The Role of Human Resource Executives in Mergers:

A Comparative Case Study of Two Bank Mergers
The Merger of Westpac Corporation and St. George Bank (Australia) and
The Merger of Emirates Bank International
and the National Bank of Dubai (UAE)

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A thesis submitted for the degree of
Doctor of Philosophy

School of Business
University of Western Sydney

2015
Acknowledgements

I would like to express my gratitude to the almighty Allah for giving me strength and good health to complete my studies. This work is an outcome of the intercession of several individuals. While I thank all of them, I would like to express my deep appreciation to my thesis supervisors, Dr. Benedict Imbun and Dr. Thomas Klikauer, for providing guidance, encouragement, direction and advice while I carried out this study. Although my research work seemed to be a daunting and endless task, every moment of my supervisors’ counsel was a great learning experience. Their insightful comments and critique of the drafts of this thesis contributed immensely to my research work. I hope this thesis meets their expectations. It is with deep gratitude that I acknowledge Prof. George Lafferty for his professional guidance during my studies. I also thank Dr. Anas Bakri and Dr. Kinan Bahnassi for their encouragement and inspiration throughout my studies.

I am dedicating this work to my father who passed away twelve years ago. I still regret his demise. I was heartbroken when my father died, but you did not go alone. A part of me went with you when you left our home. Your encouragement and guidance kept me focused in my studies. If tears could build a stairway and heartaches make a lane, I would walk my way to heaven and bring back my father. In life, I loved my father and in death, I love him still. My father held a great place in my heart that no one could ever fill. Moreover, his guiding hand on my shoulder will remain with me forever.

I thank my mother and siblings for their moral and material support during my studies. Moreover, I am humbled by the generosity of spirit, hospitality and commitment of my family members. The immense support they gave me during my studies enabled me to surmount many challenges. I owe all that I am and hope to be to my mother because her love, compassion and quiet prayers made a significant contribution to my studies. In the absence of my father, my siblings Manaf, Ayham and Sulafa gave me moral support and guidance in my studies.

I am indebted to my wife Walaa because she made the completion of this work possible. Her contribution to conduct the research and writing of this thesis is immeasurable. Her
inspiration made me committed to my academic pursuits. She endured loneliness during my research activities away from home and withstood the challenges of taking care of the entire family. Her prayers, companionship and encouragement inspired me to complete this work. Finally, I would like to thank my one-year-old daughter, who was born during my studies. She was a great source of inspiration during my research activities. I will love and support her throughout her studies too. I thank all my friends, especially Abdulla, Anas, Somar, and Mohammad for their encouragement and support during my research work.

Lastly, I am grateful for the cooperation and kindness of all my respondents, who spared their precious time to answer my inquiries. The respondents gave me invaluable information I needed to write this thesis. As a sign of appreciation, I acknowledge the sincere efforts and support that I got through my PhD journey from all the staff and academics at University of Western Sydney; I will remember all of you and all your support, cooperation and kindness. I take full responsibility for any errors, omissions and misinterpretations in this work. I hope this thesis will deepen academic knowledge and inspire many students in their academic pursuits.
Declaration of Originality

I certify that this thesis does not include, without acknowledgement, any material previously submitted for a degree or diploma in any university and that, to the best of my knowledge and belief, it does not contain any material previously published or written by another person except where due reference is made in the text.

Signed: ____________________ On: _____/___/_____
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<th>Description</th>
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<tbody>
<tr>
<td>ADCB</td>
<td>Abu Dhabi Commercial Bank</td>
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<tr>
<td>ANZ</td>
<td>Australia &amp; New Zealand Banking Corporation</td>
</tr>
<tr>
<td>ASIC</td>
<td>Australian Securities and Investments Commission</td>
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<tr>
<td>ATM</td>
<td>Automated Teller Machine</td>
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<tr>
<td>CBA</td>
<td>Commonwealth Bank of Australia</td>
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<tr>
<td>CBUAE</td>
<td>Central Bank of United Arab Emirates</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<tr>
<td>CFO</td>
<td>Chief Financial Officer</td>
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<tr>
<td>COO</td>
<td>Chief Operating Officer</td>
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<tr>
<td>DFM</td>
<td>Dubai Financial Market</td>
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<tr>
<td>DIB</td>
<td>Dubai Islamic Bank</td>
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<tr>
<td>DW</td>
<td>Dubai World</td>
</tr>
<tr>
<td>EBI</td>
<td>Emirates Bank International</td>
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<tr>
<td>EFTPOS</td>
<td>Electronic Funds Transfer at Point of Sales</td>
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<td>EGM</td>
<td>Extraordinary general meeting</td>
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<tr>
<td>EIB</td>
<td>Emirates Islamic Bank</td>
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<tr>
<td>EIU</td>
<td>Economist Intelligence Unit</td>
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<tr>
<td>ENBD</td>
<td>Emirates National Bank of Dubai</td>
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<tr>
<td>FGB</td>
<td>First Gulf Bank</td>
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<tr>
<td>FNC</td>
<td>Federal National Council</td>
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<tr>
<td>FSU</td>
<td>Finance Sector Union</td>
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<tr>
<td>GCC</td>
<td>Gulf Cooperation Council</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<tr>
<td>GRE</td>
<td>Government-related Entity</td>
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<tr>
<td>HCT</td>
<td>Higher Colleges of Technology</td>
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<td>HR</td>
<td>Human Resources</td>
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<td>HRM</td>
<td>Human Resource Management</td>
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<tr>
<td>ICT</td>
<td>Information and Communications Technology</td>
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<tr>
<td>ILO</td>
<td>International Labour Organization</td>
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<tr>
<td>IT</td>
<td>Information Technology</td>
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<tr>
<td>LTO</td>
<td>Long-term Orientation</td>
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<tr>
<td>Abbreviation</td>
<td>Full Form</td>
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<tr>
<td>NAB</td>
<td>National Australia Bank</td>
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<td>NBAD</td>
<td>National Bank of Abu Dhabi</td>
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<tr>
<td>NBD</td>
<td>National Bank of Dubai</td>
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<tr>
<td>NOC</td>
<td>No-objection Certificate</td>
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<tr>
<td>OCR</td>
<td>Overnight Cash Rate</td>
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<tr>
<td>PEST</td>
<td>Political, Economic, Sociocultural, Technological</td>
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<tr>
<td>R&amp;D</td>
<td>Research and Development</td>
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<tr>
<td>RBA</td>
<td>Reserve Bank of Australia</td>
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<td>RBV</td>
<td>Resource-based View</td>
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<tr>
<td>SDM</td>
<td>Security Device Manager</td>
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<tr>
<td>SHRM</td>
<td>Strategic Human Resource Management</td>
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<tr>
<td>UAE</td>
<td>United Arab Emirates</td>
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Abstract

In recent years, human resources (HR) managers have been triggered to play a more enhanced role in their organisations, especially in making decisions and going through radical and strategic organisational changes such as a merger process (Bjorkman and Soderberg 2003). Today, this requirement is even more crucial because the past decade has been characterised by the enormous growth in mergers. Most of the studies in the field of mergers have focused on the legal and financial aspects of mergers and have a very limited focus (if any) on the human side of a merger which, in fact, has the highest effect, for various reasons, of merger failure.

This study addresses the existing research gap in the study of mergers by investigating the most prominent role of HR managers among the different roles that were first defined and characterised by Conner and Ulrich (1996), then enhanced by Ulrich (1997) and later developed by Ulrich and Brockbank (2005). This prominent role will be examined in a merger process at different phases: pre-combination, through integration and post-integration. Further, this study aims to add value to Ulrich’s study by adding a new original phase to his model in order to distinguish the actual contribution and how it was performed, whether it was a key role player, a consultative role player, or just a tool/doer role player as HR manager in a merger team.

This investigative study looks at two comparative cases of a horizontal merger: one in Australia, the merger of Westpac and St. George Bank; the other in the United Arab Emirates, the merger of the National Bank of Dubai (NBD) with the Emirates Bank (EB) to form the Emirates National Bank of Dubai (Emirates NBD).

Specifying the most prominent role of the HR manager in a merger and distinguishing the actual performance contributions required clear indicators at the heart of the merger to be established in order to examine the varied roles and explore the actual performance contributions. In this study, these indicators included:

- Staffing in the merger
- Downsizing and rightsizing
- Survival syndrome
• Cultural issues in the merger.

Based on semi-structured interviews with corporate-level managers in these corporations, the roles and practices of corporate HR managers at different stages of the merger process were analysed. This work demonstrates that HR managers are an essential part of mergers and that HR practices should be given extensive emphasis throughout such organisational change as ‘the merger process’.

**Keywords:** HR practices, HR managers’ roles, merger process, staffing, downsizing, rightsizing, survival syndrome, culture.
Chapter 1: Introduction

“This thesis examines the most prominent roles played by the human resource executives in merging corporations.”

1.1 Background of the Study

There has been intensified debate on the impact and role played by human resource executives in large corporations by many scholars, professionals and consultants. These debates have come up with different lines of thought on what should be the status of the HR executives’ roles in a merger and to what extent they bear the HR pressure in an organisation. In most cases, HR executives are perceived to be focused on restricting and downsizing their corporations, in order to streamline promotion of staff, developing reward systems, staffing, training and the general management of employees within an organisation.

Besides the conventional administrative roles, scholars have pointed out that HR executives should be focused on the strategic development of their operations in their firms. It has been observed by some that HR executives should play a pivotal role in the management of change within an organisation. Additionally, they should have the capacity to manage the commitments by the personnel (Ulrich, 1996). Despite all these observations, there are various observations about the inability of HR executives’ roles to meet desirable objectives. Some common phrases have continued to be part of journals about business and management for years. Some examples are: ‘Whose fault is it1? Aligning HR with the business: where is it all going wrong?2’ and ‘What’s wrong with HRM’3. Such articles question the ability of HR executives to meet their intended responsibilities.

Uncertainties and reluctances on the role of HR executives in major organisational changes are therefore evident. The debate about the roles of these HR executives continues suggesting doubt that the HR executives are able to deliver what is expected

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of them. Some questions remain unanswered. What would be the most prominent role of the HR executives in cases of change and how this role will change from a case to another? How can they be strategic and therefore contribute significantly to the organisation?

The body of literature on the roles of HR executives is quite broad. Scholars such as Ulrich 1996; Ulrich and Brockbank 2005a; Storey 1992; Tyson and Fell 1986; Monks 1993 have presented different conceptual models whose empirical validity and usefulness in HR continues to attract immense debate (Caldwell 2003; Storey and Caldwell 2007). There is a limited body of literature that has addressed the differences in the roles of HR executives while elucidating the roles that are shared across the field of research. Little explanation has been provided from the view of HR executives since most of the factors are discussed from a generalised human resource management perspective (Wright and McMahan 1992). In addition, most of other literature has focused on HR from the perspective of the employees as opposed to the HR executives themselves.

Through this study, the view has been expanded over and above a general human resource management perspective. Specifically this study analyses the responsibilities of HR executives from the perspective of mergers. In addition, the outstanding roles of HR executives in mergers will be evaluated.

This study is important because of the increasing number of mergers; and the statistics show mergers are expected to rise further. Major factors contribute to the increasing number of corporate mergers including globalisation, deregulation and changes in technology. In this study, the focus will be on large-scale mergers focusing on those within the banking sector.

As with the general trend, mergers between banks have increased in recent years. Besides the legal and financial issues being at the centre-stage of mergers, literature has pointed to the role of HRM (Bryson 2003; Schuler and Jackson 2001a; Faulkner et al. 2002; Birkinshaw et al. 2000). The handling of issues relating to employees plays a significant role in the success of mergers. There is the need to develop a common playing field when blending the cultures and employees from the merging organisations.
If there is lack of harmony in the integration of personnel, the merger may end up losing influential employees, reducing job satisfaction and contribute to declining employee productivity. In addition, there may be a breakdown in communication, resistance to change by employees and by fault will lead to the prevalence of survivor’s syndrome. In the final analysis, lack of socio-cultural integration among the workforce inhibits the anticipated synergy that should be part of the merger. In a notable amount of cases, failure of mergers is said to be related to the ineffective contribution of HR executives who do not fulfil their responsibilities adequately during mergers (Schuler and Jackson 2001a). In spite of the enormous amount of scholars and practitioners’ work on arguing with and illustrating the importance and vital roles that HR managers could perform in mega organisational changes such as mergers, merging organisations have a tendency to negate the role of HR executives (Greengard 1999). According to Wright, McMahan, Snell and Gerhart (2001), HR executives have not developed adequate capacity to be strategic in dealing with organisational matters. Similarly, this lack of a strategy is something that firms that are merging face as well (Schuler and Jackson, 2001a).

A merger alters the role of HR executives because the entire process involves a change in the orientation and the structure of the merging parties. The main questions that arise are: how are the roles of HR executive affected by the change in the organisation and what are the causes of this change? It can be argued that, mergers play a significant role in determining the changes that occurs in the role of a HR executive. This thesis focuses on mergers and not acquisitions despite the fact that the two terminologies are used together in most cases (Section 1.5 provides a broader definition of this terminology).

1.2 Research Approach

This section introduces the approach of the study through research. This study has an investigative nature and is based upon examining the roles of the HR executives in merger and identifying the most prominent role among them. My thesis has a case study design and is based on various models and previous researches in the same field. The original contribution of this study, which is the conceptual framework of my study, is derived from the work of Ulrich (1996). The theoretical pre-understanding is sourced from both the human resource management field of study and the strategic management
field of study. The method being used is qualitative and the results are based on the interviews about how HR executives take on their roles and how they can impact on the success or failure of the merger.

1.3 Definitions

HRM scholars extensively use the term HR roles often without offering a proper definition. Schuler (1995, pp24) defines the term as a set of activities, practices, responsibilities and structures in an organisation concerned with HR management that may be carried out by any and all employees both managers and non-managers. Yet, in most studies only HR managers and staff are included in the concept. In the HRM literature, the term HR role is often used synonymously with HR department, meaning the personnel management handled by HR professionals. In my definition of the HR role, I make a clear distinction between HR executives on one-hand and line managers on the other. I argue that other managers’ roles are not synonymous with those of HR executives and are therefore not part of the HR function. Nonetheless, they might be, and preferably are, involved in enhancing the management of human resources. A revised definition of the HR executives’ role that I use is that the roles of a HR executive are centred on all HRM activities and practices. The roles and responsibilities that should be performed are done well to attain the aims and objectives of the organisation.

When two firms come together to form one corporation – joining their employees to achieve better results – this is called a merger. Haspeslagh and Jemison (1991) explained a merger as the fusion between two organisations as they become one. In most of the merger operations, professionals from both firms in the financial and the legal sectors engage intensively on the merger to ensure that their organisation gets the best deal; this is because each deal is a legal acquisition that consists of trading shares.

In most cases, the organisation’s management team informs their employees and stakeholders of the deal in relation to integration and the bright side of the merger such as the prospected benefits on personal and organisational scale, the maintained mutual values, and how do they concern about the human and emotional side of the process,
while avoid talking about the fairness of the deal and the equality between the parties of the deal. This makes people to perceive what is different from what is stated by the law.

1.4 Core of the Study – The HR Executives’ Roles in Mergers

There is limited body of literature that focused on the mandate of HR executives in the merger process. However, some theoretical papers have been developed including Aguilera and Dencker (2004). A few empirical studies have been done while the role of HR executives in large firms has attracted some significant amount of research work (Conner and Ulrich, 1996; Galang and Ferris, 1997; Wright et al., 2001). However, there is limited published research on mergers though some authors have pointed out that HR professionals have a pivotal role in merger management (Schuler and Jackson 2001a). Despite all this, it is the obligation of HR executives to establish a significant role in the merger process so that their importance is not underrated. Findings from various case studies involving acquisitions and mergers by Björkman and Söderberg (2006) revealed that the role of HR is non-strategic when it comes to mergers. In addition, an exploration of the relationship between mergers and HR managers revealed that there are needs to be further empirical research on the responsibilities that HR managers ought to have in the merger process (Antila 2006, Antila and Kakkonen 2008). What the role of HR executives is in merger management remains a key issue.

1.5 Aim of the Study

The purpose of this study is to improve understanding of HR professionals’ vital, supportive and critical roles and contributions in major business changes such as the merger process, and to define the most prominent role whereby HR managers strategically affect and support the organisation at different stages of the merger. Moreover, the roles of HR executives were tested to determine how they are linked to HR executives’ performance. In this research, the model proposed by Ulrich (1997) of the four HRM roles was used to assess the HR managers’ contributions in two comparable cases of mergers.
Further, these HRM roles and their degree of prominence were examined using various indicators and competencies to give a better understanding of which role in the Ulrich model is the most prominent in a merger process. HR professionals need to tolerate and conquer many barriers to achieve the ultimate goal of becoming a strategic partner in an organisation. A study by Lawler and Mohrman (2003) found that the HR department played a major role in influencing business strategy only in cases in which HRM had a significant strategic function. This finding suggests that HR executives who understand the business strategy are more likely to develop HR processes and systems to support the implementation of that strategy.

Through the examination of two different cases, a realistic image of the strategic contributions of the HR managers in mergers has been developed. This image will play a significant role in helping to understand how HR executives act and react in the radical changing environment.

The thesis can be anchored into two main themes that carries separate purposes; descriptive and explorative. The descriptive purpose of the study endeavours to elucidate the precise roles played by HR executives when a corporation enters into a merger. On the other hand, the explorative purpose addresses the most prominent role of HR professional in a merger. The prominent research question is: What is the most prominent role of the HR executive in a merger?

This study does not address the HRM practices and HR executives’ roles from the employees’ view but is limited to the view of HR executives. The other restriction to the study relates to the research approach as developed by Ulrich (1997). The research adopts a conceptual framework that does not focus on general and broad roles and practices. The research remains open to further practices and patterns that emerge from the data obtained. This provides an allowance to develop a case that was specific and focused on the literature of the role of HR professionals, while being open to new findings that may be related to the mergers.
1.6 Significance of the Study

This study is important for various reasons. First, in most previous studies, the organisational perspectives of companies, other than those of the acquirers, have not been included and discussed. However, this study examined the process of the merger at the corporate level in both companies that were going through the merger. Therefore, corporate-level managers were included in the study and the employee perspective was excluded.

The second reason is that most of the previous studies were conducted to discuss the work in mergers in which the companies under study were involved on a general level, meaning that the specific role, performance indicators and contributions of HR managers were not critically evaluated.

The third reason is to assess which of the roles is the most prominent role of the HR manager in the merger process among the various roles defined by Ulrich (1996). This assessment would be based on four specific HR key practices which will be used as indicators for the HR managers’ performance in each role, it is one of the first, if it not the first, to set these indicators to test the roles of HR managers in mergers.

The fourth reason is the comparative nature of this study, which took place in two different countries with very different cultures and focused on the banking sector, highlighting the specifications and the different perceptions of influencing factors that shape the role and contribution of the HR manager in the merger process.

1.6.1 Original Contribution of Study

The study combines several streams of research, HR executives’ roles, HRM in merger, and key practices of HR executives in mergers. The study provides a sufficiently comprehensive work on the topic of the discipline of HR roles area and in the interdisciplinary areas such as HR-specific roles in mergers and key practices. The literature review critically discusses the main four models of HR roles by different scholars that have made a major contribution in this field of research.
The original contribution of this study is two folded and aims to improve the understanding of HR executives’ roles in mergers by examining the prominence of these roles in mega organisational changes. This examination will be through the observation and evaluation of certain key practices that are directly related to the role of HR executives in merger case studies. Four key practices will examine each role of the HR managers in the merger team: downsizing after merger, survivor syndrome, staffing after merger, and cultural issues in mergers.

In the first instance, a theoretical contribution is considered by adding value to the framework of Ulrich’s HR four roles model (1996). This contribution is through creating a new and original phase added to the Ulrich model, this phase is basically to evaluate the prominence of each role in the case of merger, further is to examine each of the four roles by using specific HR executives key practices to illustrate these roles whether each role was played as an active role, consultative role, or an instrumental role as being a doer of the top executives strategies (Figure 3.1). The second part of this thesis is related to management practice. The original framework has not been tested before using a case study. Thus, this research will examine the original framework of my study that has been derived from and developed based on Ulrich model, and will be applied on the real-life comparative case study that will illustrate and specify the most prominent role of the HR executives in the merger process. Both aspects of the thesis will be discussed in more detail in the literature review (2.8).

1.7 Structure of the Thesis

This thesis has seven chapters that together work to provide a comprehensive research of the topic appropriate to the degree in the discipline area, and in related interdisciplinary areas.

Following this introduction, the thesis critically outlines a comprehensive literature review in chapter two. The literature review critically discusses the development of the HR roles in various HR models starting with the role-set theory, moving to the main four HR models starting with personnel management, then Story’s model (year?), Monks’ model (year?), and how they developed to reach the Ulrich four roles model
that consist the base of the original framework of this study. The literature also
discusses the theoretical and practical critiques of Ulrich model that underpin this study
and justify the creation of the original conceptual framework of this research.
Furthermore, the literature review demonstrates how HR roles change and provides an
understanding of the obstacles that pertain to the strategic influence of HR executives.
Likewise the literature review will critically discuss the influencing factors on HR roles
in both internal and external contexts with a focus on the merger as change maker. In
the last section of the literature review, the discussion will focus on the key practices of
the role played by HR executives in mergers which are: downsizing or rightsizing,
survivor syndrome, staffing after the merger, and cultural issues relating to the merger.

Methodological choices are discussed in the third chapter. Firstly, the research question
will be stated followed by the propositions of the thesis. After that will be the
demonstration of the original conceptual framework. Also this chapter will discuss the
nature of the qualitative research and the case study design. In addition, the interviews
and how they are planned to be conducted will be outlined. Lastly this chapter will state
the ethical clearance for this research.

The analysis of the comparative mergers will be outlined in chapters four and five.
Chapter four will focus on the case study of the Westpac Corporation merger with St.
George Bank in Australia. Chapter five will focus on the case study of the merger of the
Emirates Bank International and the National Bank of Dubai (UAE) to form the
Emirates National Bank of Dubai in the United Arab Emirates. Each case will follow
and apply the same methodology and discussion points of analysis to illustrate the
comparisons between the two mergers and to facilitate the understanding of each point
of discussion in each merger. Both analyses of the mergers will start with an overview
of the banking sector in each country. This will be followed by a legal, economical and
technological analysis of the banking sector in each country. Afterward, the analysis of
the case study in each country will cover the merger case specifically, starting with each
company’s profile, following with a review of the merger case from an HR perspective,
then demonstrating the key practices of HR executives in each case, and to show how
applicable is the conceptual framework of the study on each case study. Within this
context, the definition of the four roles of HR executives and an explanation of the
nature of these roles will be discussed.
The sixth chapter consists of the comparative discussion of the two case studies. Each key HR practice that was discussed in relation to the case studies in the fourth and fifth chapters will be reviewed to point out the comparison of HR practices in both cases. The chapter will conclude with an analysis of the HR-role prominence in each case and reasons behind the prominence of HRM in mergers.

The seventh and last chapter is the conclusion that will show the risk management of HRM in mergers summarise the results and provide further to general reflections derived from the study.

The ultimate aim of this study is to show that the role of the HR manager in a merger is critical in terms of integrating the HRM practices and supporting the business units’ transaction, because the financial ‘fit’ cannot guarantee the avoidance of organisational ‘misfit’. Considering the vital and crucial outcomes of empowered HR manager roles in organisations during merger processes, this thesis sets out to explain the prominent role, activities and contributions of HR managers in such significant management restructure processes as mergers.

1.8 Limitations of Study

Gaining entry to research-target corporations can be difficult, and conducting interviews with senior managers in the selected companies in different countries required time and effort for the researcher to coordinate with them. In addition, many senior managers were likely to be busy or travelling overseas or interstate. Moreover, because they were highly competitive corporations, this could have led them to hide significant information that might endanger their trade secrets.

In addition, interviewing only HR professionals might have affected the reliability of the study in terms of the actual assessment of the HRM function, roles and input. Although that the researcher was not able to interview any top executives such as CEO, CFO, and COO, the perspectives of the chief executive officer (CEO), chief financial officer (CFO) and chief operating officer (COO) appear to be central for further analysis and identifying the contribution of the HRM function for further studies.
Another limitation related to the data collection is the subjectivity of the interviewees. Those interviewed may have either exaggerated their own role and importance in the successful areas of the merger or played down their input in the less successful aspects. However, this problem was partly solved by trying to multiply the sources of the data collected.

Also under consideration are the limitations of qualitative research in that findings cannot be extended to wider populations with the same degree of certainty that a quantitative analysis can. This is because the findings of the research are not tested to discover whether they are statistically significant or due to chance. It is difficult to make qualitative predictions. It generally takes more time to collect the data than it does with quantitative research. Data analysis is often time consuming. The results are more easily influenced by the researcher’s personal biases and idiosyncrasies; research quality is heavily dependent on the individual skills of the researcher. Rigour is more difficult to maintain, assess and demonstrate. It is not as well understood as quantitative research. Therefore, it is often more difficult to convince others of the importance of its contribution.

1.9 Further Studies

The researcher suggests a further study on the role of HR managers during mergers. In this study, the researcher has identified issues that will need further investigations. For instance, there is a need to investigate how HR managers can avoid massive lay-offs even after mergers. This will help in dealing with the issue of survival syndrome. In case the lay-offs cannot be avoided, there is a need to investigate how the syndrome can be managed among the employees who remain after the merger. The two cases have not clearly identified how mid managers are integrated within the new structures. It will be important to conduct further research on how to do this in a way that will satisfy all the parties.

Further studies might consider this study as a testifier of the prominent role of the HR manager in the merger process from the managerial perspective of both of the companies that went through the merger process. This will leave the door open for more
studies from the other perspective – that of employees – on how they evaluate, understand and benefit from the HR manager’s empowered role in mergers, and how employees are disadvantaged by corporations not fully appreciating the role of HR managers in mergers.

This study specifies the prominent roles undertaken by HR managers in the merger process. Further studies would be beneficial by identifying other roles; why and how they have been applied to illustrate the implications and justifications for these roles.
Chapter 2: Literature Review and Theoretical Framework

2.1 Introduction

This chapter discusses and analyses the theoretical pre-understanding of the study. The literature was assessed and revised periodically prior to conducting the fieldwork. The chapter begins with an introduction to various scholars’ works and debates on HRM, precisely the development of HR roles models and moves on to the arguable strategic dimensions and fit of the HR managers’ roles and their functional contributions within organisations today. This includes a discussion on the understanding and meaning of the term role in relation to the HRM function. The literature review continues with a discussion on frameworks for HRM, including a description of four specific frameworks and how they were developed to reach the model defined by Ulrich that is used to support this study. This literature review will then elaborate on previous studies, presenting the theoretical and practical critiques to Ulrich’s model and show the importance of adding a phase to that model in order to create a more practical and applicable model. The chapter will include a discussion on the scarcity and limitation of research evidence on role changes within the HRM function in general. Subsequently, the discussion will cover factors that may influence the HR managers’ roles as change driver particularly during the merger process. Four key indicators for nominating the most prominent role of HR managers in a merger process, which served as my pre-understanding when conducting the fieldwork, are presented briefly in the next section. The main points of the chapter are summarised in the final section.

Increasingly, the HR department is becoming a vital partner in facilitating the merger process. HR managers are endowed with skills and knowledge that are helpful when an organisation is considering such a move.

To illustrate how helpful HRM is in facilitating merger processes, the model developed by Ulrich (1996) is used. The model is used to discuss the specific areas of merger in which HRM is useful. This research presents today’s critical business challenges and the forthcoming new responsibilities for HR managers in radical changes such as mergers. It also demonstrates the criticism and the problems of changing HRM practices.
and the role of HR executives as a part of the strategic management team of any organization particularly during major change such as the merger process. The literature review section illustrates studies of different aspects of the merger process and emphasises the need to change expectations concerning the HR manager’s role and responsibilities. The review also examines the possible reengineering of HR managers’ roles and functions to be officially strategic in the coming years.

2.1.1 HR Managers Role Change (Active Change Creator)

The above sections have detailed various HR managers’ roles and models, that outline various roles including change agent, which was first traced to Ulrich’s 1996 model. However, this study pays particular attention to the evolving roles in HRM, especially during the period of a merger, when change is inevitable – thus the heightened focus on the change agent role. In the academic world, several authors have detailed the prospective role of change management in organisations. Nevertheless, most scholars, such as Ulrich (1996) and Caldwell (2001), have based their studies on the normative approach. Thus, there is a shortage of literature on the HR manager role as an active change creator. Essentially, change management and the future HR managers’ roles and HRM function can be divided into three parts:

1. The future potential of the HR managers’ roles to have a strong influence on organisational change and thus become corporate change makers.
2. The future prospect of the HR managers’ roles to develop and become intra-functional change creators (Ulrich, 1996).
3. The future prospect of the most appropriate prominent role of HR managers in varied cases.

This study bases its discussion on the debate surrounding the three mentioned prospects on HR managers’ roles. This is because the two are assumed to be interconnected, and thus a change within the role and function is expected to affect organisational change and vice versa.
2.1.2 Empirical Evidence on Role Change

Thus far, this discussion has revealed that there are numerous authors who have discussed the changes in roles within HR managers’ functions. A plethora of research papers have suggested that more changes are forthcoming because HRM is essentially an evolutionary field (Hiltrop et al. 1995). However, some empirical findings have contradicted these assumptions with scholars arguing that the generalisation that HR managers’ roles are in constant change because some HR practices have thus far endured while others have evolved.

Monk’s (1993) study provided evidence of the changing roles in personnel departments. She argued that, in firms that are prone to consistent changes, the personnel departments come under intense scrutiny. Some of the articulated causes of organisational changes include mergers and acquisition, recessions and difficulties in trading. Subsequently, in the HRM docket, changes have been attributed to the continued adoption of innovative models that are different from a previous model. Similar evidence of change articulated by Monk was presented by Tyson and Fell (1986), who found that the state of the organisation determines the HRM role.

Substantial stability over time in HR managers’ roles have been evidenced by research data. This was claimed by Brewster (1995), who, in a longitudinal study, found no fundamental change in the role of HR managers and no concurrence whatsoever on HR managers’ roles in the different European countries. A decade later, it was widely acclaimed that there had been changes to HR professionalism (Mabey et al. 2006). HR managers’ roles have been envisioned as transitioning from day-to-day management activities to the role of counselling. The prospective HR managers’ roles on counselling are considered to be characterised as having long-term values, ensuring psychological wellbeing of the staff and strategic brokering. Attainment of these roles is dependent on the risk of embracing the changing roles.
2.2 HR Function and Role-Set Theory

As a field of study, HRM and the HR executive’s role is among the most discussed and disputed, precisely because scholars in the field tend to disagree on its conception and role. According to Keenoy (1990), HRM in general, and the role of HR managers in particular, became a popular academic field in the early 1980s when there was heightened debate as to whether the whole concept of HRM and the HR manager’s role was simply equivalent to the management of workplace relationships. To this end, scholars such as Guest (1987, p. 506) and Armstrong (1987) argued that there were functionally practical differences between on the one hand, HRM and the HR manager’s role, and on the other hand, the employee management and personnel manager.

Over time, the role of the HR managers and executives and HRM function has received more attention from academics and organisations alike. Consequently, the HRM processes and key practices have increased, thus leading some scholars, such as Caldwell and Storey (2007), to assert that the level of disarray, sophistication and complication of HRM processes and the HR managers’ roles and practices have advanced the field. In addition, some aspects of the HR managers’ functions, such as evaluation and assessment, are still a cause for debate and concern Caldwell and Storey (2007, p. 21). Nevertheless, the past two decades have been characterised by considerable and widespread development in HR executives’ roles and HRM function. Scullion et al. (2007) indicated that the contemporary issues thus far have advanced the field to become dynamic and diverse, and to receive vital attention from stakeholders in a positive light.

Consequently, HRM literature has also transitioned from conducting general studies to focusing on more specific aspects of HRM. In addition to the previously general HRM literature, there are now more comprehensive and systematic studies detailing the varied roles of the HR managers and HRM function. Ulrich (1996, 1998), in collaboration with other scholars (Ulrich and Brockbank 2005a, 2005b; Ulrich and Beatty 2001; Conner and Ulrich 1996), has frequently emphasised that HR professionals have different roles and responsibilities. Other scholars have concentrated on the diversity of HRM roles (Guest and King 2004; Schuler and Jackson 2001b; Kelly 2001; Caldwell 2001).
Sahdev, Vinnicombe and Tyson (1999), Scullion and Starkey (2000) and Caldwell (2003) have documented studies on the different roles that personnel managers have been assigned in recent times.

Despite the continued use of the term ‘HR managers’ roles’, there is scarcity of studies that have attempted to define such roles, which has caused a persistent abstraction of the term in its usage. However, an article by Truss et al. (2002) attempted to capture the changing role of HR managers and HRM function, drawing from role-set theory. They articulated that, in the HRM context, the word ‘role’ was constantly utilised but with no association whatsoever with individual role theory. Role theory implies that the roles played by departments and individuals in organisations are reliant and subject on the expectations that other employees have in regard to the roles and duties associated with them (Litchman and Hunt 1975). In view of this, the individual roles of the other employees in the central department are premised from the role-set, for either the department or the individual.

According to the article by Truss and associates (2002), the word ‘role’ is used consistently in the HR context, but without any linkage to individual role theory. They argued that role theory proposes that roles played by individuals or departments consisting of individuals are liable to the expectations that others have about the duties and rights related with that role. In this case others refer to all those people who have a stake in the activities of the focal individual or department, as they constitute the individual’s or department’s role-set. Truss and associates (2002) suggested in their article that the general understanding of the theory is extended and it is argued that the HR function (which consists of individuals) can be considered within the context of an extension of role-set theory, while initially role set theory focused on the individual level. They argued that the roles played by the function are socially constructed through the perceptions and attitudes of role-set members. Based on these arguments they suggest that a role is sustained by the sets of role expectations held by other organisational actors regarding what the ‘focal person or department’ should do in order to fulfill the role effectively (Truss et al., 2002).

It can be argued that Truss and Fellows (2002) built on the concepts of Katz and Khan (1978), who argued that the concept of role forms the foundation of integrating
organisational and individual levels in research and theory. Consequently, this study was guided by the aforementioned concepts and pays further attention to the view of socially constructed roles.

2.3 Selection of Frameworks for HRM

Despite the HR managers’ roles and HRM function being subject to the expectations of the role-set, it is also essential to consider that each HR manager’s role demands certain capabilities, skills and knowledge. Each HR manager’s role includes a specific set of tasks as well as HRM activities. Personal communication, business knowledge and moral assessment make up the first set. The HRM function is further linked to roles such as staffing, managing employee welfare, recruiting, supervising industrial relations, training and development, and the administration of payments and benefits. This study aims to assess the most prominent role of an HR manager, particularly in a merger context. Additionally, the study seeks to develop a theoretical framework that would a guide that highlights the varied roles that are aligned to HRM function and the importance of these roles in the merger cases. Essentially, this required gathering the various HRM activities and subsequently linking them to the varied HRM roles. This was relevant for trying to justify the eminence of the roles of a certain HR manager from a serviceable viewpoint.

The HRM discipline is generally broad and entails numerous concepts and terminologies that are linked to the HR managers’ roles (Ulrich and Brockbank 2005). Therefore, for the purpose of clarity, there has been a heightened effort to demonstrate and differentiate the various roles and terminologies in the HRM function. Storey (1992) conceptualised a distinct framework that typified a two-dimensional framework for personnel management. Similarly, other personnel management/HRM models, developed by Kathy Monks in 1993, mainly associated with his participation in a European discussion on HRM. Consequently, in the US, the HRM function was typified by Ulrich (1996) as having four roles. The framework was later advanced to embrace the four roles proposed by Ulrich and Brockbank (2005). Wilkosn and Marchington (1994) and Wright et al. (2001) have also added to the discussion on HRM roles. In
light of this, the frameworks are detailed in this chapter and one, Ulrich’s model, formed the groundwork of the study.

The justifications for choosing the aforementioned frameworks as the basis for this study are diverse. Storey’s (1992) study, Monk’s (1993) and Ulrich-Brockbank (2005) are more widely cited by other researchers than Ulrich’s (1996) empirical study. However, the fact that Ulrich’s empirical study is the least cited model and is distinct from other models with respect to concepts makes it ideal as the basis of this study. In other words, the uniqueness of the models provided an opportunity to make this study different from other studies within the HRM discipline. Ulrich (1996) conceptualised a normative model for HRM roles that has thus far been the most cited by other scholars. Subsequently, Ulrich and Brockbank (2005a) advanced Ulrich’s (1996) model by restructuring it, thus joining the list of the most cited authors. Thus, the chosen models not only provide adequate understanding for this study but they also give it a sound and logical foundation. The frameworks discussed in this chapter are distinct in structure as well as in the terminologies utilised. Therefore, the differences are highlighted prior to the detailed presentation of the full framework under discussion.

2.4 Key HRM Frameworks

Further to being reliant on the expectations of its role-set, each HR role involves with a certain set of HR activities. The activities accompanying with the HR function are abundant, including among others: staffing; recruiting; training and development; administrating compensation and benefits; managing employee welfare; supervising industrial relations. As this study examines the roles of the HR executives, a framework outlining the different roles would be useful. In other words there is a need to cluster the HR activities accompanying with the different HR roles.

2.4.1 Introduction to the Development of the Ulrich Model

Ulrich’s four roles model is considered as one of the most, if not the most, successful model of human resource management. The approach suggested by Ulrich must be viewed as a breakthrough in the understanding of the HRM significance (Becker &
Traditionally defined as “the basic model, which predicts the formation of an accretion disc of particles orbiting a central object due to accretion with rotation,” (Mendoza et al. 2009, p. 579), Ulrich’s model is based on the so-called concept of four roles (Francis & Keegan 2006). Much like any other successful concept, the model developed by Ulrich was a synthesis of the already existing approaches that were slightly altered so that they could help a company allocate its human resources in the most efficient manner possible (Voermans & Veldhoven 2006).

The development of the concept of personnel management and HRM was obviously the first step towards the creation of Ulrich’s model (Pritchard 2010). Indeed, the model incorporates the key elements of the personnel management theory, primarily, personnel function (Swift 2012, p. 2). A very basic concept, it still works its way into Ulrich’s framework.

Naturally, when talking about the design of Ulrich’s model, it is impossible not to touch upon the concept of Story’s four roles of HR practitioners. Taking a single glance at the model is enough to understand that it includes the four elements of HRM defined by Story along with the above-mentioned elements of the theory of personnel management and HRM. Indeed, Ulrich’s model features the roles of the consultant, the so-called handmaiden, who handles non-strategic services, the formulator, who establishes a code of conduct for the staff to comply with, and the change maker, who addresses innovation within an organisation.

Likewise, it is essential to bear in mind that the process of employee management were just as significant for Ulrich’s model development as Story’s four roles of HR practitioners were. Although the concept developed by Monk is rather old, the idea of splitting the roles of a manager into the administrative, industrial, innovative and sophisticated is impressive in its potential. By considering each of the roles, one is capable of managing the schedule, the efficacy and the cooperation in each working team flawlessly. The incorporation of both frameworks allowed for a considerably greater amount of objectivity and a more comprehensive evaluation of the performance that the human resources of an organisation deliver. The specified features allow the model to distribute the responsibilities and tasks among the staff members within a company (Ulrich 2013). As a result, an increased efficacy of the staff’s performance and,
therefore, a steep rise in the company’s revenues, can be expected (Caldwell 2008, p. 289). Therefore, Monk’s four roles have played a major part in the design of Ulrich’s model (Friedman 2007).

2.4.1.1 Conclusion

Ulrich’s model has had a huge effect on the evolution of the HRM theory. More importantly, the framework suggested by the researcher has had a range of practical effects (Kirkbirde 2003). It took, however, an impressive amount of time to develop the model (Rüel et al. 2004), and, as a result, it incorporates a range of concepts that were defined prior to the creation of the model by other scholars.

2.4.2 Personnel Management and HRM

Essentially, the frameworks to be presented in this section differ in the HRM terminologies used. In the first and second frameworks, impetus is given to the term personnel management, whereas the other frameworks concentrate on the most recent term, human resource management. Despite the difference in wording, it is important to bear in mind that, overall, the four models are discussing the same thing. The models detail their version of the activities that should be performed by what is generally identified as the HRM function. The numerous changes in the past two decades can explain the differences between the models.

