Anna Talasmäki

The Evolving Roles of the Human Resource Function
Understanding Role Changes in the Context of Large-Scale Mergers
The Evolving Roles of the Human Resource Function: Understanding Role Changes in the Context of Large-Scale Mergers

Key words: Human Resource Management (HRM), HR function, mergers and acquisitions (M&As), organisational change, role theory

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Helsinki, August 24th, 2009
Anna Talasmäki
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1 INTRODUCTION

“This study examines the roles played by the human resource function in large merging corporations.”

1.1. Background of the study

During recent years, human resource (HR) scholars, consultants and professionals have extensively discussed the role and influence of the HR function in large companies. They have presented a number of viewpoints on the pressures the HR function is believed to be subject to and on the role the function should ideally play. On the one hand, the HR function is seen to be under intense pressure to downsize and restructure its traditional administrative HR processes for staffing, training, appraising, rewarding, promoting and otherwise managing the flow of employees through the organisation. On the other, scholars have called on the HR function to go beyond its traditional operational and transactional role to make an important strategic contribution to how the firm operates. Many observers have pointed to the potentially important role that the HR function may take in terms of change management, while others have argued that the HR function needs to carry some of the responsibility for management of personnel commitment (Ulrich, 1996). However, observers have presented a number of statements regarding HR’s deficient capability to perform. Titles like ‘Whose fault is it anyway?’1, ‘New network offers a lifeline to HR’2, ‘What’s wrong with HRM’3 and ‘Aligning HR with the business: where is it all going wrong?’4 have featured in business and management journals for decades. The sarcastic tone often used when discussing the work of the HR function suggests a disbelief in HR’s capability to perform.

Hence, the field of human resource management is filled with contradiction as there is both an ongoing debate on the important roles HR should play, and a disbelief in HR’s ability to contribute. One of the key questions is whether the HR function can manage to develop its own role, to become more business-oriented, and thus make a bigger contribution to company strategy and performance.

Considerable conceptual and empirical scholarly work has been done on the roles played by the HR function. Authors (e.g. Ulrich 1996; Ulrich and Brockbank 2005a; Storey 1992; Tyson and Fell 1986; Monks 1993) have presented a variety of conceptual models but the debate about the empirical validity and usefulness of these models continue (Caldwell 2003; Storey and Caldwell 2007). While few efforts have been made to explain differences across firms in the roles played by the HR function, more efforts have been made to draw upon organisational theory (OT) when discussing factors affecting HRM in general (e.g. Wright and McMahan 1992). Organisational theory is an extremely broad field, including a great number of perspectives and concepts well-suited for research in HRM, such as the resource based view (Barney 1991; 1995), institutional theory (DiMaggio and Powell 1983; 1991), contingency theory (Donaldson 1996) and social capital (Nahapiet and Ghoshal 1998). Most existing HRM studies deal with only a small number of selected organisation theories. For instance Youndt et al. (2004) discuss the impact of social capital on HRM, while Milliman et al. (1991) focus

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on the link between organisational life cycles and HRM. This study takes a broader perspective than most previous research within HRM. In studying the roles played by the HR function I will analyse a range of potentially influencing factors that are embedded in a variety of organisational theories.

The context chosen for this research on the HR function is large-scale mergers. The number of such deals within the European Union has grown steadily and the increase in mergers is likely to continue. Schweiger and Very (2001) argue that the number and value of deals transacted worldwide will continue to rise as a consequence of for instance deregulation, globalisation and technological change. Furthermore, they emphasise the role of cross-border mergers, especially within Europe. The case organisations of this study are large-scale domestic or international mergers, with the parties originating from either Finland or Sweden.

In recent years, several large-scale cross-border mergers among companies in European countries have taken place. In particular Finnish and Swedish organisations have joined forces through mergers. In 1997 the shareholders of Merita accepted the public offer from Nordbanken Holding, and the companies merged. MeritaNordbanken became one of the leading banking groups in the Baltic region, with strong positions in two home markets. Today Merita-Nordbanken is part of the Nordic financial institution Nordea, into which several other Nordic financial institutions have merged. In 1999 the Finnish Tieto and Swedish Enator proposed a merger of equals, which formed a new group named TietoEnator that formed one of Europe's leading suppliers of professional IT services. In March 2002 the Swedish and Finnish telecommunications companies Telia and Sonera announced plans to merge. The combination of the companies created the leading telecommunications group in the Nordic and Baltic regions. Both the Swedish and Finnish governments agreed to fully support the merger. In 2004 WM Data and Novo Group formed a new entity WM Data Novo, as WM Data acquired Novo Group. These are just some of the many mergers taking place between Swedish and Finnish corporations. Likewise, a number of large-scale Finnish domestic mergers have taken place in recent years. For instance Metso was created through the merger of Valmet and Rauma in 1999. The merger produced an equipment supplier serving the global process industry.

