

# **The role of project human resource management on a merge and acquisition process<sup>1, 2</sup>**

**By Yousra Chebbo**

## **Abstract**

Human resources is one the most valuable asset / component in any organization, and managing it – is indeed a pillar within the project management dynamic. Project team assembling & management is an essential step in managing a project. Studies shows that the most important element in a merge and acquisition process is Human resources. The aim of this paper is to study the role of project human resources management on a merge and acquisition process based on the existing literature. First we will start with a definition of merge and acquisition. Grey data shows that there is a lack of research linking Project management and Human resource. The main contribution of this article is to boost the existing literature on M&A from a project management perspective with a focus on Human Resources.

**Keywords:** merge and acquisition, human resource, project management

## **Introduction**

Today's business world is in a constant state of change. In this environment of permanent evolution, organizations must face complex managerial realities. Moreover, strong competition requires companies to have a flexible structure in order to respond to market developments and needs. Also, technological progress is strongly impacting and shaping the workforce as well as forcing companies to hire skilled, qualified and competent workforce to cope with strong competition. Hence, the change that has taken place in recent years in the industrial world, especially in terms of business management, is pushing companies to find a modern identity.

Since the 1980s, mergers and acquisitions have multiplied on a global scale to become an essential element of economic life and this, at the level of all sectors.

Acquiring companies can access the research and development (R&D) resources of their targets and accelerate the dissemination of knowledge and technological developments to industries in their home countries through foreign mergers and acquisitions.

Researchers argue that the human resource function plays an important role in the company's performance (besides the various derivatives of people management's style, approach, etc.).

---

<sup>1</sup> Reviewed by Mohamad-Fadl HARAKE, Affiliate Professor at ESLI Paris – Director of International Academic Affairs of GIP CEI and Academic Head of Logistics Programs – Paris Campus.

<sup>2</sup> How to cite this paper: Chebbo, Y. (2022). The role of project human resource management on a merge and acquisition process; *PM World Journal*, Vol. XI, Issue IX, September.

Despite this empirically proven reality, very little attention is paid to companies' human resources (even though HR trainings, teambuilding, companies' work environments, etc. are currently huge business trends). For example, when an organization needs cost reductions, it systematically uses investments in its people that include, for example, training, salaries and staffing. (J. Barney, 1991).

HR management includes the processes required to share information of human resources on a project. It has an essential impact on the success or the failure of any project. A project manager plays an important role in the success of the company. This knowledge is an essential starting point for any HR manager acting as a strategic partner. Researchers exploring the link between HR and Project management found a lack of HR research in project management.

Based on the above, an efficient management represents the key of success for a merge and acquisition transaction. Strong project management can make a big difference in a merge and acquisition process by knowing the goals with a clear vision that will ease the project team. (Hurta et al., 2017a)

## **Literature Review**

Between the years 1985 and 2000, more than 29,000 M&A transactions were recorded. (Meier & Schier, 2019). Since 1990, scientific collaboration on M&A has increased. Prior to the 1980s, M&A activity experienced three waves overall; the first two waves affected only the Anglo-Saxon countries, then they were developed in Europe. (Briciu & Nivoix, 2009).

**Mergers and acquisitions M&A**, called also FUSACS, are legally different. Merger transactions are merger operations carried out through the purchase or exchange of shares. (Meier & Schier, 2019).

Blanchot defines a merger as a combination of two or more existing companies through the creation of a new company. The acquired company will legally disappear and its assets are fully transferred to the acquiring company (Blanchot, 2018).

The literature on merger and acquisition theories shows that the motivations of the companies behind mergers and acquisitions are: achieving economies of scale, increasing their market share, buying a beneficiary company, combining possible different forces, setting prices, achieving synergy, developing sales and assets, acquiring new technology, reducing costs, and neutralizing competitors (Arrouvel & International, 2014) and obtain tax benefits. (Jensen, 1986).

Mergers and acquisitions must be carefully structured in their approach to increase the chances of success (Bertoncelj, 2007).

Weber (2015) argues that the most important failure factor in mergers and acquisitions is the lack of disposition of the human factor during the process. A merger and acquisition means that two different companies or organizations cooperate and employees have to work together.

Human resources management can be defined as the part of management concerned with all decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization. (Mahapatro, 2022.)