Scholars, such as Guest (1987), have argued that HRM should be distinct from the conventional definition of personnel management. In light of this, Guest (1987) provided three approaches for defining HRM. The first approach depicts HRM as merely a replacement for the title of personnel management. In the second approach, HRM is depicted as a rethink of personnel management. Finally, in the third approach, HRM is differentiated from personnel management and thus acknowledged as a modern management approach.

Incidentally, after 20 years, HRM understanding is more comprehensive than that of personnel management, despite the more recent usage of HRM. HRM is associated with strategic thinking as well as a greater involvement of employees or the HRM
department in a business. Nevertheless, as Ulrich (1998) articulated, HRM is also widely used to refer to tasks previously associated with personnel management.

However, this study pays meticulous attention to the recent trends in the field. It became apparent that the conventional frameworks and theories mostly use personnel management. Schuler (1995) defined HRM as the effective management of people in organisations with the ultimate goal being the good of employees. Additionally, HRM was noted to be used as an umbrella term in both strategic and non-strategic activities.

2.4.3 Storey’s Four Roles of Personnel Practitioners

Drawing from an empirical study conducted between 1986 and 1988, Storey (1992) proposed a typology for personnel management. The study was based on 15 UK companies that served as case studies. Two elements, strategy versus tactics and intervention versus non-intervention, informed the development of the four types, which are as follows.

1. The adviser acts as an internal consultant and is thus charged with the responsibility of providing his or her expertise and advice on line management. This means that the adviser should not become involved with other organisational affairs.

2. The handmaiden also works from a non-interventionist position and provides line management but with particular attention to non-strategic services. Generally, the handmaiden is charged with the responsibility of fulfilling routine duties such as clerical and welfare functions.

3. The regulator has the responsibility of formulating and declaring the employment rules as well as the policies that touch on industrial relations. This responsibility is viewed from different perspectives, such as that it is conventional, demands intervention and is tactical. At other times, the role of the regulator is viewed from the vantage point of the traditional industrial relations manager who is responsible for bargaining, formulating and guarding the procedural and substantive rules that preside over employment relations.

4. The change maker pursues the strategic agenda and is an interventionist. The change maker has been noted to have the most HRM responsibilities, thus taking charge and influencing HRM initiatives.
European scholars Hope and Hailey (2001) and Caldwell (2003) acknowledge Storey’s framework. Hope et al. (1997) emphasised that Storey’s work was based on data collection in the late 1980s and thus did not capture the changes in sophistication that had been experienced in HRM to date. In contrast, Caldwell (2003) asserted that the empirical accuracy in Storey’s typology had been lost over time. In light of this, it was argued that that the heightening intricacy and versatile nature of the current HRM roles are not well articulated in Storey’s typology.

2.4.4 Monk’s Four Roles of Employee Management

Monk’s (1993) conception model was based on the findings of a study based in Ireland in 1989 and 1990. Data collected in the study progressed in two phases. The first phase utilised a questionnaire that was administered to 97 firms. The second phase progressed through a survey that was preceded by interviews in 30 of the 97 organisations. The sample was not arrived at randomly because it was an empirical study that covered both public and private firms engaged in services such as manufacturing. The sample was also diverse in that it catered for both domestic and foreign-owned firms. The model was designed to become a fourfold model with the following groups:
1. Traditional/administrative: Monk identified this as a ‘housekeeping role’ whose sole purpose is to adhere to the rules and regulations. This makes the HR function one of support and thus it is linked to administrative matters such as record keeping. In view of this, personnel departments have very few activities and initiatives that can be linked to the strategic role.

2. Traditional/industrial relations: Firms that have adopted the traditional industrial model have large personnel departments that spend a great deal of time pursuing industrial relations. This is attributed to the responsibilities of negotiating that form part of the day-to-day business. The negotiations proceed with employee unions and are essential in the completion of agreements. The personnel specialists in this function are likened to fire-fighters because they react to organisational problems.

3. Innovative/professional: This role was realised because increasing changes, such as the recession and takeovers, have subsequently transformed the role. Therefore, it is accurate to link the new innovative functions/professional outcomes to shifts and transformations in organisations. The changes have affected firms’ overall structures as well as their business functions in light of globalisation and the continued need for firms to remain relevant and profitable. Changes in technology have also led to appropriate record keeping as well as easier budget making and conduct of organisational statics. Thus, the trend is characterised by the move from reactivity to staff and organisational needs to pro-activity by being creative findings new innovative ways of performing the HR activities in a way that helps sustaining the organization’s competitive advantages.

4. Innovative/sophisticated: In this particular model, personnel issues are incorporated into strategic plans. Monk’s study revealed that there were only a small number of personnel functions in the innovative/sophisticated aspect. Nevertheless, the forthcoming importance of the personnel function is recognised and the function is further symbolised on the panel. In the quest to make the function proactive as opposed to reactive, it is suggested that personnel plans should be made long term.

Monk’s (1993) framework has received limited attention compared with other frameworks detailed in this chapter. This could be attributed to Storey’s (1992) model having been published earlier with its greater sophistication when compared with Monk’s study. This led to that Monk’s study received more accolades and attention from other researchers in the field. Monk’s framework is also structurally different from
three vantage points. Monk’s model assumes that the less sophisticated models are featured in the more sophisticated model, thus the model fails to divide the HRM functions differently, although this can be interpreted as strength in that the framework is simplistic in nature and thus one-dimensional. Additionally, there is a need for more empirical studies to be conducted to acknowledge or confer the aforementioned strength.

2.5 Fundamental Model of the Research – Ulrich’s Multiple Roles of HRM

Ulrich’s (1997) model is distinct from the previous two models with respect to the country of origin. It deviates from the European contributions as it is set in a US context. This model is based on the four-role model devised by Conner and Ulrich (1996) and later revised by Ulrich (1997). The model helps to point out the outstanding and vital roles of HR professionals in the context of a merging process. Accordingly, it received profound attention from HRM practitioners and academic researchers, who were curious to identify whether the two contexts were similar or different. Ulrich’s model is also distinct because it is normative in nature, which is an aspect that did not feature in the European models. Prior to Ulrich’s study, the HRM function had been examined by other American scholars, such as Foulkes and Morgan (1977).

Ulrich’s expertise in HRM cannot be disputed – thus the heighted visibility of his work in the discipline. Having been a HR professional for a long time, he determined HRM roles within a business context. Ulrich’s model has been the basis of other current movements in the discipline, such as the formation of partnerships with the main basis coming from an HR orientation.

The study titled Human Resource Champions (Ulrich 1997) was premised on four major outcomes: strategy execution, administrative efficiency, employee contribution and capacity for change. Ulrich’s model (Ulrich 1997) articulates that HRM practices should deliver results and add value. The model further pursues a shift in focus from ‘doers’ to ‘deliverers’. This challenges the previously-held views on HRM functions, HR departments and HR professionals. Ulrich argues that HR professionals need to shift from the conventional functions of being ‘policy police’ and ‘regulatory watchdogs’ to
being active players, partners and first timers in improving the delivery of results. There is more likelihood that firms will succeed when HRM practices work in tandem with the external and internal needs of customers. In addition, Ulrich emphasised that, with respect to HRM, he is an optimist precisely because HR professionals are responsible for steering firms to success. In addition, Ulrich went a step further to declare that the next decade would be branded the ‘HR decade’ (bear in mind that the study was conducted in 1997).

According to Mathis and Jackson (2007), when a partnership occurs, change in the business is inevitable. Nevertheless, HR professionals have the ability to enhance the business even in the context of mergers or partnerships. This is realised when HR departments provide a new marketing strategy to all other managers in the firm. This model caters for strategic managers, operational managers and the organisation of work in the firm. Perhaps the advantages of HR managers becoming more strategic are best articulated by Armstrong (2006) who called this “maximisation of quality and the subsequent minimisation of costs”.

The model essentially dignifies HR experts as associates of the business. Issues of staff, strategic managers and the setting of employee goals to achieve the desired goals are all catered for in this model. HR professionals are noted to have the duty of ensuring that employees are adequately rewarded and thus encouraged to improve their service delivery. Schwab (2009) noted that the HRM model also addresses the issue of employee training. The model should also cater for changes as an improvement strategy. This is especially relevant because changes in the business world are shaping HRM roles to include recruitment, rewards, training and organisation of staff in the new business environments.

Leopold and Harris (2009) articulated that HR departments handle cases of dismissal, which may be due to several factors. In view of this, the way the organisation handles such cases does not have to be the way that the HRM deals with similar cases. This is so because HRM is identified as a distinct field with the HR discipline, which may or may not be part of the organisational culture in the said context. Nonetheless, as Storey (2008) documented, HRM transformation may not trickle down by the managing directors of given organisations.
The principle that the HRM function undertakes different roles formed the basis of Ulrich’s multiple-role frameworks (see Table 2.1). This was exemplified in statements asserting that the heightened complexity of businesses necessitated that HR professionals add value by performing rather intricate and, at times, contradictory roles. In reference to deliverables, a two-by-two matrix was developed. The matrix represented the four HR professional roles that are needed to ensure that firms secure their strategic roles and further enhance their business partnerships. The roles include strategic partner, administrative expert, employees’ champion and change agent.

<table>
<thead>
<tr>
<th>Role</th>
<th>Activities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Strategic partner</strong></td>
<td>Aligning HR and business strategy: Organisational diagnoses</td>
</tr>
<tr>
<td><strong>Administrative expert</strong></td>
<td>Re-engineering organisation processes: Shared services</td>
</tr>
<tr>
<td><strong>Employee champion</strong></td>
<td>Listening and responding to employees: Providing resources to employees</td>
</tr>
<tr>
<td><strong>Change agent</strong></td>
<td>Managing transformation and change: Ensuring capacity for change</td>
</tr>
</tbody>
</table>

2.5.1 Administrative Expert

One of the most central activities of HRM for a very long time has been the formation of organisational infrastructure. The administrative expert was charged with the role of designing and delivering processes such as staff training and rewards, appraising and promoting staff as well as managing the flow of employees within the organisation. Ulrich determined that administrative efficiency could be attained by making HR processes efficient through automation, thus streamlining as well as constantly improving the process. Consequently, efficiency can be realised by managers extending their productivity, thereby reducing the costs of hiring, training, retention and rewarding. This is so because, at times, administrative experts spend on redundant costs whereas there are existing avenues that can improve on efficacy or, better yet, innovate modern ways of conducting activities within the firm without spending anything. Ulrich (1997) argued that, despite the administrative expert role having profound benefits to firms, the role is more often renounced and undermined in relation to strategic HR focus.

HR professionals are expected to be proficient administrative experts. This entails ensuring that operations proceed as laid down, reducing costs and subsequently assuring
that the benefits to the firm are about improving the firm’s efficiency. Administrative experts in the organisation also have to ensure that they consistently analyse workflow in the firm. Dubrin (2008) is of the view that HR managers have the responsibility of rethinking the modes of business operations to make them more proficient. HR professionals should ensure the firm executes shared services and they should strive to see that work is done faster and at a reduced cost.

Bohlander and Snell (2009) explained that the four aforementioned roles are generally responsible for the firm’s prosperity. The four roles are interrelated in such a way that none can function independently to achieve the same success. The model is also prone to several challenges such as technological advancement and globalisation. Boroughs (2009) advised that globalisation has necessitated that firms perfect their products and further improve on their service delivery to survive the heightened global competition.

### 2.5.2 Employee Champion

Ulrich articulated that this role is the toughest of the HRM roles. This is because it can be the cause of conflict between the management and the employees in the firm. Nonetheless, the kind of conflict generated is viewed in a positive light because it is meant to yield better working conditions and working environments for employees, and ultimately to produce better outcomes for the organisation. Employee champions are the HR professionals who best understand employees’ needs and thus work to ensure that their needs are not only met but are also insured, thus increasing employee contributions. Employee champions thus spend time with employees and encourage other managers to do the same.

To this end, their main responsibilities entail listening, responding and searching for ways to meet the demands and resources that are required by the employees. The outcomes of the aforementioned responsibilities include heightened employee involvement as well as increased employee dedication and competence. This is an alternative to trade unions, which serve the duty of employee advocacy. Ulrich (1997) indicated that HR professionals can bargain for better conditions for workers because they have the ability to communicate directly with and influence top management as well as to be aware of employee dissatisfactions and hence act accordingly.
According to Pride and Hughes (2009), the HRM role of employee champion is critical. Previously, firms had a strategy for their employees that aimed at providing them with security in their jobs as well as fulfilling their promotion expectations. Nevertheless, as Daft (2008) noted, the current trend is in contrast because there are no effective channels of communication between employees and the management. Rather, HR ensures that employees are competent and have the necessary resources to help in attaining organisational goals. In addition, it is accurate to attest that service delivery is dependent on the HRM ability to coordinate the staff in a systematic and articulate style.

2.5.3 Change Agent

The change agent embraces the HRM role of facilitating changes in the organisation and further protects employees in the firm from the harmful effects of inevitable organisational changes. Essentially, employees are resistant to change because they view it as being a potential threat that could undermine their position within the firm. At times, this view is correct because the integration of changes in a firm may necessitate laying off workers or tightening the rules of operation in the firm. To this end, Ulrich asserts that HR professionals should have change management skills. Consequently, Ulrich articulates change in a positive light because it is linked to improvements and meaningful transformations that could contribute to the successful identification and implementation of change such that it yields positive results for both the employees and the organisation at large. HR professionals are further presented as partners in the business; thus, they are supposed to help the employees to drop unneeded habits and adjust to the new organisational culture. Ulrich (1997) identified actions such as solving problems, building relationships of trust, identifying and framing problems, and creating and fulfilling action plans.

Change agents are supporters of any form of transition in firms. At times, changes in firms are associated with other changes, such as technology advancements that require new skills, or laying off or hiring of some employees. Change agents in firms have the responsibility of providing adequate support in the adoption of new technology. Lawler and Boudreau (2009) opined that this can proceed through to the training of employees on how the operation of new technology will affect their jobs and how to use the new technology. Subsequently, if the new technology demands new skills that are not
available in the firm, the HRM is responsible for recruitment. As change agents, they should ensure that the intended change has positive effects on the business at large and on customer expectations. Holbeche (2008) utilised the model in a study that sought to evaluate the business satisfaction of customers.

2.5.4 Strategic Partner

The strategic partner role was identified as similar to that of a ‘chef-leader’; thus, strategic partners need the ability to align HR strategies and practices to the organisational strategy. To become strategic partners, HR professionals need to participate in defining the business strategy as well as be part of the team that asks questions on how best to convert a strategy into an action and subsequently align the HRM practices to the business strategy. Losey and Ulrich (2008) further noted that HR professionals, as strategic partners, have to observe the organisational culture and environment, and subsequently consider what needs to be changed and what could remain unchanged in the quest to make the organisation more profitable and efficient. Strategic partners also need to ensure that decisions are made quickly and logically, rather than in a thoughtless rush. HRM further evaluates the efficiency of the organisation by aligning it appropriately to the available resources so that a reduction of costs is realised. The model strives to maximise profit and reduce cost by ensuring that a given amount of labour correlates with a particular amount of production.

Needless to say, HR professionals should be capable of devising strategies or adopting HR practices that will realise the business strategy. Despite recent trends to acknowledge the significance of HRM in a strategic role, there is still neglect of some appropriate roles (Ulrich 1997). Essentially, a strategic partner should be capable of aligning different organisational projects to the overall business strategy while considering the direct and indirect effects that such projects will have on the employees. In practice, the employees in a firm may not be able to articulate the wider vision of the organisation. However, it is the role of a strategic partner to facilitate the implementation of the simplified multiple layers of strategy and ensure that the plan is communicated to all actors in the organisation. The multiple-role framework presented by Ulrich was drawn from his vast experience and work with numerous HR professionals. As a result, the model is based on practical experience but lacks
consideration of prior academic research. Nevertheless, the model has received support from many scholars and is widely cited in consecutive studies such as those of Barney and Wright (1998), Baill (1999), Ferris et al. (1999), Becker and Huselid (1999), Hope Hailey (2001), Wright et al. (2001), Bjorkman and Soderberg (2003), Caldwell (2001, 2003) and Guest and King (2004). Other scholars, such as Hope Hailey et al. (2001), have based their work on Ulrich’s model to conceptualise HRM roles further. The results of this study reinforced Ulrich’s model because the HRM function in this particular case study placed emphasis on change management, which relates to the change agent role, being a business partner, which relates to the strategic partner role, and working with employee potential, which is in cognisance with the employee champion role (Hope Hailey, 2001).

However, further research has revealed a degree of vagueness and disagreement in relation to Ulrich’s four roles. For example, in a later paper, Hope Haley et al. (2005) considered that there is difficulty in balancing a process-oriented HR role and employee-oriented role, which in turn may result in neglect of employee relations by the HRM function.

Caldwell (2003) similarly critiqued HR role ambiguity. After juxtaposing Ulrich’s model with Storey’s model, Caldwell (2003) concluded that neither of the models was flexible enough for familiarisation with the changes experienced in the HRM function. However, Caldwell (2003) hailed Ulrich’s model, particularly for differentiating the multiple and flexible nature of HRM roles. This is a strength because the model identifies the necessity of the HRM function to play several roles simultaneously. An overlap between Ulrich’s and Storey’s models is that Ulrich’s model was noted to be not as radical as presented (Caldwell 2003).

Ulrich’s model is further critiqued by Conner and Ulrich (1997), who deemed that the model fails to validate the two-by-two matrix when tested using a questionnaire. Their results confirmed the existence of three roles because the roles of strategic partner and change agent could not be differentiated.

Consequently, the prescriptive and moralistic points of departure in Ulrich’s model could be used as points of criticism because the model was not based on any empirical
or methodological basis. Additionally, other points of concern are Ulrich’s limited experience in the US as well as the contention that the applicability of Ulrich’s model to the US did not necessarily mean it would be the same in other nations. However, these criticisms have not deterred the framework from being the most often cited, precisely because it is systematic and further captures the changes in HRM roles.

2.6 Theoretical and Practical Critiques of the Ulrich Model

This section will demonstrate some of the theoretical and practical critiques that are challenging the Ulrich model and that are triggered the initiation of this study.

In his contribution to the development of HR roles, Dave Ulrich formulated the HR business partner model, which affirms that it is possible for organisations to achieve excellence. The model emphasises the importance of perceiving the HR role and function as a transformational role rather than a transactional model. Ulrich argues that the HR role and function should be transformed in order to improve its capacity to add value to organisational performance. Furthermore, Ulrich holds that HR executives can add value to business performance by integrating four main roles, which include the roles of strategic partner, employee champion, change champion, and administrative partner. Kenton and Yarnall add that the model postulates that the ‘HR roles should work as a “business partner” with a specific outcome or deliverable in focus’ (2012, p. 69). Despite its contribution in the development of the HR roles, the Ulrich model has a number of theoretical and practical weaknesses. This study highlights some of the major theoretical and practical weaknesses of the Ulrich model, and develops ways to strengthen the model and reduce the weaknesses.

2.6.1 Theoretical Critiques

Developments in HRM over the years have led to the appreciation of the importance of taking into account the role of HR managers and employees’ voices. However, businesses are facing new pressures that should be addressed through effective implementation of HR roles and function (Boroughs, Palmer & Hunter 2008). The
Ulrich model is one of the new models that has been formulated in an effort to foster the delivery of HR roles and functions.

According to Ulrich, the strategic partner role entails ensuring that the HR initiatives and activities align with the business and corporate strategy. Thus, it is imperative for HR managers to focus on driving their organisations towards attaining the predetermined business goals/strategies. The business goal can be achieved through effective strategy execution and ensuring that customer needs are met sufficiently (Kenton & Yarnall 2012). Consequently, HR professionals should have the ability to identify and implement business practices that foster the attainment of the desired level of business excellence. Ulrich argues that the strategic partner role involves transforming all strategic statements into definite organisational actions. Additionally, the HR professionals must be focused on implementing strategic actions.

To succeed in implementing the predetermined business and corporate strategies, Ulrich cites a number of tasks on which HR professionals should focus. Examples of these tasks include talent management, integrated employee training, and labour cost management (Guzman, Lim & Briones 2010). Furthermore, Constance, Boroughs and Hunter (2012) suggest that strategic partners should build a strong relationship with internal stakeholders. Ulrich affirms that ‘the HR business partner acts as a single point of contact for internal clients’ (2013, p. 25).

The change agent role is focused on initiating changes such as new procedures, processes and programs in order to achieve the target goal. Furthermore, the change role also entails implementing the necessary structural changes such as quality improvement efforts, customer service delivery, and cost reduction measures (Ulrich 2013). Conversely, the administrative expert role emphasises the fostering of organisational efficiency by re-engineering the various work processes in order to achieve the desired HR deliverables at the lowest possible cost. To execute this role, Ulrich asserts that HR professionals must apply their administrative expertise. Effective execution of the execution of the administrative expert role leads to successful re-engineering of business processes. The HR champion role asserts that HR professionals must improve the level of employee capability and commitment by appreciating and responding to their needs (Kenton & Yarnall, 2012).
Despite the clear definition of the various HR roles, Ulrich’s model does not clearly outline the key role players who should be incorporated to deal with the challenges arising from different macro- and micro-business environments. Furthermore, Ulrich’s model did not work on the analysis of how each role might be performed. In other words, would this role be performed as an active player, consultative player, or just a tool and a doer for a certain premade decisions? On the contrary, Ulrich’s model only focuses on defining the roles, the activities involved, and the desired HR deliverables. Therefore, his approach to the HR roles is relatively narrow, which might limit the effectiveness of dealing with challenges that emanate from macro- and micro-business environments. Boroughs, Palmer, and Hunter (2008) are of the view that each role requires distinct skills and clear evaluative practices in order to be implemented successfully. Therefore, it is imperative for HR professionals to integrate a fifth element which is in this study the middle phase originated for this thesis by incorporating the evaluation and the description of the nature of HR managers’ roles whether that be as active key role player, consultative role, or tool/doer in order to enhance implementation of the HR roles. The conceptual framework in Chapter 3 illustrates the improved version to the original Ulrich model that HR professionals should consider.

Successful implementation of HR roles stipulated by Ulrich depends on the contribution of HR professionals through varied practices. The executive team and the senior management team should be incorporated in the process of determining the most effective way to attain any business strategy. Aswathappa (2013) cites line managers as one of the key players that HR managers must collaborate with to deliver the various roles stipulated in the Ulrich model. The role of line managers should not be limited to delivery of the administrative role. On the contrary, Aswathappa argues that line managers ‘can supply the necessary requirements and approval to the model and approaches HR uses to deliver an efficient service’ (2013, p. 46).

Line managers play a fundamental role in the process of instigating, facilitating, and coordinating change programmes. Therefore, line managers can be defined as delivery agents for implementing change. Furthermore, the contribution of line managers also enables organisations to implement the desired change due to their relationship with employees. Reilly and Williams (2006) assert that line managers interact directly with employees in their daily operations. Subsequently, their understanding of the employees’
attitudes and behaviour is higher as compared to the senior managers. The strong relationship developed between line managers and employees means that the contribution of line managers in ensuring that employees are focused on attaining the stipulated business goal is high.

Ulrich’s model further ignores the contribution of internal consultants (from within the company but different departments) in the process of implementing HR functions. It is imperative for internal and external consultants (outsourced for specific duties) to collaborate with HR managers to help executing the HR role. Kenton and Yarnall contend that internal consultants ‘possess many of the skills deployed by their external counterparts’ (2012, p. 7). Furthermore, internal consultants possess an additional advantage, as they understand the organisation’s internal structure, organisational culture and business systems. However, the role of internal consultants in facilitating change is limited because their opinion and input are often overlooked and line managers tend to seek for external consultants.

Kenton and Yarnall (2012) assert that the contribution of internal consultants is affected by the fact that they are assigned mundane operational tasks. HR professionals should improve the contribution of the role of internal consultants by improving the micro-political landscape. The consultancy role should be developed internally by drawing internal consultants from the various internal professional service departments such as the Information Technology and the Human Resource departments. Incorporating internal consultancy roles will improve the effectiveness with which the organisations lead and influence change. The internal consultants will provide the necessary support in the acquisition and implementation of new skills.

HR professionals must foster a high level of interaction between the internal and external consultants. Despite their contribution in achieving business excellence, the internal consultants might not lack adequate knowledge on people management policies that might improve the firm’s ability to cope with challenges arising from the macro-business environment. Therefore, the HR professionals should nurture a strong relationship between internal and external HR consultants.


### 2.6.2 Practical Critiques

Changes in the contemporary business environment require organisations to be very flexible to enhance their long-term survival. For example, the intensity of competition demands organisations to adopt effective strategic practices. Ulrich emphasises that HR ‘holds the key to success in overcoming major challenges facing executives’ (2013, p. 2). However, Ulrich only describes the activities that HR professionals should consider to drive the attainment of business and corporate-level strategies. The model fails to appreciate the importance of effective leadership that will assist organisations to succeed despite the challenges faced.

The current business environment is characterised by a high level of business partnerships. Different forms of business partnerships have been formulated over the years. One type of business partnership that is now widespread is the formation of mergers and acquisitions, which is increasingly being perceived as an effective strategy to achieve synergy and growth. A study conducted by KPMG asserts that over 70 per cent of mergers and acquisitions fail to deliver the desired benefits; moreover, over 50 per cent of the mergers lead to the destruction of organisational value (cited in Reilly and Williams 2006). The statistics of failure highlight the fact that the success of mergers and acquisition may depend on the application of effective HR models.

Firms in different economic sectors appreciate the concept of mergers and acquisition in their strategy management practices. To illustrate the practical limitations of the Ulrich model, a case of two banks, say Bank A and Bank B, are in the process of implementing a merger and acquisition in order to gain market dominance. The chance of the firms succeeding in attaining full integration by applying the Ulrich HR role model is limited. Despite the fact the Ulrich model cites culture shock as one element that should be considered in executing the change agent role, Ulrich does not highlight how HR professionals can deal with such shock through effective leadership. Muncherji, Krishnan, and Dhar (2009) assert that culture shock/culture clash is one of the major causes of failures in mergers and acquisition. Culture shock arises from the existence of the differences between the organisational cultures involved in the merger and acquisition process. Furthermore, Muncherji, Krishnan, and Dhar (2009) are of the view
that it is important for HR professionals to determine the cultural fit between the two firms involved in the merger.

According to Sullivan (2004), determining the degree of cultural fit between two organisations can be attained by conducting due diligence, which involves extensive consultation between the HR professionals from the two entities involved in the merger. Prior to the commencement of the actual merger process, it is imperative for the HR professionals from the two banks to be involved in a comprehensive analysis of the two firms in order to determine the degree of cultural fit between the two organisations. Additionally, the HR professionals should collaborate with external HR consultants in order to identify possible risks that might hinder successful implementation of the merger.

To understand the cultural difference between the two organisations, the HR professions from the acquiring bank and the target bank should identify key players who can develop an adequate intelligence on how to undertake the intended merger. Some of the key players who should be considered during the negotiation of the merger include the lower-, middle- and top-level managers. Considering these key players will aid in the successful formulation of a merger and acquisition plan. Furthermore, lower-level employees should not be ignored as they are charged with the responsibility of executing the day-to-day operations of the firm. Ignoring the lower-level employees will lead to an ineffective application of the HR roles.

Ulrich asserts that HR professionals should be administrative experts, employee champions, change agents, and strategic partners. However, he does not appreciate the importance of adopting effective leadership styles in order to execute the diverse roles successfully. During the merger process, diverse elements are involved that requires HR professionals to be ‘doers’ rather than ‘dreamers’. Carleton (2004) asserts that ‘dreamers’ are very effective in coming up with new ideas, but they do not have adequate knowledge or the practical steps that should be taken to achieve the intended goal. In contrast, doers are actively involved in implementing a particular project.

The proposition made by the Ulrich model describes HR professionals as ‘dreamers’ in the process of implementing change. Therefore, the model is deficient in asserting the importance of the active involvement of HR professionals in the change process. In
order to enhance the likelihood of success in their merger process, HR professionals from the two banks should position themselves as doers. This aspect will improve their ability to execute the HR roles stipulated by the Ulrich model, which include strategic partnership, administrative expert, change agent and employee champion.

2.6.3 Conclusion

The Ulrich model is one of the most prominent HR models. The model classifies human resource roles into four main categories; strategic partner, change agent, employee champion, and administrative expert. However, the model is characterised by a number of theoretical and practical weaknesses. Some of the theoretical weaknesses entail its failure to recognise the importance of illustrating the difference in acting or performing the HR role as a key players, a doers, or a consultative role. Subsequently, it fails to explain the important aspects that HR professionals should consider in executing the various roles to enhance organisational performance and to respond to environmental changes. To improve its application, it is imperative for HR professionals to consider being key role players, fostering development of an effective consultative environment by collaborating with external consultants, and being a doer. Incorporating these roles will improve the application of the model in assisting HR professionals to deal with real life business challenges.

2.9 HR Manager Role Challenges in Mergers

This study will adopt a model of the merger procedures that provides a handy design for considering the difficult roles of human resource managers and problems that may arise in any merger. The model will define challenges in three stages, the pre-merger stage, the post-merger transition, and the post-merger integration.

2.9.1 The Pre-merger Stage

There are considerable amount of human resource issues in the stage pre-merger. In this pre-merger stage the most significant HR issues and their more specific implications for merger process are discussed in the below section.
2.9.1.1 Strategic Planning and Organization

The first step in the pre-merger stage is planning strategically, in which the acquiring firm develops its mission statement and identifies the kind of merger, which will be pursued, and how it will attain corporate aims. In the next stage, the firm is mainly concerned with the organisation – developing a specific team for managing the merger activities. Marks and Cutcliffe (1988), after eight years studying mergers and acquisitions, noticed that corporate executives basically failed to incorporate human resource aspects into the merger process, may be due to their lack of awareness of the proper techniques for managing the change in their organisations, or perhaps they were unaware how the merger would affect their employees. As a result, financial and legal issues dominated the pre-merger stage and human resource managers who could have delivered advice on the management of the human side of the transaction, were hardly included in the core-planning group. Correspondingly, in a survey of 109 companies with active mergers, Bohl (1989) observed that the human resource function did not play a significant role in the pre-merger planning in about two-thirds of companies that reported post-event problems, whereas the same was true in only about half of those reporting no problems.

Keeping these outcomes in the mind, Fombrun, Tichy and Devanna (1984), focused on the need to get all the managers of human resources included in the main strategic team. People problems are the basic source of poor performance of mergers. So it is an important part of any merger policy to involve the HR managers early in the process of decision making (Marks and Mirvis 1986; Marks and Cutcliffe 1988; Tichy and Ulrich 1984; King and Kesner 2008).

2.9.1.2 Searching

In the third step of the merger process, potential acquisitions are searched and the merit of each is investigated properly. In a survey of 80 firms, Schweiger and Weber (1989) observed that the most significant factors for the evaluation of potential acquisitions were the philosophy of talent management (The rules of the road for managing talent, which without it, managers will rely on their personal preferences to guide how they grow and manage their teams) of the acquired top managers and the talent of the
acquired middle managers. Likewise, McCann and Gilkey during 1988 and Walsh during 1989 noticed that most mergers are accepted partly to apprehend the important plus of a team of qualified management. The maintenance of sustaining talented managers thus becomes a major factor in the success of a merger process.

2.9.1.3 Analysis and Offer

In the fourth stage of the merger process, analysis and offer are done where the acquiring firm finalize the analysis of the deal propose a feasible offer in which a basic aim is the evaluation of the ‘fit’ of the two firms. Three types of fit are identified by McCann and Gilkey (1988): financial, business and the organisational fit. All these should be present to make the merger or acquisition successful. For the purpose of this study, organisational fit is the most important since it helps to identify how well the two firms can be incorporated. Organisational fit includes human resources and assessing the two different organisational cultures of the merging companies. According to the suggestion of McCann and Gilkey, if the difference between two firms in terms of organization fit and culture is too great, there will be great difficulty to attain the expected level of integration. Moreover there will be difficulty in understanding business synergies, which will result in greater risk of failure.

2.9.2 The Post-merger Transition and Integration

In a merger or acquisition the last two stages are the transition and integration. These two stages are the most complex and can cause the highest levels of anxiety among the top management teams of both companies. In fact, if the stage of transition is managed by all poorly, it is likely to have an adverse effect – this is the stage where most of the failures take place (McCann and Gilkey 1988).

2.9.2.1 A Delicate Balance

The management team responsible for the transition stage needs to maintain a subtle balance between delivering a stabilising result with the mergers companies and, at the same time, to create an environment for change that is embraced by personnel working for the companies during the merger. Anxiety and uncertainty, frustration, anger,
psychological withdrawal and family distractions are prevalent at this critical time of M&A activity (Schweiger, Ivancevich, and Power 1987). If people leave their company on their own volition, it suggests that uncertainty compels them to do so at earlier acquisition procedure. Beatty (1990) further focused on the importance of transition management. She shows that negative reactions and behaviors are more prevalent in failed acquisitions than successes.

2.9.2.2 Insecurity and Anxiety

Negative feelings and behaviour of employees are usual responses to the threatening situations (Dyer 1983) – in this case, job insecurity. The degree of the response will be decided by employees’ perceptions about the extent of the threat and the extent of powerlessness they about the perceived threat to their ongoing employment.

For instance, if employees do not realise how they will be evaluated to be retained in the new company, they will feel very threatened and powerless. If there is lack of information to employees during the transition stage, the perceptions of employees will be affected predominantly by rumor and assumption.

Greenhalgh and Jick (1979) found a distinct correlation between job insecurity and resistance to change (see also Staw, Sandelands & Dutton (1981). Individuals who faced threatening situations express strong connection to learned behaviors (Behavior that is taught or acquired through experience and believed to be beneficial in a certain situation) earlier, even though such reactions they have no basis in fact. Significantly, the transition stage in the merger process can produce high levels of uncertainty among employees which can clearly be counterproductive to the goals of the merger.

2.9.2.3 Unanticipated Turnover

The prevalence of negative attitudes caused by uncertainty often compels employees to imagine the worst-case scenario and to begin updating resumes (Greenhalgh and Jick 1975). The most important employees are those whom the post-merger corporations cannot lose, but they tend to be the first to leave the organisation. For instance, when Fluor Corporation took St. Joe Mineral in 1981, in a deal that cost $2.2 billion, the
large-scale migration of key managers succeeding the acquisition contributed to millions of dollars in losses at the formerly cost-effective St. Joe Mineral (Shrivastava, 1986). Estimates of loss of vital employee retention during mergers suggest that 47 per cent of top executives in a post-merger firm leave within the first year and 75 per cent within three years. Within five years, 58 per cent of all managers leave (Walsh, 1989, p. 313). Every so often managers who have records of best performance leave early (Walsh and Ellwood 1991, p. 215).

The long-term behavior of employees remaining with the organisation may be affected unless a planned intervention strategy is implemented to deal with negative feelings and behaviors. Such a plan would decrease the possibility of successful post-merger integration (Marks and Cutcliffe 1988).

Moreover, the nature of future relations between the two firms will be established depending on the way employees are managed in the first three to six months (McCann and Gilkey 1988, p. 65).

2.9.2.4 HR Interventions

Different authors have suggested ways to decrease the incidence of behaviours that are counterproductive (Bridges 1988; DeNoble, Gustafson, and Hergert 1988; Marks and Cutcliffe 1988). Initial interventions that aim to provide emotional support can be instigated while there are still ongoing discussions about the merger. At this stage, activities should aim to provide constancy for employees. Other methods are applied to create a positive environment for change by reducing the uncertainty level and adopting realistic expectations for the future. Providing information helps to counteract and decrease the threat of job insecurity and powerlessness of employees. If the employees are encouraged to notice that opportunities are available and constant success can be attained in the new organisation, commitment to the new organisation can be promoted (Schweiger, Ivancevich and Power 1987).
2.9.3 The Post-merger Integration

Changes to seize the synergies are applied in the integration stage. This stage is often managed poorly (DeNoble, Gustafson and Hergert 1988; Schweiger and Weber 1989; Shrivastava 1986).

2.9.3.1 Procedural Integration

Procedural integration is framed to regulate work procedures and develop productivity. As every firm has its own methods and procedures, combining the two entities means that some of the old ways need to be abandoned. According to Marks and Mirvis (1986), the system of the leading firm is accepted over that of the subordinate firm. This may suggest that the former is superior and that its people are more able and wiser. After some losses, the subordinate firm will lose its organisational distinctiveness, which can lead to conflict between the groups of employees in each of the firms. For instance, after being merged with Integrated Sensor Solutions, Inc. (ISS) Texas Instruments attempted to transfer its system of sophisticated planning and budgeting to the more informal ISS. However, this act caused poor performance and obstacles to change. Quite a lot of years were needed for the new system to be stabilised, and even after doing so, the level of performance was not up to the mark (Shrivastava 1986, p. 68).

The powerful firm often tries to capture control within the acquired firm especially regarding expenses (McCann and Gilkey 1988). This attitude can cause problems. Hayes and Hoag (1974) found that two-thirds of the managers who left were managers from acquired firms. They did so as there was lack of autonomy and control. Kitching (1967) notes that in 81 per cent of failed M&As, the reporting flow of the organisation and the managerial autonomy were hampered at least for once after the event of acquisition. Bohl (1989) also discovered that among companies that reported no post-event problems, 41.8 per cent had left the management structure unchanged. Of the companies that reported problems, only 13 per cent did not change the management structure. When the main functions were integrated in the acquired firm, problems such as higher nonattendance, staff turnover and poor productivity doubled as when no change was made.
2.9.3.2 Physical Integration

Physical integration aims to use the previously exclusive assets of the two firms to make the base for capturing synergies. Some general assets will be terminated and the workforce will be reduced.

According to Schweiger and Weber (1989, p. 82), 75 per cent of the organisations in the survey had dismissed employees after a merger or acquisition event. If a workforce is reduced, it will result in problems. Another study by Bohl shows that in comparison to 30 per cent of companies that hold all their workers, 70 per cent of companies downsizing after a merger or acquisition event reported one or more post-event problems (Bohl 1989, p. 27). After downsizing, significant uncertainty and frustration can be present among the remaining employees, with the feeling that the decisions on which the terminations were made were unclear and did not use the right criteria (Schweiger, Ivancevich, and Power 1987). The automatic elimination of dismissed positions correlates with greater post-event problems. In a study, two thirds of the firms that followed this strategy faced post-event problems (Bohl 1989, p. 28). Strategies having fewer problems caused automatically the retention of all employees who wanted to stay, involved one-on-one interviews with the employees and those who were retained were those for fulfilled the particular criteria for each position.

Organisations that face a number of problems, wishes to keep the anxiety of the employees focused on personal survival without any sense from the cut can come next (Fombrun, Tichy, and Devanna 1984). The outcome can be a brutal series of disintegration in which the first series of cuts lead to decline of morale and poor performance which, in course of time, leads to a second series of cuts, even poorer morale and poorer performance levels (Behn 1988, p 349). Hence, different authors support the concept of a single reduction in the workforce, on the basis of strong understanding of the structure of the organisation (Leana and Feldman 1989; Hardy 1988; Fombrun, Tichy, and Devanna 1984).

The way through which the reductions of workforce are started has an important effect on the success of the organisation to manage the survivors: how the termination of the employees is often interpreted by the survivors as a signal of how they will be treated.
by the new company (Schweiger, Ivancevich, and Power 1987; Schweiger and Weber 1989; Golembiewski 1979).

2.9.3.3 Sociocultural Integration

Sociocultural integration is critical to the ultimate success of a merger or acquisition. Since the culture of an organisation is something that each employee understands and accepts as part of their own identity (Harshbarger 1987), a mistake in addressing the culture issues can cause a loss of commitment among employees. In such circumstances, the chance to hold qualified personnel and maintain the motivation of individuals will be lost (Schweiger, Ivancevich, and Power 1987, p. 130).

According to Marks and Mirvis (1986), the most significant source of conflict in an acquisition is the conflict of cultures that takes place when the leading firm tends to undermine the formal and informal organisation of the acquired firm (Collan and Jani, 2011). This conflict has three major reasons: difference of power between two groups, the leading group’s unidirectional flow of culture and the dynamic resistance to the damage of the culture of the acquired firm (Sales and Mirvis 1984).

Regarding the question of how to apply the changes in the acquired company, some observers support the quick approach, arguing that this will decrease uncertainty for the employees. For instance, according to Buono and Bowditch (1989), the employees who expect change after a merger or acquisition will prefer to accept fundamental changes in the immediate post-event period. Again, according to Shrivastava (1986), integration should be divided into phases for avoiding the shocks related to changes after merger. However, according to Marks and Mirvis (1986, p. 72), while the leading firm’s aim is to proceed fast to fuse their gains, this aggressiveness can cast a negative impact on the employees of the target firm and this can cause the acquirer to lose the advantage. McCann and Gilkey (1988) also give advice against drastic change until the problems of organisational fit are understood better. It is surprising however that Schweiger and Walsh (1990) report about no research that can examine particularly this question.