While early work on mergers and acquisitions (M&As) generally focused on financial and strategic issues, in recent years there has been a surge in literature on HRM in M&As (e.g. Bryson 2003; Schuler and Jackson 2001a; Schweiger et al. 1987; Faulkner et al. 2002; Birkinshaw et al. 2000). It is today widely accepted that the way in which people issues are handled is important for the success of M&As. Merging companies need to integrate the different workforces and cultures of the merging organisations. To the extent that integration processes are unsuccessful, they may lead to loss of key personnel, lower employee productivity and reduced job satisfaction, communication breakdowns, and resistance to change (Buono and Bowditch, 1989; Cartwright and Cooper, 1993; Schweiger and Walsh, 1990). Cross-border M&As are particularly challenging as national identification as well as delineation from other nationalities play a crucial role in how employees make sense of the process following the merger decisions (Calori et al., 1994; Gertsen et al., 1998; Olie, 1994). Ultimately, a lack of socio-cultural integration may result in failures to reach the intended synergy benefits of the merger. Schuler and Jackson (2001a) argue that neglect of HRM issues and

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5 Since 2009 TietoEnator is known as Tieto.
6 The organisation has later been acquired by Logica.
7 The listed mergers are examples of mergers that are of interest for this study, however they are not equal to the case sample.
activities is one of the main reasons for failing mergers. Nevertheless, in practice merging organisations rarely seem to emphasise HRM activities (Greengard 1999). Several authors have discussed the inability of the HR function to win respect within the organisation (see e.g. Wright, McMahan, Snell and Gerhart 2001) and according to the literature (e.g. Schuler and Jackson, 2001a) the problem remains the same in merging firms.

Mergers, which almost by definition imply change, create a dynamic setting for the HR function to change its own role. Does the merger setting have such an impact on the HR function that change occurs? Which aspects of the roles played by the HR function change and what factors induce the change? Hence, I argue that mergers constitute a setting of particular interest for studying how the roles of the HR function evolve. The particular context of this study is mergers and not acquisitions, even though these terms are often used, if not synonymously, at least together. (For further definitions of the terminology see section 1.5.)

1.2. The HR function in M&As

Academic articles addressing the role of the HR function in M&As are scarce. Theoretical papers have been written by e.g. Aguilera and Dencker (2004). The number of published empirical studies appears to be even lower. While several studies have been conducted on the role and influence of the HR function in large firms (e.g., Conner and Ulrich, 1996; Galang and Ferris, 1997; Wright et al., 2001), published research on this issue in the context of large-scale M&As is scarce. Nonetheless, several authors have touched upon the issue and for instance Schuler and Jackson (2001a) suggest that M&A management should be a core competency for the HR function; however, HR professionals still need to prove their worth in order to gain a more central role in the M&A process. Björkman and Söderberg (2006) have analysed the roles played by the HR function within Nordea, the financial institution that was created through several consecutive Nordic mergers and acquisitions. According to their findings the HR function readily plays a non-strategic role in M&As. Antila (2006) as well as Antila and Kakkonen (2008) have, based on a small case sample, explored the relationship between HR managers and M&A’s. They point out the need for further empirical research of the factors affecting the roles of HR. Hence, there is a gap in the literature regarding the ‘how’, the ‘what’ and the ‘why’ of the HR function in connection with M&As, which earns to be addressed.

1.3. Purpose and research questions

The purpose of the thesis is to examine the roles played by the HR function in the context of mergers and thus to understand what happens with the HR function in such a change environment, and to shed light on the underlying factors embedded in different organisation theories that influence the changes in the HR function.

The aim of the study can furthermore be divided into two sub-purposes. The first part is descriptive, aiming at describing the changes that occur within the HR function during a merger. The study builds on previous studies that outline the roles of the HR function (Tyson and Fell 1986; Storey 1992; Monks 1993, Ulrich 1996, Ulrich and Brockbank 2005a). The first research question posed is the following:
What are the roles played by the HR function before the merger, and after the merger?