The human resources department of the acquirers and the acquired company play a large-scale role. This role is materialized by the support of all employees in the difficult process that begins with the announcement and ends with the implementation of the integration (Goksoy, 2014). Similarly, a better HR strategy leads to better success in mergers and acquisitions. (Soundarya et al., 2019). Also, human resources practices have a positive influence on human capital development and employee engagement. (Alolayyan et al., 2021).

Hence it is imperative to involve HR from day one in order to identify the right target and the issues that could be addressed at the earliest time as well as human resource development performance becomes a critical factor that influences the success of mergers and acquisitions. (Vazirani, n.d.) From another perspective, Grant emphasized that human resources are at the heart of organizational success because of the role of individuals has manifested itself in helping the organization achieve effective human resource management; organizations must recognize that employees are their most important as. Resources from a managerial perspective are a company's available factors that helps it carry out its business. (Grant, 1991).

Human resource management aims to coordinate all of the organization's resources including training and skills development which can be used by the project manager in order to select suitable resources and contribute to the project's success.

The activity of human resource management is often divided between the managers of the organization and project managers (Mishra, 2007).

According to the PMI (Project Management Institute), project management is the application of a group of skills, knowledge, techniques, and tools with the aim to meet project requirements (Project Management Institute., 2008) To consider a merge and acquisition as a project, the chance of success of the operation can be increased by using a decent project management methodology as well as HR skills.

Scholars as well as practitioners have perceived project management as framework that includes nine sets of knowledge – with each one classified between coordination, integration, support and core depending on its role on the project management process. Human resources management is one of the nine knowledge in the project management “check figure 1” (Project Management Institute., 2008)

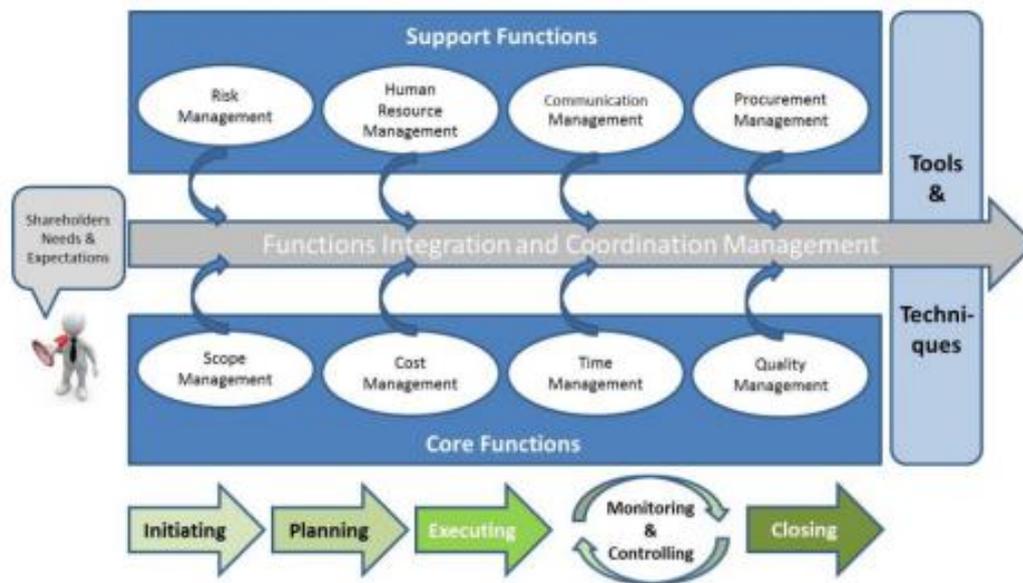


Figure1:Project management Framework adopted by (Madras,2008)

Human resource management play an important role in the planning and the execution process. In the planning process it develop an HR plan and during the execution process it develop acquire and manage project team.(Project Management Institute., 2008)

Project managers are essential in any project. For example, when the project manager hires a successful candidate, it will influence on the company profit and on the project achievement.(Rahmanniyay & Yu, 2019).They play an important role in the post-merger integration. The best practice of merge and acquisition in the post-merger integration phase requires the appointment of project team and the senior level integration manager.(Bohlin et al., 2000.)