Effective culture integration can be challenging and long process, which may be another reason why it is assumed of as unmanageable. The idea guiding this section is that
failures to coordinate activity, based on cultural conflict, contribute to the widespread failure of corporate mergers. Furthermore, the likelihood of cultural conflict and coordination failures is underestimated, which explains why firms enter into so many mergers that are doomed in the first place. Efforts to address culture should be based on the recognition that culture is both powerful and implicit, that employees are unlikely to change their cultural beliefs in response to exhortations to adopt new cultural values, and that culture can be rigorously linked to behaviors that affect business value and contribute to achieving post-merger integration objectives.

2.10 Relationship between HR Managers’ Roles and Their Contributions in Mergers

The four key roles of HR managers are best articulated in Ulrich’s HRM model. The strategic partner role, who is our primary focus, is among the key roles that organisations should consider their major focus to enhance it. According to Storey (2008), the HR manager is further charged with the role of ensuring that the employer satisfies the employees’ needs and demands. Ulrich’s model explains how the key roles in HRM can be made efficient, thus increasing organisational productivity. The HRM roles in each firm should always encourage strategic partnering with others, particularly if a partnership would increase cost efficiency (Lawler and Boudreau 2009).

The merging process entails development of two levels of convergence: industrial and cultural. Successful integration of the two leads to enhanced participation of employees as well as enhanced leadership quality. In the merged organisation, there should be sharing of common resources for purposes of cutting the cost of operations. Consequently, the HRM roles should depict the desired skills that would heighten competitiveness of the firm in the industry. This can only be achieved if the HR managers’ roles are included in the strategic planning of the organisation. To this end, the HRM should have strong leadership skills, gain trust from the employees and adequately understand the future needs of the company. Holbeche (2008) argued that the comprehension of future business needs is essential in helping the employees/workforce understand why change is needed in their operation and subsequently will help steer the organisation to the desired change.
The Ulrich model also depicts the employee champion role in which HR managers ensure that they are on good terms with the workforce. The employee champion should listen to employees’ complaints and act accordingly (Ulrich and Brockbank 2005). The HRM also has the role to ensure that employees have the resources needed for them to conduct their duties and comfortable working environments to heighten their productivity. Dubrin (2008) argues that listening to employees encourages and motivates them, thus heightening their commitment to the organisation, which should then be rewarded the organization with high level of sustainable competitive advantages.

Another role is the administrative expert. The HRM should be widely experienced in administrative work and responsibilities. The administrative expert should be capable of diligently administering and monitoring the employees with the utmost ease and friendliness, as well as evaluating the absenteeism of workers. Losey and Ulrich (2008) cautioned that the administrative role should be done in a manner that does not discourage employees. The role should be conducted with the utmost fairness and no discrimination whatsoever. Boroughs (2009) further argues that there should be a good relationship between the management and the employees, and that this is achievable through fair treatment of all the employees.

Additionally, HR managers should be agents of change. This is particularly relevant because of the consistent changes in the business environment. For organisations to remain competitive, they need to keep pace with technological advancement and trends within their line of production. Losey and Ulrich (2008) asserts that organisations need to change to sustain their competitive advantages. The HRM function is thus responsible for helping employees to embrace change as opposed to resisting it. Daft (2008) articulates that the HRM should understand the workforce and plan for change accordingly, with the aim of satisfying both the employer and the employees that ultimately leads to organisational success.

2.10.1 Roadmap to Active Role for HR Managers and HRM function

The concept of the strategic role in HRM can be traced back to the early twentieth century. The welfare of employees formed the basis of the broad concerns that facilitated discussions in the business literature as well as in the course of organisational
management. Prior to the use of the term, *human resource management*, the term, *personnel management*, was used. According to Storey (2001), HRM was popularised and consequently gained much usage from 1981. Best (1990) argued that the basis of HRM was the value given to people who work in a given organisation by the management because they are the key to boosting the company profitability. The emergence of HRM led to the evolution of the research of gurus who gave insight and models that could help understand the field. Among them were Ouchi (1981) with Theory Z and Peters and Waterman (1982) with their book, *In Search of Excellence*. Both approaches emphasised the significance of managing people within an organisation in order to realise the effective growth of the firm. The authors recommended that organisations adapt to unique management skills that suit their needs and avoid imitation from other firms. This was deemed necessary because an increase in business establishments meant that uniqueness was a selling point on its own and would give the establishment a sustainable competitive advantage over others in the industry.

The heightened adoption of previously unforeseen management procedures led to the creation of more departments within firms. This was linked to the different sets of responsibilities as well as the diversity of competency among firms’ employees. To this end, it was determined that HRM department is competent to handle the affairs of all the varied kinds of employees in an organisation. Consequently, the evolution in HRM led to another distinct discipline called *strategic human resource management*. SHRM further motivated management scholars to develop distinct responsibilities and functions of the discipline. The HRM function was linked to line management by Beer et al (1985). Fombrun et al. (1985) associated HRM with the broader aspects of an organisation’s operation, such as organisational culture, motivation, stakeholder analysis, organisational structure and SHRM. It is upon this foundation that SHRM was realised. The justification for linking strategy to HRM was pursued by both academics and practitioners, who drew on constituency-based theory and the rational choice framework. Barney (1991) and Pfeffer (1994, 1988) argued that the conception of HRM based on human skills, knowledge and abilities that could steer organisations to sustainable success was likely to be quickly eroded because of the volatile nature of business environments.
The constituency-based conception details that the adoption of strategic thinking in HRM by both scholars and HR practitioners is intended to secure and further raise awareness of HRM as an independent discipline. In practical terms, this will enable managers to be empowered in that they will be given the opportunity to employ their strategies, thus advancing their role in the organisation (Powell and DiMaggio 1991; Bambergera and Meshoulam 2000). SHRM asserts that HRM plans and strategies should be formulated and further aligned with the greater organisational goals and objectives. The strategies should also be flexible enough to respond to the changing circumstances of the external and internal business environments. HRM is essentially a framework and thus requires interpretation and implementation in business contexts. Proper interpretation yields proper management of business plans and strategies. From this perspective, it becomes clear that the features of SHRM are meant to be integrated and accrued with HRM functions. Additionally, the functions are meant to support the extensive and widespread organisational objectives and help the organisation to remain relevant despite changing business circumstances.

However, studies by Tebbel (2000) and Kramar (1999) contended that the conception and practice of SHRM thus far remained uncorroborated. They further argued that, whereas there had been widespread improvements in regard to aligning HRM processes in organisations, HR managers were still unable to prove their credibility, beneficial contribution and reliability to firms. In other words, HR professionals still had to assert their relevance to businesses and further stamp their authority, especially in steering organisations towards sustainable development. Cusworth and Franks (2003) contributed to this debate by arguing that, thus far, SHRM had remained a contemporary yet evolving discipline that dealt with complex beings in compound firms and business environments. In contrast, Analoui (1999) opined that SHRM coherence with business strategy and performance gave it credibility and reliance and thus called for continued research.

2.10.2 Merger as Change Maker

The preceding sections have frequently mentioned that a potential merger in a firm can provide an interesting foundation for HRM role change. Essentially, the decision to merge is arrived at by two organisations that more often than not have a similar
corporate strategy whereby a merger would yield to faster development, for example, through ease of access to other technologically advanced countries (Marks 1997). To this end, a merger between organisations can be viewed as a tool for transformation because it entails the integration of two previously separate entities to form a new organisation. In such a context, all the departments and functions of a firm are affected by the changes, and the HR manager role is no exception.

The merger process leads to restructuring of the managerial positions because the pre-merger organisations have to act as one entity and thus create a post-merger management team. Accordingly, the HRM integration processes may necessitate appointment of post-merger management in the department. According to Ulrich (1996), HRM can be the change agent and thus can potentially take a lead role in the integration of the new organisation. Conversely, Bjorkman and Soderberg (2006) noted that the HR manager’s role could take a back seat in the integration process and thus simply sort out the new power relations. Nonetheless, whether the HR manager participates in the integration process or not, the merger will affect HR managers’ roles. This is because the HRM practices and routines of the two former organisations are more likely to be different because they were led by different individuals.

According to Marks and Mirvis (2001), the transformation of a post-merger organisation is dependent on the desertion of existing practices in the pre-merger organisation and the development of harmonised practices. Successful change management in the post-merger integration may be inhibited by employees who are resistant to change. Large-scale changes make employees suspicious and thus hinder successful integration. Additionally, a merger process is associated with a negative reputation among employees in that they think downsizing is inevitable. Marks and Mirvis (2001) described some of the mindsets that emerge in the context of a merger whereby differences in conceptions of sellers and buyers may lead to buyers feeling superior and thus inclined to dominate while the sellers are likely to become defensive.

2.10.3 Merger-specific Influencing Factors

In the context of internationalisation, mergers are becoming more widespread. According to Evans et al. (2002), cross-border mergers are being pursued by many
organisations for various reasons, including achievement of competitive size, seizing of more markets, increased market share and the expansion of the brand and distribution channels. Ideally, mergers are also a relatively fast method of responding to globalisation pressures.

The merger process can be divided into three stages. The first is the pre-merger/pre-combination stage, which involves conducting due diligence, bidding negotiations and, finally, signing the deal. The initial stage is sensitive and is generally conducted in secret so it involves very few people. This is followed by the combination phase, which involves the actual integration planning. The last stage of the merger is the post-merger integration/post-combination phase. This entails the actual implementation of the merger and, therefore, it is a lengthy process.

Ideally, the merger process puts the management under scrutiny. This paper argues that, in respect to HRM, the merging process provides a great opportunity to examine how the process transforms HR managers’ roles. Moreover, the merging process provides the opportunity to study how HR managers’ roles can be reformulated to suit the post-merger context.

Antila and Kakkonen (2008) carried out a study examining HR managers’ involvement in a merger with special attention to the factors affecting the managers’ participation in the merger process. This differed from prior studies because Antila and Kakkonen (2008) had concentrated on the factors explaining the roles of HRM in a merger context. In a study conducted by Bjorkman and Soderberg (2006), it was evident that the HR managers’ role was less actively involved in post-merger processes, and this was linked to low expectations by top management of the HR managers’ roles. This in turn explains why the strategic contribution of the HR manager’s role is not involved in the merger process. In addition, the presumption is the HR managers’ role in interior affairs may explain why the HR managers’ role is often not involved in the organisation change process. Consequently, Antila and Kakkonen (2008) disputed the latter argument, arguing that an ordinary interior organisation setting is different in a merger context, especially in light of the demands on HR professionals. In mergers, the role of HR professionals is dependent on the credibility of their competence, experience in previous organisations and capability to prove their significance in the merger process.
This is further supported by the level of trust that the line managers have in their HR professionals.

There are limited studies on the potential effect of a merger on the HRM function and the HR manager’s contribution and role after the merger, such as the studies conducted by Bjorkman and Soderberg (2003, 2006). Some of the merger effects in organisations include sudden growth in turnover and employees affected by the degree of internationalisation. The mergers also lead to restructuring of the merged organisation, and thus a situation of ‘integration and centralisation versus disintegration and decentralisation’. These changes might have an effect on HR managers’ roles. Consequently, the integration process is likely to be affected by the power relations between the two merged parties. The merger can be one between equals, in which both parties have equal rights, or it can be hostile, in which one party may feel superior to the other; therefore, the power relations are dependent on the type of merger. Because the HR manager’s role in influencing the merger processes has not been studied before, this thesis will provide data that may lead to further research.

2.11 Key Practices of HR Managers in Merger Processes

HR managers may be in a unique position to question expectations about the nature of merger and synergies. The HR managers have an opportunity to influence events so that each company comes out ahead. HR managers may be responsible for staffing and rightsizing related issues, assuring that cultural issues do not derail integration; for increasing innovation; for keeping communication going in all directions; and for lessening the impact on those who are “reduced” and on the survivors. Even at the highest level of the company, HR managers can have a role. The new leadership team post-merger will need to work together on a daily basis, despite cultural and personality differences, power issues, and other barriers. HR managers can act as facilitators, and also as coaches to individual executives.
2.11.1 Staffing after the Merger Process

Over the past couple of decades, merger processes have blossomed into an increasingly fundamental strategic choice for many organisations, perhaps because business leaders hold the perception that mergers have the distinctive capability to help invigorate enterprises and to contribute to business restoration (Budhwar et al. 2009). It is a well-known fact that merging can provide organisations with critical tools to achieve and sustain competitive advantage, but only if the process is carried out according to plan (Tanure et al. 2009). Some challenges threaten to derail the realisation of the objectives of the merger process, one of which is the issue of staffing after merging. Organisations are likely to face integration problems if staffing issues are not dealt with effectively before and after the merger process (Rooney 2006).

In nearly all merger processes, the desire to achieve efficiency in the organisation’s processes and operations is a major driving force (Fischer and Rush 2008). Faced with the momentous task of cutting down on cost and eradicating redundancies after merging, business managers must deal with the most challenging decision – the fate of the employees (Rooney 2006). According to Rooney (2006), deciding who stays and who leaves is a challenging duty, not only emotionally, but also strategically, because the organisation’s successes largely rely on making the right decisions and choices about people. Rooney further asserts that ‘relationships, politics, hearsay and emotions often are the driving force behind the decision of which individuals move forward with the new entity and which get left behind’ (2006, p. 11). To make the correct decisions on this important matter, managers must always exercise due diligence in attempting to comprehend future business requirements and the existing expertise and proficiency levels within the two merging establishments (Budhwar et al. 2009).

In deciding who is to stay and who is to go, the leaders should also keenly evaluate the level of fortitude or resilience of existing workers in regard to change, and make decisions on the basis of which employees are better placed to push the organisation’s agenda forward (Rooney 2006). No empty promises should be made to the employees, and the management should always make sure that any decision made to retain or sack employees is communicated formally. It is always fundamental to enlist the services of an integration team to guide the remaining employees through the uncertain times that
are characteristic of merging. Overall, transition and retention plans must be initiated with a view to assisting the management retain key employees (Rooney 2006; Buono and Bowditch 2003).

2.11.2 Downsizing or Rightsizing

In the twenty-first century, organisations have come to terms with the fact that rapid growth; suppleness and efficiency are fundamental if they are to remain competitive in the global economy (Budhwar et al. 2009; Marcus 2006). Indeed, mergers are initiated to achieve just that. According to PSP Metrics (2010), many mergers involve a cutback in the total number of workers in the new organisation to purge redundancy, enhance efficiency and attain economies of scale. This is what is referred to as rightsizing. While these are noble objectives in the process of putting the newly-formed organisation on the right track, consecutive studies reveal that most approaches and strategies ‘to downsizing and rightsizing an organisation after a merger process cut muscle as well as fat from the workforce’ (PSP Metrics, 2010). Malis (1995) asserted that the rightsizing process, although aimed to push the organisation towards its overall objectives, may in fact end up achieving nothing or worsening the situation if effective strategies for downsizing are not handled correctly.

Situations have been witnessed in which capable employees have been displaced through poorly planned and poorly implemented rightsizing strategies, leaving the newly merged organisation at the mercy of marginal employees (PSP Metrics 2010; Zeffane and Mayo 1994). This scenario is mostly witnessed when leaders engage in downsizing based on seniority. To remedy the situation and to ensure that rightsizing achieves its set objectives, leaders must always engage rightsizing strategies that have the capacity to retain key talent (Steve 1996). Specifically, employees must be rated on factors that relate to their capacity to perform and deliver on the job rather than on some extraneous factors such as seniority that are not in any way related to job performance. It is prudent to note that a rightsizing decision made using job-related variables is legally defensible in any court of law in the event of a legal charge filed by an employee for ‘wrongful’ dismissal (Messmer 1993).
2.11.3 Survivor Syndrome

Survival syndrome, if not countered effectively, has the potential to negatively affect business establishments (Budhwar et al. 2009; Pires 2009). In most situations, employees who have been laid off come under the spotlight of media coverage at the expense of those who have been retained. Those who have been retained can nurse feelings that are as negative as those experienced by the laid-off staff. According to Nycz-Conner (2009), ‘the people still standing after a round of lay-offs are shouldering heavy, if less obvious burdens of their own, including an increased workload, decreased morale, and an infectious sense of anxiety’. Such negativity can prevent employees from achieving their full potential in the organisational set-up. It is possible to experience survival syndrome by witnessing job lay-offs at the organisation or just by having the information that your friends or colleagues have been laid off, and therefore, survival syndrome is more psychological than physical (Ahmed et al. 1996).

Survival syndrome is often characterised by the guilt feelings of employees as they ponder why and how they survived the lay-off while their friends and colleagues were not so lucky (Weber 2008). Anger then takes over for these employees, largely due to the treatment of sacked employees and, in part, due to the extra workloads that the remaining employees may have. Finally, anxiety sets in, deeply affecting the morale and performance of employees (Porter 2006). Therefore, the management must come up with the best approach possible when communicating an impending lay-off to employees to prepare them psychologically, emotionally and physically. If need be, the management should enlist the services of counsellors to make sure that employees are successful in dealing with this difficult phase (Xi-Ping et al. 2010).

2.11.4 Cultural Issues in Mergers

Organisations are known to be bound by fully-functional cultural characteristics, as is the case with communities. Companies have their own meanings, perceptions, myths and beliefs based on their specific cultural characteristics (Galpin and Herndon 2007).

According to Buono and Bowditch:

One of the underlying reasons why mergers and acquisitions often fail to achieve the level of operational and financial performance predicted by pre-
combination feasibility studies is the conflicts and tensions that emerge when companies try to combine disparate and frequently dramatically different cultures (2003, p. 134).

It is not surprising therefore that a perceived threat to either one or both of the inherent cultures of the merging organisations may ultimately heighten polarisation or divisions between employees of the different organisations after the merger. This can cause employees to become overly evaluative and critical of what the ‘other’ company is trying to accomplish as if they were operating in two different companies (Roger 2000). This may occasion resistance to set regulations.

It is imperative for business leaders to develop frameworks that will endeavour to integrate the two cultures of the merging organisations into one (Carleton and Lineberry 2004). Special emphasis should be placed on reformulating the organisational cultures of the two establishments because this kind of culture not only influences individual and group behaviour in conventional though subtle ways, but also it is known to be a pervasive and powerful tool for shaping employee behaviour (Buono and Bowditch 2003; Budhwar et al. 2009). Therefore, it is fundamental for the leaders to harmonise the two organisational cultures into one to offer direction to employees and make them more productive and responsive to the performance needs of the new organisation. Failure to integrate the two cultures definitely translates into failure for the merger process because employees will be pulling in separate directions (Galpin and Herndon 2007). Cultural due diligence should be upheld at all times to prevent a culture clash. Otherwise, it might lead to what Hofstede describes: that ‘culture is more often a source of conflict than of synergy. Cultural differences are a nuisance at best and often a disaster’ (2001, p. 318).

2.12 Theoretical and Practical Original Contributions to the Study

This section will discuss what are the main contributions of this study to the field of HRM on two levels, theoretical and practical.
2.12.1 Theoretical Contribution

Theoretical contributions of this study are derived from the uniqueness and importance of the evaluation of the most prominent role of HR managers in a merger, based on the four roles as defined by Ulrich.

Ulrich et al. outline four general roles of HR managers in organisations (1997, p. 2). These roles include championing the rights of employees, creating strategic partnerships, acting as a change agent and propelling expertise in administration of employees (Ulrich & Brockbank 2005, p. 4). For over 15 years, Ulrich’s theory has been the centre of influence for HR development. Nevertheless, it is important to note that there have been major changes in organisations that call for the need to develop and establish more efficient ways and models to utilise these roles. Recent scholars have questioned the validity of the Ulrich model in the contemporary business world (Antila & Kakkonen 2008, p.282). Although Ulrich’s theory has been very influential and widely used in organisations, it is important to investigate and evaluate the roles outlined in the model in order nominate the most prominent ones in variable organisational changes which will enhance the contribution of the model in practice and, at the same time, add value to the theoretical part of the thesis.

This thesis observed that the theoretical part of Ulrich’s model mainly focuses on the major areas of HR functionality such as relationship with employees, organisational development and recruitment. The theory is very categorical on the roles or tasks of HR managers. However, it does not point out that there are inconceivable pressures in organisations occasioned by rapid and mega changes such as mergers; whether these changes were brought about by changes in technology, globalisation or stiff competition. Therefore, organisations have embarked on new methods of assigning roles, forging alliances and formulating structures as well as hierarchies (Ulrich et al. 2007, p. 4). Currently, there is a rapid rate of change taking place within the workforce thereby compelling organisations to alter their functions in regards to human resource management. This explains why there is a critical need to re-examine Ulrich’s model. HR managers’ roles and practices must be modified accordingly in order to help organisations to navigate and adapt to the emerging transitions and challenges.
Caldwell argues that human resource managers should improve their real and perceived values (2003, p. 985). There is a critical need to evolve some of their roles. It is necessary to redefine the HR roles through a practical evaluation of each role prominence in different cases of change to facilitate competitive outcomes owing to the frequent transitions and evolutionary changes taking place in organisations (Whittaker & Marchington 2003, p.246). For example, according to Erasmus, Loedolff & Hammann (2010), due to organisational changes, one of the most prominent roles of an HR manager is to forge business partnerships. The remaining roles may be gradually assigned to other qualified members in an organisation.

The evaluation of the prominence of HR manager various roles in Ulrich’s model will add value to the theory in various ways. To begin with, it will enable the theorist to redefine the roles of HR managers in order to ensure that they are directly connected to the short- and long-term business needs in different cases (Antila 2006, p. 999). This will also ensure that HR managers are directly involved in understanding and developing business plans in a certain cases such as mergers, at the same time, continuing to provide the much-needed support in the workplace.

In addition, it is important to note that the roles expressed in the model are not unique because they cannot apply to all employees in an organisation (Ulrich 1995, p. 13). In practice some HR personnel can hardly be business partners and many others simply cannot. Therefore, evaluating the model will assist in formulating and updating the unique roles of HR managers (Renwick, 2003).

To summarise, Ulrich’s theory on the roles of HR managers is still applicable in most modern organisations. However, this study argues that these roles have continued to evolve since business ideals are changing at a dramatic pace. In other words, the human resources aspect in today businesses has become increasingly competitive.

2.12.2 Practical Contribution

The practical contribution of this study is derived from putting the conceptual framework that has been originated in this study of HR manager’s roles in merger into a real-life practical case study of the merger process. This will illustrate the importance of
‘adding a middle phase’ to Ulrich’s model to create the thesis original model or conceptual framework.

This study’s model or conceptual framework specifies the various roles of HR, defined in Ulrich’s model during the formation of business partnerships such as mergers and acquisitions. In the HR manager’s goal to play the role of a change agent, employee champion, administrative expert, and strategic partnership, it is crucial to incorporate knowledge and skills to perform the HR key practices that are directly related to the merger process, and to further the expertise of professionals who serve in the HR department.

Specification of the HR role is perhaps inappropriate without incorporating assets for implementation of the HR roles as specified in Ulrich’s model. Employees in the HR department, including the chief human resource officer, form some of the essential assets for implementing the policies that are developed to enhance effective change through mergers and acquisitions. Thus, adding an additional phase to Ulrich’s model that describes how the HR role was performed will stress on the fact that stakeholders need to enhance and to ensure the functions that are outlined in Ulrich’s model in its pure form should be effectively lead to organisational change. This enhancement will help the applicability of the model in real-life case study in a variety of organisations. This significance is perhaps crucial upon consideration of some of the mistakes that are made in the perception of the Ulrich model because of the rareness (if any) in the implementation of the Ulrich’s model in real case studies of organisations involved in mergers.

Because the theory does not easily translate into practice, significantly, following a theoretical model may not yield the desired results. This claim does not suggest that Ulrich’s model is ineffective. Rather, although it may have some elements that may not fit well with the specifics of an organisation or a group of organisations, its implementation may also experience challenges akin to management and implementation problems. Thus a considerable amount of work should be paid in order to put the model into practice to be tested and to develop the model accordingly. Ulrich’s model offers a discussion of what many organisations have done to enhance their success since 1990s. The model provides a benchmark for organisations’ HR
managers’ roles. Therefore, the main challenge that organisations have, involves how the model can be improved to increase the capability of the HR manager and the HR department. Improving HR capability means that organisations need to have determined the roles and capabilities of their human resource assets. To this extent, the middle phase becomes important since it provides the platform for organisations to analyse, through selected HR key practices, the nature of the HR role that has been played in the process of change. For example, whether HR roles are active, consultative, or just doer roles. Also it can analyse the necessary changes in the organisations’ HR strategy to ensure Ulrich’s model becomes effective in terms of fostering smooth organisational change through mergers.

In an HR magazine, *Critics of Ulrich model ignore new progress* (2014), Ulrich appreciates the need for continuous modification of his model based on practical case study experiments, in order to suit different organisational needs (Roberts 2014). Responding to his critics, he asserts that any attempt to judge the effectiveness of his model is tantamount to arguing that the cell (mobile) phone and other electronic devices that were built in the 1990s can serve the needs of 2010 users (Roberts 2014). Indeed, Ulrich says, ‘the fundamental question we continue to ask is how HR professionals can add value to a business’ (Roberts 2014). Adding the middle phase in the model as shown in Figure 3.1 may help in adding value to HRM through the evaluation of the HR role and also through the evaluation of the role prominence via key competencies within the HR department that can foster effective implementation of Ulrich’s model.

The evidence that Roberts (2014) presents suggests that there is nothing particularly wrong with Ulrich’s model; however, the model is not normally used in the right manner in terms of specifying practices to evaluate the different roles and in terms of the support and enhancement from the top executives, besides the rareness of using the model during an organisational changes. Roberts further says that many organisations have invested in HR models that are similar to Ulrich’s model. Nonetheless, such investments are not utilised in wise ways. This observation implies that knowledge associates with the HR executives of an organisation is important for successful implementation of any HR model. Indeed, some organisations make a mistake of throwing financial resources at a problem in the form of investment models of success with the hope that such investments will solve a problem.
Although such resources are necessary for the realisation of any change, the resources only need to be spent in strategically-designed change approaches. Strategies reside within employee knowledge bases and talent potentials. As such, the one-size-fit-all approach in the implementation of an unmodified Ulrich’s model constitutes an unsuccessful strategy. It is important for an organisation to evaluate the nature and prominence of the HR role in the formation of mergers as strategic partners in the context of their capability to play various roles such as strategic decision-making, culture management, and business knowledge development. If the capability is non-existent, a subtle way to approach the problems is the evaluation of whether HR has the ability to play a consultative role during the search for possible outsourced knowledge bases.

Employees fear the implication of a merger in terms of their job security. The fears create survival syndrome. Such fear leads to reduced employee performance levels since their worries shift from maintaining their set standards for organisational performance to worries about remaining employed by an organisation. Jerjawi amplifies this position claiming, ‘If employees of merging companies do not have as much fear over the change in the event of merger, productivity is more to likely to stay at previous levels’ (2011, p. 68). Fear among employees is propagated through rumours.

HR plays the role of strategic partnership by detecting and effectively addressing rumours concerning the merging organisation’s decision to lay off employees where work functions seem redundant. To this extent, it is important for HR to play the professional role of a tool (doer) for managing the likely conflicts. This role is also reflected in the functional role of employee champions since HR needs to have the professional capability to help form effective partnerships and/or to help enhance effective personal communication. During the formation of mergers, fear can be associated with office relocations and other physical changes that are required in making the operation of a merger effective. HR needs to constitute a tool for relaying this information to the management of organisations in the effort to seek mechanisms to ensure that the fears do not persist even when the merger is in full operation.

Organisations merge in an attempt to take advantage of the strengths of one another to increase collective performance. To achieve this goal, HR plays the role of selecting the
most talented people from the merging organisations while dismissing the less effective and less innovative persons (Daniel 1999). Having a professional capability to make well-informed decisions on the selection and recruitment process is incredibly important. Organisations that form a merger believe that employing people who have different organisational experiences gives the resulting merger the advantage to develop the capacity to tap into and benefit from a wide range of talents and knowledge bases. This way, a merger is able to innovate and create a wide range of products, which while traded properly, translate into increased profitability. Nevertheless, this situation brings together people who have different cultures.

To resolve cultural conflict, HR needs to have professional capability for creating a common culture by helping employees to understand that different people have different abilities and beliefs. Such differences should not be permitted to influence the way people relate with one another (Ollapally & Bhatnagar 2009). Employees of one organisation should not consider themselves inferior to persons from the other organisation that forms a merger. This observation suggests that staffing for a merger needs to be done based on merit. HR should function as a tool for effective selection. With the right people, policies that are developed in the context of Ulrich’s model become possible to implement with lower chances of failure.

2.12.3 Conclusion

Ulrich’s model proposes that HR plays the functions of a strategic partnership, change agent, administrative expert, and employee champion during the formation of mergers or any other business partnership. However, for an organisation to execute these roles effectively, it is important that HR possess the capabilities in the form of talent potential and knowledge bases to execute their roles.

This paper has suggested that it is important to add a middle phase in Ulrich’s model, which helps to implement Ulrich’s functions of HR during the formation of a merger. In the effort to develop customised approach for enhancing a successful merger, organisations need to evaluate their functionality in the roles that are enumerated by Ulrich in the context of their professional duties and contributions in the merging process.
2.13 Conclusion

In conclusion of the literature review chapter, it is vital to sum up the main critical points that have been discussed.

The role of HRM and HR managers has evolved over the years. HR managers are now held in higher regard than they were in the past. Scholars have shifted their focus from examining the position of HR managers to analyzing the specific roles that they play in an organization. There is a shift from the traditional ‘set-roles’ to ‘extended set-roles’ when it comes to modern HR managers. HRM frameworks dictate the selection of HR managers. On the other hand, HR managers are expected to operate in accordance with certain HR functions irrespective of their professional prominence. There are several frameworks that seek to explain the selection criteria of HR managers in relation to HRM.

For instance, Dave Ulrich’s model specifies that HRM has four distinct roles that touch on the administrative, industrial, innovative, and sophisticated functions of an organization. Another HR model that is known as Storey's model proposes that personnel management can be divided into four roles; change makers, advisers, regulators, and handmaidens. Monk’s HR model outlines four roles of Employee management namely traditional/administrative, traditional/industrial relations, innovative/professional, and innovative/sophisticated. The three major HR models have definite similarities but they are all fundamentally different. Most HR models come under sharp theoretical and practical criticism for not satisfying basic HR frameworks. The validity of any HR model depends on its practical applications. This study was particularly original because it focuses on HR managers’ roles during mergers. Furthermore, the study concentrates on David Ulrich’s four roles of HR to evaluate the role played by HR managers during mergers.

The study is also a positive contribution to HRM because it uses real life case studies to validate Ulrich’s four models. The reasons for using Ulrich’s model in this study are many including the fact that this model has been able to withstand both theoretical and practical criticism. The role of HR managers during mergers starts with their potential
to become change creators in a particular organization. This position gives HR managers justifiable prominence within an organization. There is empirical evidence to indicate that the role of HR managers is constantly changing. However, some stakeholders argue that while HRM has changed over time, the role of HR managers is not in constant change. Nevertheless, there is research that can be used as a guide to the elevated positions that are played by HR managers. Mergers are a good example of the efforts of change makers within an organization. HR managers are listed as some of the factors that influence mergers in an organization. In addition, HR managers are usually at the centre of merger proceedings. The HR manager experiences several challenges in the course of merger proceedings. Some of the most critical stages of a merger include the pre-merger stage and the strategic planning and organization stage.

There are other steps in the course of a merger including the searching, analysis, and offer stages. HR managers’ role in mergers is mostly witnessed during the post-merger integration. In the post merger period, HR managers will actively seek to manage the process by ensuring a smooth procedural, sociocultural, and physical integration. Overall, HR managers work hard to ensure that their organizations are able to initiate successful partnerships with others. Some of the roles that are strategically played by HR managers include staffing the merger process, rightsizing, and managing the effects of mergers in employees.
Chapter 3: Methodology

3.1 Research Question

The central research question is: What is the most prominent role of the HR executive in a merger?

3.2 Propositions

The following propositions, which are based on Ulrich’s study, were developed from the research question to express the conceptual framework of this study. These propositions are derived from the assumption that each role of the HR managers that has been characterized in the conceptual framework is relevant and related to HRM function and the HR managers’ role in the case of merger. Each of these propositions was tested on the merger cases in this study and identified as positive or negative to the HR executives’ roles in the merger process. The positivity of any role has to lead to more enhancement of this specific role in the case of merger, while the negativity of any specific role has to be addressed and assessed to be avoided in the case of merger.

**P1**: The HR manager’s role as strategic partner is positively related to the HRM function in the merger process.

**P2**: The HR manager’s role as change agent is positively related to the HRM function in the merger process.

**P3**: The HR manager’s role as employee champion is positively related to the HRM function in the merger process.

**P4**: The HR manager’s role as administrative expert is positively related to the HRM function in the merger process.
3.3 Original Conceptual Framework

3.3.1 Introduction

The Ulrich’s Model of Human Resource Roles combines different dimensions in order to outline the contemporary roles of HR. The dimensions include strategic partner, administrative expert, change agent and employee champion (Ulrich, Brockbank and Johnson 25). The four dimensions form the basis of my conceptual framework. However, the current conceptual framework as outlined in Figure 3.1 reproduces the original Ulrich’s model by the use of subheadings in each role further to the concentration on truly acting nature of these role that is presented by creating and adding the middle phase to the original model of Dave Ulrich. All these add-ons to the original model of Dave Ulrich were added in order to better serve the aim of this thesis, which are better understanding and better ability to specify practically and logically the most prominent role of HR managers in merger processes.

3.3.2 The Importance of Subheadings in Each Role

As a strategic partner, HR provides internal consultancy on critical issues that relate to a company. Thus, I chose culture management, business knowledge, and strategic decision-making to be the key factors in evaluating to role as strategic partner and testifying its prominence in merger process. On the other hand, the subheadings under the dimension ‘employee champion’ denote the functions of the HRM in enhancing the human resource capital. A study conducted by Adomako, Gasor and Danso established that HR department is tasked with the role of communicating the organizational decisions and expectations to staff (30). As a result, I chose building cohesive teams by enhancing relationships, personal communication, and management of individual development, further to the moral assessment as the key factors in evaluating to role as employees champion and testifying its prominence in merger process.

In any business, administration is a broad dimension in which top management and line managers engage in the organizational process. Tanure noted that the administration tasks vary depending on the department (138). Therefore subheadings such a staffing, performance management, organizational structure and HR technology are important
and were chosen in order to testify the prominence of HR role as administrative expert from those of other roles. HR managers also serve as change agents. In the merger processes, HR managers are actively involved in ensuring that a synergy is achieved specially during radical changes such as mergers (Adomako, Gasor and Danso 30). For that reason, subheading factors such as HR managers involvement in rightsizing, retention of the right talents, cultural shock and the adaption of new practices were chosen to determine the HR managers role as change agent and testify its prominence in mergers.

3.3.3 The Importance of the Middle Phase and Its Subtitles

Merger processes are driven by the aim of gaining sustainable competitive advantage, market access and the response to a revolutionary change in the industry. For the merger processes to succeed, there is the need to conduct due diligence in order to acquire the best fit in the transfer of the strategic capabilities (Thill, Covarrubias and Groblishegg 81). Thus, the middle phase adds value to the original Ulrich’s Model by outlining the nature of the actual role HR have played in ensuring a successful transition.

3.3.3.1 Key Role Player

Being able to act as a key role player is one of the best if not the best situation that the HR manager would aim to be in, during any change in the organization. Such a nature of the HR manager especially in the case of radical change such as merger needs a lot of trust from the top executives and the trust of the employees further to the capabilities, skills and talents that the HR manager has showing in different cases and situations prior to the merger. In such position the HR manager has fully authority and responsibility towards all the critical issues that are related to the human side of the merger, starting from the initiation of communication regarding the wave of changes that the staff have to go through and not ending with the downsizing decision and the synergy of the cultures and talents of both parties in the merger process.
3.3.3.2 Consultative Role

Acting a consultative role requires less authority from the top executives and thus less responsibility for the consequences of certain decisions related to the merge process. On the other hand being able to act a consultative role needs skills, experience, and a reasonable amount of succession stories that would be critical and crucial to serve the aim of the merger. Consultative role has to help in addressing communication, culture, operations, power, and conflict issues. As HR department is considered one of the units used for internal consultation. For example, HR managers can employ management-coaching skills to assist executives to communicate effectively in order to address the cultural, employee and power issues.

3.3.3.3 Tool/Doer

Doer role in its nature is the least authorized role by the top executives, but not necessarily the least responsible for the negative consequence of decisions related to the merger, as in practical examples and real life they would be blamed, as the failure would be backed to the execution of the decisions that have been taken by the top executives and not the basis of making those decisions. Thus, the doer/tool role is believed to be the most unwanted nature of role by HR managers. Doers need to be very talented in communication skills and have clear minds and have passion for small details and reporting.

3.3.4 Conclusion

HR managers play critical roles in the success of any organization. The “conceptual framework” that has been originated in this thesis is developed on the basis of seeing better in specifying the most prominent role of HR managers in the merger process.
A conceptual framework of the study is depicted in Figure 3.1.

3.4 Qualitative Research

According to John W. Creswell (authored numerous articles on mixed methods research, qualitative methodology, and general research design and 12 books):

Qualitative research is an investigative process of understanding based on distinctive methodological traditions of investigation that explore a social or human problem. The researcher builds a complex, holistic image, analysis expressions, reports detailed views of informants and conducts the study in a natural setting (1998, p. 39).

Creswell (2003) and Sarantakos (2005) proposed that qualitative research allows researchers to be on the inside, close to reality. It uses open methods of data collection, such as unstructured and semi-structured interviews and participant observation.
3.5 Case Study Design

A case study is an in-depth, multifaceted analysis of a single social phenomenon using qualitative research methods (Orum et al. 1991). The case study design is also normally employed to increase understanding of a given phenomenon, rather than to test a certain set of variables (Merriam 1998). The case study approach was chosen here because it is predominantly helpful and functional when research is focused on understanding a process (Merriam 1998; Zalan and Lewis 2004). This research implemented a holistic multiple case study approach (Yin 2003), which is reasonable and justified in two ways. First, the research question – What is the most prominent role of HR managers at different stages of the merging process? – is exploratory and descriptive in nature, which supports the use of the case study method. Second, the phenomenon under study has not yet been investigated adequately and it is unstructured so it could not be sufficiently, properly and effectively measured (Bonoma 1985). In terms of a research sample, a case study approach usually relies on one or a few cases. As explained before, this research adopts a multiple case design because it is considered more compelling (Eisenhardt 1991; Yin 2003).

The study was conducted on four multinational corporations. The sample was chosen to include corporations that have their businesses and employees in different countries and because, in recent years, they have expanded their businesses through a merger process. As a specification of such methodology, it attempts to enhance and support identifying common themes, areas of convergence and divergence and to facilitate additional interviews and in-depth case studies on the same area of interest in further studies, as well as to enhance the understanding and refinement of the topic.

Data were collected through semi-structured theme interviews by inviting the interviewees to talk about their experiences and contributions in mergers in which they have been involved. In every company, a total of six HR people were interviewed: the senior manager, the vice-manager of the HR department and the company HR line managers who were involved in the coordination of the merger process. Corporate-level HR managers were chosen because they work with the CEO on strategic decisions when going through the merger process (Jacoby et al. 2005).
The interviews were planned to take from 45 minutes to an hour and a half. The interviews were first tape-recorded and later transcribed and then analysed through NVivo software. NVivo is a computer program for qualitative data analysis that enables the researcher to import and code textual data, edit the text, retrieve, review and recode coded data, search for combinations of words in the text or patterns in the coding and import or export data to other quantitative analysis software. Transcribed interviews were sent back to the respondents as an email attachment to verify the quality of the data. The interviewees were asked to give comments or add to the text wherever necessary. The interview transcripts formed the raw data for the subsequent analysis. In this research, the data analysis began with a comprehensive and detailed reading of the interview reports, section by section, one case at a time, to establish an overall picture of HR involvement in mergers. Then, the data were coded case by case. By coding, the data were given an understandable structure to enable a flow-on to the conclusions (Yin 2003).

3.5.1 Limitations of Case Study Method

One of the main criticisms is that the data collected cannot necessarily be generalized to the wider population. This leads to data being collected over longitudinal case studies not always being relevant or particularly useful.

