

Title of the Paper : Innovative People Management Strategies

Sub-Title of the Paper: Managing people during merger and acquisitions

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ABSTRACT

Managing people during merger and acquisitions

The world of work is changing. Outsourcing. International mobility. Talent shortages. New labour laws. Globalisation. Shifting demographics. An ageing workforce. Where, how, and for whom, people work is, in turn, transforming company structures and cultures. Over the next decade, the convergence of dominant business, demographic, and social trends will only accelerate the changes sweeping through today's workplace.

The human resource (HR) function is also changing and HR leaders are under more pressure than ever to demonstrate results from their workforce practices and policies. Business leaders recognise the link between business performance and the people within their organisation. And they understand that people-related issues need to be at the heart of the boardroom agenda. As a consequence, HR managers are being encouraged to implement people strategies that support the organisation's business objectives and increase accountability and transparency around people management and reporting.

This study indicates that HR is increasingly seen as a strategic linchpin—one that needs to work closely with operations, finance, and other corporate departments to help drive business strategy and success. Nowadays Human resource managers are on their toes to strike a balance between employer and employees keeping in mind the recent trends in the market. They may find themselves in dire consequences if they are not able to handle the human resource challenges efficiently despite the many workforce changes and challenges.

Keywords: Outsourcing, International mobility, Talent shortages, Accountability, Transparency.

Rationale and significance of the study

In today's world there is great focus on human resource management and its contribution to the business environment. Employees are the greatest asset to any organization, the basis on which the organization exists and are able to perform their operations. Human Resource Management is said to be one of the most resourceful benefits of an organization but at the same time, we live in an era of risk and instability. Human beings are the most important resource in an organization. An organization's success depends on the capabilities of its employees. Most problems, challenges, opportunities and frustrations in an organization are people related. Human Resources Management is one of the toughest duties of a manager since humans differ in terms of attitudes, values, aspirations, motivations, assumptions, psychology, and life goals.

Looking at today's competitive world, managerial level staff will require more conceptual and strategic skills. Thus, HR managers should for example ensure a suitable, relevant and up-to-date training for specific skills of lower level employees. HR Managers have to be proactive, able to anticipate technological developments and prepare their staff for whatever technological changes that might take place. This will be a successful task only when the HR Manager itself will be fully aware of.

Human Resource jobholders need capability, integrity and professionalism in order to succeed in the ever-changing environment. Human resource managers have to be on their toes to strike a balance between employer and employees keeping in mind the recent trends in the market. They may find themselves in dire consequences if they are not able to handle the human resource challenges efficiently.

Objectives of the study

1. To study the factors why people resist change and how HR can overcome their resistance during merger and acquisition.
2. To help organizations to be more effective at managing change.
3. To prepare strategies for creating change.

HR is struggling with the challenges of managing a global, flexible workforce during merger and acquisition. The global workforce has become increasingly integrated across borders while simultaneously growing more virtual and flexible. These developments have made the retention of key talent and building workforces in new markets. HR Managers are focusing on the following core challenges:

Balancing the global and the local – managing, hiring and identifying talent globally while retaining important local insights. One of the ways in which HR Managers can better manage a globalizing workforce is to devote more attention to issues such as coaching, training and staff development, and by changing remuneration and incentive schemes. HR Managers must determine how to adapt their organization, including both its technology and people, to connect more explicitly with their respective companies' business strategy.

In the last 5 years, there has been a preoccupation with cost optimization, cost reduction, sustainable cost management all things cost. The HR function must rise to the challenge during merger and acquisition. It can, and must, push beyond the basics to enhance its reputation and fully exploit its critical role in securing return of investment on the people agenda. The global workforce has become increasingly integrated across borders while simultaneously growing more virtual and flexible. HR policies and approaches that have global application but can be made relevant to local conditions.

Managing a flexible and virtual workforce – but not at the cost of loyalty and career development. The Hr function also needs to determine which workforce roles are appropriate to work remotely and which are not.

Retaining the best talent – maintaining employee engagement in the face of a less committed, more flexible workforce. Retaining talent remains HR's biggest concern. Talent management should focus on understanding the unique critical roles, skills and capabilities that a business will need to win in the future and then acquiring, developing and retaining the Employees.

One of the ways in which HR Manager can better manage a globalizing workforce is to devote more attention to issues such as coaching, training and staff development, and by changing remuneration and incentive schemes. But in so doing, companies need to work out just how globally consistent or locally customized these strategies should be. During merger and acquisition, maintaining harmonious relations with the employees provides excellent work environment and also offers more remuneration and perks than the competitors.

Dave Ulrich, a professor at the University of Michigan's Ross School of Business, has conducted the largest global study on Hr competencies; surveying over 20,000 executives, half of whom work in Hr. He says his research indicates that "Hr has truly become a global profession with global standards for Hr competencies." He adds that efforts to develop purely local Hr solutions should be framed in the context of these global standards.

Gaining and maintaining employee engagement is a long-term investment, requiring sensitive leadership and a high degree of respect for individual motivation. Understanding the high levels of employee engagement can make a significant difference. Managing talent effectively is a competitive necessity. Filling the critical roles with competent and committed people every time, all the time, provides a performance edge, which is essential for sustainable success during merger and acquisition.

As T.S. Eliot noted, "most of the trouble in this world is caused by people wanting to be important". And the reason is that others fail to recognize them. Fairness is not treating everyone

the same, but like they deserve. Every organization has high and low potential employees, but only competent managers can identify them. If you fail to recognize your employees' creative potential, they will go somewhere where they feel more valued.