Project manager assessment system shows that successful project manager requires not only the “science” skills of the project management but the “art” skills relating to interactions and human behaviour which is mean the practice of “human resource”.(Schroeder, 2013)

Limited amount of research has considered HRM in project management. Theory on HRM in project management is limited, except project leadership and development. Research on project management field heeds on the “works of HRM” in the organization and his configuration on the project.

Clark & Colling (2005) study the effect of project management on HRM practices; in this study, they highlight the lack of literature between project management and HR. and show that the challenge of HR in a project management context is to communicate methods and practices that support management and to become more effective.

In project management , the project leader plays an important role in delivering the HR value to the concerned organization (Söderlund & Bredin, 2006). The project manager considers the project

management as a Lifestyle, for building the team they focus on delivery, time and cost. Project managers plays an important role in the human resource management activity of the organization (Bredin & Söderlund, 2011).

Project based working can affect negatively individuals causing them distress, it can bring them a number of risks and can loss their professional identities.(Asquin et al., n.d.). Physical and financial resources alone cannot improve the efficiency of an organization. The success of mergers depends largely on how human problems are dealt with and solved. (Aguilera & Dencker, 2004). That said, at each stage of the merger and acquisition, human resources issues must be assessed and rectified to form new human resources strategies and policies.

Project management practice can affect the success of merge and acquisition transaction, it can make a big difference by keeping all the process in track, with a clear vision and goal that can facilitate the responsibility (Hurta et al., 2017b).

The resource in its organizational context is defined as "anything that could be considered a strength or weakness of a given business including tangible and intangible assets (Wernleft, 1984). There are three organizational resources: human resources, financial resources and technological resources.

Human resources play an important role in the success of the M&A transaction and are involved through several variables in the transactions; those variables are as follows: Human Capital-Cultural Factors-Organizational behaviors -Employee Emotions-Leadership and management effectiveness-Information and communication difficulties and training and support.

Meanwhile, those factors represent a substantial overlap between project management and merge and acquisition success (Hurta et al., 2017).

**Human capital:** There is positive relationship between human capital and business performance, indicating the key role of human capital in the business (Crook et al., 2011). Human resources practices have a positive influence on human capital development and employee engagement (Alolayyan et al., 2021).

**Cultural factors:** Brueller observations suggest that human resources departments are often responsible for culture, and that the inability to solve personal problems and harmonize cultural mismatch is a key reason for the M&A integration relationship (Brueller et al., 2018). Cultural differences lead to a sense of stress and significant tension in interactions and affect shared beliefs (Karimi, 2019). Cultural differences cause stress problems to employees, to avoid the difference is to do the merge and acquisition project properly (Hurta et al., 2017b)

**Employee emotions:** Schweiger and Weber have suggested that mergers and acquisitions (M&A) are corporate events that can create severe personal trauma and stress, which can lead to psychological and behavioral problems as well as health, performance and survival problems for the individuals and companies involved (Schweiger & Weber, 1992).

**Leadership and management effectiveness:** Leadership alone is not sufficient to achieve the merger. On the contrary, a combination of the human resource management business and the executives facilitates the M&A process. (Xing & Liu, 2016). Leadership style can influence employees' desire for change. Senior managers are regularly moderated in articulating the vision and mission of the new combined organization. (Tsirikas et al., 2020).

**Information and communication difficulties:** Difficulties with information and communication have an influence on the attitude of employees during change. (P. S. Weber et al., 2015). The analysis carried out by (Ahammad, Tarba, Liu, Glaister, et al., 2016) shows that managers and human resources managers should communicate relevant information during the negotiation phase and throughout the M&A process.

Mieir and Thelison showed that communication plays an important role in the integration period. It helps manage the human and cultural risks associated with reconciliations and plays several roles during the acquisition. (Thelisson et al., 2018).

Effective communication in every project is very important especially during maturity phase because projects involved people from different background.

**Training and support:** Weber, in 2015, shows that coaching and training are necessary throughout the merger process. On the one hand, they lead managers and companies to look for new methods to identify the existence and importance of new knowledge in the other part of the merger; and on the other hand, they help to develop the capacity for integration. (Y. Weber, 2015).

At end, without the supporting of top management the merge and acquisition project have a little hope of success, except if the manager provides a clear vision and resources for the project success. A successful project must have a motivated champion.