Case studies are generally on one person, but there also tends to only be one experimenter collecting the data. This can lead to bias in data collection, which can influence results more than in different designs.

It is also very difficult to draw a definite cause/effect from case studies.

However, case study method advantages are still far overweight its disadvantages as the case study method provides an in-depth analysis further to the reflection of the personal experience of the interviewee, which enriches the study with valueless source of data.
3.6 Interview

Qualitative interviews seek to gather collective perceptions or knowledge through multiple participants (Creswell 2003). Such an indirect structure allows themes to emerge because the participants construct their own meanings about the studied case during the interview process (Myers 1997). Further, qualitative interviews encourage the participants to describe the case specifications, draw logical linkages of the events that have occurred, and enrich the research with their experience of the studied phenomenon.

Semi-structured interviews with open-ended questions were used as an appropriate means of investigating and triggering the participants to enrich the research with their knowledge and experiences in order to illustrate the decision-making process and identify the context of the process of decision-making as well.

Semi-structured interview allow a respondent the time and scope to talk about their opinions on a particular subject uses this technique to collect qualitative data. The researcher decides the focus of the interview and there may be areas the researcher is interested in exploring.

The objective is to understand the respondent's point of view rather than make generalisations about behaviour. It uses open-ended questions, some suggested by the researcher (“Tell me about...”) and some arise naturally during the interview (“You said a moment ago...can you tell me more?”).

The researcher tries to build a rapport with the respondent and the interview is like a conversation. Questions are asked when the interviewer feels it is appropriate to ask them. They may be prepared questions or questions that occur to the researcher during the interview. The wording of questions will not necessarily be the same for all respondents.

However it is important to recognize and address other weaknesses this method could be seen to have. Denscombe (2007) discuss research which demonstrates how people
respond differently depending on how they perceive the interviewer, the interviewer effect. “In particular, the sex, the age, and the ethnic origins of the interviewer have a bearing on the amount of information people are willing to divulge and their honesty about what they reveal” (p.184). This problem is very dependent on the nature of the topics being discussed.

Gomm (2004) describes demand characteristics, which is when the interviewee’s responses are influenced by what s/he thinks the situation requires. This is one reason to make clear at the beginning of an interview what the purpose and topics are and seek to put the interviewee at ease. Further, it depends on the skill of the interviewer (the ability to think of questions during the interview, for example) and articulacy of respondent. It is been suggested that semi-structured interviews are not very reliable, difficult to exactly repeat a focused interview. Respondents may be asked different questions (non-standardised). Samples tend to be small. Also the depth of qualitative information may be difficult to analyse (for example, deciding what is and is not relevant). As well, personal nature of interview may make findings difficult to generalise (respondents may effectively be answering different questions). Validity arise another concern as the respondent may not consciously lie but may have imperfect recall. If you were being asked to remember things that happened days, weeks or months ago it's likely that you would actually remember very little about what happened.

The HR managers’ interview guide was as follows:

- Background information about the interviewees
- Interviewee’s experience of mergers
- HRM contributions to the actual merger process
- Prominent key role of HR manager in different stages of merger process
- Expectations for HR managers in mergers
- Knowledge needed for HR managers in the merger process.

3.7 Sample Size

Sampling, as it relates to research, refers to the selection of individuals, groups, and/or units to be studied. Whereas quantitative studies strive for random sampling, qualitative
studies often use *purposeful or criterion-based sampling*, that is, a sample that has the characteristics relevant to the research question(s). For this study, it has been chosen to be the HR managers and executives who where in charge during the merger process in each case.

The difference in sampling strategies between quantitative and qualitative studies is due to the different goals of each research approach. In general, you want to include a variety of types of people in a quantitative study so that it generalizes beyond those in your study. Thus, the goal of quantitative approaches can be stated as, "empirical generalization to many."

Qualitative research, on the other hand, typically starts with a specific group, type of individual, event, or process. The goal of qualitative research can be stated as “*in-depth understanding.*”

When determining sample size for qualitative studies, it is important to remember that there are no hard and fast rules. There are, however, at least two considerations: The first is *what sample size will reach saturation or redundancy?* That is, how large does the sample need to be to allow for the identification of consistent patterns? Some researchers say the size of the sample should be large enough to leave you with “nothing left to learn.” In other words, you might conduct interviews, and after the tenth one, realize that there are no new concepts emerging. That is, the concepts, themes, etc. begin to be redundant. The second consideration is *how large a sample is needed to represent the variation within target population?* That is, how large must a sample be to in order to assess an appropriate amount of diversity or variation that is represented in the population of interest?

### 3.8 Additional Sources of Data

Using multiple sources of data, is generally involved in the case study approach (Yin, 1984). This study allows triangulation of data collection methods. Secondary data, consisting mainly of documents and statistics, supported the interview data in this thesis. Also some newspaper articles, which were based on interviews with HR specialists in
similar cases have been utilised, further to the usage of annual reports, information about company structure and HR structure are included in the data set.

3.9 Usage of Secondary Sources of Data

Secondary data is data that has been collected by individuals or agencies for purposes other than those of the particular undertaken research study. Available secondary data may be entirely appropriate and wholly adequate to draw conclusions and answer the question or solve the problem. Also, it is far easier to collect secondary data than to obtain primary data, for example the time involved in searching secondary sources is much less than that needed to complete primary data collection.

Secondary sources of information can yield a fair accurate data similar to the data obtained through primary research. This is not always true but where a government or international agency has undertaken a large-scale survey.

It should not be forgotten that secondary data could play a substantial role in the exploratory phase of the research when the task at hand is to define the research problem and to generate hypotheses. The assembly and analysis of secondary data almost invariably improves the researcher's understanding of the undertaken case study problem. All this argument should fairly and reasonably deal with the expected limitations of the secondary data, such as measurement error used by the source of the secondary data, source bias, and reliability of the source.

3.10 Data Analysis

The analysis of case study evidence is one of the least developed and most difficult aspects of doing case studies, because there are few fixed formulas or cookbook recipes to follow (Yin, 1984:99). Hence, according to Yin (1984) the analysis depends fundamentally on the researcher’s own style of thinking. The data analysis of this study started as soon as there was some data to analyse, analysing the data has been a long mental process that has followed me in all my doings, more or less actively.
According to Oliver, et, al. (2005). It is commonly argued that the researcher gains a lot of insight and reflects upon the data when transcribing the interviews. Therefore, it is often recommended that the researcher transcribe the interviews himself, as a step in the data analysis process.

To ensure that all relevant data were included in the analysis, the transcripts were systematically dealt with multiple times.

3.11 Making the Data Speak and Reading in between the Lines

In the analysis phase of the study, HR managers’ key practices and functions were categorised in different roles based on my interpretation of the data at my disposal. My judgement of the extent to which the HR managers played a certain role was based on a number of factors that varied from case to case according to the data on the case in question. There was a particular checklist of factors that needed to be identified to place HR managers in a given role and these factors were the key practices discussed in each case and the activities listed in my conceptual framework. There were some common guidelines in each case.

The analysis of the roles of the HR managers was twofold. The first part was to identify the roles, and the second was to examine the existence and applicability of the roles.

First, the HR managers’ activities and practices mentioned by the respondents helped me to form a basic understanding of the kinds of role that might be found. For instance, the administration of HR technical changes and the screening of job descriptions suggested an administrative role, while participation in corporate merger integration planning pointed to a more strategic role. Second, the extent to which the respondents stressed the different activities and practices indicated their perceived importance. Nevertheless, the HR managers’ activities and practices alone did not work as a checklist because the content and aim of a certain activity might vary. For example, management career development in one corporation might be a strategic activity with the HR managers actively involved in the planning phase, whereas, in another, the input of the HR managers might be mostly administrative.
To increase the understanding of the roles played, other elements were added to the analysis, bearing in mind the framework (key role, consultative role, and doer). First, the formal position (whether or not s/he was a member of the top management team) of the HR director was one indication of the roles played by the focal HR managers. Second, the groups of people who reported to the HR director in his/her daily work routine (for example, line managers, top executives, HR staff) added to my understanding of the informal relationships and roles that might be played out. Third, the way in which the HR directors talked about ‘we’ and ‘they’ provided clues about the extent to which the HR managers’ role was considered either a business partner role or just a doer role. Fourth, the ways in which respondents talked about their own reaction to the merger news indicated something about the attitude of the respondents. An HR director arguing that his ‘reaction when the merger took place was to be scared and wait and see what happens’ was considered less proactive than his peer who said that her ‘first task was to get the employees out of their beds in the morning, to motivate them and to make them feel good about their work’. Fifth, the responses from the top management team added to the understanding of the roles that were carried out. Sixth, the influence the HR managers had on decisions and activities taking place in the corporation increased my understanding of HR managers’ roles.

As a final remark, the conclusions that were made about the different HRM functions and the roles of HR personnel were based on different kinds of data in the different case organisations, partly reflecting differences in how the respondents talked about the HR managers’ roles and what the most central issues of the HR managers’ function were.

3.12 Ethical Clearance

According to Sekaran (2003), it is important to inform those who will be interviewed about the actual reason for the research, to avoid undesirable surprises. Moreover, safety of the respondents and trustworthiness is considered most important because the information is considered a part of corporation confidentiality. This makes respondents more comfortable with the research undertaken. Whatever the nature of the data collection technique, self-respect and self-esteem should never be violated.
According to Zakrezewski (2009), meeting the ethical considerations of the respondents will be in line with meeting the University of Western Sydney ethics guidelines. The researcher should consider the following ethical issues while conducting the interview:

- Gain clearance from the human research ethics committee.
- Ensure that every respondent is aware of what the research is about and the benefits to be gained from it. Moreover, sending a brief curriculum vitae or background about the researcher will encourage the respondent to participate.
- Ensure that every respondent has the right to leave the interview at any time once they have agreed to participate in the interview and signed the written form of consent.
- Send a disclosure to the interviewees if they desire it.

### 3.13 Disclaimer

Each respondent received a copy of the disclaimer document prior to their agreement to participate.

- To ensure the privacy of the individuals conducting this research and to comply with privacy laws, no persons or positions have been mentioned by name and no personal details are contained within this document.
- This document was compiled from primary research and other information at the time of writing.
- The information is believed to be accurate; however, no representation or warranty, express or implied, is made by brand management as to its completeness, and it does not make any warranty to correct any information subsequently found to be inaccurate.
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The next two chapters present the HRM functions of the two merger case studies. Due to the confidentiality agreement made with the respondents, the names and positions of the respondents are not revealed; only approximate figures and percentages concerning turnover, employees’ moral assessments and the dates of the mergers are reported.

The description and analysis of the case studies follow a similar structure: (1) background information about the banking sector within the country where the merger took place; (2) the company’s background; (3) a review of the merger case from an HRM perspective; (4) the key practices in each merger; and (5) the applicability of the HRM key roles with specific activities in each merger within the conceptual framework.
Chapter 4: Case Study – Westpac Corporation & St. George Bank (AUS)

4.1 Overview of the Banking Sector of Australia

At present, the banking sector is the main contributor to Australia’s national economy. The impact of the economic downturn in 2008 affected the banking sector had an adverse affect of the banking sector. However, the industry has recovered financial strength and has experienced continuous growth from the fiscal year, 2011.

4.1.1 Current Market

At the time of the global recession which began in November 2008, people were unwilling to take loans due to collapse of the property market, which hindered the progress of the banking industry; however, government policy helped the major players of the banking industry to face their difficult problems and increase income from interest revenue. Avkiran (2007) states that banks were under constant pressure from different factors, such as, interest cuts by the reserve bank and the reduction of interest revenue. Subsequently, the investors and other stakeholders gained their confidence due to taking different initiatives. However, the following figure gives more information regarding profit before tax and provisions of the major four banks.
4.1.2 Competition and Key Players

According to the report by KPMG (2013), the four major banks are dominating the banking sector of Australia by holding 80 per cent of total market share. For example, Westpac held 2 per cent share, Commonwealth Bank of Australia held a 29 per cent share, the ANZ and NAB captured 15 percent share each. The following graph shows the market share of banks in Australia in 2013.
KPMG (2013) stated that this market is less competitive due to the high level of market concentration with the top four banks and that these banks use mergers and acquisitions strategies to increase their market share. For instance, Westpac merged with Bank of Melbourne and ANZ acquired a majority stake in NBN to become a market leader. However, the government has taken few measures to evade further concentration in the banking sector. On the other hand, Edey (2010) reported that major players of this industry have endeavoured to bypass the provisions of the concentration restriction policy.

While the aim of the government is to keep the concentration level in stable position, market researchers estimated that this strategy would remain more than 80 per cent in the coming decade. At the same time, smaller banks in the industry are not able to compete with large four banks for which the smaller institutes are bound to boost their concentration actions while the securing activities diminish; therefore, the number of banks will reduce their constant consolidation activity as these institutes endeavour to secure the market. On the other hand, smaller banks in the industry are struggling to hold their competitive edge because of many external forces. For example, the reduction of the housing sector has affected the net interest margins of the smaller banks. In
addition, the global financial downturn will influence the banking industry as a whole (KPMG 2013).

4.1.3 Market Forecast

The Australian Prudential Regulation Authority reported that the Euro zone crisis would have an adverse effect on the future economy and create a turbulent business environment. Therefore, investors, consumers, and stakeholders would lose their confidence to invest in the property market and other financial sectors (APRA 2013; Brown et al., 2012).

In addition, the researchers expected that the governments in the Euro zone would reach an agreement to find the path to boost revenue of the financial sector, to reduce debt levels and develop economic conditions, and to attain common economic goals. However, the next figure demonstrates the estimation of revenues in the banking sector.

![Figure 4.3: Predicted revenues of Australia Banking Sector from 2010 to 2016](image)

**Figure 4.3: Predicted revenues of Australia Banking Sector from 2010 to 2016**

Source: APRA (2013)

4.1.4 Conclusion

The global financial crisis has left an unfavourable impact both in the commercial and consumer confidence of Australia, where the economy has undergone huge stagnation
of commercial loans and the growth rate of home loans, which fell at a slow rate. However, the enhancement of the economic circumstances in Australia and the introduction of IT infrastructure in the banking sector will definitely kindle augmentation in the economy.

4.2 Merger Case: Westpac Corporation and St. George Bank

The first merger to look at for this study is that of the merger between Westpac Corporation and St. George Bank, which was concluded in 2008. The focus of this merger is the extent of HR managers’ roles and contributions in the merger process.

4.2.1 Westpac Company Profile

Westpac started its trading activities as the Bank of New South Wales in the year 1817. At its inception, the bank operated a single office that was located in Macquarie Place in Sydney. The bank merged in 1982 with the Commercial Bank of Australia after which it rebranded itself as the Westpac Banking Corporation. The bank was later registered as a public company in compliance with the Australian Corporation’s Act of 2001 on 23rd August 2002.

As of March 2010, the Westpac group has an employee list of 37,000 people spread over Australia, New Zealand and around the world. At the same time, it had global assets of $601 billion. The Westpac group ranks among the top five listed companies on the Australian Securities Exchange. The market capitalisation of the bank as at 31st March 2010 was $83 billion. The vision of the company is to be the leading financial services company in Australia and New Zealand. The bank aims to achieve the vision by putting the customer at the centre of all its activities (Westpac 2010).

4.2.2 St. George Bank Company Profile

St. George is subsidiary of the Westpac group. It is a market leader in the retail and business banking. The subsidiary was founded in 1937 as a housing finance institution.
The bank built its reputation as the premier Australian housing institution before it attained full banking status in 1992.

The major strengths of St. George Bank include its record of offering superior credit quality to all its clients over the years it has been in operation, high ratings from the customers indicating high customer satisfaction levels and innovative products and product management (St. George 2010).

4.2.3 Merger Case Introduction

The following description and analysis is built on the data that was collected from six in-depth interviews that were semi-structured. The interviewees were representative of the HR merger team that was appointed by either of the parties in the merger.

The Australian banking industry is marked by numerous banks signing merger contracts. The mergers have worked for the parties involved in the merger in a more direct manner and the different sectors in the banking industry in broad scope. The merger between Westpac and St. George Bank in 2008 was one of the biggest mergers in the industry in the recent years. The staff at both banks benefited from the results of the merger. The scenario surrounding the merger can be best understood from the perspective or the view of the HRM team.

The merger between one of the big four banks and a subsidiary of Westpac was bound to result in some significant changes to the human resource management teams at both banks. Wayne Wilson was appointed as the GM of St. George business. In the aftermath of the merger, BT financial group in Australia made announcements of some of the central appointments such as the appointment of Jan Swinhoe as the GM of Westpac and David Hewitt as the GM of St. George. The appointed officials were charged with the communication of the HRM strategy that was to be implemented in the aftermath of the merger.

The merger did not affect the staff at St. George in a great way. Therefore, John Curtis who was the professional Chairman for the bank for over 21 years was reappointed to the same position by the Westpac Corporation in 2008. Peter Hawkins was also
reappointed as Deputy Chairman of the treasury corporation. Some of the new faces that were introduced into the human resource include Greg Bartlett and Lindsay Maxsted.

Some of the changes made in the human resources management system made it possible for the systems of the two banks to relate and work in the same manner. A member of the HR executives’ merger team stated:

**STGB3 (APPX.3):** Merger is sure that it will be able to organise a business in such a way that provides the company’s ‘moving onto a single general ledger, combining HR systems’ (02/Sep/2013)

There was an observation of the segregation of the duties in the banks that were conducted with the creation of the merger. The staff at Westpac were to deal with some duties while the staff at St. George were to deal with others. The companies still provide the services under their brand names. A member of the HR executives’ merger team mentioned that:

**STGB1 (APPX.3):** It should be noticed that the Westpac decision to give ‘1.31 shares for every St. George share’ has a great positive impact on both banks structure and operations in general, on the HR scale there would be a great enhancement of job enrichment and job enlargement in order to cope with the new work environment. (23/Aug/2013)

The merger enabled the creation of the largest bank by market capitalisation hence the creation of additional working places for the people.

There were some issues that were witnessed as a result of the merger. The main source of the issue on the human resource management was the fact that St. George was a small family-oriented bank. On the other hand, Westpac was deemed to be one of the leaders in the banking industry in Australia. To promote cooperation between the personnel at both banks, a member of the HR executives’ merger team suggested that:

**WPC4 (APPX.3):** ‘Our target is to create mutual benefits from the differentiation in both banks’ target customers, so both banks can add value to their competitive advantage. For example we will adopt St. George’s ‘Spider’ teller system used at St. George bank, HR Express for human resource management and the ‘Firefly’ for CRM platform’. (04/May/2013)

It is crucial to bear in mind that the merger between the two companies not only influenced the financial situation in the companies but also the human resource
management function. St. George was a leading family bank while Westpac was an elite bank. However, the changes in the staff were not radical and the majority of the personnel were retained in their positions after the merger.

4.2.4 Review of St. George Bank and Westpac Corporation Merger from a HR Perspective

The merger between St. George and Westpac Corporation was carried out at the time when the two organisations were capable of posting good performance levels. St. George had been able to create a special niche in the market whereby it was deemed as the leading family bank. Westpac Corporation had managed to establish its position as one of the best performing big four banks. A member of the HR executives’ merger team stated that:

WPC3 (APPX.3): The merger enabled the creation of a bank that could serve the different market segments. It also led to increased demand in the entire market, and much more. This required a considerable amount of work in order to upscale the skills and capabilities of both banks’ staff. (29/Apr/2013)

The high performance of the two banks before the merger led to the creation of two issues that needed to be addressed. Westpac had a comparatively bigger issue in the areas of employee management. The employees in the two organisations worked under new and different rules than those established prior to the merger. The management of the newly-formed bank had to come up with new ways of ensuring that the newly-formed strategies were not only workable but also successful. According to an HR executive in the merger team:

WPC2 (APPX.3): The biggest challenge is on the methods to be used by the management to manage the diversified employees and to manage the varied performance indicators and career development methods. (26/Apr/2013)

The first issue that had to be addressed after the merger was the restructuring of the organisation to accommodate the management approaches applied by the two firms prior to the merger. HR executives’ merger team member said:

WPC3 (APPX.3): It is vital to distinguish how mergers differ from both takeovers and acquisitions. In acquisition, the firm that purchases the other has the overall responsibility of managing the affairs of the new firm and appoints employees in all levels. Things are totally different when we look at a merger. In a merger, both firms have equal powers and rights and therefore operate as
partners who have specified roles. It required an in-depth analysis of the new methods of managing people and workforce planning in both banks and a rational evaluation of the staff capabilities and requirements. (29/Apr/2013)

As identified above, there was a challenge to establish a management structure that would ensure that there was a smooth running of the newly-formed organisation. The main reason was the size of the two merging firms. St. George Bank was smaller than Westpac Corporation. One of the HR executives on the merger team referred to this point as:

**WPC1 (APPX.3):** Westpac had a bigger asset base hence it was only logical that it could take over the management of the overall firm that was created from the merger. This was consistent with the conventional practice whereby the firm with the largest asset base takes over the management of the group since it has more shares in the newly formed firm. (18/Apr/2013)

Gail Kelly who was the original CEO of Westpac before the merger became the CEO of the merged firm. The arrangement between the two banks had some intrigues. For instance, Gail Kelly became the CEO of the newly-formed firm. Before the appointment at Westpac, Kelly was a long time and loyal employee at St. George. She had risen through the ranks at St. George to the CEO position. During her stint as the CEO, she ensured that the bank had risen from a middle-level financial institution to a fully-fledged bank. She later became the CEO at Westpac Corporation for a short time before the merger between the two firms. The chances that Kelly has steered the two firms into merging could have started during her tenure as the CEO of St. George. The other intriguing aspect of the merger was the resignation of Paul Fega upon learning that the two firms intended to merge. He had succeeded Kelly for a few months at St. George before stumbling on the information about the merger. However, the intrigues that rocked the merger did not deter the merged firms from attaining the much-needed growth under the stewardship of Gail Kelly.

The new management for the merged firm faced the challenge of ensuring the once rival employees worked in harmony to attain the much desired productivity based on the new structure of the merged firm. HR executives’ merger team member mentioned that:

**WPC6 (APPX.3):** Some of the employees worked under the rules and guidances of the Westpac Corporation while others worked according to the stipulations of the St. George bank. The management had to address numerous issues pertaining the staff such as staffing after merger, career development,
reward system, cultural issues, the downsizing and survival syndrome that was bound to affect the firm after the merger was concluded. (11/May/2013)

Some issues have to be addressed after the merger of the firms that cover the human relations between the firms. The firms have to deal with the staffing issues since there is a high chance that the employees of the firms will need to be reemployed one again. It is important for the firm to exercise due care in the staffing process to ensure that it retains the right people for the much needed workforce. Rightsizing is also called for in the aftermath of a merger since the organisation has to ensure that it has the right number of employees to carry out its responsibilities and ensure that there is a smooth flow of the newly-designed operations for the firm. For instance, the banks had to let go of one of the consultants in the event that they had hired two consultants prior to the merger. The management at the newly-created firm has to address the issue of the survival syndrome. Finally, the management ought to revisit the cultural issues to ensure that there is conformity between the aspirations of the management and those of the employees. The four identified issues are discussed below in detail. An HR executive team member stated:

**WPC6 (APPX.3):** Ms Gail Kelly who is the CEO of Westpac showed intense concern over the HR people of the amalgamated company during an interview with the Network Group of HR. She said that managers in different departments would show similar bias towards perceptions of human resources. (11/May/2013)

Kelly’s past at St. George made her invaluable in the aftermath of the merger. The cultural capabilities and value of human resources would be instrumental in strengthening the merged company during the first months after the merger. With this in mind, Kelly developed, in cooperation with the HR executive team of the merger, a plan for managing the people aspect within the organisation with the goal of ensuring that the financial aspirations that had driven the merger were achieved in the first place. The plan was particularly keen on the various tools that would be used in the delivery of the human resource management agenda to the employees. HR executive has described this:

**WPC1 (APPX.3):** We opined that the leaders across all business levels had the responsibility of managing their subjects in the right manner to ensure that they were conversant and in agreement with the human resource management policy. The leaders in both organisations had to ensure that they provided their subjects with the training and direction that would make the transition bearable to all the members. (18/Apr/2013)
Both organisations were successful in their own right despite the variations in the organisational culture and various opposing issues among the employees. It was crucial for the newly-formed firm to address the issues of culture and employees in order to attain the much-desired goal of the organisation. The deviations were new challenges that had to be harmonised by the new management. Both organisations had employees performing similar activities. This meant that there was a duplication of roles. There was also an issue of the commitment among the employees to their organisation and the communities that they served. Establishing a balance between the human resource management in the two organisations proved to be a major challenge since it brought unique complexities. The strategies adopted after the merger were mainly cited as sources of the success or failure of the merged firm. An HR executive referred to this:

**WPC5 (APPX.3):** To begin with, the amalgamated management had to resolve the core aspects to generate strong HR professionals that were the enthusiasm and devotion to the principles of Westpac. (09/May/2013)

It was also important for the human resource managers in the banks to understand how the firms in the financial industry made their profits.

The perspective on mergers recommends effectiveness of all tasks undertaken across all the tasks by the employees. There have to be enhanced commitment to the in-progress improvements and valuation of the customers in all the organisational activities. In addition to this, there was a need for the consideration of the future aspirations of the human resource professionals. The future aspirations ought to consider the integration of the varied solutions and services with the goal of fostering the projections made by the organisation. HR executive has described this

**STGB6 (APPX.3):** The merged management also focused on providing HR with augmented strategic advice that would enable them to create enhanced attractions, motivation as well as preservation of competent staff. This would facilitate achievement of goals besides increased ability to face future challenges in the business. (13/Sep/2013)

Professionals in human resource management had to bring on board a broad perspective of the business that will present the organisation with the strength in the management of projects and the adoption of the best practices of benchmarking analysis of the employees and close monitoring the movements of the rivals. The management had to ensure that human resource professionals (as conjunction between the top and bottom of
the organization) of the organisation were not only aware of the vision and mission of the organisation but were in a position of adhering to it and indicating the much needed dedication to attain the vision. The other aspect that the human resource management team was to ensure was that the management was capable of working towards the attainment of the desired output levels while cutting the costs of attaining the targets. The solutions were crucial to the attainment and maintenance of the standards above the current economies of scale. Automation was one of the ways identified for saving the costs of delivering services. Ensuring that the people had the much-needed flexibility at their places of work was also called for since it would add directly to the productivity of the employees. An HR executive has emphasised on:

**WPC3 (APPX.3):** We all worked on maximising the performance of our staff based on the clear vision of the successful merging and its positive outcome on both personal and organisational levels. Furthermore, Westpac applied the strategy of ‘Squashed Tomato’ in order to show new approaches of the organisation on the relationship of stakeholders as link to criticism by the community, assurance of transparency, and the process within the organisation. (29/Apr/2013)

Westpac has given the stakeholders the freshness and positive energy as that of a squashed tomato. A squashed tomato stands for freshness in it and Westpac says that they believe in maintaining relations with their stakeholders as that of a squashed tomato. The internal processes and the stakeholders concerns are taken seriously and are considered as organizations biggest task to be done. The firm has the ethical obligation on it and that is to maintain a healthy approach towards all the concerns of a stakeholders. Westpac has an international recognition for its sustainability strategy and interest preservation of its people. The bank is well known for maintaining and retaining all employees on high standards with supreme motivation and enthusiasm and linking employee recognition with the organizational profitability makes all employees have sense of belongingness towards the firm. Apart from this, customer retention is an equal matter of concern that the firm takes care of. The management of the firm is truly high and perfect as they have extra ordinary capture in the business of the stakeholders who consider themselves as a part of the organization on high motivation levels (Baxter et al, 2012).

The sustainability of the human resources in the current business environment was called for and it was the main priority for the organisation. The sustainability policy has
to cover all the resources including the human resources such that the allocation of resources is conducted in a manner that ensures the highest outcome it attained. The structure of the new organisation was created with sustainability goals in mind. The structure of the merged organisation would be crucial in the creation of value from the conversations and other data collected from all the departments. Westpac regarded the employees as an important part of the business recognising that they are the main source for the sustainability of the organisation. An HR executive stated that:

**STGB3 (APPX.3):** The HR merger team are treasured for their personal contribution that is coupled with outstanding talents and subsequent records of achievements, our ultimate goal was to ensure that we sustain our valuable workforce, and to reassure that any job cut would be our last option. (02/Sep/2013)

The HR merger team applied additional efforts to increase their inherent potential and abilities that would enable them to provide the staff with the appropriate and timely solutions for their workplace.

### 4.2.4.1 Staffing after the Merger

The HR merger team executives stated that it is crucial to have all-inclusive data about the entire idea of staffing at Westpac after the merger takes place.

**STGB1 (APPX.3):** Placing someone who does not comprehend the 'language of change' in the management team is a mistake. He would have been clueless and unproductive. (23/Aug/2013)

The most common driver for a merger is to increase the share of the market controlled by the newly-formed firm. A merger enables individual firms to enjoy the much-needed growth in the course of their activities. The firms have to employ additional workers to carry out the new roles. Westpac Corporation influenced the management policy in a bigger way in the formation stage. However, St. George was still running, hence there was a conflict of interest between the management. The management had to come up with a much-needed twist. The twist in the accord allowed St. George to undertake its operations in Sydney. The management at St. George would be directly responsible for the actions of the employees in the branches within the city. This led to the issue of who was actually the leader in the bank and who would inform general management of the merged firm. The HR executive team of the merger plays a vital role in the creation of
the staffing policies and on the process of the acquisition of new employees. As one HR executive stated:

**WPC5 (APPX.3):** Employees in mergers should draw authority from a sole center of power since this would facilitate pursuit of common objectives of the organisation as described in the vision statement. (09/May/2013)

There was a difficulty in the adoption of a policy that would provide guidance on staffing to the merged firm. The management chose to put St. George in a subordinate position to Westpac taking over the main management of the merger. Specific roles were placed under St. George. Therefore, it was imperative that St. George be subordinate and Westpac be the dominant player. The delegation of some mandate within the jurisdiction of St. George by Westpac made it possible for the retention of the St. George CEO even after the merger had been concluded. Some of the branches were manned by the Westpac while others were exclusively manned by St. George as per the terms laid down in the memorandum. According to an HR executive:

**STGB1 (APPX.3):** This was the section that outlined how the merger operated. In such arrangements, the main firm would exclusively control issues relating to units under the merger. (23/Aug/2013)

All activities that were undertaken by the merger team were directly under the CEO of the Westpac Corporation. The CEO in cooperation with the HR executive merger team was in charge of the hiring policies for the entire merger. The branches that were placed under St. George would be manned by the merger team workers who would be appointed by the retained St. George CEO. The second CEO would be in charge of the determination of the qualifications of each of the employees that would be appointed to the aforementioned units and would only be accountable to the board of directors at St. George. However, the St. George CEO in cooperation with the HR executives in the merger team would have to account to the CEO for any other action taken in units outside the jurisdiction stated by the mandate.

The units that were set aside for St. George Bank would be run by employees appointed by its CEO. This executive officer would consult with the HR executive merger team, determine the qualifications of employees in these branches and have the right to hire or dismiss as appropriate.
**WPC1 (APPX.3):** We were only answerable to the board of directors within St. George. (18/Apr/2013)

An HR executive pointed out another challenge that would emanate from this merger case study.

**WPC1 (APPX.3):** There would be seniority problem in the merger when the two sets of workers got together. (18/Apr/2013)

Arriving at solutions to the problems that affect the top management did not mark the end of the challenges that come with the duty. Instead there were other issues affecting other levels of the HR management process during a merger. The deputy managing director at Westpac could demand his retention in the merged firm. The CEO at St. George may assume that he will be the automatic deputy managing director at the merged firm after stepping down from the top management of one of the merged firms.

The aforementioned issue would demand that there is harmonisation to make sure that both parties feel that justice has been done. There are varied concepts that could have been used to successfully solve the issue. One HR executive has described this:

**STGB6 (APPX.3):** Some suggestions were about releasing all the management people and hiring them through new applications for positions they qualify for based on merit. (13/Sep/2013)

Even though the process based on merit was the most fair, the majority of the employees do not like it. It is, therefore, rarely applied apart from when the situation demands drastic changes to be effected within the newly-formed firm. Another HR executive described an alternative approach, which is more acceptable to employees. He suggested that:

**WPC5 (APPX.3):** The management team to be reappointed in most appropriate way based on both the earlier positions held and the number of workers required in the new firm. (09/May/2013)

The concept seems to be acceptable for the merger under discussion, although it was not affected. A third approach, which was formulated by another HR executive, involves:

**STGB1 (APPX.3):** Adopting the strategy of ‘status quo’ where management from both firms is maintained. However, the two amalgamating units would be under an overall chief officer who exercises full command while other
operational activities are left under the management of particular units. (23/Aug/2013)

He expounded that in this approach the merging firms run semi-independently and only the top management has an association. This was the policy adopted in the merger between Westpac and St. George Bank and explains the reason for retaining the CEO of St. George Bank.

To deal with the complications of staffing, the issue of whether the merger between the two firms was actually a takeover or a merger arose. An HR executive indicated that:

**STGB1 (APPX.3):** The business unit formed was a takeover despite the descriptions given by the founding companies since the venture only reduced the completion by St. George Bank while retaining its independent identity. In addition, five thousand employees in the St. George Bank would be dropped from their jobs in a period of three years. (23/Aug/2013)

According to this executive’s perspective or standpoint, this was indicative of massive inconsistencies with the initial ramifications of the merger – that had envisioned the creation of more jobs from new roles that would come from the merger. However, Westpac Corporation had already laid down a plan to reduce the operational costs through rightsizing its workforce. This plan would lead to a scenario whereby different departments would be seriously understaffed. Consequently, there would be a huge pressure on the retained employees to perform. Westpac sought to cut down on the costs of operation through the reduction of the back office operations.

One HR executive has mentioned this.

**WPC1 (APPX.3):** The logic behind it was to keep business units small so that top management can be able to handle it more efficiently. When a business grows too big, it was split into two units. (18/Apr/2013)

The only way of achieving this goal was through outsourcing the services. These changes would have a negative effect on the quality of services to the customers that had been drawn to the bank by the allure of a long-time relationship.

Proposed staffing policy by Westpac indicated that some of the departments would be merged in the areas whereby the Westpac owned some branches while some branches
owned by St. George would be closed. In such a case, the employees of the shutdown branches would have no option but to move to the departments operated by the Westpac irrespective of how unsuitable it would be for them. Westpac’s dominance in the merger led to the insistence that some of the branches had to be closed and those branches were St. George Bank branches. The dominant firm in the merger indicated that the employees that had left the firm would not be replaced. The consequence of the aforementioned standpoint would be to increase the case of understaffing of the branches under the merger in as much as the savings in payment would enable the merger cut down on the operational costs. One HR executive referred to this.

**STGB1 (APPX.3):** The focus on the centralisation of the operations and cutting down of costs promoted by Westpac meant that no employee regardless of the original firm that he or she worked for could sit and be safe since the position that he or she holds could be easily done away with. (23/Aug/2013)

The newly formed firm had agreed that it would reduce the operational costs by 300 million dollars. This is just but an example of the negative effects of the merger that call for the alignment of the strategies of the merged organisation with those of the dominant firm. Nevertheless, the management at both firms had a goal of attracting and retaining the highly-competitive employees since they would play a vital role in the attaining the goal of the merged firm of being the leading bank in Australia. As a result, the company volunteered to offer the much needed support to the proposed leavers and ensure that they were contented. This move was important since it ensure that the firm moved towards the attainment of an efficient working environment.

Despite this, the management of Westpac Corporation as well as that of St. George Bank aimed to retain and attract highly-competent workers who would enable the realisation of the set objectives and make the merged bank the leading bank in Australia. Therefore, the company strived to offer full support to the employees and make them feel content. Such a move was important because it would ensure that the firm moved to a more efficient environment of operation by having better-performing staff. The following table illustrates staffing commitment strategy of Westpac Corporation.
Table 4.1: Staffing Commitments by Westpac Corporation after Merging with St. George Bank

<table>
<thead>
<tr>
<th>Staffing Commitments by Westpac</th>
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</thead>
<tbody>
<tr>
<td>Completely staffed workplaces</td>
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<tr>
<td>Westpac Corporation is devoted to ensuring that there are sufficient employees in workplaces and will use the most suitable principles of staffing.</td>
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</tbody>
</table>

<table>
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<tr>
<th>Aspects given consideration</th>
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<tbody>
<tr>
<td>The management panel will take into account all significant local aspects, including employee experience, population composition in the market, proper coaching alternatives and business opportunities.</td>
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<tr>
<th>Recruitment</th>
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<tr>
<td>In order to employ competent candidates, the management panel will take all reasonable actions that align with requirements of the business as early as possible. In addition, the authority to select the right candidate to hire within the new rules is bestowed on the CEO. Further, the CEO may decide to rightsize the firms because of the merger.</td>
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<table>
<thead>
<tr>
<th>Easing the pressure in staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>The management panel is required to adopt all reasonable controls in order to monitor the effects of absenteeism, changes in programs, postponement of work and overtime.</td>
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<table>
<thead>
<tr>
<th>Remuneration</th>
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</thead>
<tbody>
<tr>
<td>In line with Arora (2013) and Wilson (2005), Westpac is dedicated to offering satisfactory salaries to the employees.</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Resolving problems concerning staff</th>
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</thead>
<tbody>
<tr>
<td>The employees will be required to communicate problems to the managers to solve dilemmas. The managers will make necessary efforts to ease the situation or report to the top management if there is a need.</td>
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</table>

<table>
<thead>
<tr>
<th>General managers of the local branch</th>
</tr>
</thead>
<tbody>
<tr>
<td>General managers are allowed to transfer different problems to the independent referees for merger and negotiation to obtain advisory information as well as representation.</td>
</tr>
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</table>

<table>
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<tr>
<th>HRM function</th>
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<tbody>
<tr>
<td>Because St. George Bank was retained after the merger, the individual firms will be run semi-independently although under the control of the overall chief officer.</td>
</tr>
</tbody>
</table>

A reflection by an HR executive indicated that:

**STGB4 (APPX.3):** St. George was a separate firm hence was responsible for all activities carried out in running its branches. However, most management policies went to the Westpac Corporation after the two financial institutions merged. (06/Sep/2013)
Despite the creation of a viable solution to deal with the issue of staffing, it was still crucial for the definition of the merged firm that was actually in charge and the way to handle general HR management. The resolution of the staffing issue posed the biggest challenge to the HR departments of each of the previous companies and their staffing approaches. The challenge arose from the new status whereby St. George had become the subsidiary firm for the merged firm. Resolving this challenge will help in attaining the goal of providing the efficient operations, the employees had to work at St. George branches. In addition to this, there were specific duties assigned to St. George staff.

4.2.4.2 Rightsizing after Merger

The initial impression that was informally passed down via the grapevine was that the two firms would still continue with their operations even after the merger. This impression was mainly sustained as far as the St. George brand was concerned.

Additionally, the branches owned by St. George Bank in Sydney would not be closed after the finalisation of the merger in 2008. This resulted in elevated financial performance since employees were still committed. St. George Bank had around 9,000 employees at the time it merged with Westpac. It also had 400 branches distributed all over Australia. It had a strong loyalty from its clients. It had managed to achieve this through its provision of incomparable quality services, the ability of the management to create a distinctive internal culture and an impeccable commitment of employees to the expectations of the community. It also had incomparable brilliance of performance. An HR executive explained the level of knowledge amount staff about the upcoming merger:

**STGB2 (APPX.3):** At the time the merger was formed, 48.6 per cent of the staff had been informed whereas those uninformed were 30.7 per cent. (26/Aug/2013)

The following graph shows the degree of merger team commitment to share information to the staff at Westpac and St. George Bank about the merger procedures.
The first phase of the merger led to the retrenchment of 2,000 employees including top officers at St. George Bank. The retained staff deemed that Westpac had an ulterior motive. They were under constant threats of losing their jobs to downsizing. As a result, the aim of merger was damaged. Employees and communities indicated concerns about ever-present threats of downsizing and the closure of branches. This led to an unstable HR environment. An HR executive referred to this.

**WPC4 (APPX.3):** Westpac downsizing caused closure of jobs from St. George Bank that was related to IT. In addition, IT structures in India were shifted through an IBM outsourcing contract that would enable cost saving although this was detrimental to the IT system established by the company. (04/May/2013)

The next graph illustrating the job insecurity level among employees from each bank.
According to an HR executive’s reflection about job insecurity from the downsizing strategy.