People Management is now considered one of the important skills for employability in the future. The forces of change are set to increase the pressure for HR Manager to be more proactive and strategic. HR Manager will have to seize the opportunities as they present themselves and demonstrate that they are indeed strategic business partners of top and senior management.

Whether it is in changing minds, or advising about people needs, or giving important strategic leadership, HR Manager will have a critically important role to play in the decades ahead during merger and acquisition.

What's involved in changing minds:

As agents of change, HR Manager in the future will need the skill of being able to change minds and mindsets of the employees. Winning minds is about enabling and managing change and lobbying for support to cope with new challenges. It is about influencing others. The need for useful and positive change in minds, mindsets and attitudes is constantly growing at an ever-accelerating rate. But minds, mindsets, attitudes and behaviour are not easy to change. Any manager or leader aspiring to higher levels, and especially people in HR must therefore develop the skills and competencies to changing the minds of others and winning them over.

Changing minds involves convincing people that the change is good and beneficial. Change first occurs in the mind of the individual. Only if the change is accepted and successfully embedded in the mind will a mindset change occur and eventually the acceptance of the new paradigm. Change appears natural and the normal course of event for mind changers. However, it is often considered unnatural and not obvious or necessary to the person whose mind has to be changed. Changing someone's mind or mindset involves making a shift in the mental representation of an idea, concept or belief in his or her mind.

Scope of the Study:

This paper reported the reasons of change during merger and acquisition and what all factors can help employees in overcoming the resistance to change. This paper discussed about the Kurt Lewin Model, which describes the process of rebuilding employee loyalty and thus increasing merged unit efficiency and effectiveness. This paper has also listed different approaches which can be useful in tackling change.

Why People Resist Change:

If the HR manager has not communicated well the detailed aspects of the change. People may only understand the change in broad terms and not in practical terms. Employees should not know how they should go about for change and may not be convinced about the purpose of change. Too many parties involved in the change without a clear definition of their roles will bring confusion and frustration. Change programs fail not because of lack of skills but because of courage to implement them. A clear and outright declaration on how people are going to be rewarded if they achieve successful results from change should be told to the employees very specifically by the HR Managers.

Overcoming resistance to change:

Kurt Lewin has suggested model which encompasses three stages: The first stage is unfreezing the organization's existing culture by discontinuing current practices, attitudes and behaviours. The second stage is transition which basically involves teaching the work force new concept. And the final stage is refreezing the culture by reinforcing new practices, attitudes and behaviours once the change was implemented. Similarly there are different approaches to change.

Theory E says that the main goal is to maximize shareholder value. It manages change from the top down. Its main focus is to build structure and systems. First plan and then establish program.

It motivates employee through financial incentives. Consultants analyze and shape problem. GE under J. Welch; IBM under L. Gerstner has adopted this theory during merger and acquisition.

Theory O on the other hand develop organizational capabilities, encourages participation from the bottom up, build up corporate culture employees' behaviour and attitudes. It motivates employee through commitment. In this theory, consultant support help HR managers in making people to accept the new culture.

Recommended strategies for Changes:

- The first corner stone to achieve is the development of new initiatives, programs and agendas. Human Resources must move beyond being the “**police of policy**” and “**regulatory guard.**” Instead, HR must be the pioneers in assisting the organizations achieve results, especially by helping employees to enhance their capabilities to ensure organizational objectives are met.
- The future of HR depends on its ability to align HR with the changes that are happening in the workplace and the economy. New models of competitiveness are needed so that organizations can better service their customers. Consequently HR must be the champions to help gear employees to provide added value.
- The new approach of HR is to emphasize new mindsets and new ways of thinking about business instead of sticking to policies and bureaucratic patterns. HR manager should and must focus on cultural change, and the development of human capital, especially in international organizations. ‘**Think globally. Act locally.**’
- HR should sponsor a model of change, which will help the employees adapt to and be comfortable with changes. Here, a lot of question may arise, such as: How do we decide which practices to be transformed and which should be kept for purpose of

continuity? How do we change and learn rapidly? How do we honor the past yet change the future? How do we capture the hearts and minds of employees?

Reshaping HR:

During merger and acquisition, the HR should perform as;

- HR should not act as a therapy clinic
- HR must measure their outcomes
- HR practices must create value by increasing the organization's intellectual capital
- HR must attempt to make employees committed to achieving organizational goals, and not merely to make employees happy
- HR practices must be aligned with company strategies
- HR must champion the needs and development of employees and yet become partners in the business
- HR should receive corporate priority. Business firms should be ready to boost their investment in staff development; this is rewarding on the long run if its properly implemented
- HR should focus on the skills to be acquired taking into consideration the understanding of the international dimensions of political, economic and social development
- HR should promote the collaboration between public training institutions, the universities and the public sector in terms of planning an effective training program

Summary:

It can be concluded that companies should have a proper change management system in place during mergers and acquisition. Companies involved should understand each other culture and

understand the importance of change. At the same time leaders from both sides should understand the complexities and keep employees from both side involved during the integration. They should be very clear and honest in what they communicate to the employees otherwise risk of resistance and sabotage will proliferate. Providing clear, consistent and honest communication also helps companies to retain customers and loyal employees and thus increases the efficiency of the merged unit.

The organization must be adept at managing change that is necessary for growth and survival. The future role of HR managers will change from a less administrative role to more of a strategic role. HR managers will continually be required to prove their effectiveness and their existence. They will be expected to understand international business practices and promote cultural diversity within the organization. They will need to understand the core business of the organization and become partners with line managers. They will also need to prove that their initiatives and programs are result-oriented, providing specific measurable results in terms of business competitiveness that contribute positively to the bottom-line of the organization. They will be required to stay current with leading edge as more and more organization is faced with the demands of globalization and strategic alliances with other organization around the world.

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