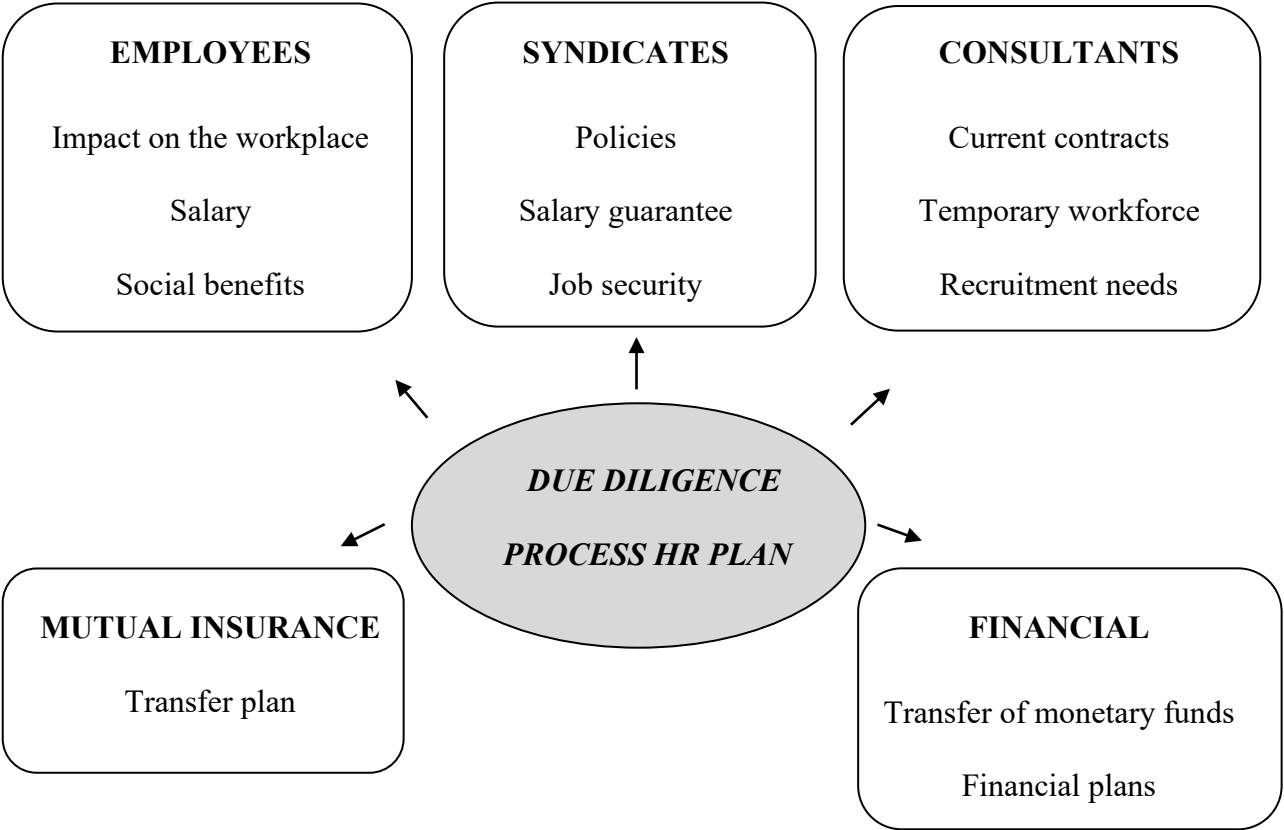
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Figure 1. Due diligence process HR plan

EMPLOYEES

Impact on the workplace

Salary

Social benefits

SYNDICATES

Policies

Salary guarantee

Job security

CONSULTANTS

Current contracts

Temporary workforce

Recruitment needs

DUE DILIGENCE PROCESS HR PLAN

MUTUAL INSURANCE

Transfer plan

FINANCIAL

Transfer of monetary funds

Financial plans

Source: adapted from Bastida (2007).

Table 1. Stages of the case study

Semblance
Literature review (WoS, Scopus, Dialnet)
Sample selection
Company mechanical engineering sector
Multinational in 100 countries and 50,000 employees
Historical development method: M&A operations
Selection and identity of the units of analysis
Four members of the board
More than 50 mid-level informants and parent versus target employees
Information gathering
14 Semi-structured interviews: 2015-2016 (HR board director)
26 Open interviews: 2015-2016 (HR intermediate levels)
Internal documents: 2012-2016
Direct observation: 2012-2016
Principle of triangulation
Transcription of information
Registration and classification of data:
1) internal documents, 2) interviews, 3) field notes, and 4) direct observation
Presentation of results and conclusions
Conformity with the results of the analysis
Conclusions and literary and professional implications

Table 2. Functional areas, HR practices and outcomes

M&A planning factors	Functional area involved	HR practices	HRM and behaviour outcomes
• Due diligence process HR plan	• Financial manager • Operations manager • HR manager	• Hard factors assessment • Soft factors assessment • Leaders and support team • Discretion	✓ Interaction time ✓ Valuable employees retention ✓ Stakeholders confidence ✓ M&A experience
• Integration plan	• Legal manager • HR manager • Administration manager	• Organizational restructuring • Employees resistance • Internal and external audits • Controllers	✓ Achieve objectives ✓ Culture (collective resistance) ✓ Audits results ✓ Unexpected problem resolution
• Communication plan	• Communication and marketing manager • HR manager • Operations manager	• Impersonal • Personal	✓ Employees participation ✓ Commitment survey ✓ Personal and informal communication
• Learning plan	• HR manager • Communication and marketing manager • Training and development manager	• General training • Specific training	✓ Online platform ✓ Geographical mobility ✓ Mentoring