**WPC1 (APPX.3):** By the time Westpac management realised that the adoption of the downsizing strategy and the ensuing panic for survival was wrong, the damage had already happened. (18/Apr/2013)

The merger team stated that the downsizing moves undertaken immediately after merging was ill advised and it indicated that one firm (Westpac) had acquired the other (St. George) and had not merged. The merger team also realised that it was important for them to understand that the age of the employees and the general retention goals were important. Additional assessment indicated that the bulk of the employees were mature and well experienced hence the need to appraise and retain them. Therefore, it was important for the merger team at Westpac to come up with a recruitment drive for knowledgeable employees and retention drive for the experienced ones in both firms.

Rightsizing is inescapable in the current market since there is a need for the firms to compete effectively and attain the required efficiency levels. Due to this aspect, many banks are automating the functions; hence downsizing is unavoidable. Banks are embracing the emerging technologies while cutting down on the need of human input.
Some issues were anticipated after the merger since there was a widespread expectation that the firms will be working under one entity. Since the firms were operating in the same industry, there was a chance that there would also be duplication of roles between the firms. Rightsizing was called for to reduce costs and to improve efficiency in operations. It was crucial for the management to establish whether to increase or reduce the costs of operation. An HR executive noted:

**STGB6 (APPX.3):** The rightsizing process is sensitive in cases of merging hence intelligence is needed among the management panel. This is because each group of employees would want to prove superior over the other. (13/Sep/2013)

Caution should be exercised when rightsizing a workforce, more so in scenarios whereby one of the merging firms will be a major stakeholder in the new firm. During the merger, employees from the subordinate firm may fear and hence require security, unlike those from the major firm, who may deem themselves as superior and hence demand favours. Therefore, the merger team has to come up with ways of balancing the expectations of the two groups such that the employees reattained after rightsizing will feel secure and valued. An HR executive referred to this.

**WPC5 (APPX.3):** We saw a need to have the two amalgamating firms operate semi-independently but it is necessary to note that this action would only be suitable to specific levels. In some situations, it would be important for the top management to develop policies that equitably affect employees regardless of the areas they operate since rightsizing is unavoidable in a merger. (09/May/2013)

The merger team had to identify the duplicated duties after merging and would be forced to release some employees in affected areas. As one HR executive stated:

**STGB1 (APPX.3):** We tried to make the policy we adopted in downsizing to be based on merit for all employees. (23/Aug/2013)

Employees who have recorded good performances in their areas of operation would be retained in similar positions in the merger. Alternatively, they could be redistributed to other departments where they were likely to produce high performances. Employees whose capabilities were below the levels required would be laid off.

In mergers, it is important to consider the legal provisions on retrenchment when carrying out lay-offs. Considerations to be made when retrenching are clearly stated and clarified by the government of Australia. An HR executive explains:
**STGB4 (APPX.3):** The law governing the relationship between worker and employer provides that the responsibilities of the employee be transferred to the new firm in cases of acquisition or merging. (06/Sep/2013)

Therefore, the government demands that the employer appreciates their employees in events of retrenchment via some form of compensation. This is applicable especially when retrenchment comes before the expiry date of the agreed employees contracts. The CEO is responsible to ensure that there are no areas within the new firm where an employee could be redeployed and that, in the event of a lay-off, those employees do not suffer psychologically when their jobs become redundant. The CEO is required to prepare employees psychologically in terms of the lay-off. An HR executive urged that:

**WPC3 (APPX.3):** the retrenchment of employees should first make sure that there are no areas within the firm where employees could be redeployed. (29/Apr/2013)

The management should create employee diversions if possible to motivate the workforce. This is an act of kindness by the top management towards the employees despite the fact that their positions would be made redundant in the new firm.

**4.2.4.3 Survival Syndrome**

The negative effects of the merger led to the faltering of the business at St. George Bank in the second quarter of 2008. The brand also fell by 23 per cent on the stock exchange and new measures had to be put in place to save the situation. Concerned journalists and reporters raised issues related to irrational job-cut decisions that resulted from the merger and to the way the job cuts were carried out. Efforts were made from top executives to treat St. George as a separate entity and regain the brand, while the HR executives at St. George focused on the employees that had made major contributions to the bank over the time that they had worked there. An HR executive referred to this.

**STGB2 (APPX.3):** Westpac had planned to cut 2,000 jobs in the merger during the first phase of rightsizing. This would affect the departments of information technology and back-office operations with the aim of decreasing duplication resulting from the merger. It has been noted that the effect in terms of satisfaction of employees within St. George had increased prior to the merger, for example, from 48 per cent in 2002 to 75 per cent in 2007. During the merger it fell to approximate 43 per cent. (26/Aug/2013)
Prior to the merger, St. George’s HR management strategies and industry practices enabled the attainment of high satisfaction levels among employees and also enabled the increase in the retention levels of employees. The final quarter after the merger saw a sharp decline in the retention and job satisfaction due to the merger. The following chart is showing the drop in job satisfaction during merger of both banks.

![Staff Satisfaction Level (Westpac–St. George)](chart)

**Figure 4.6: Staff Satisfaction Level (Westpac–St. George)**

Source: Adapted from information received in interviews conducted for this study

It is noted from the above-mentioned graph that St. George staff had a greater decrease in job satisfaction after the merger and that the reason was that the perception was that Westpac was the senior firm and St. George the firm being taken over.

To deal with the issue of the survival syndrome, it was imperative for the top executives and merger team at Westpac and St. George to factor in the effects of rightsizing, the issues of job security, how new strategies would be implemented, adverse implications on employee performance, dedication towards staff and the pyramid of employee desires. This would enable the firm to attain its goals within a shorter period. According to an HR executive’s reflection:

**WPC2 (APPX.3):** employees who remain after retrenchment [lay-offs] develop a feeling of fear. They would feel insecure in their jobs and this has a negative impact on individual performance as well as that of the firm at large. (26/Apr/2013)
This is what is known as the survival syndrome that is usually experienced by employees who survive retrenchment. According to Drake and Salter (2007), employees have a hierarchy of needs as it is shown in Figure 4.7.

![Employee Hierarchy of Needs](image)

**Figure 4.7: Employee Hierarchy of Needs**

Source: Drake and Salter (2007, p. 1985)

The needs of employees depend on the stage of development in their careers and the time spent in the organisation. When employees become more entrenched in an organisation, their needs increase, as indicated in the hierarchy in Figure 4.7. If people are unemployed, they mainly focus on the first tier and hope only to get a place to work. They give little consideration to the environment in the workplace or even the remuneration they would receive. Their needs become more explicit the higher up the ladder they go after obtaining the job. Such employees need to attain contracts with the organisation after which they would ask for increased pay.

Once the employees have secured employment at the organisation, the other needs set in. Employees’ needs have to be satisfied in the order indicated in Figure 4.7 since one cannot proceed to the next level unless he or she has satisfied the lower level needs. According to an HR executive:
Most firms are attracted to employees who are in the third category and above. (26/Aug/2013)

In the third category, the emphasis shifts from basic individual needs to the needs of the organisation whereby the employees have to ensure that their organisations compete effectively with their rivals. The employee who has attained this level is very important to the firm since they are always poised to help attain good results for the firm. The employees at this level are capable of improving the performance of the organisation. The top two levels are best suited as the leaders in the organisation. Kelly, the CEO of Westpac, needed to come up with solutions and employ new strategies to problems arising from the merger to ensure that the company objectives were achieved in the shortest possible time. Survival syndrome at the top two levels of the organization is a serious problem as the motivation of these people is critical to the continuing performance and growth of the business. Being mindful of the retrenchment process, they may become fixated on surviving future retrenchments rather than performance goals. According to an HR executive:

**STGB2 (APPX.3):** Employees who are retained after retrenchment tend to be proud of themselves since they are more beneficial than their colleagues. Their mindset is then set on how to survive another retrenchment process. (26/Aug/2013)

This can lead to a tendency to be withdrawn from the business and have low morale. This effectively lowers their needs in the hierarchy to focusing on protecting their job and income. The people that need cooperation and teamwork during the working environment seek to lower the needs in the pyramid to the last rung. The end result of survival syndrome can be that employees at any level in the hierarchy no longer focus on how they can work towards attaining the goals of the organization but to look for employment opportunities elsewhere before they can be retrenched.

The end result is positive, but mergers can have a great effect on the company’s activities. After Westpac Corporation and St. George merged they formed a new company, as one HR executive referred to the changing workforce after the merger:

**WPC6 (APPX.3):** We had to change our labour force. Allocating who will work where and who will not work anymore to do this other workers were reduced while to some it was the end of working at the company. (11/May/2013)
The HRM merger team needed to focus on the reduction of employee turnover and retention of trusted, competent employees rather than worrying about the rewards associated with the retrenched employees. The act that the workers were the same before the merger leads to the development of massive insecurity. The employees felt that there was no reason to work for the company since they did not see any good future prospects. As a result, important workers may have decided to leave the company for a job at a rival company. If the HRM team does not work on employee retention, it may bring many disadvantages to the company. According to an HR executive:

**STGB2 (APPX.3):** The workers are likely to be disappointed due to their fellows being fired. Their commitments reduce because they want to show unity with the fired and because they feel that their jobs are at risk, they realise that they can lose their employment any time too. The tension/uncertainty among the workers can affect the company greatly. (13/Sep/2013)

Therefore, this is a serious issue that must be addressed as soon as it comes up. It is the role of the HR manager to ensure that there is satisfaction of employees by affirming employees’ needs after rightsizing.

### 4.2.4.4 Cultural Issues and Differences between Westpac Corporation–St. George Bank

The organisational cultures at Westpac and St. George Bank were to a large extent alike before the merger. Both cultures were built on vital issues such as building of high performance, valuing employees, understanding the need for teamwork, the importance of respect for the diversity of staff, acceptance of change and promotion of the organisational goals to accomplish all the tasks. After the merger, the management team aimed to continue to provide employees with the same respect and ensure equal opportunities across their diverse workforce. One HR executive mentioned:

**WPC2 (APPX.3):** For example, more than 12 per cent of the company’s employees constitute people with disability while 30 per cent of its board members are women. (26/Apr/2013)

Despite this fact, differences in both companies’ cultures still existed, so the process of making a successful adaption to the new-developed culture was considered to be one of the biggest challenges for the merger team. This which sets up the quote about people not being informed about the merger or resisting the merger. A report to the merger team in 2010 indicated that:
STGB5 (APPX.3): Out of the existing 400 employees at one of St. George Bank major branches before the organisation merged with the Westpac Corporation, 30 per cent were oblivious of the merger. Additionally, 41 per cent of the employees had negative attitudes towards the merger while 29 per cent failed to adapt to the newly-developed culture. (09/Sep/2013)

The following graph illustrates the percentages of failing to adapt to new culture, negative attitude, and being obvious to merger in each bank.

![Bar chart showing percentages of employees failing to adapt to new culture, negative attitude, and being obvious to merger in each bank.

Figure 4.8: Adaptation, Attitude and Ambiguity about the Merger

Source: Adapted from information received in interviews conducted for this study

According to this report, a significant number of employees of both banks were unaware of the merger, and a greater percentage were concerned about the initial stages of the process. The report further indicates that 30 per cent of employees at St. George Bank were aware of their new roles and posted astonishing performance in their new environment. According to an HR executive:

STGB5 (APPX.3): During this time, the bank merger team strived to put in place a staff communication program with the intent of using the existing communication system in order to be proactive with employees, broaden the connection with the mother company and observe the employees’ behaviour, improve timelessness and consistency of business processes and integrate online and face-to-face communication among other things. (09/Sep/2013)
After the merger, the company's HR team provided positive feedback on the organisational culture, irrespective of the fact that the mission, vision and values of the two companies were totally different.

4.2.5 Applicability of the Human Resource Managers’ Roles in the Conceptual Framework

The description and analysis of the applicability of HRM roles in the conceptual framework presented in this section is based solely on data retrieved from six in-depth semi-structured interviews. The interview respondents represented the HR executive merger team, which was appointed by both the merging firms.

4.2.5.1 HR as Strategic Partner Role

The merger between the Westpac Corporation and St. George Bank was a timely move that helped the merged firm to become stronger in this competitive industry. According to an HR executive:

**WPC6 (APPX.3):** As strategic partner role, I believe that having HR as a part of the strategic planning team has made us stronger in the Australian market. (11/May/2013)

The service delivery to customers has improved because customers of the two banks can now be served at various branches. This means that a customer who had an account with St. George Bank can now be served at a branch of Westpac all over the country. Although some have argued that such mergers may affect the competitive environment, the current operational strategies that have been applied show that they appreciate the competitive environment. When the merger took place in 2008, the two banks were under a lot of pressure to maintain superior service delivery despite the prevailing economic crisis that was affecting the world. The consumer confidence was at its lowest, and shares of the newly formed firm were performing poorly in the market. Figure 4.9 shows consumer confidence at Westpac Corporation before and after the merger. As a strategic partner, the main concern was about the confidence level that the consumers have towards this firm.
In the early and mid-1990s, the consumer confidence levels were high enough. However, the levels dropped with the increase in competition. By 2008, it had reached a record low even though this was not solely attributed to competition but the recession.

Following the merger of Westpac and St. George Bank, the merged firm experienced a consistent rise in the consumer confidence levels. This clearly indicates that the merger affected the performance in a positive manner. Two of the most important and difficult concerns were on the management of the turnover rate and the commitment level of the employees. An HR executive stated:

**WPC6 (APPX.3):** During the merger, we burned the midnight oil discussing human resources issues. We tried to come up with new procedures, for instance, for goal setting, incentive schemes, bonus schemes, and we discussed the incentive schemes systematically on an annual basis. When I look back, we discusses HR issues more frequently now than previously. This is a good thing. (11/May/2013)

The chart below shows how the commitment level dropped (particularly for St. George as they are the lesser entity in the deal) in the year of the merger due to the high uncertainty level about what might happen next.

![Figure 4.9: Westpac Consumer Confidence Index](chart.png)

Source: Adapted from information received in interviews conducted for this study.
These tasks made up a huge part of the process of due diligence in the merger because they were important indicators of the succession factors for the merger, especially in the instances of lay-offs and job relocations. The chart below illustrates how the turnover rate jumped (particularly at St. George Bank) in the year of merger due to the fear of being the next victim of the job cuts.

**Figure 4.10: Employees commitment levels**

Source: Adapted from information received in interviews conducted for this study
4.2.5.1.1 Decision Making

As strategic partner, the issue of decision making has become more complex following the merger. At St. George Bank, they had a management structure that was a little different from the one at Westpac Corporation. It has been noted that since the merger, most of the strategic decisions are made from the headquarters of Westpac Corporation, and then communicated to St. George Bank. This was challenging because the St. George Bank team were used to making their own strategic decisions based on their analysis of the environment. According to an HR executive:

**STGB3 (APPX.3):** The first order of business was deciding what human resources’ role would be the most effective, and determining the model best suited for this role. A decentralised model was chosen where the human resources team provided management with support, consultancy, and necessary tools to achieve corporate goals and objectives. (02/Sep/2013)

It is a fact that in making these strategic decisions, all related affected staff were always represented. However, the truth is that St. George Bank is a minor partner, and they were always treated as such during the decision-making process. This means that they can only influence the decision-making process, but the final decision is always made by the top management unit at Westpac.
It is important to note that although the process of decision-making has become complex due to the increased population, thus, the relationship between the executives of the two firms has been through tough times. There is respect between the strategic partners and the management embraces flexibility. In areas where St. George Bank is dominant, it is allowed to make its own decisions that are relevant to the environment in that particular location. On the other hand, the management team at Westpac is also allowed some window to make its own decisions about what it feels is relevant to its market. However, the essential objective was always to make sure that their decisions do not contradict the strategic objectives of this organisation. The following table identifies decisions that should be made at the branch level and those that should be made by the top management unit.

<table>
<thead>
<tr>
<th>Activity/Decision</th>
<th>Decision-Making Unit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment of managers</td>
<td>Top management</td>
</tr>
<tr>
<td>Developing strategic plans</td>
<td>Top management</td>
</tr>
<tr>
<td>Hiring part-time labourers</td>
<td>Local management</td>
</tr>
<tr>
<td>Operational decisions</td>
<td>Local management</td>
</tr>
</tbody>
</table>

4.2.5.1.2 Business Knowledge

In the current competitive market, business knowledge is one of the most important weapons that HR executives can use to improve their strategic role in the organisation. The merger between Westpac Corporation and St. George Bank has improved business knowledge in the merger team and in the newly-formed firm. The skills and talents of employees and top management of the two firms have been brought together through the merger. After the merger is a critical time to make sure the manner in which weaknesses of the two firms are addressed in this strategic partnership of HR role. HR executive referred to:

**STGB1 (APPX.3):** What made the merger succeed? There was a highly-structured integration process. There was comprehensive monitoring and documentation of the process. A navigating group was set up and subprojects were created in order to ensure that synergies were protected. Human resources management was among the subprojects created. In the field of human resources, there was little synergy to be acquired but we worked as one
human resources group composed of HR managers from all the branches involved in the merger. (23/Aug/2013)

What contributed even more to the success of the merger was the fact that the two partners could recognise their weaknesses, allowing the other partner to come in address them as would be appropriate. This boosted the prosperity of the unified firm.

4.2.5.2 Change Agent

HR executives can be effective change agents following any merger as change is inevitable when two firms combine. This was no exception for the merger of Westpac Corporation and St. George Bank. As change agents, HR executives need to be fully aware that sometimes change can be resisted by the stakeholders, especially if they feel that the changes may victimise them. However, stakeholders may have no other choice but to accept some of the fundamental changes that accompany such mergers. Some of the fundamental issues that need to be addressed include the following.

4.2.5.2.1 Cultural Shock

Some would prefer calling it a cultural change, but the fact is that there will be a cultural shift from what was practiced before in the two firms. The organisational culture that was practiced in the two firms will have to be blended in order to come up with a new culture that will be acceptable to the two sets of employees. The importance of delivering the right message about the new culture is explained by an HR executive.

STGB5 (APPX.3): I have worked through much organisational integration in the past and I must say that communicating the message is the single most important thing. Why? People are on their toes and anxious about what’s going to happen to them as a result of the integration. Thus, communication must be truthful and quick. If we are unable to do this, it will create disorganisation and demoralisation. You are talking about merging two or more companies and combining the culture from those companies. Failing to communicate promptly and clearly to employees in the course of integration is not something an organisation can afford. (09/Sep/2013)

This cultural shift will have to include a consultative forum whereby the two merging firms identify a new organisational culture that will be effective in the new environment. Employee mood in both firms was shifting between positive and negative as shown in
the below chart. The fluctuations in employee mood were mainly derived from rumours spread about changes in the work environment and in the norms, behaviours, and the organisational culture.

**Figure 4.12: Employees’ Negative Mood Indicator (Westpac–St. George)**

Source: Adapted from information received in interviews conducted for this study

4.2.5.2.2 Rightsizing

Another aspect that has to be noted after a merger which is directly related the role of change agent is rightsizing or downsizing. Due to the merger, some tasks will be duplicated. This meant that from the top management level to operative management, it is critical to note the repetitive tasks and merge them into a single task that was to be addressed by the individual or group. In the process, some of the employees could the redeployed to perform other roles within the firm. HR executive illustrates:

**WPC1 (APPX.3):** What’s the difference between dumbsize and rightsizing? Suppose you have an HR function made up of 10 people and another one also made up of 10 people. When you dumb size, you just slash the number of employees. When you right size, you identify those that do not possess the necessary qualifications or skills. (18/Apr/2013)

Employees that can not be redeployed to other tasks may have to be laid off in order to improve the efficiency and reduce the costs of providing labour.
4.2.5.2.3 Adapting to New Practices

Some new practices will have to be implemented in this new arrangement. As a change agent, it is crucial to appreciate the relevance of redefining a new path that should be taken in this larger firm. Some of the new practices that must be embraced include consultative decision making, tolerance to diversity, and a high degree of flexibility. Flexibility is important because the firm will be exposed to greater environmental dynamics than what the two firms had experienced before when they operated independently. Worrying about flexibility, awards system, and workload created a big question mark about the HR executives’ ways of dealing with all these critical issues in the radical changes that both companies will go through. Adaptability percentages in both banks are illustrated in the below chart.

![Adaptability of New Practices](image)

**Figure 4.13: Adaptability among employees (Westpac–St. George)**

Source: Adapted from information received in interviews conducted for this study

4.2.5.3 Employee Champion

Employees are the most important assets in any organisation. As the employees’ champion, the main concern stated by HR executives was about the activities that have taken place in the new firm since the merger of Westpac Corporation and St. George Bank. When it was announced that Westpac Corporation was going to acquire St. George Bank, it was noted that the employees were full of anticipation for a good future.
They believed that employment opportunities would be expanded at the new firm. They also expected better remuneration following expansion of the firm in the market. One HR executive mentioned this.

**STGB6 (APPX.3):** Yes, we are pro-employees and this is the pillar of our human resource strategy. This strategy supported the company strategy and a big facet of this was compensation and benefits. The human resource strategy deals with how we ensure that we reward appropriately and beneficially and how reward can influence good and efficient behaviour. Our compensation and benefits person designed integrated structures of the compensation system and resolved issues and questions related to insurance and pension schemes as well. (13/Sep/2013)

Despite the attempts to create a strategy for HR to be the employees’ champion, the benefits that employees expected are not forthcoming. HR executives were worried that the path taken by the management was not in any way meant to improve the working environment. The firm has focused more on making profits than on taking care of its employees.

4.2.5.3.1 Personal Communications

The motivation of employees rarely comes solely from increased material benefits. The way in which the management handles employee expectations is an important role in the improvement of staff morale. Communication is one of the most important factors that the management should consider when dealing with employees. During and after a merger, employees contact HR regularly as one executive noted.

**STGB2 (APPX.3):** Someone knocks on my door with an issue that needs my attention every 20 minutes. (26/Aug/2013)

The chart below shows the level of communication and sharing information in both banks.
Several cases had been reported where top management ignore communication from junior employees. It is true that the firm has developed open communication policies that enable employees to communicate with their employers freely without unnecessary protocols. However, this still remains a policy in paper several years after it was developed. Communication was still rigidly structured where an employee is forced to communicate his or her message to an immediate supervisor. The supervisor has the liberty to ignore the information or twist it as he or she pleases before passing it to a higher authority. Such information rarely reaches the policy makers, but if it does, it will be too distorted to address the issue of the originator. HR executives felt that this should not be the case. Personal communication should be improved based on the policies that were passed. Open communication is depicted in the following figure.
4.2.5.3.2 Managing Development

Employees of the firm were pleased about the developments that have been taking place since the merger with St. George Bank in 2008. It has been a pleasant experience to see how the new firm had regained consumer confidence that was lost some time back. However, these developments have not been reflected in numbers, or the way that the employees were treated. As the employees’ champions, HR executives were pleased with the developments taking place in the firm because they knew that the benefits of development will trickle down to employees. An HR executive explains the importance.

STGB6 (APPX.3): An HR activity that became prominent during the merger was human resources planning. This includes identification of managerial potential, management training and development, and succession planning. We wanted to systematise the guidelines on performance appraisal and goal setting. (13/Sep/2013)

However, this has not been the case if recent cases of retrenchment are to be taken into consideration. An HR executive of this firm for the last few years has noticed that the recent acquisition has been of minimal benefit to employees. Figure 4.16 shows the number of employees on 31st December from 2006 through to 2010 at St. George Bank.

![Figure 4.16: Employee Numbers (St. George Bank)](image)

This figure shows that between 2008 to 2009, St. George has laid off 550 employees, 400 domestic employees and 150 offshore employees. This is not what was expected. If
the new firm wanted development benefits to trickle down to employees, it appears that this did not happen as anticipated.

4.2.5.3.3 Moral Assessment

Even though HR managers are considered to be champions of employees, one Westpac HR executive strongly believed that mergers are always counterproductive to the employees. He observed that when two firms are merged, what follows is a series of retrenchments in what the management refers to as downsizing or rightsizing. He did not see the moral sense in mergers and acquisitions because it reduces healthy competition in the market. HR executive stated:

**WPC2 (APPX.3):** There isn’t really such a thing as a merger of equals. When two companies merge, there is always a dominant party – usually the more profitable one. Hence, the management group that emerges are filled with managers with the best portfolio in terms of profitability too. (26/Apr/2013)

There was a belief that firms should be left to compete in a fair environment as a way of promoting growth, the rates of employment and quality of service delivery. Mergers and acquisitions might be considered as an immoral and cowardly way of dealing with a competitive environment in sense of trying to monopolise the market. The chart below illustrates how the employees considered the merger in terms of ethical decision making.

In the below graph, it can be noted that not the vast majority of the staff in both firms were feeling that the decisions that were made are consistent with the firm values and ethical business conduct.
4.2.5.4 Administrative Expert

In the time of merger, HR has to effectively play the role of an administrative expert, which burdened with the responsibility to look after the day-to-day operational HR and the due diligence.

This role “requires that HR professionals design and deliver efficient HR processes for staffing, training, appraising, rewarding, promoting, and otherwise managing the flow of employees through the organization.” HR professionals ensure that these processes are both efficient and optimized as well as continuously track, monitor and improve on these basic processes to give credibility to its own existence.

One HR executive stated:

**WPC4 (APPX.3):** In the human resource function, there is always an administrative function that we need to be extremely effective at. We are in charge of payroll, IT services, human resources reporting, and we also have a team that deals solely with client relationships. We extend and offer tools and supports to client organisations. We also have legal counsel that client organisations can consult on legal matters, and industrial relations issues. All this we do because HR ultimately deals with how to improve the well being and safety of employees and client organisations. (04/May/2013)
To make the operations of the firm efficient, the management has to address a number of issues. Following are some of the issues that the management should address.

4.2.5.4.1 Staffing

Staffing is one of the most important issues that has to be taken into consideration after the merger. As administrative experts, HR executives have been championing for a reasonable reduction of the number of employees of this firm. After the merger of the two banks, independent research was commissioned in 2009 to monitor the efficiency of employees. The report recommended a reduction of domestic and offshore employees by one per cent. HR executives informed the top management of this, but management was reluctant to implement the reduction fearing a possible negative reaction from employees, shareholders and the public. The management was more concerned about its image than the efficiency of the employees. One HR executive stated:

**WPC1 (APPX.3):** I have six people under my team – we work with salaries, insurance, pensions, human resources management and administration. In HR management, we are tasked with supporting the CEO and top management in designing structure, creating processes and tools that support managers. We also deal with salary revisions, rehab, sickness leave, company cars, corporate health care, and other employee benefits. (18/Apr/2013)

It took three years to convince the management of the benefits of a leaner workforce. In 2012, domestic employees were reduced by one per cent and the offshore workforce was also reduced by one per cent.
The figure above shows the percentage reduction in the number of employees in the year 2012 based on the recommendations have been made by HR executives.

4.2.5.4.2 Performance Management

The performance of the management of the merger firms has been convincing over the six years since the merger between Westpac Corporation and St. George Bank. One factor that has improved efficiency of the firm’s performance is the flexible approach that the merger team has embraced. An HR executive referred to this approach.

**STGB3 (APPX.3):** We need to be able to demonstrate that we have efficient tools and processes so that top management can be convinced of their advantages. This must be done even if using these tools and implementing these processes are uncertain at that time. (02/Sep/2013)

Human resources management at the local level is based on prevailing environmental conditions, as long as they are in line with the strategic goals of the firm. The chart below illustrates the performance indication in both banks.
4.2.5.4.3 Structuring

When the two firms were merged, it was imperative that there was a need to change the management structure and other positions that had been handled differently prior to the merger. One of the issues that faced management was how to restructure some of the positions to avoid duplication of tasks. As an HR executive explained:

**STGB1 (APPX.3):** Structuring in the merger process is a natural part of human resource management. Personnel are transferred to different departments or new organisations entirely. Employees need to be briefed and informed of these changes. Human resources need to apprise employees of these changes. (23/Aug/2013)

It took a long time to restructure the finance and HR departments. However, they have since been harmonised, and the efficiency level has improved as well as the engagement levels for most of the positions, where the levels of staff engagement and efficiency were a questioning points. The chart below explains the staff engagement level in both banks.
4.2.5.4.4 HR Technology

The HR team for the merger embraced the use of technology as a way of improving efficiency of the workforce. HR executive stated:

**WPC4 (APPX.3):** The market is ripe for HR technology. Companies are expected to spend an upwards of $13 billion in 2014. In short, it’s a great time to work, invest, consult, or write about HR Tech. Our industry, specifically recruiting, talent management, and human capital when it comes to technology is a complicated and exciting place. (04/May/2013)

Although HR executives have had a problem with the representatives of the employees over the use of technology, they have finally come to appreciate that technology cannot be ignored if the firm is to maintain a high level of efficiency. HR executives have increased the number of automated teller machines to improve efficiency.
4.2.6 Conclusion

When organisations merge, they cannot sidestep cultural problems. Westpac had been self-governing using a different set-up from St. George Bank. It is the normal strategy of every company to create its own code of conduct. These codes help in establishing the company principles. Westpac Corporation’s culture was not similar to that of St. George Bank. For instance, the code of conduct that is set at St. George Bank differs from that of Westpac. However, because the two corporations became one, their employees had to join together their different traditions, regardless of how hard it may have seemed to be.

Although there is an opportunity for the different companies to work together, it is a hard task to merge different cultures for a common good. Companies might be within the same industry, but hold totally different goals, objectives and rules that govern them. For example, Westpac and St. George Bank are both financial institutions, but their goals and achievement statements vary. Westpac is already well developed, both in client retention and asset value; St. George only became a bank recently. It is understood that Westpac plans to dominate the financial market, whereas St. George plans to reach the stage that Westpac is at today. The newly formed firm has a vision that guide the workers during the daily operations, hence the vision define their way of doing things.

The newly formed administration must establish a new culture for the new merger. This means combining individual goals, objectives and values into one. The St. George and Westpac banks formed a greater financial institution. As a result, they developed goals and objectives to define the new company’s culture. The change was facilitated by an increase in assets and a wide market coverage, which was not forecasted initially.

When an organisation’s behaviour is altered, it becomes easier to put in place the newly-formed firm’s policies. Organisational behaviour enhances equity among employees as these employees will study the present culture. Previous employees from Westpac and St. George had the responsibility of adapting to the new culture and the new working environment. This would help them to face the fact that this was a new organisation, which had a different culture from their previous workplaces. A new
merged culture is more efficient than trying to use individual cultures in the same company. It avoids dissatisfaction for some and other unfriendly behaviours such as idleness and arrogance. In addition, if the culture of one company is retained, it may make its staff feel more important and hence less reluctant about the forthcoming change. The other company will feel equally detested and as a result decrease the overall performance of the company. The despised company will hate the new culture instead of embracing it, with the perception that it came from the partner company. This may break the company. Favouring one company over the other will cause the workers to use the new code of conduct to fight each other rather than to achieve the mission, vision and value statements set by the company.

In a merger, it is important to have a new organisational culture. This will lead to unity among workers and better outcomes to accomplish company objectives. Equity and acceptance will be felt among the workers and facilitate the need to learn new ideas. In addition, it will be easy to assist each other to understand and implement the new culture. The new culture will clear away the employees’ differences. The idea that they came from different organisations will not exist anymore. Moreover, the firms will have constructive progress as a result of working together in an environment that encourages cohesion.
Chapter 5: Case Study – Emirates National Bank of Dubai (UAE)

5.1 Overview of the Banking Sector in the UAE

Since mid-2000 the UAE, and in particular Dubai, has established itself as the regional financial centre and banking hub in the Middle East, a position which in the past decades was held by Beirut and, more recently, Bahrain.

UAE’s status as an international banking centre derives from its large centre for re-exports, extremely good financial and communications infrastructure and high political stability. After the international financial crisis, UAE has recovered and strengthened its position as a banking centre in the Middle East, Africa, and beyond over the past years, also due to the political unrest in several countries in the region.

5.1.1 Current Market

In the 1960s, foreign banks had dominated the UAE banking sector and intense activity by both local and foreign banks created confusion in the entire banking system. In the 1980s, the Central Bank of the UAE (CBUAE) had reformed banking policy in order to protect mismanagement and fraudulent activities. The effect was that the national economy has benefited from such reform initiatives. In 2000, the policy makers focused on the concept of economic diversity with the intent of increasing sources of income (CBUAE, 2013).

Different strategic plans were implemented to coordinate tasks and remove problems from different industry sectors. For instance, flexible credit transactions flourished in the property industry. On the other hand, the banking sector faced problems related with credit default and non-payment of instalments. This situation changed due to a low interest rate, optimistic oil prices in the world and the impact of diversified economy – these factors created an outstanding business environment. At the same time, the national economy has risen by 30 per cent in spite of an adverse impact on the economy.
after global financial turmoil in 2008. The following figure shows the gradual development assets, deposits, and loans of the banking sector.

At present, 27 commercial banks serve the market. These banks operated 787 branches in 2011 and expected to increase to up to 798 branches within a year; electronic units (27 units) remained unchanged in this period (CBUAE, 2013). Twenty-eight foreign banks are operating from different countries and these banks control 87 branches and 54 electronic units. The Deutsche Bank AG and the Industrial Commercial Bank of China started business operations in the UAE in 2010. Investment banks include the Arab Emirates Investment Bank and the HSBC Financial Services. The following table gives more information.
In accordance with the report of the CBUAE, total assets of the banks had increased by almost 4.9 per cent (AED 1,847.09 billion to AED 1,938.16 billion) in 2013. The number of bank deposits had increased by more than 7.1 per cent and the number of loans had improved by about 3.6 per cent in this period (CBUAE, 2014).

### Table 5.2: Key Variables of UAE Banking Sector

<table>
<thead>
<tr>
<th>Financial Details</th>
<th>2011 (AED billion)</th>
<th>2012 (AED billion)</th>
<th>2013 (AED billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank Assets</td>
<td>1,701.31</td>
<td>1,847.09</td>
<td>1,938.16</td>
</tr>
<tr>
<td>Bank Deposits</td>
<td>1,138.0</td>
<td>1,197.1</td>
<td>1,292.3</td>
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<tr>
<td>Capital &amp; Reserves</td>
<td>283.1</td>
<td>339</td>
<td>341</td>
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<tr>
<td>Loans</td>
<td>1,103.6</td>
<td>1,188.2</td>
<td>1,211.4</td>
</tr>
<tr>
<td>Investments</td>
<td>126.2</td>
<td>126.7</td>
<td>127.3</td>
</tr>
<tr>
<td><strong>Branches and ATMs</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Local Banks</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Head Offices</td>
<td>27</td>
<td>27</td>
<td>28</td>
</tr>
<tr>
<td>Branches</td>
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<td>799</td>
<td>922</td>
</tr>
<tr>
<td><strong>Foreign Banks</strong></td>
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<td></td>
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<tr>
<td>Head Offices</td>
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<tr>
<td>Branches</td>
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<td>94</td>
<td>97</td>
</tr>
<tr>
<td>ATMs</td>
<td>3,874</td>
<td>4,131</td>
<td>4,267</td>
</tr>
</tbody>
</table>

**Figure 5.2: Key Variables of UAE Banking Sector**

Source: CBUAE (2014)

5.1.2 Competition and Key Players

According to the report of CBUAE (2014), a total 55 banks serve this market; 27 domestic banks and 28 foreign banks. However, the domestic banks mainly captured 81.46 per cent of the total market share of the industry. It is important to mention that only five banks dominated the market by holding the largest shares in 2012. Furthermore, CBUAE (2014) reported that these five banks captured near 50 per cent of the assets of this sector. The five key players were the Emirates National Bank of Dubai (Emirates NBD), National Bank of Abu Dhabi (NBAD), Abu Dhabi Commercial Bank (ADCB), the First Gulf Bank, and the Dubai International Bank (DIB); however, the following figure shows market share of the main competitors.
Figure 5.3: Market Share of Key Players in 2014
Source: CBUAE (2014)

The above figure’s pie chart on the left shows that foreign banks hold only 14.5 per cent of the market share. The pie chart on the right shows that the Emirates NBD holds the highest share at 17.8 per cent share. However, it should be noted that net interest margins decreased 4.04 per cent to 3.83 per cent from 2012 to 2013 (CBUAE, 2014).

5.1.3 Market Forecast

Following the impact of the recession, the economy of UAE has been evidencing to attain better position from 2013, and the number of loan disbursement in the banking sector is going to increase with profitability along with boosting credit trends by means of amended policy and regulation of the central bank. According to a report by Siddiqi (2005), the recent data of the central bank illustrated that the financial sector gradually improved their deposit and loan level at the rate 3.1 per cent and the consequential inflation rate of 1.5 per cent in the measure of consumer price level.

The banking sector experts expressed their expectation that the banking industry would recover gradually with increasing loan disbursement and expected levels of loan recovery, new schedules of debt recovery and decreasing default rate (Al-Tamimi and Al-Ameri, 2003). At the same time, the policy ground has addressed to increase loan disbursement where an individual would be capable of borrowing 20 times above his monthly salary. This direction of the central bank started a new flow in the baking
industry and enhanced the limit in the lending market with reduced service charges that enhanced a credit trend. The next figure demonstrates the banking sector improving the assets, deposits, and loans over five years in UAE.

![Figure 5.4: Assets, Deposits, and Loans: 2010–2015](image)

Source: CBUAE (2013)

5.1.4 Conclusion

The Arab Spring unrest has had no serious impact on the socio-economic condition of the UAE, but the government has moved to integrate more people in the decision-making process as a shift towards a participatory political system. Like all other GCC counties, the foreign policy of the UAE has aimed to maintain good relationship with the Western counties and to safeguard the interest of the United States in the Middle East region. As an integral part of the global economy, the banking sector of the country was deeply shocked by the financial crisis and other regional political unrests. The government was bound to reform the banking sector to build public confidence especially in the Dubai real estate sector. At the same time, the government continues to enhance public spending and federal budget surplus by increasing oil prices. It is noted however, that in 2012, public spending decreased due to economic diversification. However, GDP growth increased and the oil price decreased in the next financial year of 2013.
5.2 Merger Case: Emirates Bank and National Bank of Dubai

The following discussion provide a review of how the merger came about and look at the role of HR executives in the merger process.

5.2.1 Emirates National Bank of Dubai Company Profile

Founded in October 2007, the official listing of shares for Emirates National Bank of Dubai (Emirates NBD) on the Dubai Financial Market, the Emirates NDB has grown into the largest banking group in the Middle East in terms of its share portfolio. The merger involved the Emirates Bank and the National Bank of Dubai, which were respectively the second and fourth largest banks in the UAE. The merging of the assets of each bank led to the development of the largest bank in the Middle East with an asset base of a net worth of AED 282 billion as at 2008. Since then, the group has extended its operations into different global regions and locations including within the UAE, and in the UK, Qatar, India, Singapore, New Jersey and Iran.

Emirates NBD has developed into a market leader within different sectors of the banking industry and has developed into the leading retail franchise within the UAE through the integration of 129 branches and more than 650 ATMs across the UAE. The group has also enlarged its portfolio in the corporate banking sector. Through the merger, the group’s combined market share has developed into a fifth of the corporate loans market. Emirates NDB has integrated several services aimed at enhancing its reach within the UAE and in the global market. These include increased development of Islamic banking affiliated entities, an increase in strong investments, and growth of private banking services together with the development of a strong leadership team within the asset management arena. The projected growth will enhance the delivery of the company’s promises pertaining to organisational and value growth to the shareholders, customers and employees. The impressive growth rates identified by the bank have led to numerous accolades including from the Mohammed bin Rashid Al Maktoum business award for finance, Global Finance’s Best Bank in the UAE (2009), and the Banker Magazine’s Best Retail Bank in the UAE.
5.2.2 Merger Case Introduction

The analysis provided below pertaining to the merger case is derived from six in-depth and semi-structured interviews. The interview respondents comprised of the HR executive merger team developed by both parties. Mergers have developed into an important entity incorporated within the banking industry as they enhance the growth of the bank’s performance, which is in line with the UAE Public Service Commission’s stipulations on performance aimed at enhancing the sector. Mergers lead to the development of larger banks as the bank portfolio grows from the integration of the merging banks’ assets. Mergers and acquisitions have been identified as important strategies integrated by banks within the market to enhance the growth of the bank’s position and strength within the market. A merger identifies the process whereby a company purchases a similar company of similar size, which enhances the integration of the two companies into one.

In 2007, the Emirates Bank International (EBI) together with the National Bank of Dubai (NDB) merged into the largest bank in the UAE, the Emirates National Bank of Dubai (Emirates NBD). The merger sought to develop a stronger entity within the market that would enhance the growth of the UAE’s financial sector and the overall banking industry within the region.