## **Conclusion**

Merge and acquisition area have received a lot of attention from researcher during the past years. Based on existing literature review we found the link between HR and project management is very limited. Project management and HR plays an important role in merge and acquisition process. A clear project management with a successful manager “Leader and HR” can lead for a successful merge and acquisition without default. The merge and acquisition project require a long feasibility study to avoid failing while the HR function is an asset.

**Limitation:** Literature review on human resource project management is very limited. Therefore, researchers are more focused on the importance of merge and acquisition on the financial side. Rare are those studies that focus on the Human resource side despite the high number of research.

## Bibliography

- Alolayyan, M. N., Alyahya, M. S., & Omari, D. A. (2021). Strategic human resource management practices and human capital development: The role of employee commitment. *Problems and Perspectives in Management*, 19(2), 157–169. [https://doi.org/10.21511/ppm.19\(2\).2021.13](https://doi.org/10.21511/ppm.19(2).2021.13)
- Asquin, A., Garel, G., Picq, T., & Thierry, P. (n.d.). *When project-based management causes distress at work*. <https://halshs.archives-ouvertes.fr/halshs-00688866>
- Bertoncelj, A. (2007). *An integrated approach for a higher success rate in mergers and acquisitions* \*. 25, 167–188.
- Bohlin, N., Daley, E., & Thomson, S. (n.d.). *Successful Post-Merger Integration: Realizing the Synergies*.
- Bredin, K., & Söderlund, J. (2011). Human resource management in project-based organizations: The HR quadriad framework. In *Human Resource Management in Project-Based Organizations: The HR Quadriad Framework*. Palgrave Macmillan. <https://doi.org/10.1007/978-0-230-29751-7>
- Clark, I., & Colling, T. (2005). The management of human resources in project management-led organizations. *Personnel Review*, 34(2), 178–191. <https://doi.org/10.1108/00483480510579411>
- Crook, T. R., Todd, S. Y., Combs, J. G., Woehr, D. J., & Ketchen, D. J. (2011). Does human capital matter? a meta-analysis of the relationship between human capital and firm performance. *Journal of Applied Psychology*, 96(3), 443–456. <https://doi.org/10.1037/a0022147>
- Hurta, H., Jazouli, A., Kopyay, T., & Motaghi, H. (2017a). Fuzje i przejście punktu widzenia zarządzania projektami. *Polish Journal of Management Studies*, 15(2), 100–114. <https://doi.org/10.17512/pjms.2017.15.2.10>
- Hurta, H., Jazouli, A., Kopyay, T., & Motaghi, H. (2017b). Fuzje i przejście punktu widzenia zarządzania projektami. *Polish Journal of Management Studies*, 15(2), 100–114. <https://doi.org/10.17512/pjms.2017.15.2.10>
- Mahapatro, B. (n.d.). *Human Resource Management*.
- Mishra, S. (2007). Human Resource Management in a Project. In *Published in PM World Today*. <http://www.peworldtoday.net>
- Project Management Institute. (2008). *A guide to the project management body of knowledge (PMBOK Guide)*. Project Management Institute.
- Rahmanniyay, F., & Yu, A. J. (2019). A multi-objective stochastic programming model for project-oriented human-resource management optimization. *International Journal of Management Science and Engineering Management*, 14(4), 231–239. <https://doi.org/10.1080/17509653.2018.1534220>

Schroeder, H. (2013). Preparing for Merger: An Art and Science Approach for Organisational Development. *International Journal of Human Resource Studies*, 3(1), 89.  
<https://doi.org/10.5296/ijhrs.v3i1.3185>

Söderlund, J., & Bredin, K. (2006). HRM in project-intensive firms: Changes and challenges. In *Human Resource Management* (Vol. 45, Issue 2, pp. 249–265).  
<https://doi.org/10.1002/hrm.20107>

Vazirani, N. (n.d.). *Mergers and Acquisitions Performance Evaluation-A Literature Review*.

---

## About the Author



**Yousra Chebbo**

Beirut, Lebanon



**Yousra Chebbo** is an experienced business trainer with a history of working in the international non-profit management industry. She has handled the launching of many micro-enterprise portfolios. Her main area of focus is financial as well as organizational project management of refugees /deprived communities' entrepreneurial initiatives. Currently Yousra is finishing her doctoral degree with a focus on HR & Leadership from Saint Joseph University of Beirut.

She can be reached at [yousra\\_chebbo@outlook.com](mailto:yousra_chebbo@outlook.com)