HRM plays an important part in the merger process that creates of a new larger bank. An HR executive in the merger team explained that:

**ENBD5 (APPX.3):** This “merger” identifies an important deal that seeks to integrate high-quality banking businesses into one. The integration of such a deal provides immense benefits to the shareholders, customers and of course staff. (17/Jan/2013)

The HR merger team can contribute greatly in terms of organisational change during the merger process. The HR executives’ merger team seeks to maintain a positive outlook among the staff during the integration of the merger. Each of the HR teams of the two merging banks seek to develop a good understanding of the other organisation involved in the merger in order to develop a well-integrated and developed workforce. An HR executive in the merger team mentioned this.

**ENBD5 (APPX.3):** In recent times, mergers within the banking sector have developed into vital entities as the industry has been characterised with immense growth in the past 10 years. In addition, the most vital aspect within
the integration of a merger is making all the individuals within the merger enthusiastic about the process in order to render the process positive and effective. (17/Jan/2013)

The merger involves the integration of a well-outlined transaction however, it may produce some undesired consequences such as the loss of jobs due to an enlarged workforce. The International Labour Organization (ILO) outlines the issues developing from the integration of a merger as follows.

An increase in the mergers and acquisitions within the global banking and financial services sector has influenced a rise in job insecurity and workplace stress for the staff due to the inevitable possibility of retrenchment. In addition, the employers receive fewer tangible benefits upon the integration of the process. The current figures identify that the number of lost jobs within Western Europe because of the mergers account for at least 130,000 in the past decade. ILO researchers project an increase in lay-offs by 300,000 in the next two years (ILO.com, 2013)

Upon the integration of a merger within the banking industry, several departments have to be taken under consideration specifically HR, finance, customer service, investments and retail departments. The Cash Management Service Unit ensured successful migration of the legacy NBD online customers to the developed e-banking solution relating to smart business, which enhanced real-time account viewing by the clients. In addition, the process enhanced the document and account processing services thus enhancing operation efficiency and effectiveness. The HR department is important because it can help with the change management process by ensuring that the employees are actively involved within the process. HRM policies ensure that the employee roles and practices are tailored to meet both the individual and organisational goals. The HR executives’ effort is integrated to ensure that the employees developed into excellent performers to ensure the success of the newly-formed organisation. One HR executive in the merger team referred to the HR involvement in the merger process. 

ENBD4 (APPX.3): Companies that are part of the merging process transactions are at liberty to integrate varied approaches through enhancing increased HR involvement within the process. This enhances the identification of a better outcome pertaining to the process and overall project success. (09/Jan/2013)

Through the integration of the merger between the two successful banks, the banks have evolved into highly-reputable financial institution providing highly-preferred financial
services. The integration of HR ensures proper management of any existing or developing discrepancies within the process.

5.2.3 Review of NBD and EBI Merger to Form Emirates National Bank of Dubai from a HR Perspective

The merger between NBD and EBI was publicised on 7 March, 2007. A council meeting preceded this by a joint steering committee that sought to identify the necessary programs to be implemented together with the development of the preferred business planning criteria. Several legal elements were identified within the discussion including the negotiation process, due diligence together with the valuation of bank accounts. The identified issues were critically analysed between the months of March and June in the same year. The parties agreed to the discussed issues and conditions pertaining to the merger on 2 July, 2007 that preceded a press conference on 12 July to announce the agreed terms by both parties pertaining to the merger. This was followed by the integration of the associations offer on 1 August, 2007. The meeting of shareholders of the EBI on 5 September gave approval relating to the merger. The meeting acknowledged the association between NBD and EBI by the majority of the shareholders, which accounted for 91.24 per cent of the company’s accumulative share capital. In a similar vein, the NBD integrated an extraordinary general meeting on 6 September, 2007 which led to the acceptance of the merger offer by its shareholders. This led to the development of an executive committee on 17 September by the appointed integration team that oversaw the overall merger process. This led to the convening of the first meeting by the developed committee on 26 September to discuss the halting of the company shares trading on the Dubai Financial Market (DFM) on 7 October. The listing of the Emirates NDB shares within the Dubai Financial Market (DFM) followed this meeting on 16 October. An HR executive involved in the merger team stated that:

ENBD6 (APPX.3): The human resources department of Emirates NBD faced a major and significant changes upon the development of the merger by the banking institutions. (22/Jan/2013)

These changes involved the development of several essential aspects, which included high levels of consistency, transparency and justice. These aspects were in relation to
cultural diversity from the individual banks, which required the integration of high levels of sensitisation and management relating to the restructuring process through the integration of a division-by-division model as stipulated by the merger. The requirements of the merger led to the contracting of Towers Perrin, a consultancy firm, to improve the efficient HRM practices to ensure the achievement of the HR and organisational objectives. The merger had also provided an alternative stipulation relating to HR executives’ roles, which sought to develop its basis upon the provision of efficient HR services and solutions. This led to the acquisition of a highly professional HR merger team that integrated the guiding principles stipulated within the model-development process. As HR executive in the merger team explained that:

ENBD5 (APPX.3): The HR department has been positioned as a vital component in the merger process and organisational capacity. This enhances the provision of highly professional and experienced individuals within the practice. In addition, the team enhances the provision of solutions and services at enhanced operational efficiency. (17/Jan/2013)

The developed approach integrated three different entities including the Centre of Expertise, Service Delivery and Business Partnership. To ensure proper achievement of the organisational goals, the HR executive merger team has to integrate a critical examination of the identified aspects. An HR executive in the merger team stated that:

ENBD2 (APPX.3): In light of this, the organisation integrated a high investment base estimated at AED33 million for staff training within the HR department to enhance high efficiency and effectiveness levels relating to the identified approach. (18/Dec/2012)

The model’s success was realised in the subsequent year (2008) as the staff demonstrated they had high focus levels within the company’s overall goal and action plan. The process leading to the integration of the approach involved a smooth process that enhanced employee skills in an effort to maintain the organisational culture together with the identification of new potential pertaining to the model.

The Emirates NBD HR merger team viewed the overall staff base acquired from the merger as the key stakeholders within the organisation. This rendered job security the only remaining issue that provided high levels of workplace stress among the employees. However, through the integration of a sound HR policy, the company sought to integrate the necessary measures aimed at curtailing the incidence of job
insecurity by ensuring that the employees retained their jobs. This limited the level of workplace stress experienced by the employees due to the integration of the merger. In addition, the newly-formed company placed emphasis on individual career development that would ensure such an emphasis would enhance the provision of career growth opportunities for employees that would enhance employee motivation and reduce employee turnover. In addition, the company maintained that it would integrate diversification to provide employees with more growth and development opportunities.

An HR executive in the merger team explained that:

**ENBD1 (APPX.3):** The employees within the organisation were requested to eliminate any existent and potential fears of redundancy, as the company would ensure that the employee skills are gradually developed thus providing more opportunities within the organisation. (14/Dec/2012)

The HR merger team sought to limit the occurrence of redundancy through the provision of employee training to ensure that employee skills remained relevant and opened up better opportunities for employees within the organisation. An HR executive in the merger team explained this.

**ENBD2 (APPX.3):** Up to now, the staff has been assured of the provision of training to enhance their operational skills and knowledge. (18/Dec/2012)

The recruitment process maintained that potential applicants and employees would be retained through the utilisation of the company’s website together with the maintenance of and internal broadcasts for communication. As an HR executive in the merger team explains:

**ENBD2 (APPX.3):** Based on the merger team recommendation, the company would utilise the website to advertise for any job openings. Through the utilisation of the website, potential employees would be able to develop their individual profiles, which would be taken into consideration in future recruitment. (18/Dec/2012)

The program integrated a continuous approach that was integrated within the organisational culture. The company integrated a website and newsletters that provided information about the career views together with the identified levels of joblessness to communicate the necessary information to existing and potential employees. An HR executive in the merger team explained this.
ENBD4 (APPX.3): The process is important for the organisation as it relays the information deemed necessary to be communicated to the employees regarding the company operations. (09/Jan/2013)

Internal newsletters together with the organisation’s intranet have been utilised as the sources for providing information on the available opportunities for training employees. The web and newsletter information was maintained by individuals with adequate information pertaining to the company. The human approach integrated within the merger enhanced fast-paced development from the early stages through the integration of HR. This enhanced the development of informed decisions within the processes thus enhancing high levels of staff coordination and consequent implementation of the necessary activities. An HR executive in the merger team stated that:

ENBD5 (APPX.3): To achieve this, the merger utilised human resource management together with team restructuring through the integration of members relating to the individual firms. (17/Jan/2013)

This sought to ensure that the highly competent and professional employees were retained in order to enhance effective adaptation of the changes experienced within the industry. The HR executive merger team sought to ensure that the employees were satisfied with their work thus ensuring that the contracts remained intact. In addition, through the HR policies, the management sought to integrate the organisation’s vision to maintain highly-skilled employees through the provision of regular employee training. However, the company was eventually required to downsize, which led to the development of an inclusion team with different roles aimed at developing decisions relating to employee competence and expertise. An HR executive in the merger team stated that:

ENBD3 (APPX.3): As a merger team, it was our responsibility to ensure that a responsible individual managed the entire merging process by clearly articulating a laid out plan. (25/Dec/2012)

Assessment and action planning activities had to be laid out to act as the lay-off benchmarks for those in the higher levels of management by evaluating each activity and by facilitating efficient communication for the entire established merger team. The level of responsibility handed out to those in top management was an integral part of the formation of the merger between EBI and NBD. Upon completion of the merging process, the chairperson and CEO of EBI retained their managerial positions with other
top executives clamouring to support the present managers. An HR executive in the merger team explained that:

**ENBD2 (APPX.3):** To support the current state of affairs, the CEO of the merging process, Rick Pudner, continued to hold the same position he had held prior to the merger at the individual EBI firm for a further period of seven years. Following the end of Rick’s term at the helm of the merged enterprise, the position was announced of CEO. (18/Dec/2012)

The term of the employment contract held by Rick was to expire at the end of the year 2013, where the position would be filled in by new candidates. Using the illustration above, the merged firm provides a situation where one partner to the merger retains overall managerial positions as top management of the individual EBI would retain control over the affairs of the new enterprise by being actively involved in overseeing affairs of the merged enterprise. Additionally, the executive team would be mandated to overlook the attainment of organisational short- and long-term goals and promote the image of the new enterprise, NBD. Consequently, the guiding principles of the new enterprise would be formulated by the new management at the helm of the merged organisation. The new organisation adopted a vision that was inclusive of the strategic vision of the individual enterprises that aimed to develop a financial institution globally recognised as one that is responsive to changes, and capable of providing solutions and services across the entire Middle East region.

5.2.3.1 Staffing after the Merger

Following the completion of the merger process, various challenges and economies of scale were encountered owing to the merging of the two organisations. One of the key identified challenges was that of staffing. One HR executive in the merger team referred to this key issue.

**ENBD3 (APPX.3):** To establish staffing criteria that was mindful of the composition of staff members, the management had to make a decision utilising the skills of the HR executives of both enterprises. The adopted strategy chosen was that of downsizing the staffing requirements that involved members of staff from both banking institutions. (25/Dec/2012)

The main important aspect that required professionalism from the HR executives was to ensure that both banks retained skilled and professional members of staff to ensure the continuation of services offered and conducted within the banking institutions. It was additionally critical that, following the merger lay-offs, HR executives conducted
Meeting staffing requirements at Emirates NBD required the process to be conducted in a manner that met the laid out guiding principles agreed upon during the merging process from the new-developed HR system.

As of the end of 2007, the number of staff at the merged company stood at 7,500 personnel. This was before the Emiratisation regulations (an initiative by the government of the United Arab Emirates to employ its citizens in a meaningful and efficient manner in the public and private sectors) had been presented to the business environment that required organisations to weigh the composition of staff and meet laid out guidelines. In support of this, Emirates NBD strategised to acquire more staff of UAE nationality increasing the number of staff from 1,682 by the end of the first year of enactment of the regulation to a total number of 2,082 by the end of 2008.

Emiratisation sought to maintain the UAE government program that encouraged the training, securing of jobs together with the development of favourable work programs for UAE nationals. Emiratisation seeks to enhance the existent experience pool and qualifications among the nationals to enhance a reduction within the current unemployment levels experienced within the country. In addition, Emirates NBD’s rightsizing strategy was influenced by the developed stipulations pertaining to the integration of the Emiratisation policy. HR executive mentioned that:

**ENBD2 (APPX.3):** Regardless of the high foreigners ratings in comparison to UAE nationals, this criteria was not utilization within the laying off process incorporated by the organisation. (18/Dec/2012)

At the start of the merging process, the company had officially announced that they did not have any intentions of laying off any of their workers, assuring their members of staff that their positions would not be affected. However, later the merger presented new challenges that required downsizing measures to be adopted. This was enhanced by the
creation of an integration team that had the responsibility of overseeing the overall staffing process. An HR executive in the merger team referred to this responsibility.

**ENBD5 (APPX.3):** The HR merger team was tasked with the responsibility of establishing a staffing model or concept that incorporated an arrangement of top executives from the onset of the merging process and establishment of staffing targets. (17/Jan/2013)

Other than monitoring and assessing advances made in the overall staffing exercises, the team was also mandated with the task of evolving procedures and methods of formal communication. During this period of staffing, the team was additionally required to maintain order by ensuring no external influences affected the merger process. As is often the case, the top management in the newly-merged bank, in this case, came from one of the merging parties and therefore clearly dominated the executive positions in management.

At the beginning of the merger process, the top executives in management witnessed the top management and CEO of EIB retaining their positions in the new organisation. The executive was mandated with the general role of leadership within the entire organisation that was inclusive of the development team of the merger process. An HR executive in the merger team explains the reason behind this rational:

**ENBD6 (APPX.3):** Primarily the main goal was to ensure that the new organisation’s management was capable of coming up with company statements that related to the principles, values, mission and vision of the new enterprise. According to the vision of ENBD, there was the need for the organisation to become a global financial institution that was a leader in service provision as well as in provision of diversified products and solutions across the entire Middle East. (22/Jan/2013)

Having realised this strategy, the top executive at the helm of the organisation adopted the task of developing new HR approaches that would operate under the guiding principles of the vision of the new organisation. The executive management, on the other hand, developed a cycle of cultural enhanced workshops with the intent of coordinating the entire staff by sharing and clearly addressing the company’s statements in terms of vision, mission, principles as well as core values. This measure was adopted in response to the probability of future requirements and issues. An HR executive in the merger team stated that:

**ENBD2 (APPX.3):** 107 Workshops occurred built on the stated objectives of the new enterprise. (18/Dec/2012)
During the initial period of the incorporation stage of the merger, hostility was evident amongst the employees with gradual improvement as the process went on due to the establishment of the new composition of staff members. Resistance in many merged organisations is a common feature because employees appear to be content with the previous style of management in the environment that they had been used to. However, change is inevitable in all organisations as experienced in the merging process of these organisations. The ideal strategy that ought to be adopted is that of preparing the members of staff on the anticipated new changes to be introduced. An HR executive in the merger team explained that:

**ENBD1 (APPX.3):** During the initial stages of the merger, fears of joblessness were anticipated owing to the changes that the business was to undergo. Of interest was that the levels of anxiety amongst the staff were significantly noted to having risen considerably due to the fear of downsizing. (14/Dec/2012)

To assess and manage the anxiety and stress levels of the staff members, communication with employees was increased during the planning phases of the integration phase of the two organisations.

Employee satisfaction levels were altered owing to the new and incorporated levels of responsibility as employees took on new and better job description positions different from the prior positions thus greatly enhancing employee satisfaction levels. Those staff members who happened to be less satisfied in many situations were those individuals who had lesser responsibilities and thus were in positions that were more likely to be redundant in the new organisation. Finally, the EBI composition appeared to be similar to the prevailing composition currently witnessed in the merged organisation owing to the retention of the individual organisations’ top management and executive bodies. In conclusion, the organisational culture of the merged Emirates NBD appears similar to that of EBI with little if any difference. For many employees this led to a harmonious transition as one HR executive in the merger team pointed out.

**ENBD4 (APPX.3):** Harmony across organisational functions and departments is a vital element as it allows for firms with the intent to merge to transition in a smooth manner. (09/Jan/2013)

Nevertheless, the entire merging process made sure that the process of staffing was undertaken to ensure that the best expertise, professionalism and skill were considered during the merging process.
In light of the statistics provided by the team mandated to oversee the merging process of Emirates NBD, it is necessary to highlight that the levels of communication adopted in the new company are reflective of positive impacts on the entire workforce at the organisation. The following chart shows the level of sharing information about the merger and communications.

![Communications & Sharing Information](image)

**Figure 5.5: Communication and Sharing Information Levels (ENBD)**

Source: Adapted from information received in interviews conducted for this study

An HR executive explains the data collected about the levels of stress and uncertainty in relation to the levels of job satisfaction and employee performance.

**ENBD3 (APPX.3):** The levels of stress and uncertainty decreased among the employees as they were identified at 9 per cent and 22 per cent respectively. This enhanced an increase in employee job satisfaction, which was identified at 74 per cent followed by a consequent decrease in employee turnover identified at 6 per cent. Employee performance identified a 20 per cent increase through increased employee commitment to the organisation through enhanced levels of trust, fairness, and welfare consideration rising by 11 per cent. (25/Dec/2012)

The developed merger recruited Rick Pudner as the first company CEO with Ahmed Humaid Al Tayer as the chairperson together with the establishment of a six-member board. The CEO has a wealth of experienced within the sector having served in the financial industry for 27 years while working at HSBC. The company recruited Mr.
Sanjay Uppal as the CFO, who has immense experience in the sector having worked at the Standard Chartered Bank. The investment-banking department appointed Mr. Shahzad Shahbaz as the new CEO having previously served in the capacity of managing director at the Bank of America. Joyshil Mitter was appointed as the general manager having worked as a manager at the NBD. Emirates NDB developed a staffing plan that sought to recruit a well-skilled and professional workforce on a global scale. This was aimed at incorporating a highly-diversified workforce capable of countering the growing levels of competition within the market through the integration of new ideas and concepts. In addition, the company sought to recruit highly efficient employees who would enhance company growth within the retail banking sectors through the development of a larger market share within the corporate banking sector. In addition, a well-skilled and capable employee base would enhance the franchising of local and regional investment through the integration of several experts in Islamic banking capable of enhancing the growth of a healthy and wealthy management agreement.

The staffing expenditure was not expanded despite the firm’s promise to incorporate the Security Device Management (SDM) together with ATM services from the merging banks through the addition of more ATMs on top of the existent 650 booths as espoused within the company’s agenda in 2008. The merger enhanced the integration of online and mobile banking systems through the integration of an additional 13 payment associates. HR executive referred to the expansion and the associate increase of cost:

**ENBD5 (APPX.3):** This period identified a 45 per cent increase within the operational costs through the additional infrastructure, new systems and network costs. (17/Jan/2013)

In 2011, the company recruited more leaders suited for managerial positions within the various departments. This led to the appointment of Mr Van Der Tol and Mr Douwe Oppedijk within the wholesaler banking and commercial banking departments respectively. Mr Wajid Kamran was appointed as the head of the newly-developed financial advisory service division.
5.2.3.2 Rightsizing in Emirates NBD

The integration of the merger between NBD and EBI sought to achieve three main objectives: to enhance the company’s global market share as the regional leader, to developed into the preferred financial services provider and to increase the company’s capability of utilising the available local, regional and international opportunities to enhance the company’s financial position within the market.

The majority of mergers require rightsizing in situations that seek to eliminate the possibility of joblessness together with the imminent need to achieve the preferred economies of scale to enhance the company’s operational efficiency. Previously, the companies had considered the probability of redundancy in an effort to identify the preferred levels of growth together with the necessary diversification for the present and future. HR executive explained that:

ENBD2 (APPX.3): By the end of 2012, we expected an increase in the ratios of redundancy about 4 per cent, and the diversification to rise about 27 per cent. (18/Dec/2012)

Emirates NBD integrated two main factors within its rightsizing strategy. As previously mentioned, the company adopted the Emiratisation strategy that sought to integrate a HR model employing a higher percentage of UAE nationals. In addition, the integration of the HR model was necessary for the company to enhance the identified efficiency levels – HR services and solutions needed to motivate employees to enhance employee efficiency. The new model enhanced the integration of new HR policies for the development of a favourable operating design, which was in-line with the integrated rightsizing strategy. The developed HR policies placed immense emphasis upon the retention of the best employees, which identified a core element of the organisation as it provided a continuous pool of high skilled and effective employees.

HR executive stated that:

ENBD3 (APPX.3): TheENBD HR merger team integrated an employee-performance rating system based upon the service delivery capacity of the employees. The system was utilised in identifying the employees to be laid off; the individuals with unsatisfactory ratings. (25/Dec/2012)
The laying off process incorporated by the company was based on the performance ratings provided to individual employees. However, the company would not have embarked on the process if it were deemed contrary to the stipulated laws and policies regarding Emiratisation. Emirates NBD was developed with the sole purpose of developing it into one of the largest employers within the UAE, that is, one of the largest employees of UAE nationals thus developed and integrated the rightsizing strategy in a manner that maintained the company’s reputation among the public. An HR executive refers to this strategy.

**ENBD2 (APPX.3):** By the end of 2007, ENBD’s workforce was identified at 1,682 employees with the majority of employees identified as being of UAE nationals. Four hundred (400) individuals from UAE had been inducted by ENBD by end of 2008 through the integration of the Emiratisation program. By the end of 2011 the company had a larger workforce comprising 2000 employees within the UAE. (18/Dec/2012)

The rightsizing strategy involved a reduction in the number of employees (non-UAE nationals included) within Emirates NBD. The company agreed upon a 10 per cent downsizing figure for EBI and 90 per cent in NBD.

![Figure 5.6: Downsizing Level (ENBD)](image)

Source: Adapted from information received in interviews conducted for this study
This merger developed an operational similarity between EBI and NBD. One HR executive reflects of the plans to downsize the staff base.

**ENBD3 (APPX.3):** By the end of 2012, the company announced further plans aimed at downsizing the staff base by 15 per cent of the total staff capacity to enhance a reduction in the organisation’s operational costs. (25/Dec/2012)

The existent Emiratisation laws required upsizing in relation to several aspects. Upsizing refers to the process of restructuring and consequent expansion of the business activities through the identification of an increase in the number of employee within the organisation. An HR executive reflects on the upsizing agenda.

**ENBD5 (APPX.3):** The upsizing figures to be incorporated by the company identified a 5 per cent increase by the end of 2008. The upsizing value identified a 22 per cent increase by 2012. (17/Jan/2013)

This upsizing led to the Emirates NBD becoming the largest employer within the UAE with the largest employee base of UAE nationals.

However, the integration of rightsizing activities within the organisation triggered an increase in employee stress and anxiety levels due to increased levels of job insecurity within the workplace. This insecurity led to an increase in employee error during the transition to the newly formed bank. An HR executive discussed the issue of employee concentration.

**ENBD5 (APPX.3):** Employee concentration within the organisation should be maintained by the employers during the transition process to ensure proper integration of the organisational activities. (17/Jan/2013)

Emirates NDB sought to maintain concentration on the tasks to be done by ensuring that the necessary levels of communication were relayed to the employees in the initial merger stages. The integration of high levels of professionalism while dealing with the merger ensured that employees suffered minimal levels of stress and anxiety during the process. An HR executive explains.

**ENBD5 (APPX.3):** The company experienced some levels of reduction within the operating capacity by 9 per cent, which limited the occurrence of catastrophic complications within the operational process during the merger. This enhanced the identification of limited distractions among the employees, which were realised through the development of an integration team that oversaw the merging process. (17/Jan/2013)
The post-merger era involves high levels of downsizing, which means high rates of layoffs and job cuts among the employees, the aim of which is to maximise the company’s profits. This practice does not consider the welfare of the workforce within the corporate restructuring process, which enhances the integration of rightsizing initiatives. The integration of the process renders some of the staff jobless while seeking to reduce the identified operating costs leading to an increase in the identified profit levels. With the integration of the merger, The Emirates NDB faced the similar dilemma of other mergers in that the company had to integrate continuous downsizing efforts until the projected levels of organisational profits were realised. The effect of the downsizing on employee morale was exacerbated by the inconsistency in the HR vision as explained by one HR executive:

**ENBD3 (APPX.3):** Currently, Emirates NDB is experiencing the existence of an inconsistent human resource vision, which has caused immense levels of panic among the employees, as they remain unaware of their job security status. This may be avoided through the development of the employees’ cultural alignment that may be effectively integrated within the workplace as it may enhance a reduction within the identified levels of employee tension. (25/Dec/2012)

Because the downsizing process was not age-based, that mature-aged employees were less tense about the downsizing. The Emirates NBD has provided the employees with sufficient time and space necessary in developing perfect matches relating to the identified changing environment in order to enhance the cultural alignment within the newly formed firm. This would enhance the development of an efficient organisation as the company would incorporate its’ “fresh blood” (young employees) and the loyal, long-experienced staff that boost employee performance and involvement. This is identified, as the employees would be more inclined to maintain high levels of stability, job security, enthusiasm, innovation, creativity together with continuous learning, which are necessary in ensuring survival within the growing financial market. An HR executive mentioned that:

**ENBD1 (APPX.3):** The downsizing drive within the company communicated to employees clearly that the exercise would affect all individuals irrespective of their positions within the workplace. (14/Dec/2012)

The downsizing drive meant that all employees were subject to the process irrespective of their position within the company or the number of years they had served. The
process sought to educate the employees that the process was inevitable and could be realised at any time and they had limited control over the outcome. Psychologists view this situation as a hopeless scenario as the employees have no power over the circumstances that may adversely affect them. An HR executive explained the powerlessness of employees using the comparison of domestic violence.

**ENBD2 (APPX.3):** This situation is comparable to a situation whereby women who are undergoing domestic abuse have no other option but to stay in the marriage irrespective of the circumstances. The women within such situations stay with their partners in the hope that the partners will change, and in the event that they don’t, the women have to succumb to the situation and tolerate the process in the hope of a better outcome in the end. (18/Dec/2012)

On the upside, the rightsizing strategy proved successful financially for the company. The Emirates NDB developed the company into one of the largest within the finance sector identifying a net factor three times more than previously incorporated. This enhanced the competitiveness level identified by the company within the local and international markets. An HR executive explains the financial gains of the rightsizing.

**ENBD5 (APPX.3):** The company identified a total profit of about $174 million, which resulted from the closing of eight branches, letting go of around 750 employees and closing 64 ATM booths. Coupled with writing off bad debts, the operating profit identified rose to approximately $5,187 million. (17/Jan/2013)

In a press conference, Emirates NBD CEO, Rick Pudner announced that upon the integration of the downsizing effort, the company reduced the ATMs to 566 and the branches to 104, which eased the losses identified during the merger process. This enhanced the organisation’s economic performance upon the integration of the rightsizing process. The CEO identified that the downsizing process was integrated as an effort aimed at reducing operating costs within the organisation, which enhanced the profitability levels realised by the company.

5.2.3.3 *Emirates NBD Survivor Syndrome*

The success and stability levels experienced within a merger may be influenced by the existence of the survivor syndrome if the necessary precautions are not taken in time. Survivor syndrome limits effective employee performance as it limits employee concentration capability and reduces employee focus, which in turn limits an
employee’s full potential. The integration of good management practices limit the extent of the negative effects developed as a consequence of the survival syndrome. Through the integration of the downsizing process, Emirates NDB has faced the consequences of the survival syndrome among the retained employees. To facilitate the transition and reduce the effects of the syndrome, the management incorporated an integration team that maintained regular flow of work and maintained the submission of regular updates to the management. This identified an ethical and proper HR practice that ensured that existing employees were able to handle the emotional and psychological feelings associated with the increasing lay-offs. During the merger process, an HRM merger team member identified the process of alleviating survival syndrome.

**ENBD1 (APPX.3):** Through the integration of early, formal and frequent communication, the employees were more open and positive to the process. … The process limited the stress and uncertainty levels identified among the employees by 22 per cent and 9 per cent respectively. (14/Dec/2012)

The following graph shows the changes in stress levels of the retained employees after the merger.

![Stress & Uncertainty](image)

**Figure 5.7: Stress & Uncertainty of Emirates NDB Employees After the Merger**

Source: Adapted from information received in interviews conducted for this study

The reduction of stress levels of employees coincided with rises in trust of the organisation as one HR executive notes.
**ENBD1 (APPX.3):** The employees identifying an 11 per cent rise in the ratings level identified ENBD as a caring, honest and trustworthy organisation. (14/Dec/2012)

The following graph shows how the Emirates NBD employees’ belief in their company’s honesty, caring and trustworthiness fluctuated before, during and after merger.

![Belief Rate in Company's Honesty & Trustworthiness](image)

**Figure 5.8: Belief Rate among Emirates NDB Employees in Company’s Honesty & Trustworthiness Before, During and After Merger**

*Source: Adapted from information received in interviews conducted for this study*

It could be argued that the rise in employee trust in the organization was the result of an effective communication process that kept employees informed about the merger process and the effects on them. The communication process enhanced employees’ trust, decreased uncertainty and stress levels and lead to a decrease in employee turnover. Communicating the message that employee retention would be based on merit had beneficial results in terms of employees as one HR executive stated that:

**ENBD1 (APPX.3):** This [good communication] influences the development of a positive working attitude, which increases the level of employee effectiveness. This also limits the identification of negative feeling pertaining to colleague layoffs. (14/Dec/2012)

This communication helped the company overcome the effects of the survival syndrome in a short period. An HR executive noted the importance of staff training.
ENBD2 (APPX.3): ENBD invested about AED33 million in staff training to enhance the adaptation process to the new HR model. (18/Dec/2012)

The training incorporated workshops and seminars within different global locations which helped overcome the effects of survival syndrome and led to a smooth transition during the merger to the newly-formed bank.

During the merger process, the executive committee integrated high levels of critical thinking and ethics relating to staff relations. Ethics and critical thinking were identified as vital elements that sought to guide employee decisions within the organisation. Ethics refers to the developed principles that guide the decisions of the individuals upon the determination of right or wrong (Macmillan, 2002). An HR executive explained the importance of ethics and critical thinking.

ENBD1 (APPX.3): The decision-making process develops its basis upon ethics, which enhance the development of strong relationships. The development of critical thinking skills enhances individual and organisational acts through the integration of rational thinking. (14/Dec/2012)

The company adopted the new HR model to deal with the survival syndrome through the provision of a variety of HR solutions coupled with good services. The new model enhanced the identification of sound and better HR planning, which weakened the syndrome’s effect on the retained employees. HR planning involves the identification of future employee needs and consequent allocation of the staff together with the calculation of the systems to enhance the identification of the HR requirements that develop their basis upon the forecasting techniques. As an HR executive explained:

ENBD5 (APPX.3): HR planning enhances effective utilisation of human capital within the organisation by ensuring that employee skills match the job description to enhance levels of effectiveness realised in relation to the job role. (17/Jan/2013)

Despite the effective HR planning, employees have different emotions, attitudes and reactions to the merger and its effects, in particular, the fear pertaining to the impending lay-offs. In addition, through the integration of several downsizing efforts, employees who remain can develop the survivor syndrome. Whether through the threat of becoming redundant or being considered beneficial to the new organisation, employees can experience negativity that can lead to poor performance. Alternatively, the situation
may present some positive effects on the employees as they have the ability to increase their productivity levels. One HR executive noted the high level of competence among the retained employees.

**ENBD3 (APPX.3):** Prior to the downsizing process, the retained employees identify high levels of competence and productivity. However, the employees are also faced with several difficulties within the firm. (25/Dec/2012)

These difficulties were about overcoming the feeling of job insecurity and the possible chaos that might be resulted of the merger especially in the first few months. An HR executive in the merger team stated:

**ENBD1 (APPX.3):** Employees place great emphasis upon the communication relayed as it enhances the identification of a clear future path, which has not been realised upon the integration of the merger. (14/Dec/2012)

The management of redundancy often focuses effort on those who are leaving the organisation, with little attention given to those who remain. Few employers use any measures to support the ‘survivors’ in the aftermath of a redundancy programme, although the future of the organisation very much depends on them. If an organisation is about to make redundancies, particularly on a large scale, it is likely that employees in the new ‘slimmed down’ organisation will suffer some effects of survivor syndrome. However, the impact of the syndrome can be greatly reduced by taking proactive steps such as enhancing the communication with employees and sharing information about the next in the merger, all these steps would make it easier to understand and address the survivor syndrome root causes and deal with them properly.

**5.2.3.4 Emirates NBD Cultural Issues in Merger Process**

The integration team was tasked with the duty of overseeing the merger and maintaining high levels of consistency, fairness and transparency in handling the different organisational cultures. Mishandling of the cultures would have resulted in conflict between the staff of the banks thus limiting the effectiveness of the process. One HR executive mentioned the importance of addressing the different cultures of each of the banks.

**ENBD4 (APPX.3):** Eventually, the team was able to effectively integrate the cultures of the banks through the development of a blended culture. There were few hostilities but these were addressed upon the integration of a cultural
workshop that had an implementation budget of AED33 million and which enhanced the integration process of 107 different cultures. (09/Jan/2013)

In the event that the cultural integration was identified at lower standards, the organisation would have experienced high rates of employee turnover. An HR executive stated that:

**ENBD3 (APPX.3):** In the event that external labour turnover was realised, the majority of ENBD skilled labour would have been lost to competing organisations in the sector. (25/Dec/2012)

Thus, the cultural integration identifies the attractive nature of the organisation towards skilled labour in comparison to the vogue and unintegrated culture that could only satisfy the less-skilled workforce. To a certain stage, the company suffered because the loss of a noted percentage of its skilled workforce, which influenced the identification of training costs for new employees. In addition, the company was competitively disadvantaged as it lacked the necessary skilled labour in comparison to its competition. In addition, laid-off employees may take the company knowledge to competitors. One HR executive stated that:

**ENBD1 (APPX.3):** Laid-off employees pose a threat to the company as they may leak company secrets to the competition. (14/Dec/2012)

An HR executive merger team member notes the direct and indirect costs resulting from a high turnover rate.

**ENBD5 (APPX.3):** ENBD would incur direct and indirect costs through the identification of the labour turnover. (17/Jan/2013)

Direct costs involve those relating to logical mechanisms that are incorporated to facilitate the release of employees from the organisation and acquiring new people. The expenses include interviews, advertisements, hiring, training and other administrative costs. Indirect costs refer to the reduced productivity as a consequence of high employee turnover. An HR executive stated that:

**ENBD4 (APPX.3):** Low levels of productivity are identified prior to the loss of the employees as they are psychologically affected by the inevitable move, which limits their productivity levels. (09/Jan/2013)
More productivity loss is identified during the period in which employees leave the organisation and prior to the identification of employees to replace those who have left. In addition, during the training process, employees’ productivity levels decrease as they are not involved in the productive process. In addition, employee turnover leads to the identification of more indirect costs such as the trade of company secrets to the competitors. In addition, high labour turnover increases the added cost pertaining to unemployment insurance. The integration of the two cultures within the merger limited instances of high labour turnover through the maintenance of high efficiency levels. In addition the development of an integrated culture enhanced the development of a viable operational context that met the needs of the company through the identification of the stipulated mission, vision and values of the merged company. An HR executive stated that:

**ENBD4 (APPX.3):** To achieve this, the bank integrated 107 cultural workshops that integrated the employees to enhance the development of an understanding of the overall corporate culture. (09/Jan/2013)

In the initial phase of integration, several challenges were identified that increased the level of conflict among the employees. This was attributed to anxieties of employees and the cultural gap between the two banks. Some of the employees were satisfied with the change as identified with the employees who achieved higher ranks within the merged organisation. These challenges necessitated the adoption of the new cultural outlook by the management to enhance the integration of a positive cultural integration within the merger process. In addition, through the integration of vigorous training and cultural workshops, a uniform cultural integration process was incorporated by the organisations upon the merger. An HR executive explained that:

**ENBD4 (APPX.3):** The majority of the population accounting for 90 per cent comprised of foreigners from Asian countries that integrate diverse backgrounds and cultures. ENDB placed emphasis upon the employment of more locals as they account for 35 per cent of the workforce and plans are underway to increase the percentage to 40 per cent. (09/Jan/2013)

The CEO of the merged organisation request that the HR department conduct a workshop in 2009 for 5,000 employees to inform them of the organisation’s vision and mission and the importance of achieving the organisation’s vision within the working environment.

An HR executive in the merger team noted that:
**ENBD5 (APPX.3):** Proper decisions incorporated through the merger would only be realised in the event that HR integration was utilised within the integration process. (17/Jan/2013)

This would enhance the identification of the company’s culture through the maintenance of consistency, fairness and sensitivity within the organisational process. Through the development of a successful joint workforce, the company incorporated 107 workshops on cultural integration that sought to reduce the anxieties among the employees rendering them satisfied with their roles. An HR executive stated that:

**ENBD4 (APPX.3):** ENBD provided more job responsibilities to the employees who quickly adapted to the new values and cultures. (09/Jan/2013)

The leaders allocated the large budgets to total costs and transformation amounting to AED 33 million, which influenced a slow change within the organisational culture upon the integration of the training process. An HR executive stated that:

**ENBD4 (APPX.3):** The merger team sought to ensure that the process integrated a creative, flexible and diverse process through the integration of similar ideas that enhanced the matching of the employee experience to the new responsibilities. This increased the employee commitment levels and contribution, which enhanced the identification of higher profit margins through the utilisation of the current human resources. The process identified that employees from different backgrounds were more enthusiastic, confident and capable of handling the identified stress. (09/Jan/2013)

Therefore, the employees were focussed upon achieving the company’s mission through the integration of the culture within the organisational processes.

### 5.2.4 Applicability of HR Managers’ Roles in the Conceptual Framework

The analysis and applicability of HRM roles within the conceptual framework develops its basis upon data retrieved from six in-depth semi-structured interviews. The interview respondents represented the HR executive merger team, which was appointed by both parties of the deal.
5.2.4.1 Strategic Partner

As previously identified, the HR managers from both companies were heavily invested in the process of enhancing the provision of the merger strategy regarding the workforce.

The HR managers were concerned about enhancing the newly formed firm on both the organisational cultural level and the industry level.

5.2.4.1.1 Decision Making

The decision-making process identified a key role within the merger as the HR executives provided advise to the management on how to successfully integrate the merger operations to increase the combined profitability levels. An HR executive stated that:

ENBD5 (APPX.3): I was at the helm of the human resources systems … another colleague was charged with the career development function. Another person was responsible for industrial relations and employment contracts. All three of us made up the core function. (17/Jan/2013)

In meeting the role of the strategic partner, the HR team was actively involved in the development of important decisions that enhanced overall growth and success of the organisation. The HR team maintained high levels of communication that ensured that employees remained positive about the impending radical changes to be integrated.

5.2.4.1.2 Business Knowledge

The company integrated the combined knowledge from both banks to enhance the identification of organisational goals and objectives and enhance overall organisational growth. HR executive stated that:

ENBD2 (APPX.3): The net profits in 2007, one year after the merger stood at AED4 billion. This represented a 35 per cent growth above the year 2006. The total assets of Emirates NBD stood at 253.8 billion. This represented 53 per cent growth in asset base above what the two companies had before merger. (18/Dec/2012)
The identified high capital and asset growth developed the emirates into the largest banking facility within the UAE. Upon the integration of the merger, NDB integrated a new HR that was devolved into a business partner.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined net profits (AED)</td>
<td>2.9 billion</td>
<td>4 billion</td>
</tr>
<tr>
<td>Combined asset base</td>
<td>165.8 billion</td>
<td>253.8 billion</td>
</tr>
<tr>
<td>Average shareholder equity (%)</td>
<td>23.53 billion</td>
<td>25.12 billion</td>
</tr>
</tbody>
</table>

Upon the announcement of the results, the trend did not integrate a uniform process as the process identified several fluctuations. An HR executive explained that:

**ENBD5 (APPX.3):** On the first day after the announcement, the returns were identified at 3.89 per cent. However, the return was 9.02 on the eighth day after the announcement of the merger. This identified an increase in returns after the merger announcement. (17/Jan/2013)

This announcement identified a favourable decision integrated by the managers, which identified that the HR professionals identify organisational strategic partners who enhance the integration of positive organisational change through the harmonisation of the existent cultures. In addition, the HR professionals developed ideas that enhanced successful integration of the culture and business ideas within the decision-making and operational processes.

**5.2.4.2 Employee Champion**

HR managers are tasked with the responsibility of recruiting, training and developing the organisation’s staff together with staff rewards. The integration of the merger provided more opportunities through increased diversification of the services thus necessitating the recruitment and training of more staff. This increased the available career development opportunities for existing employees and identified the HR team as an organisational entity that had employees’ interests as the first priority.
5.2.4.2.1 Training of Employees

The merger of the banks made it necessary for the HR executives in the two banks to equip employees with appropriate skills. This was necessary to achieve the goals of the newly-established bank. The increased growth, after the merger of the two banks, also led to improved salaries for staff. One HR executive referred to this.

**ENBD3 (APPX.3):** The HR department identifies an important element in the event of a merger as it enhances the integration of a development program for the next line of managers. The company achieved this through the enrolment of the senior manager to training to enhance their competencies and potential. (25/Dec/2012)

The company integrated internal and external-training programs for the employees upon the integration of the merger aimed at enhancing employee skills and performance.

The following table shows the high performance levels of staff based on the effective and focused training programs.

![Performance Chart](image)

*Figure 5.9: Performance Indicator (ENBD, 2010)*

Source: Adapted from information received in interviews conducted for this study
The provision of AED 30 million for employee training identified the company’s dedication to developing highly-skilled employees within the organisation. In addition, through the integration of overseas training, the company was able to ensure that employees integrated with different cultures thus the company was able to integrate the newly-developed organisational culture. This enhanced the identified levels of employee satisfaction and commitment within the organisation.

The following table shows the satisfaction levels of staff that was derived from their belief in training and development programs that the newly formed bank is applying.

![Staff Satisfaction Chart]

**Figure 5.10: Staff Satisfaction Level (ENBD, 2010)**
Source: Adapted from information received in interviews conducted for this study

The HR department ensured that the staff had the necessary knowledge pertaining to the newly-developed organisational vision and mission to enhance the identification of the organisational goals that necessitated a large investment in training.

About the increasing the number of employees an HR executive stated:

**ENBD2 (APPX.3):** In 2007, the HR department increased the number of employees in the company by 2,135 employees to reach 7,500 employees. (18/Dec/2012)
The recruitment of more employees was carried out by the HR department due to the increased need for more employees upon the integration of the merger. One HR executive mentioned that:

**ENBD6 (APPX.3):** By 2007, the bank had employed 1,682 UAE citizens. This rendered the bank the ‘employer of choice’ within the UAE as it had the highest number of UAE nationals within its workforce. (22/Jan/2013)

Upon the integration of a merger, companies are charged with the duty of reducing the identified costs through initiating a reduction within the company’s redundancy levels leading to employee lay-offs. However, ENBD integrated more employee training to limit the possibility of employee retrenchment due to the existence of redundant skills.

The number of employees before and after the merger is illustrated in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>2006</th>
<th>2007</th>
</tr>
</thead>
<tbody>
<tr>
<td>Combined number of staff</td>
<td>5,365</td>
<td>7,500</td>
</tr>
</tbody>
</table>

Following the merger, the two banking institutions enhanced their ability to attract highly-talented individuals capable of operating in the finance industry. Furthermore, the HR department realised that there was potential in retaining top-level members of staff due to the existence of more opportunities for the people to advance their careers. Notably, members of staff are more likely to prefer to work for that company that shows signs of future prosperity.

By ensuring that the company retained those members of staff who were competent in addition to providing more training facilities for others, the organisation was then able to attain the objectives of being a leading bank in the UAE. Additionally, the enterprise benefitted through increased financial resources as well as scales of operation in the UAE. Involvement of HR professionals in the merger process of the two firms proved to be a beneficial strategy for the new firm and revealed the importance of having HR professionals on the merger team.
5.2.4.3 Change Agent

HR professionals are important to organisations as change agents. This is particularly applicable during the merger process.

5.2.4.3.1 Supporting and Implementing Company Decisions

As a case analyser, the study finds that the involvement of the employees in the merging process is a crucial element to the merger’s success. This is evident in the Emirates NBD bank merger where the HR department revealed their strategic importance with regard to adopting and implementing change across the company. It was evident that the involvement of HR personnel in the process was of ultimate benefit to the entire organisation. An HR executive stated that:

**ENBD5 (APPX.3):** It was thus necessary to report to the CEO over the process ensuring an independent involvement in the process. Further, it was ideal to ensure that regular and good channels of communication were in place especially with the CEO to ensure clarity of organisational goals and visions and the ideal methods as to how they would be attained. (17/Jan/2013)

The merging process of the two banking institutions was necessary to ensure profits were attained. Additionally, the merging process would benefit the organisation, as they would increase their capital and asset resources ensuring that Emirates NBD turned out to be a leading bank in the UAE with the largest share of the banking market.

The involvement and support of the HR departments was thus ideal to ensure the success of the strategy, enable the two banks move away from being static, and adopt change to increase their profit levels. An HR executive explained this.

**ENBD5 (APPX.3):** The importance of HR personnel thus is an unparalleled reason to boost the performance of an enterprise. This is especially the case as they lay out leadership guidelines, ensure training programs are in place as well as provide other policy guidelines for members of staff. Currently the role of HR within an organisation is deemed as being equal and important just as technology and financial capabilities. (17/Jan/2013)

Following the merger, the study found that the new organisation required additional members of staff for the Emirates NBD. The HR executives identified this need during the analysis phase of the merger. Mandated with the task of overseeing nearly 7,500 members of staff, it is evident that the HR departments in both banks performed an
exemplary job that encouraged change in their role of change agents. The success of the HR professionals is evident in the higher levels of commitment from the organisation’s staff members as well as the reduced levels of turnover.

![Diagram showing commitment and turnover rate](image)

**Figure 5.11: Commitment and Turnover Rate (ENBD, 2010)**

Source or note: Adapted from information received in interviews conducted for this study

In the above mentioned graph, it could be seen how the high level of commitment reflect directly and positively on decreasing the turnover rate.

5.2.4.3.2 Structural and Cultural Reorganisation

During the merging process, it was also necessary for changes to be implemented at the helm of the Emirates NBD. These changes were coordinated by the HR professionals using the HR personnel of both banking institutions.

The capabilities of the HR executives reveals that the HR personnel of both institutions needs to integrate and merge the structures of the two banking institutions that prove the immense support that the HR team provided to the merging process. As one HR executive observed:

**ENBD3 (APPX.3):** Management made decisions as to the positions that would remain and those that would be scrapped. The management then
delegated the HR departments with handling those affected by having their positions removed. (25/Dec/2012)

In merger situations, it is common for shocks to be experienced especially on an ethical level. This is mainly because there is the tendency by employees to question the ethical practices and standards followed by the implementation of the merging process. The concerns raised by employees can contribute towards the success or failure of the merger. One HR executive stated that:

**ENBD4 (APPX.3):** Communication between the organisation and employees requires immense effort. An example exists of a period where the organisation faced the challenge of implementing a good communication strategy for the employees to promote better integration with the organisation. This challenge was finally attained after a period of 18 months that later crumbled owing to the acquisition of the bank by a competitor bank and overhauling of a new communication strategy. (09/Jan/2013)

The involvement of the HRM in the merging process of the two banks indicates that the HR department managed to carry out their role as change agents efficiently. The department was charged with ensuring the merged organisation had sufficient members of staff capable of undertaking on new roles in the new structure and positions offered by the enterprise. Further, the extent of staff engagement in duties was further raised.

![Staff Engagement](image)

**Figure 5.12: Staff Engagement Level (ENBD, 2010)**

Source: Adapted from information received in interviews conducted for this study
The merged enterprise ensured that the staff members were sufficiently engaged through the investing of AED 33 million in the training process for the employees. This then enabled the merging process to be accepted, as the employees did not resist the changes being implemented and thus the success of Emirates NBD.

![Ethics Level Chart](image)

**Figure 5.13: Ethics Level (ENBD, 2010)**  
Source: Adapted from information received in interviews conducted for this study

In situations where changes are being implemented within an organisation, it is recommended that the HR personnel of the organisation be in full support of the changes or strategies being adopted as they lead the rest of the employees to supporting new changes in structure or operations.

5.2.4.4 *Administrative Expert*

The HR professionals of the two banks demonstrated great experience when handling the merger. The merger was especially a complicated process owing to the differences in the organisational cultures that the professionals had to incorporate thus presenting varied challenges for the professionals. The professionals had to integrate operations of the two banks into one embodiment effectively and efficiently. The process required the
involvement and commitment of other employees and required efficient administrative skill.

5.2.4.4.1 Management of Staff

The ability of the HR staff to integrate nearly 7,000 employees into the new organisation while ensuring the new company attained a high growth rate required crucial administrative expertise from the HR departments. Additionally, the HR staff displayed immense expertise in the hiring of more talent while at the same time retrenching other staff members. One HR executive stated that:

**ENBD1 (APPX.3):** Motivation amongst staff members is vital for productivity purposes. As such it was required that the employees remained highly motivated which was attained through various activities such as providing positive feedback and providing reassurance to the staff members among other steps. (14/Dec/2012)

Harmonisation amongst members of staff is essential as it brings staff together regardless of their backgrounds in a way that enables growth. As such, it was the responsibility of the HR team to ensure that the employees worked together efficiently.

By ensuring that the employees harmoniously worked together, the merged enterprise was then able to attain success within a period of a year, which would not have been possible if efficient communication and shared vision was not attained.

5.2.4.4.2 Efficiency in Company Operations

Efficiency within the operations of Emirates NBD was crucial and it was expected that the HR team made sure that this occurred. However, operational costs of the merged enterprise increased owing to the expansion process. One HR executive stated that:

**ENBD5 (APPX.3):** Revenues of the merged enterprise rose by nearly 35 per cent indicating that despite the operational costs increases, the organisation was still able to make good profits from the merger. In the year 2007, operational costs of the Emirates Bank International (EBI) according to data revealed an increase of 46 per cent in operational costs, representing AED 2.6 billion. For NBD, operational costs increased by 55 per cent, representing AED 1 billion. A combination of the total costs of the operations following the merger stood at 51 per cent or AED 2.7 billion. (17/Jan/2013)
The merging of the two banks required an integration of the information and communications system of the two banks, which was a move away from conventional practices. This was facilitated by the adoption of accounting, financial and HR software that would enhance the productivity levels of the company. This was possible especially as the company had larger amounts of resources at their disposal. In the year after the merger, (2008), the company exceeded expectations by attaining 90 per cent of the financial benchmarks that had been pre-determined in addition to reducing the costs of production as well as labour costs.

HR professionals are required to perform their roles of administrative experts by ensuring that the operations of a company are efficient as well as cost effective. In the event that profit levels of the company are lower than the operational costs then, the HR professionals can be perceived as having failed in their duty.

The relationship between operational costs and net profits is illustrated in the following table.

<table>
<thead>
<tr>
<th>Year</th>
<th>Operational Costs</th>
<th>Net Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
<td>1.79 billion</td>
<td>2.9 billion</td>
</tr>
<tr>
<td>2007</td>
<td>2.7 billion</td>
<td>4 billion</td>
</tr>
</tbody>
</table>

The development of employee relationships was enhanced through the development of a vibrant HR department. Through the integration of cultural training initiatives, the employees were able to work together. An HR executive stated that:

**ENBD4 (APPX.3):** The management of a human resource system is complex as it integrates a myriad of aspects including bonus schemes for executives, appraisal systems, and evaluation systems that allow us to view the organisation in a more comprehensive way. The integration of different systems including the merit and promotion systems, employee evaluations and career development identified an avenue to enhance employee performance to enhance value creation. This necessitates the recording of all aspects. (09/Jan/2013)
The HR department enhances the maintenance of efficient operations upon the integration of a merger. One HR executive explained that:

**ENBD2 (APPX.3):** Through the HR team, ENDB was able to identify 20 per cent growth in the market share through proper conduction of the HR roles. (18/Dec/2012)

The application of the conceptual framework of this thesis serves in enlighten on how each specific role of the HR managers in merger can be best performed and what are the challenges that might face those HR managers and propose a practical examples of how these challenges and obstacles could be overcome.

## 5.2.5 Conclusion

In conclusion, the case of the merger of Emirates Bank International (EBI) and the National Bank of Dubai (NBD) to form Emirates NBD proves that the role of the HR management department remains to be a crucial point for consideration. The case study shows how the merging development process takes place and which factors have to be evaluated at first. The review of NBD and EBI merger in order to create a powerful system that is called Emirates National Bank of Dubai turns out to be a good opportunity to comprehend how an HR perspective may be used. First, the benefits of the merger have to be identified: the integration of various banking businesses into one, the promotion of well-integrated workforce, and the financial profit for stakeholders, staff representatives, and customers. Second, the challenges of the merger should be mentioned in order to know what should be improved and how. Several problems may be caused by the merging process: staffing teeter, the inability to identify the methods of formal communication between an organisation and its employees, workers’ anxiety, a cultural gap, and the impact of a survivor syndrome. As soon as the challenges and benefits are properly discussed, the peculiarities of the merging process and the role of an HR manager can be identified.

The merger has three goals to be achieved: to enhance company’s shares at the global market’s level, to take a leading position as the best financial services provider, and to increase the chances of a company to use its local and international opportunities. The identification of these goals as the crucial ones proves that the banks’ merger wants to
meet a number of high-valued goals. It is not enough to unite several organisations and create a separate working system. It is more important to think about its internal structure and the satisfaction of its members at different levels.

The adoption of an HR model is a good chance for the merger’s initiators to overcome challenges and prove that the attention to ethical aspects and critical thinking is vital for workers. They have to be properly motivated to increase the level of productivity and develop harmonisation within a new company. HR managers should perform a number of roles such as a strategic partner to succeed in the decision-making process and to use his/her business knowledge working with other employees, an employee champion to train employees with a different cultural background, a change agent to implement different company’s decisions and support cultural or structural reorganisations, and an administrative expert to manage staff and provide efficiency of various company’s operations.

The results demonstrated by the Emirates NDB merger case from 2007 till 2012 proves that the investments in $33 million in order to train staff and help employees learn better the expectations of any merger may be justified. Though 750 employees were fired and 64 ATM booths were closed, the profit was about $174 million. It serves as good evidence that the chosen HR model and the attention to employees’ needs was a good decision made by the leaders of the merger. Involvement of employees in the merging process is not frequently used by many organisations. Those companies that decide to choose this way of integrations and improvements demonstrate good results and a considerable success on different levels. Emirates NDB case study helps to learn how to implement and succeed from a simple still effective HR management model.
Chapter 6: Comparative Discussion

6.1 Introduction

The objective of this section is to compare the two mergers from a strategic HR perspective, the first merger case being the EBI and NBD of the UAE and the second being St. George Bank and Westpac Corporation of Australia. Both the mergers took place between financial institutions, the first one in 2007 between two public sector banks, and the second merger, between private sector banks, in 2008. Among the diverse elements of mergers, this study focuses only on the HRM perspective of the two mergers, including the staffing, rightsizing, survivor syndrome and cultural issues. These HR practices aim to serve the main goal of this study, which is illustrating the most prominent role of HR managers in mergers.

6.2 HRM Perspective of Mergers

Schuler and Jackson (2003) pointed out that, in the era of globalisation, mergers are used extensively to strengthen and uphold the market position because they are considered a comparatively speedy and resourceful way to penetrate new markets and integrate new technologies and innovation, although there is no guarantee of success with a merger. A majority of mergers fail to attain their established goals because of the high social costs – countless job cuts and missing income of the communities. Such social costs are at a tolerable range for the stakeholders if the merger is successful (Grobler 2006). The reason for merger failure often relates to financial and market factors while many studies have confirmed that most merger failures are due to the absence of the systematic addressing of different factors of HRM. Thus, the present study argues for the HRM perspective of the two mergers as discussed below.

6.3 Cross-Analysis of Two Cases

In this section, the comparative analysis of the two case studies will look at strategic staffing, rightsizing, survivor syndrome and the different cultural issues associated with the two mergers.
6.3.1 Strategic Staffing in the Merger Process

Valentine (2007) defined ‘strategic staffing’ as a course of action that recognises and carries out the staffing implications to achieve the business objectives in compliance with the operational and diverse strategies of the corporation. The practice of identifying and addressing strategic staffing is a major challenge for modern businesses. Staffing is a critical issue, which plays a significant role in becoming a successful bank. It is essential to inform existing employees about the merger decision and the proposed structure of the new firm. The right staffing can assist in attaining the business goals quickly, but the wrong staffing can seriously influence the merger process and ruin the business plans. Thus, in the pre- and post-merger stage, staffing is a vital issue, which requires the highest priority. When managing staff in the pre- and post-merger integration, it is essential to integrate a strategic procedure by conducting an assessment of the positions of employees rather than focusing on the actual employees. Assessing the positions rather than the staff has a positive effect on staff as they realise that they are not being personally targeted for dismissal and that they can apply for positions in the new structure that suit their qualifications. At the same time, the merger situation could lead to hiring new staff while laying off existing staff. This situation might generate a leadership crisis in the organisation due to forced retirement, while the newly-recruited executives would be more obedient, paid less and be more dynamic and energetic. This section of the thesis sheds light on the staffing of the mergers of EBI–NBD and St. George–Westpac.

6.3.1.1 Comparison of Staffing after Merger

Emirates NBD was the new company formed following the merger between EBI and NBD. Prior to the merger, the two businesses had formulated principles that would guide the process. Jointly, the two entities formed a centre of expertise that would guide the staffing process. After coming together, the new business had to reconsider the composition of the workforce. The activities of the two businesses also had to be streamlined into one. An HR team was formed and tasked with the responsibility of ensuring that the company’s staffing structure was up to the required standards. The staffing process was conducted in a manner in which both companies had an equal say. Neither of the two businesses dominated the other. Decisions pertaining to employment
were discussed and agreed upon by both parties. Transparency was also observed because no single party was free to make decisions without consulting the other.

The merger between Westpac Corporation and St. George Bank was in the form of an acquisition. Westpac appeared to have assumed more management roles after the merger compared with St. George Bank. Dominating the management during the formation stage meant that Westpac Corporation had an upper hand in the staffing process. The new company had to streamline its composition of employees. Staffing is one of the functions of management, which means that Westpac Corporation made most decisions. The activities of the two companies, with regard to staffing matters, were not properly coordinated compared with the case of EBI and NBD. In addition, the partners lacked staffing policies to guide the process. For instance, the merger agreement allowed St. George Bank to handle the new company’s activities in Sydney without consultation with its partner. As a result, St. George Bank was in a position to make all the decisions pertaining to staffing in Sydney without necessarily having to bring Westpac Corporation on board.

After the amalgamation between EBI and NBD, the new management assured their employees that they would retain their jobs. There were no intentions to offload the existing employees. However, after the merger, it became apparent that there was a need to downsize because the new company needed to streamline its operations. The two merger partners came together and formed an integration team to oversee the new staffing process. A staffing model was formulated to promote transparency in the process.

The integration team played an important role in ensuring order during the transition process. Neither of the partners dominated the other. Both companies had equal say when it came to matters of staffing. Effective communication between the employees and the management also reduced fears of job losses. The company’s recruitment policies were clearly communicated to the employees to assure them of their jobs.

In the case of the merger between Westpac Corporation and St. George Bank, the two partners adopted different approaches to maintaining the workforce. Westpac Corporation aimed to reduce the number of its employees, while St. George Bank
wanted to increase the size of its workforce to help in its quest to expand operations. The level of organisation between Westpac Corporation and St. George Bank was poor compared with that adopted by EBI and NBD. For example, St. George Bank was seen to assume the subordinate role, while Westpac Corporation was seen to dominate the management roles. The situation was worsened by the fact that the convergence of the two companies was more of an acquisition than a merger.

The fact that St. George Bank was allowed to run some of the new branches independently meant that the company was required to deal with staffing issues in these areas. However, some of the subsidiaries were under the central leadership of the merger. The staffing system in the new company was more decentralised compared with that exhibited in Emirates NBD. All the operations of the Westpac Corporation were under the new merger. As a result of the decentralised system in the merger, there was poor communication between the management and the employees. The effect was that employees were insecure about their jobs following this poor communication. The situation was significantly different in the case of Emirates NBD.

The newly-formed merger (Emirates NBD) had a centralised system of management. The company had one CEO. It was also put under the leadership of a chairperson, who served with the help of six board members. The CEO was independent and was not an official in either of the two merging parties. As a result, no party was likely to control the other. The new management also set up an HR department that was charged with the responsibility of addressing staffing issues in the two merged companies. Emirates NBD hoped to retain members of staff who showed potential to serve well in their various capacities. The two companies had common goals. Therefore, they were in a better position to fulfil their mandate compared with the Westpac–St. George merger. Cases of conflict between the entities were reduced.

The merger between Westpac Corporation and St. George Bank was viewed by many as more of an acquisition than a merger. Unlike the centralised system observed in the merger between EBI and NBD, Westpac and St. George retained their CEOs. The officers were charged with the responsibility of overseeing all the businesses. The merger allowed St. George Bank to run its old branches in Sydney, while the other branches remained under the central management of Westpac Corporation. The CEO of
Westpac Corporation was seen as the overall authority in the merger and controlled St. George’s subsidiaries, especially those that came under the umbrella of Westpac. In addition, the CEO of Westpac was expected to make decisions and policies concerning staffing after the merger/acquisition. As a result of this decentralised system whereby St. George looked after some of the staffing and Westpac controlled the rest, there was confusion among employees concerning the source of authority following the merger.

6.3.2 Post-Merger Rightsizing

As a corporate strategy, rightsizing or downsizing is the most common approach to changing the organisational structure to have a sustainable and economical edge without hampering customers’ needs and requirements. Rightsizing or downsizing has provided the strategic aspects that confront an organisation by reducing costs and people’s engagement. In order to understand the concept of and the wisdom behind rightsizing, it is vital to understand how it has progressed from downsizing. Downsizing is a planned layoff of numerous employees within a firm. In some cases, a firm lays off tens or hundreds of workers at once. The key reason of a downsizing tactic is to cut labor costs. Often, it derived from a company's reaction to economic slowdowns or rapid changes in the industry structure. While, if correctly applied, rightsizing occurs when a company restructures its human resources to align with company goals and strategies. Human resource executives usually sit in on the firms’ management teams to help coordinate talent management with strategic plans. If the firm intends to shift its focus or improve production efficiency for the long term, the move may require HR and management to rightsize. This move may include a combination of department and position cuts, with a reorganizing of responsibilities for remaining employees. The rightsizing issues of the said mergers are discussed below.

6.3.2.1 Comparison of Rightsizing after Mergers

In the EBI–NBD merger, Emiratisation was the main principle guiding the rightsizing process. The principle is an initiative by the UAE government to promote employment in the country. Under the initiative, firms operating in the country are mandated to train and secure jobs for nationals. As a result, Emirates NBD was required not only to consider the qualifications and performance of the employees while rightsizing, but also
to comply with the laws of the country. The company ended up shedding a large number of foreign employees. The move was executed despite the fact that some of the foreigners who were laid off had more potential than the UAE nationals. The result was that the company lost some of its best employees. Some of those who left were absorbed by competing businesses.

Unlike Emirates NBD, the merger between Westpac Corporation and St. George Bank did not have to comply with policies relating to whom they could employ. It was not adversely affected by government policies. The Australian government allows businesses to operate freely without any external interference. The newly-formed business (following the merger between Westpac Corporation and St. George Bank) required no specific criteria in efforts to right size. However, the company had to take into consideration the laws governing the relationship between employers and employees.

Unlike the case of Emirates NBD where there was no requirement to compensate retrenched workers, nor to provide counselling to those who were laid off, Westpac Corporation and St. George Bank were required by the Australian laws to compensate workers who were to be affected by the retrenchment process. The need for compensation arose when employees were to be retrenched before the expiry of their current contracts. Unlike the case in the UAE, Westpac Corporation and St. George Bank were required by law to provide psychological support to their employees upon laying them off.

Emiratisation did not affect only foreigners. It is noted that the company conducted an assessment of its workforce, which was aimed at determining which employees were effective and which were not. The individuals noted to perform well were retained in the organisation, while poor performers were relieved of their duties regardless of their nationality. The process was carried out in accordance with the HRM model. The company saw assessment of the workforce in terms of performance as a smart move. The management was in a position to determine the value of each individual working in the organisation. Valuable talent was retained in the business, which helped maintain the good performance.
At the start of business, Westpac Corporation and St. George Bank handled rightsizing independently. Each business was required to handle its staffing issues independently of the other. After the merger, there was need for the new business to streamline its operations. For this reason, some of the employees, especially those whose roles had been eliminated or taken over by other individuals from the merging party, had to be made redundant. As was the case with Emirates NBD, it was important for the two businesses to assess their workforce to ensure that they retained the most qualified and efficient labour force. However, no assessment was done in the case of the Westpac Corporation. The scenario was different at St. George Bank, where an assessment of employees was carried out. The assessment was in vain because Westpac Corporation, being in charge of management, relieved 2,000 employees from St. George Bank of their duties at the start of the merger. During the laying-off process, the company lost valuable employees, especially those serving in management. The company was therefore left deficient of talent.

The rightsizing process by EBI and NBD was indiscriminate. All employees were susceptible to downsizing. The situation meant that all employees working in the company were at risk of losing their jobs regardless of their age, their position of responsibility or their level of expertise. Employees had no control over the rightsizing process because anyone could be a victim of downsizing. After the merger, employees felt insecure about their jobs because of the company’s previous policy on rightsizing. The policy was considered fair to the company’s employees because it eliminated cases of bias. A predictable rightsizing mechanism would promote favouritism. Those individuals who were aware of the possibility of being deemed redundant would collude with those in management positions to have them retain their jobs. However, proper communication mechanisms were put in place with regard to rightsizing. Employees were notified in advance of the company’s intention to rightsize, which helped them to prepare psychologically for the process. Employees also had a proper communication in order to reduce their anxiety. The employees were therefore less distracted by the fear of losing their source of income.

However, Westpac Corporation and St. George Bank’s rightsizing process was more predictable than that of EBI and NBD. Rightsizing in the Westpac and St. George merger entailed a scrutiny of all the job positions in the company to determine the right
number of employees who were required. The most considered aspect during the rightsizing process was that of duplicate duties. The company realised that, after merging, many individuals had duplicate duties. The situation was mostly because the two merged businesses had operated independently prior to their merger. For this reason, they were likely to have almost identical structures in terms of management and staff.

Following the merger of Westpac and St. George, the two companies started operating as one and, as a result, there was a need to streamline operations. Having two or more individuals in the same role would be uneconomical for the company. Westpac Corporation and St. George Bank’s management also failed to communicate to their employees in advance. Rightsizing was abrupt and employees felt that their source of livelihood was threatened. The result of this uncertainty was that employees became less motivated to work and their output was considerably reduced.

6.3.3 Survivor Syndrome

The concept of survivor syndrome has developed and intensified with the concomitant prevalence of downsizing practices. It is a psychological condition and it negatively influences employees who survive a lay-off exercise. It is a side effect of downsizing or the trauma of job terminations, which is detrimental to the company and the existing employees. Significantly, the performance of the company can drop. Moreover, it disrupts the ability of the staff to focus on the tasks and show their talent in the workplace. The situation can start when an employee witnesses a lay-off exercise or receives news that his/her closest colleagues are the latest victims of the lay-off exercise. The provisions of an employment agreement with any company before a merger become valueless to some extent, so these workers usually view the process as unfair.

6.3.3.1 Comparison of Survivor Syndrome

Following the merger between EBI and NBD, an integration team was established in an attempt to reduce the negative effects that would result from rightsizing. The company knew that their attempt to rightsize would affect the morale of the employees and in turn this would reduce their productivity. The integration team was also charged with the responsibility of briefing management on any issues that arose from the rightsizing
process that were likely to affect the performance of employees. Management would then be in a position to respond to any issues that arose promptly before they would hurt the performance of the newly-merged company. The integration team was also responsible for helping the employees to handle their emotions. Witnessing a fellow employee being made redundant is a stressful experience and many of the employees developed a fear that they would have to undergo the same situation.

Unlike EBI and NBD, Westpac Corporation and St. George Bank did not establish an integration team. After the merger, the two companies went ahead to start the rightsizing process without paying any attention to the negative effects that the process would have on the company’s employees. The result was that many of the employees sank into depression due to the fear of being rendered jobless. The employees’ level of productivity was also drastically reduced. Instead of focusing on their duties in the newly-formed company, many employees thought of ways in which they could survive future downsizing by the company.

The integration team formed by EBI and NBD also ensured that there was sound communication between management and employees. Communication is an important tool to help employees deal with stress. Through communication, employees feel that the management still values them. Following the rightsizing, employees who still had their jobs felt that they too were expendable. As a result, their morale dropped significantly. However, through effective communication, the employees were made to understand that their retention in the company was as a result of merit. It was argued that the employees would feel more proud about themselves if they were made to understand that their retention was due to their good work during their stay in the organisation. Management also made their employees understand that the process of rightsizing was inevitable at the time. The employees’ fear of future rightsizing would therefore be greatly reduced.

In contrast, there was poor communication between Westpac Corporation and St. George Bank and their employees following the rightsizing process. Although St. George Bank regarded their employees highly; the decision to merge with Westpac Corporation meant that staffing would be a joint decision between the merger team of the two banks. Westpac Corporation was more profit oriented and focused more on
improving their performance than addressing issues that faced their workforce. As a result, the employees lost their trust in management. They felt that the company did not value their existence and, as a result, their motivation to work was greatly reduced. Therefore, EBI and NBD handled the issue of rightsizing better than Westpac Corporation and St. George Bank.

Following the rightsizing process, EBI and NBD invested a great deal of money into training their staff. Training was aimed at increasing the productivity of the employees. The process would also ensure that the employees had an opportunity to relax and forget about the rightsizing process that had just taken place. The initiative by the company to train its employees also created a perception that it was determined to retain its workers. Employees were taken through a series of seminars and workshops organised by the company, which were held in different countries. Travelling experiences also helped to relieve the employees’ stress. Moreover, in the process, the company was able to justify its claims that, indeed, the rightsizing process was inevitable. The confidence of the public as well as that of the employees was earned in the process. Training would also see the company attain its long-term goals, as they would enjoy having a competent workforce.

Westpac Corporation and St. George Bank offered no training to their retained employees following rightsizing. The two partners concentrated more on earning profits than spending on their labour force. Their main objective was to cut the costs of doing business in every way. Failure to train employees following the rightsizing meant that employees would take a longer time to recover from survivor syndrome. The output by the two partners would therefore be considerably reduced because their workers were not motivated to helping the firm succeed. Training would have also helped the employees to be distracted from the rightsizing process. In addition, the workers would feel valued because their employer was willing to invest in them. Failure to take any steps by the company to motivate their employees worsened the survivor syndrome situation. The employees would be of the opinion that their employer attached more value to money than to their wellbeing.

Following rightsizing by EBI and NBD, the new business was certain that their employees had suffered trauma. For this reason, there was a need to provide
psychological counselling to the employees to help them overcome depression associated with the trauma. It is important to note that survivor syndrome is a psychological condition. Therefore, the approaches taken by the company to reverse the situation had to target their employees’ psychological wellbeing. One of the responsibilities of the integration team was to provide both emotional and psychological assistance to the employees. The end result was that they quickly recovered from the trauma and assumed their normal responsibilities within a short period. They also felt more appreciated and proud to be associated with the company.

Westpac Corporation and St. George Bank took no initiative to provide psychological support to their employees following rightsizing. Following the process, the company resumed operations in all their branches. They also failed to acknowledge the fact that their employees were emotional beings. No efforts were taken to counsel the workforce even after the trauma they had suffered by seeing how their fellows had been made redundant. Instead, the company created an impression that downsizing was a normal operation and that employees should be able to prove their worth to their employer for them to retain their jobs. As a result, the company’s employees took a considerably longer period to recover from survivor syndrome. Their output was also considerably reduced. They felt less motivated to work for a company that showed no appreciation of their efforts. Fear of being made redundant also made them distance themselves from the company because they felt less appreciated.

6.3.4 Cultural Influence on the Merger

Weber and Camerer (2003) pointed out that, although culture has become less important for economists, it contributes to an organisation by providing a greater competence in problem solving. The development of a corporate culture removes uncertainty about HR behaviour, provides greater understanding of social factors, and enhances effective communication that ultimately rescues the merger from the many risks of failure. Thus, during a merger, culture is an ‘efficiency-improving asset’ that the merged management can utilise to coordinate the people who have gathered on a common platform from diverse organisations. The amalgamation of such virtues can improve internal interaction to exchange understanding and enhance skill transformation, and can help to
mitigate conflict within the organisation. This section compares the cultural issues of EBI–NBD and St. George–Westpac.

### 6.3.4.1 Comparison of Cultural Issues in Merger

Difference in the cultures was one of the greatest problems that faced the merger between EBI and NBD. There were two forms of cultural difference that existed among the employees. The two firms had different goals and objectives before the merger took effect. The two companies also had different policies. Employees found it hard to work together because of these differences. The two firms also faced the problem of culture in terms of the countries of origin. The company’s labour force constituted individuals from 51 countries. For them to be able to work together favourably, it was important that they undergo a series of training sessions. Cultural issues resulting from the different employee backgrounds were more than those caused by the different organisational structures.

The merger between Westpac Corporation and St. George Bank also had its share of cultural issues. However, the company faced more organisational cultural issues rather than those associated with employees’ different cultural backgrounds. Most of the company’s labour force was from New Zealand and Australia. Merging the two cultures would be an easy task. Nevertheless, the companies were very different in terms of organisation. They possessed different policies and codes of conduct, which increased the level of disagreement that occurred between the employees of the two companies.

Cultural issues experienced as a result of the merger between EBI and NBD were solved through a series of workshops organised by the new CEO. A total of 107 workshops were held. The workshops were aimed at bringing employees together. The company felt that by organising the workshops, they would create a platform where the employees would have an opportunity to interact with each other, which would strengthen relations. The workshops also provided an opportunity for the employees to develop deeper relations because they could take time to understand why their fellow workers behaved the way they did. EBI and NBD also invested heavily in financing the process of cultural integration: AED33 million was spent on the workshops.
Unlike, EBI and NBD, Westpac Corporation and St. George Bank did not organise workshops to facilitate cultural integration but embarked on training employees at their place of work. As a result, the employees were not given the opportunity to interact freely with each other to exchange ideas, and the limited contact prevented them from gaining understanding about each other at a personal level. The integration process by the company was aimed at promoting efficiency in the workplace rather than improving relations between the employees.

In the case of EBI and NBD, the integration team was charged with the responsibility of promoting cultural competence among the employees. The team was to merge the cultures of the two companies. The integration was aimed at reducing hostilities that were likely to arise as a result of differing cultures. Cultural differences between the two companies would have led to increased employee turnover. Employee turnover is the rate at which the business replaces its workforce. The situation would have led to increased costs of operation because they would have had to train new employees to replace the old ones. Cultural incompetence would have discouraged many workers from remaining in the business because they would not have been content with the manner in which things were run. Most of the competent employees would have been poached by competing firms that had more favourable cultures. The end result would have been that the company was left with an incompetent workforce that was less competitive in the market. Therefore, the performance of the company would have dropped significantly. As a result of lack cultural integration, loss of employees to competitors would also mean that the company risked stiff competition from their rivals.

In contrast, Westpac Corporation and St. George Bank engaged in cultural merging independently of each other. Each of the businesses was required to take their employees through the process of merging cultures. Trainers were hired to hasten the process. The process was considered more effective in terms of productivity because the employees would be trained to adopt a culture according to their responsibility in the business. Moreover, less money would be spent in the process and so the business would be able to cut their expenses, which would translate to more profit.

In addition, the process of merging the cultures was short-lived because the employees received the training while they were still at their place of work. This approach was
advantageous in that less time was spent not working. Employees were still carrying out their normal responsibilities as they underwent the merging process, thus generating income for the business.

The quest to foster cultural integration by EBI and NBD was aimed at improving the working conditions of the employees. The company felt that, with an efficient labour force, productivity would be enhanced. According to the company’s policy, a satisfied workforce would translate to customer satisfaction because the employees would be motivated to work.

Conversely, the merger between Westpac Corporation and St. George Bank gave more emphasis to customer satisfaction. They were of the opinion that customers were the main source of revenue. Without their customers, the company would not be in business. Therefore, cultural competence was aimed at improving relations between the business and their customers. Having joined to form one business, the two firms brought their customers with them. The customers were to receive services from employees from the two businesses and thus there was a need to ensure that understanding was enhanced between the business and their employees.
<table>
<thead>
<tr>
<th>Major Concern</th>
<th>Following the Merger between Emirates Bank International (EBI) and National Bank of Dubai (NBD)</th>
<th>Following the Merger between Westpac Corporation and St. George Bank</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female representation</td>
<td>The bank does not give a conclusive figure.</td>
<td>61 per cent of the new firm’s workforce were women.</td>
</tr>
<tr>
<td>Assorted culture</td>
<td>60 per cent of the entire HR were not residents of the UAE and more than 7,000 came from 50 countries.</td>
<td>32 per cent of the employees were from New Zealand or Australia.</td>
</tr>
<tr>
<td>Ethnic minorities’ representation</td>
<td>Provided equal employment opportunities for the entire HR. However, Emirates National Bank of Dubai (Emirates NBD) was selective of employees in regard to the national market (Manobo 2007).</td>
<td>Complying with their economic, legislative and social standards and norms, Westpac and St. George provided equal employment opportunities.</td>
</tr>
<tr>
<td>Most powerful factors</td>
<td>Emirates NBD was born out of a merger agreement between NBD and EBI, thus making the management develop a universal culture of success.</td>
<td>Westpac was an independent firm with a different organisational culture than the culture at St. George Bank. Further, Westpac’s operations were different from that of St. George Bank.</td>
</tr>
<tr>
<td></td>
<td>After the merger, the two companies did consider realigning their mission, vision and values’ statements in an effort to become a market giant (Emirates NBD 2013; John 2008; Salem 2011).</td>
<td>Both the vision and mission statements of the two companies remained different. Nevertheless, each company’s vision defined its culture (Commonwealth Register of Institutions and Courses for Overseas Students 2010; Westpac Corporation 2012).</td>
</tr>
</tbody>
</table>
6.4 Analysis of HRM Role Prominence in EBI–NBD Merger

Ulrich proposed four key models necessary in the analysis of the roles of an HR manager in a merger. The four HR models are crucial components that business partnerships must employ to succeed in HRM. Two of the roles were used by HRM in the merger between EBI and NBD, and these are (1) employee champion of operations and welfare of employees in the new business entity and (2) agent of change whenever new strategies are being adopted and implemented.

6.4.1 Employee Champion

The role of employee champion involves training staff, maintaining an effective team for the newly-formed organisation, and attracting and retaining the best staff.

6.4.1.1 Training

The HR department in an organisation is the most important factor that dictates the ability of an organisation to establish itself strongly and meet new objectives. Its management plays some vital HR championing roles whereby workers’ welfare, and their motivation, appraisal and safety are central points of focus. The latter aspects determine the overall productivity and profitability of an institution.

The employee champion role of the HRM in the Middle Eastern merger mainly centred on improving employees’ efficiency in the provision of banking services. One key element that emerged from the case study was the improvement of training to enhance the employees’ development capacity. An HR executive explains the importance of employee championing.

**ENBD4 (APPX.3):** HR championing is one of the most critical aspects of administration in the sense that employee championing aids in creating the necessary forces for articulating employee activities, organisational policies and overseeing training procedures and practices. (09/Jan/2013)

Training in this case provides workers in the merger with adequate skills to handle new tasks and opportunities created. The Emirates NBD merger team stressed the importance of best practices in HRM by indicating that the aim of the training was to
create a sustainable competitive advantage through the management of labour towards pre-established goals. It considered the application of training a unique HRM framework in an organisation. The aforementioned creates two key implications that have great significance in motivating and championing employees. Employee championing through training creates a different working environment for employees within the merger, while motivating employee would result in better performance and greater loyalty to the firm.

6.4.1.2 Team Operations

One of the key responsibilities of HR managers in a merger is to ensure that employees of both companies work as a team for high productivity. HRM seek to instil teamwork at all levels of organisational operations. According to the merger team:

**ENBD2 (APPX.3):** Team operations are based on the need to collectively own variant results in an organisation. Operations within the framework of teams enable all employees to participate maximally in the realisation of objectives set out for an organisation. (18/Dec/2012)

Encouraging team operations acts as an indirect mode of bringing down the management to the lower levels of business operations. HR executive stated that:

**ENBD2 (APPX.3):** As a result, the teams are able to operate as partially independent sub-components of the overall umbrella of the merger. (18/Dec/2012)

Through encouraging team participation, the HRM merger team promotes autonomy in the merger operations and reduces the need for supervision of subordinates by their seniors.

6.4.1.3 Recruitments and Promotions to Attract and Retain Top Talent

According to the Emirates NBD merger team, HR managers should aim to use the best recruitment systems to guarantee adoption of the most qualified staff to work in their organisation. As discussed before, employees of an organisation are the most valuable resource of the firm. In the Middle East merger, HRM sought to bring qualified and
talented employees to the organisation in order to facilitate its ability to achieve the set objectives. An HR executive stated that:

**ENBD4 (APPX.3):** Promotions as a motivation factor is critical in the merger since it is a major HRM practice that has seen the merger grow in strength. It has been assimilated as part of the merger’s culture to encourage creativity and innovation in employee operations. (09/Jan/2013)

Similar to the operation of teams, promotions encourage stronger ties between employees and HR managers owing to their acceptance at both the lower and higher levels of management. An HR executive stated that:

**ENBD5 (APPX.3):** This is particularly very effective from a teamwork perspective since emerging leaders are easily identified and promoted to managerial positions. (17/Jan/2013)

Due to promotions, employees are able to relate more positively to their management teams because they easily identify with their leaders, which reduces their resistance to propositions form competitors and new changes occur in the organisation.

### 6.4.2 Change Agent and HRM

In terms of change, the Emirates NBD merger team sought to evaluate the changes that occurred in HRM function and their implications to the organisation. An HR executive explained that:

**ENBD5 (APPX.3):** The latter is achieved by deviating from the commonly employed mechanistic model. (17/Jan/2013)

The mechanistic scientific management theory seeks to create a highly bureaucratic system of organisational structure whereby strong centralisation of ideas is followed. However, the Emirates NBD merger team indicated that, by focusing on the better change models and frameworks, an organisation is able to make huge advances in terms of performance. In the merger between the EBI and NBD, the strategic focus of ensuring change and transformation was an important leadership activity of HRM. An HR executive mentioned that:

**ENBD1 (APPX.3):** This role has been critical in the sense that it calls for competence by ensuring that the set organisation’s objectives are met by assisting employees to accept and embrace change that comes with a merger. (14/Dec/2012)
Change management has become a critical factor that most mergers seeking to break from particularistic cultures adopt. An HR executive stated that:

**ENBD5 (APPX.3):** We worked to support this notion through the unfreezing, change and refreezing model (which is basically as introduced in 1947 by Kurt Lewin about unfreezing the current workplace practices, do the change or transition, and then refreeze the new practices) and indicate that it is very important for a merger in adopting a common culture and ensuring that the same is accepted in an organisation. (17/Jan/2013)

One of the reasons for the success of the merger between EBI and NBD was the adoption of change. According to the Emirates NBD merger team:

**ENBD4 (APPX.3):** The major role of an HR manager in a merger scenario is to act as a change agent within an organisation. (09/Jan/2013)

It is clear that the HRM assimilated a high-result-driven model that sought to employ all the available techniques for addressing existing organisational problems. As noted earlier, the task becomes even more significant because of the dynamic and unpredictable nature of the existing organisational culture. An HR executive explains.

**ENBD5 (APPX.3):** Although some people in the merger team argued against this consideration (change agent), it is no doubt that the top management is better placed to enhance change within an organisation. (17/Jan/2013)

Achieving this requires viewing an organisation from multiple dimensions. Such dimensions include the staff point of view, the organisation’s demands and strategies, and the required cost that derives from their comparative abilities. As already mentioned, the HRM change role is based on the need to have a continuous system that generates the best way to address any work-related aspects and therefore infers the need for continued improvement. An HR executive stated that:

**ENBD1 (APPX.3):** As a change agent, I was able to generate the necessary assessment of working conditions and the workers’ perceptions that determine how effective they perform their roles. (14/Dec/2012)

The Emirates NBD merger team noted that globalisation trends had generated the need for an inclusive review of all the strategies used to achieve various change objectives in the organisation. Perhaps, from the perspective of HRM roles, this is indeed critical owing to the different conditions that are posed by variant work environments and
employees created by a merger. All these factors affect the organisation as a whole, be it directly or indirectly. An HR executive explained that:

**ENBD4 (APPX.3):** Unlike other workers in their organisations, an HR manager is able to articulate the need for change as a factor of harmonising operations and also generating higher levels of productivity and profitability. (09/Jan/2013)

Owing to the complex nature of the Middle East merger’s banking operations, especially at the international level, and the application of new technology as well as the need for improvement, the Emirates NBD merger team admitted that the HR manager was indeed best placed to coordinate programs that would promote the homogeneity of operations and products availed to the consumers. From the above discussions, it can be concluded that change is based on the need to continuously improve the products’ quality and therefore raise the customer’s value.

The HR executives in the merger team proposed that the HRM function within a merger should seek to offer the correct platform for change to employees in order to enhance their ability to accept decisions that have been proposed. This was the case in the Middle East merger. An HR executive explained that:

**ENBD5 (APPX.3):** By providing the necessary platform for change, its HR function has allowed the localisation of the merger’s international strategies to fit within the context of organisation strategies. (17/Jan/2013)

However, care should be taken to prevent excessive autonomy of staff and employees. An HR executive stated that:

**ENBD3 (APPX.3):** They form the best platform for promoting change. (25/Dec/2012)

The HR executive added that:

**ENBD3 (APPX.3):** Despite an HR manager having access to the management records, workers and employees may be well placed to cite the need for change due to their experience in workplace operation. (25/Dec/2012)

In this case, cooperation should be based on the relationship between staff and management at all levels so that an HRM can be effective. The Emirates NBD merger team pointed out that, whereas organisational culture remains a major hurdle in a merger when effecting change in employee operations, HR managers have been deemed
critical in determining how effective a given culture would operate to generate change strategies. In order to achieve this:

**ENBD5 (APPX.3):** It was noted that there is need to generate an intrinsic involvement of employees in the change agenda. This will not merely draw their attention towards key improvements, but will make change to begin with their participation. (17/Jan/2013)

In this respect, the role of HRM becomes a factor of production because employees will contribute to the change as part of their own making. This concurs with the study’s conceptual model, bearing in mind that it is a major strategy for harmonising the necessary organisation culture based on values and objectivity needed to generate high productivity for the company. With special reference to employee championing, an HR executive observed that:

**ENBD6 (APPX.3):** All employees in an organisation should be satisfied with their working environment, salaries and compensations among other necessities that relate to their work. (22/Jan/2013)

The role of the HR executive is brought out as a critical strategic practice that must create the necessary drive for change and employee satisfaction within an organisation and its operations.

### 6.4.3 Strategic Player or Administrative Expert in a Merger

The role of a strategic player is not very evident in the case study of the EBI and the NBD merger. Whereas the role of a strategic partner, as some would argue, encompasses almost all of the other roles proposed by Ulrich, the observations in the study indicate that this particular role focuses on multiple dimensions such as consultancy, knowledge management and business expertise. This study tried to evaluate the implications of a strategic player in the HRM function regarding improving the ability of an organisation to raise the level of its productivity in different categories of production. However, in this merger, the HR managers appeared to articulate strategically effective mechanisms that created room for change in the organisation, a sense of identity for employees, and better communication between employees and their managers.
According to Ulrich’s framework, the contributions of an HR manager as administrative expert in an organisation are critical for business growth. However, this appeared to be lacking in the case study merger. Of note is the role of the administrative expert, which is mainly central to adding value to the firm performance. From the study observations, administrative expertise was delivered through technology and other administrative efficiencies. An HR executive’s role includes expanding the role of a functional expert through formulating interventions, menus and policies, which were lacking in this case study. An HR executive indicated that:

**ENBD5 (APPX.3):** For an organisation to be effective in articulating objectivity, a holistic articulation of employee championing and change models must be enunciated. (17/Jan/2013)

The following charts show the nature and the prominence of HR roles in Emirates NBD merger case study.

![Role Nature](image)

**Figure 6.1: HRM Role Nature (ENBD)**

Source: Adapted from information received in interviews conducted for this study
6.4.4 Conclusions

To sum up, the ability of an HR manager to champion employees and to implement required management changes in an organisation relies on the manager’s capacity to comprehend the existing organisational culture and its effect on a merger. This is crucial, as noted in the merger between EBI and NBD. This understanding enables the generation of changes necessary for a new culture that promotes the organisation’s strategies. The reason for the need to understand organisational culture is that the underlying cultural values, beliefs, communication, perceptions and relationships among employees are critical factors for improvement because they determine how effectively operations will be assimilated. In this regard, all employees at different levels should be factored into the process of change to promote the effectiveness of a merger through creativity and innovation. However, attaining success in a merger is indeed one of the most difficult aspects, in terms of aligning both the different organisational values and the different work cultures. The success of EBI’s merger with NBD was strategically planned through competent massive team involvement so as to effect change from an established organisational culture.
6.5 Analysis of HRM Role Prominence in St. George Bank and Westpac Corporation Merger

The concept of HRM as a strategic partner and as employee champions in the merger process will be shown to improve the success of mergers.

6.5.1 HRM as a Strategic Partner in Mergers

Based on the empirical study in this research, HRM has the function of a strategic partner upon the formation of a merger. In playing out this role, the HR manager operates to enhance the success of the organisation in terms of improving its profitability by enhancing the effectiveness of employees in the execution of their roles through managing conflict among their peers and the organisation. Employees fear organisational change. They respond to merger organisational changes by developing a fear about the uncertainties of their jobs. An HR executive stated that:

**STGB5 (APPX.3):** To overcome these fears, HR as a strategic partner, plays the role of smoothing employees’ transition to embrace change by calming fears. (09/Sep/2013)

For the merger between Westpac Corporation and St. George Bank, this goal was accomplished by addressing questions from employees on the implications of the merger at their individual level.

Employees’ fear about the effects of a merger on their job security creates survival syndrome. According to the merger team, such fear leads to reduced employee performance levels because their worries shift from maintaining their set standards for organisational performance to the capacity to remain employed by the organisation. An HR executive amplified this argument.

**WPC6 (APPX.3):** If employees of both companies do not have as much fear over the change in the event of merger, productivity is more to likely to stay at previous levels. (11/May/2013)

From observations, it appears that fear among employees is propagated through rumours. The HR executives in the merger team played the role of strategic partnership by detecting and effectively addressing rumours concerning the merging organisations’
decision to lay off employees where work functions were redundant. Other employee fears that the HRM addressed were associated with office relocations and other physical changes that are required to make the operation of a merger effective. HRM then relays this information to the management of both organisations in the effort to seek mechanisms for ensuring that the fears do not persist even when the merger is in full operation.

In strategic partnerships, the merger team, including the HR executives, ensure that all risk factors in the success of the merger are mitigated. This includes the evaluation and decision-making about the effect of the structures and cultural characteristics on different organisations, which may influence the performance of employees. Based on this information, HRM offers advice to the respective managers of the two organisations forming a merger on the appropriate decisions that are required while paying attention to the concerns of maintaining employees’ morale and commitment to the business of the merger. An HR executive stated that:

**WPC2 (APPX.3):** Contribution of HR in influencing the decision of changing of merger structures and cultures is meant to enhance greater organisational efficiency. (26/Apr/2013)

The contribution of HRM in strategic partnerships in mergers enhances quick decision-making. Organisations in the globalisation age recognise the contribution of employees in enhancing their competitive advantage. Consequently, emphasis is placed on maintaining the work morale of employees existing before a merger. This means that it is important for HRM to contribute to the decisions, which are made to ensure that the merging organisations are more successful than when they were single entities. For the merger between Westpac Corporation and St. George Bank, the strategic roles of HRM were played out through the involvement of the HRM functions of both organisations in the determination of the resources that were necessary for utilisation in the reduction of the cost of the merger. The attainment of specific levels of productivity of a merger requires deployment of given levels of labour input. An HR executive mentioned that:

**STGB6 (APPX.3):** HR is the organ within a merger, which can determine effectively the right amount of labour in terms of experience and quality that can achieve requisite productivity level at minimum costs. (13/Sep/2013)
The role of HRM in this merger case became largely focused on addressing the staffing needs of the merger. An HR executive amplified this concern by stating that:

**WPC6 (APPX.3):** Well-defined approaches to hiring of new personnel in a merger need to be established. (11/May/2013)

This means that employees in a merger should respond to one authority or organ that addresses their needs. For the case of the Westpac Corporation and St. George Bank merger, addressing the staffing needs faced an incredible challenge. The merger agreement between the financial institutions did not declare total dissolution of the organisations so that each of the original banks still had some control over staffing. An HR executive stated that:

**STGB4 (APPX.3):** The merger agreement permitted St. George Bank to operate independently without taking any decision from the partnering organisation in Sydney suburbs. (06/Sep/2013)

This hindered the attempts to establish a single effective arm of HRM to support the HRM strategic partnership of both organisations at equal thresholds. An HR executive explained that:

**WPC5 (APPX.3):** Although integrating the respective HR functions of both organisations could form a single HR arm, recruitment of employees to work in areas where one bank operates as a single entity requires to be done in consideration of only one bank’s organisational culture. (09/May/2013)

Nevertheless, even if employees were recruited successfully in accordance with the organisational culture of both organisations, the perception of avoidance was highly eminent because employees working within the Sydney suburbs would consider themselves not subject to the Westpac Corporation organisational culture. An HR executive stated that:

**WPC2 (APPX.3):** Any form of monitoring and controlled exercise by HR personnel from Westpac Corporation making the integrated HR arm would be treated with deviance. This has the effect of hindering the effectiveness of HR as a strategic partner in the merger. (26/Apr/2013)

The operation of HR as a strategic partner in this case is tied with the concerns of enhancing profitability of the organisations by enhancing the effectiveness of employees through strategies such as motivation and setting of reward systems. In the
merger between Westpac Corporation and St. George Bank, playing out this role was problematic. According to an HR executive in the merger team:

**STGB5 (APPX.3):** Employees’ trust in the capability of an organisation to meet their needs is important especially where they are in the lowest rank of Maslow’s hierarchy of needs. (09/Sep/2013)

In the case of Westpac Corporation and St. George Bank, the merger was to operate under the control of a single CEO. The corporation’s CEO assumed this position. Hence, St. George Bank was under the control of the corporation bank. An HR executive stated that:

**STGB5 (APPX.3):** Organisations have different cultures shaping the perception and commitments of employees to the aims, goals, objectives and missions of an organisation, which are communicated from the topmost level of management to the subordinate employees. (09/Sep/2013)

This means that employees developing perceptions that they are no longer under control of leadership that satisfies their needs attracts incidences of low motivation. This occurs until the formed merger team inculcates trust in employees of the merging partner organisation whose top leadership takes command from the top management of the other organisation. In such a situation, the HRM encounters challenges in playing the role of maintaining high productivity through enhancement of motivation among employees.

Merging is done in the attempt of an organisation to take advantage of the strength of the other organisation to increase collective performance. In this effort, the HR executive role in the merger team was inclusive of selecting the most talented people from both organisations while relieving the less effective and innovative persons from the merger. An HR executive explained that:

**WPC5 (APPX.3):** Organisations forming a merger believe that employing people having different organisational experiences give the resulting merger the advantage to develop the capacity to tap and benefit from a wide range of talents and knowledge bases. (09/May/2013)

This way, a merger is able to innovate and create a wide range of products, which when traded translate into increased profitability. Nevertheless, this brings together people who have different cultures. To resolve cultural conflicts, the HRM’s strategic partnership role is to help to create a common culture by helping employees to
understand that different people have different abilities and beliefs. An HR executive stated that:

**STGB2 (APPX.3):** Such differences should not be permitted to influence the way people relate with one another. (26/Aug/2013)

Employees of one organisation should not consider themselves inferior to persons from the other organisation forming the merger. This suggests that staffing for a merger needs to be done based on merit.

### 6.5.2 HRM as Employee’s Champion in Mergers

The merger team in this case considered HRM an arm that plays essential functions within an organisation by acting as the champion of employees in the formation of mergers. Working as the champion of employees, the HRM listens and creates mechanisms of responding to the concerns of the employees. In the case of the merger between Westpac Corporation and St. George Bank, several concerns of the employees came up.

Employees of both Westpac Corporation and St. George Bank were concerned about to whom they would be accountable. The merger team appreciated the significance of this challenge by understanding that:

**STGB2 (APPX.3):** Our organisations must determine and set proper guidelines on the mechanisms and approaches for management of employees in the process of formation of mergers. (26/Aug/2013)

Before the formation of the merger between Westpac Corporation and St. George Bank, a decision was made on the person to whom all staff members of the organisation would be accountable. The merger agreement settled on the CEO of Westpac Corporation. However, only line managers including the HR manager were accountable to the CEO.

In the determination of the persons to whom employees would be accountable, several factors must be considered. One such factor is the amount of assets held by each organisation. An HR executive observed that:

**WPC4 (APPX.3):** The organisation possessing more assets takes over the function of management for the merger in the process of its formation. This
implies that organisations having the larger stake in a merger have the largest interest in the performance of organisations. (04/May/2013)

Therefore, in the case of poor championing of the interests of the employees, who may result in low productivity of a merger, the organisation having the largest stake would feel the highest pain. Westpac Corporation was the larger organisation. Consequently, upon considering the HRM role as employee champion in a merger, Westpac Corporation assumed most of the managerial functions including critical decisions about staffing and rightsizing would be taken with the consultation of the HR manager. An HR executive stated that:

**WPC6 (APPX.3):** The goal of championing for employees is to ensure that they are managed effectively to yield organisational success, our organisation used to have good strategies for employees. (11/May/2013)

Such strategies entailed the provision of security together with the creation of hope for future promotions.

HR serves the function of championing employees’ concerns through facilitation of communication between the top management and employees. Hence, in the formation of mergers, communication strategies are crucial.

The decision to form a merger is steered by complexities encountered by organisations. Complexities make organisations constantly look for mechanisms for becoming competitive. One of the ways of gaining competitive advantage is by ‘discovering and implementing a communication strategy that supports a company’s business objectives for its customers, workforce, and partners’ (source this here). In this merger case, HRM played a principal role in enhancing effective communication. According to an HR executive:

**STGB2 (APPX.3):** Good communication strategies have multiple benefits for an organisation ranging from enhancing workforce motivation to the creation of additional customers and retention of the existing clientele. (26/Aug/2013)

In the decision to form a merger between Westpac Corporation and St. George Bank, retention and acquisition of new clientele were essential business objectives. This was difficult without the maintenance of work morale of employees and enhancing
organisational commitment. Consequently, HRM could not forfeit its function as employee champion. HR executive stated that:

**STGB6 (APPX.3):** Organisations’ top executives are ever placed on a constant pressure to comply with various demands by various organisational stakeholders while still ensuring that an organisation remains competitive in the short and long run. (13/Sep/2013)

While ensuring compliance with these dual anticipations, the organisational merger team designed and executed various business strategies. One such strategy was the formation of the merger. An HR executive stated that:

**WPC1 (APPX.3):** Although any failure of mergers may initiate at the planning phase, many of them have higher failure rates at the implementation and execution phases. (18/Apr/2013)

The repercussion of this is that inadequate expertise in the execution of merger strategies within an organisation may produce serious implications.

To avoid the failure of mergers, the HRM merger executives tried to address all concerns of employees to ensure that the business plans made during the merger were successful because employees are the implementers. This function of HRM stood out in the process of forming the merger between Westpac Corporation and St. George Bank through effective communication of the procedures used to select employees who would assume various positions in the merger. An HR executive stated that:

**STGB2 (APPX.3):** This ensured that employees developed the awareness that the selection criterion was based on expertise rather than discrimination and prejudice. (26/Aug/2013)

This means that the merger between Westpac Corporation and St. George Bank anticipated success while HRM worked as the champion of employees. HR executive stated that:

**WPC2 (APPX.3):** HR formed an effective source of motivation together with provision of an effective working environment in which employees’ demands and challenges are acutely addressed. (26/Apr/2013)

Indeed, the quality of service delivered by a merger is a function of the ability of HRM to enhance the coordination of the employees. Coordination is unachievable without addressing problematic areas that may hinder employee cohesion.
The following charts show the nature and prominence of HR roles in the Westpac and St. George merger.

Figure 6.3: HRM Role Nature (Westpac–St. George)
Source: Adapted from information received in interviews conducted for this study

Figure 6.4: HRM Role Prominence (Westpac–St. George)
Source: Adapted from information received in interviews conducted for this study
6.5.3 Conclusion

Westpac Corporation and St. George Bank announced that they would form a merger when they had no challenges in their performance. However, they wanted to gain an extra common advantage by becoming the leading financial institutions in Australia. In this quest, several challenges that could have impaired the success of the merger had to be addressed. One of the challenges was the role played by HRM in the merger. Upon scrutiny of the study’s conceptual model in the context of the merger between Westpac Corporation and St. George Bank, it was found that the roles of strategic partnership and employee champion were the two most significant roles played by HRM during the merger formation and later in the process of the merger’s strategy implementation.
Chapter 7: Conclusion

7.1 Introduction

This study, through the analysis of the HR manager roles, has pointed out that, in most cases, mergers are a very risky business approach and the evidence has illustrated that they repeatedly fail owing to the malfunction of risk management of HRM: the merger data of the present decade illustrate that 50 per cent to 80 per cent of mergers carried out have had negative outcomes depending on the industry. The literature on managing HR argues that unsuccessful mergers often result in accredited attributes to HRM and generate organisational dilemmas linked with the maintenance of workforce stability to mitigate the HR risk. There are many studies on extensive mergers that have identified huge loopholes, mainly in connection with lacking deliberation on the function of HRM as well as diverse employment relations’ guidelines that the merged company puts into practice. This chapter demonstrates the conclusion of the study, the summary and results of the thesis proposition, drawing on evidence from the two financial sector merger cases of Westpac Corporation and St. George Bank in Australia, and the NBD and EBI in the UAE. Further to discuss the general reflections and implications of the study.

7.2 Summary of the Propositions’ Results

In the current competitive business world, many firms are considering mergers as the best solution that can help them manage some of the existing environmental challenges. Some of the mergers have been very successful in the recent past. However, others have been disastrous, as demonstrated in the literature review of this thesis. In most of the cases, the top executives are always concerned about the financial and legal implications of a merger. They lay emphasis on the financial capacity of the partner, and the legal aspects of the merger. However, they always ignore the role played by the human resource managers in making such mergers successful. This study focused on determining the value of HR managers’ roles in radical changes such as mergers and on illustrating the importance of knowing and evaluating the most prominent role among
varied roles by examining each role based on key practices such as staffing, downsizing, handling survivor syndrome, and cultural issues in merger.

From the review of the literatures and the study of the two cases provided, it is clear that HR managers play a pivotal role in making mergers successful. Mergers involve bringing together two distinct firms that were initially running independently. It is important to note that before the merger, the organisational cultures at these firms were different. The values that were held by the employees in firm A may be very different or even completely opposite of the values held at firm B. The merger would result into a situation where these two firms must be run as a single unit. The new management unit will need a harmonious working environment where there is a common belief and culture that defines all the activities of the employees.

This research reveals that the role of the HR manager should start way before the legal processes that would lead to merger. As Grobler (2006) notes, the ultimate objective of a merger is to empower a firm to be more efficient in its operations by focusing their financial and human resources towards a common course. This study aimed to evaluate the HR roles that can best and prominently serve this goal. When the human resources cannot be successfully integrated, then it is a sign of a disastrous future in case of radical changes such as mergers. Much of the time will be taken up addressing the internal wrangles than addressing the common problems facing the new firm. The HR manager should be able to advise the top management about the ability to work together with a new firm before the legal process can begin. Once the two or more firms make the decision to merge, the HR manager will have another very important role in making the actual steps towards integrating the workforce from the two institutions. The HR executives from the companies that are merging will need to come together, share their values, appreciate some of their weaknesses, and be ready to make compromises in order to come up with a common policy. While the legal transactions are being processed, it will be necessary for the HR managers to start sharing these compromises and new policies with their employees before the merger is officially made.

According to Armstrong (2006), the post-merger HR activities are critical in ensuring that the new unit becomes a success. It is at this stage that the two or more institutions will be integrating their structures. Integrating the machines and processes may be
simple. However, bringing a sudden change in the workplace may not work well with the employees. The management will need to explain to their employees some of the new approaches to their work that they will need to observe under the new system. It will be necessary to redefine the organisational culture that will guide their activities at the newly-formed entity. Defining these new policies and cultures may be simple from a theoretical perspective. However, putting them to practice may be a very challenging task. Convincing the employees to embrace the new system may take time, especially when some of the new values are contrary to what was held in their individual firms. However, the HR manager must ensure that it works; otherwise, the merger may be disastrous. Based on Ulrich’s work, ignoring the role of the HR manager in pre- and post-merger stages may be the beginning of signing a failing pact. In order to determine the truthfulness of this claim, this study involved an investigation on two major mergers in two different countries.

The first was the merger between Westpac and St. George Bank in Australia. The second case was the merger of the National Bank of Dubai with the Emirates Bank, which resulted in the formation of the Emirates National Bank of Dubai. These last two firms are in the United Arab Emirates. The two cases have perfectly demonstrated how HRM practices play a pivotal role in enhancing success in mergers. Although the HRM activities in these two mergers took different approaches, it is clear that they had some common issues to deal with soon after the merger. The issue of staffing, downsizing and rightsizing, and cultural factors in the merger had to be addressed in both cases. Survival syndrome was also a factor that affected these firms as they brought their employees together in a completely new environment.

A comparison of the role performed by HR managers in the two cases led to nominating a combination of two roles that were performed and prominent in each case.

7.2.1 Emirates National Bank of Dubai Results

In relation to the Emirates NBD merger, the following results were found. **P1:** HR managers did not play a strategic partner role; thus, no positive relation was found.
P2: HR managers’ role as change agent was positively related to the HRM function in the merger process.

P3: HR managers’ role as employee champion was positively related to the HRM function in the merger process.

P4: HR managers did not play an administrative role; thus, no positive relation was found.

7.2.2 Westpac Corporation and St. George Bank Results

In relation to the Westpac Corporation and St. George Bank merger, the following results were found.

P1: HR manager’s role as strategic partner was positively related to the HRM function in the merger process.

P2: HR managers did not play a change agent role; thus, no positive relation was found.

P3: HR manager’s role as employee champion was positively related to the HRM function in the merger process.

P4: HR managers did not play an administrative role, thus, no positive relation was found.

7.3 General Reflections of the Study

Although radical changes, such as mergers, may have been a lever for HRM to play a more strategic role within previously studied companies, this may not always happen so easily. The cases discussed above have illustrated that HRM may effectively contribute to the performance of a company and, in consequence, modify the perceptions of this function of other corporate managers. As Tanure (2005) proposed, a basic condition for the role to be fully executed is its integration in the business strategy and the power system.

According to Wyatt’s (2002) study, ‘a survey of 500 HR directors across Europe, Middle East, and Asia found out that only 15 per cent of the activities carried out by HR departments are related to “pure strategic interventions”’ (pp. 4). Thus, although HR
managers should seek to undertake a more active and strategic role, contributing effectively to the performance of the organisation so that other corporate managers can perceive HRM function differently. HR managers’ actions are determined by the consistency between discourse and practice of CEOs regarding the true importance of people and people management within organisations. Therefore, any mismatch between this discourse and practice is likely to affect the role played by HRM within the organisations.

Tebbel’s (1999) article ‘Selling the Concepts of Strategic HR’ details practical approaches that can be adopted by HR managers who are determined to build a strategic partnership. The approaches outlined by Tebbel are as follows.

• Take the initiative of expanding the HRM role in the organisation as well as being the change agent without necessarily waiting on the CEO.
• Identify what the CEO believes is critical for the organisation’s future and subsequently develop your strategy along those lines.
• Provide the top managers of the organisation with concrete evidence about the success rate of the strategy you designed.
• Ensure that the HRM has contributed to the company’s success.
• Be confident and prudent enough to disagree with the CEO in case he or she is overlooking something crucial.
• Develop long-term strategic plans for the HR department as do the managers from other departments.

During the Annual National Conference of the Australian HR Institute in 1998, Les Pickett presented a paper titled ‘Human Resources: A Focus into the Future’. The following arguments were raised.

Successful organisations in the 21st needed to have a comprehensible vision, create organisational culture and further structure their firms in such a way it motivates and encourages the workforce to achieve. Organisations were also foreseen to be faced with the need to build up on their values, standards and behaviour. Consequently, organisations would be needed to create work conditions that would motivate the employees to share knowledge and have personal responsibility whilst at the organisation.

Organisations were also noted that they would value relationships, which would contribute to the achievement of business goals and further improve the returns of shareholders. This will proceed upon realising that change was
inevitable and lack of adjusting to it would lead to the fall of businesses. Managers who did not embrace change within all the levels of organisations were warned that they would not survive in the globalised economy. This was further evidenced in an Economic intelligence report that indicated that organisational cultural differences and HRM integration issues are among the key challenges faced in a merger transaction, (Les Pickett, 1998, pp. 7).

Subsequently, top executives have acknowledged the significance of HR managers’ role as consultants, which results in more belief and grow of the HR managers’ roles as key people in decision-making process during changes. This is because HR managers are more insightful when they provide solutions to managers as opposed to telling them what they should or should not do.

The HRM should also be a contributor to mission accomplishment in the firm. This can progress through to recognition of the HRM role in the organisational vision and mission. HR duties in relation to staffing, recruitment, employee development and employee relations provide the HRM link to a firm’s mission accomplishment. Nonetheless, there are certain limitations on HRM in certain decisions such as deciding on the size of staff and the amount of work allocated to each. Further, HRM may be limited in terms of knowledge of the mission.

There are few if any managers that have accepted their HR offices as strategic partners. Similarly, few HR offices are involved in business planning right from the beginning through to the implementation process. The involvement of the HRM in decision-making would be more appealing to line managers for the following reasons.

• They were more knowledgeable in the organisational mission.
• They contributed more and subsequently provided innovative solutions that improve their efficiency in the organisation such as in succession planning and in recruitment.

In other words, HR professionals are still to assert their relevance to businesses and further stamp their authority, especially in steering organisations towards sustainable development. Cusworth and Franks (2003) contributed to this line of debate by arguing that, thus far, HRM has remained a contemporary yet evolving discipline that deals with complex beings in compound firms and business environments. However, Analoui
(1999) opined that SHRM coherence with business strategy and performance gives it credibility and reliance and thus called for its continued research.

It is in this vein that the strategic dimension in HRM is emphasised and recommended to all organisations, especially in merger cases where people management and integration determine whether the merger will succeed or fall.

This thesis has presented several HR issues and activities pre- and post-mergers through the comparison of the mergers of EBI–NBD and Westpac–St. George Bank. The most significant challenges for both companies were staffing, rightsizing, survivor syndrome and cultural issues. The outcomes of this study can assist companies aligned for mergers by providing a better understanding of the HRM perspectives and illustrating how they can avoid the risks associated with HR integration during post-merger reengineering through strategic options to reduce social costs and urge for further research in this field.

**7.4 Implications of the Study**

The findings of this study have a serious implication on the policy makers when planning for mergers. According to Brockbank (2010), mergers are not automatic tickets to a successful future. In fact, it can be the reason for a failure of two firms that would have otherwise survived were it not for the merger. This study has revealed that HRM activities are always at the centre stage of a merger, coming ahead of the legal and financial issues that are always given extensive significance. The study issues a clear warning that any attempt to ignore the relevance of HR managers at the initial stage of planning for a merger may be the beginning of misleading the merger towards achieving success. The following are some of the issues that should influence the future processes of merger.

It is vital for the HR manager to investigate the possibility of the workforce from the two or more firms to work as a unit before the legal process begins. As Grobler (2006) notes, by the time the legal process is begun, the HR managers should be working on finding ways to integrate their employees under the new system. When the legal process
is finalised, these managers should have come up with a working formula that will be applied in the new organisation.

This study will influence the approach that firms will take in handling the staffing issues after a merger. Staffing is one of the biggest challenges that the management teams of merging firms have to deal with when structuring the new company. As suggested in this study, the managers should not wait until the time of the merger for this to happen because this may lead to poor outcomes. The issue of staffing and task assignments should be done at the initial stages even before the merger in a way that is acceptable to all the concerned parties. By the time the two firms are merging, it should be clear on who would be assigned what role, especially at the managerial and supervisory levels.

Downsizing or rightsizing is another issue that has been critically analysed in this study. The study reveals that when two or more firms are merged, it is possible to find one task being undertaken by two or more individuals. When firms are planning to merge, they should agree on how to restructure their employees in a way that will avoid the duplication of tasks.

As stated in this discussion, HR managers should understand that rightsizing does not necessarily mean dismissing some of the employees. Sometimes it may involve restructuring the tasks and redefining the roles of different employees in the new system. From this study, it is now very clear how such redundancy can be eliminated in order to improve efficiency and cut costs of operations.

This study will have serious implications with regard to the approach that the top executives take when it comes to handling culture as a factor in a merger. Executives have tended to ignore cultural issues because they believe that the issues will be naturally defined within the new system. However, this study reveals that culture is one of the most important issues that should be addressed before the merger. Every firm has its vision and the vision always defines the organisational culture. Two firms can only merge if they have a common goal that defines the behaviour of their employees. Bringing two firms with differing goals and organisational cultures together can be a recipe for failure if the issue is not addressed properly. The two camps will always have different opinions when it comes to addressing fundamental issues, and this will limit
the ability of a firm to progress. Effective policy development requires a team of dedicated individuals who share the same dream and have a common strategy through which the dream can be achieved.

This study clearly warns HR managers about some of the dangers of laying-off employees when downsizing the workforce. Survival syndrome always affects employees who are retained when their colleagues are laid off. They tend to develop a sense of sadness when they remember how well they worked together with their colleagues who have been retrenched. They also tend to feel guilty, as they have survived while their colleagues have been eliminated. The possible burden that may befall the remaining workforce may worsen this situation, and this may negatively affect the morale of these employees. As Holbeche (2008) says, before firing any employee during the merger, care should be taken to assess the possible impacts that may affect the normal operations of the firm. Sometimes it may be good to reassign such employees to other tasks rather than eliminating them.
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Appendices

Appendix 1: Human Research Ethical Committee

ORS Reference: H10317 13/010841

28 October 2013
Doctor Benedict Imbun
School of Business

Dear Benedict,

I wish to formally advise you that the Human Research Ethics Committee has approved your research proposal H10317 ‘Human Resource Managers Roles & Contributions in Merger Processes’, until 31 August 2014 with the provision of a progress report annually and a final report on completion.

Conditions of Approval

1. A progress report will be due annually on the anniversary of your approval date.
2. A final report will be due at the expiration of your approval period as detailed in the approval letter.
3. Any amendments to the project must be approved by the Human Research Ethics Committee prior to the project continuing. Amendments must be requested using the HREC Amendment Request Form:
   http://www.uws.edu.au/__data/assets/pdf_file/0018/491130/HREC_Amendment_Request_Form.pdf
4. Any serious or unexpected adverse events on participants must be reported to the Human Ethics Committee as a matter of priority.
5. Any unforeseen events that might affect continued ethical acceptability of the project should also be reported to the Committee as a matter of priority
6. Consent forms are to be retained within the archives of the School or Research Institute and made available to the Committee upon request

Please quote the registration number and title as indicated above in the subject line on all future correspondence related to this project. All correspondence should be sent to
the email address humanethics@uws.edu.au.

This protocol covers the following researchers:

Benedict Imbun, Thomas Klikauer, Khalil Al Jerjawi

Yours sincerely

A/Professors

Debbie Horsfall and Federico Girosi

Deputy Chairs,

Human Researcher Ethics Committee
Appendix 2: Interview Questions

1. Briefly explain the roles of training, staffing, cultural management, communication and other practices during the merger period.
2. A merger process occurs in different stages; what role does leadership and trust play to ensure a smooth transition?
3. How is sharing knowledge best practiced during a merger process?
4. During these merging stages; planning, due diligence and screening, what HR practices are most effective?
5. Human behaviour challenges such as negative attitudes, commitment, turnover, stress and reduced cooperation can hinder the merger process. What HR practices can you employ to deal with such challenges?
6. Establish a link between synergy expectations, exploitations and HR practices.
7. Explain how the characteristics of the practices shown by HR departments differ across individual, internal and external settings.
8. As discussed above, do the effects of HR practices vary across different contexts?
9. Explain how these contexts (individual, internal and external) influence the human resource role in a merger process.
10. During a merger process, are HR managerial competencies challenged? When and how does this happen?
11. How is the role of the HR executive influenced by a merger process?
12. How can the roles and practices of HR executives bring about a ‘strategic fit’ in a merger?
13. Personally, how did your role in planning and organising lead to the successful achievement of your organisational task in the merger and acquisition process that occurred in your company?
14. After the merger process, was there a staffing issue that you had to deal with? If yes, explain.
15. Briefly describe the point at which you had to make a judgement in regard to rightsizing and dumbsizing.
16. During the merger process, was there a situation when you had to deal with the issue of survival syndrome?
17. Was there a cultural issue that you had to deal with?
18. Describe an instance when you had to be flexible to align your personal plans in order to cope with the circumstantial changes caused by the merger.

19. In ensuring the merger is a success, describe the role you played in managing other staff and executive performance.

20. Have you ever argued a case to convince a colleague of its advantages? Explain.

21. Describe a time when you had to argue a case with a top executive with the aim of convincing them of its importance.

22. Using percentages, how can you describe your role in ensuring the merging process is a success?
## Appendix 3: The Respondents

<table>
<thead>
<tr>
<th>Case</th>
<th>Code</th>
<th>Date</th>
<th>Time</th>
<th>Location</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Emirates National Bank of Dubai</strong></td>
<td>ENBD1</td>
<td>14/Dec/2012 – 22/Jan/2013</td>
<td>14:00 – 14:45</td>
<td>Bank branch</td>
<td>The interviewee’s discussion was about the reduction of survivor syndrome risk and personal communications.</td>
</tr>
<tr>
<td>Respondent 1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Respondent 2</strong></td>
<td>ENBD2</td>
<td>18/Dec/2012</td>
<td>10:00 – 11:00</td>
<td>Bank branch</td>
<td>The interviewee’s involvement in the merger was after-merger recruitment specialist.</td>
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<td><strong>Respondent 3</strong></td>
<td>ENBD3</td>
<td>25/Dec/2012</td>
<td>11:00 – 12:15</td>
<td>Bank head office</td>
<td>The interviewee discussed the bases and terms of downsizing and negotiating downsizing decisions with laid-off staff.</td>
</tr>
<tr>
<td><strong>Respondent 4</strong></td>
<td>ENBD4</td>
<td>09/Jan/2013</td>
<td>10:00 – 11:00</td>
<td>Bank branch</td>
<td>The interviewee’s involvement in the study was to explain the introduction of new policies and culture.</td>
</tr>
<tr>
<td><strong>Respondent 5</strong></td>
<td>ENBD5</td>
<td>17/Jan/2013</td>
<td>15:00 – 16:00</td>
<td>Bank head office</td>
<td>The interviewee was responsible for the introduction of changes to structure and workflow charts.</td>
</tr>
<tr>
<td><strong>Respondent 6</strong></td>
<td>ENBD6</td>
<td>22/Jan/2013</td>
<td>14:00 – 15:00</td>
<td>Bank head office</td>
<td>The interviewee’s involvement in the merger was to manage the legal, contractual and media-related issues.</td>
</tr>
<tr>
<td><strong>Westpac Corporation</strong></td>
<td></td>
<td>18/Apr/2013 – 11/May/2013</td>
<td></td>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td><strong>Respondent 1</strong></td>
<td>WPC1</td>
<td>18/Apr/2013</td>
<td>13:00 –</td>
<td>Bank head</td>
<td>The interviewee’s involvement in the merger was to manage</td>
</tr>
<tr>
<td></td>
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<tr>
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<td>Code</td>
<td>Date</td>
<td>Time</td>
<td>Location</td>
<td>Comment</td>
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<td>Respondent 2</td>
<td>WPC2</td>
<td>26/Apr/2013</td>
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<td>The interviewee’s discussion about the merger was to explain the cultural changes and absorbing cultural shock.</td>
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<tr>
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<td>The interviewee’s involvement in the merger was as a staffing and teamwork specialist.</td>
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<td>26/Aug/2013</td>
<td>10:00 - 11:00</td>
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<td>The interviewee’s involvement in the merger was to reduce and manage the negative effects of survivor syndrome and managing communications.</td>
</tr>
<tr>
<td>Case</td>
<td>Code</td>
<td>Date</td>
<td>Time</td>
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<td>02/Sep/2013</td>
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<td>Bank head office</td>
<td>The interviewee’s involvement in the merger was to manage recruitment and career development issues.</td>
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