The other sub-purpose is explorative and aims at identifying factors that affect HR roles and role change, using a contingency perspective. The research question linked to this latter purpose is the following:

Which factors affect the roles played by the HR function?

As a demarcation, it is to be noted that the study does not examine in detail the HRM practices of the merging corporations, but rather limits itself to the perceptions held by central actors of the roles played by the HR function.

Another restriction is linked to my research approach. Instead of choosing one or a limited number of theoretical perspectives on which to build the study (see e.g. Truss, 2009), I built a conceptual framework based on the extensive number of influencing factors identified in previous work. I further remained open to additional factors and patterns emerging from the data. This allowed me to build on the diverse contributions that have already been made to the literature on HR department roles while remaining sensitive to the possible new findings that may emerge from this study on the context of M&As.

1.4. Definitions

HRM scholars have extensively used the term HR function, however, often without offering a proper definition. Schuler (1995:25) defines it as a set of activities, practices, roles, 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. Nevertheless, in most studies only HR managers and staff are included in the concept. In the HRM literature, the term HR function is often used synonymously with HR department, meaning the personnel management handled by HR professionals. In my definition of the HR function, I like to make a clear distinction between HR staff on one hand and line managers on the other. All people included in the HR function work with people issues and, therefore, I argue that other managers are not part of the HR function per se. Nonetheless, they might be, and preferably are, involved in the management of human resources. Also, I wish to keep the terms function and department separate because the term function, to the best of my understanding, contains the work of the HR staff, leaving out the reference to a particular address, which is included in the term department. Also, the term HR function includes the sum of all HR managers, HR staff, and HR departments within an organisation.

Therefore, my definition of the HR function is as follows: All HRM activities, practices, roles, departments, responsibilities, and structures carried out or enforced by people employed explicitly for the purpose of managing and administrating HR issues.

The difference between the terms personnel management, which has been widely used in the past, and human resource management, a concept that since the 1980’s has gained increasing attention, is further discussed in chapter 2.2.

Mergers as a context were discussed in section 1.3. The definition used in my study is as follows: A merger takes place when two more or less equally sized firms join forces in
order to become a single organisation. Haspeslagh and Jemison (1991) have defined a merger as a *fusion of two organisations creating one new entity*. An acquisition on the other hand implies that one firm is buying and taking the lead of another firm. An acquisition is defined as the *purchase of one organisation (i.e. of sufficient shares to gain control) by another organisation* (ibid.). Regardless of their differences these two types of deals create the concept *mergers and acquisitions*. Legal and financial experts tend to argue that true mergers rarely take place. Almost every single deal is legally an acquisition, consisting of a buying party purchasing the shares of the selling party. Nevertheless, in several cases the message communicated by management to employees and company stakeholders is that the deal in terms of integration, values and emotions is a merger, not to say a merger of equals. Hence, the legal and emotional/perceived definitions do not always correlate. In this thesis deals that have either been presented as mergers by the top management or are by central actors to this study perceived as mergers are defined as such, regardless of legal and economical facts.

### 1.5. Research approach

This section will give a brief introduction to the research approach of the study, leaving a more thorough discussion to the method chapter (chapter 3).

The study is mainly based on research on the role of the HR function, and thus builds upon work within HRM. Traditionally, research in HRM takes a modernist and positivist approach (Townley, 1993). With a realist view, which holds that there is a real world to discover even though it is only imperfectly apprehensible (Healy and Perry, 2000), I consider my research perspective to fit within the boundaries of the traditional HRM perspective. The starting point of this research is conventional in its view on text as a reflection of reality. The pre-understanding of the study is embedded in the existing literature and prior research that is relevant for the thesis. Moreover, an abductive element is added to the research thanks to the pre-study.

My thesis is influenced by positivist researchers, and my theoretical pre-understanding derives from the field of human resource management as well as international business. As a consequence of the explorative nature of this study, the method I have chosen to use is qualitative.

The data is based on interviews focusing on how HR professionals on the one hand and members of the top executive management team on the other hand regard the role and work of the HR function. These are central corporate actors whose perception of the HR function is the most relevant.

### 1.6. Structure of the thesis

This thesis contains six chapters. After this introductory chapter, the literature review is presented in chapter two. The theorisation of the research area is two-fold. First, possible role formulations for the HR function are discussed. Based on previous research a framework consisting of five roles for the HR function is proposed. The framework serves as my pre-understanding when conducting the field work. Second,
factors that might influence the role formulation of the HR function are listed. Thereafter, the third chapter discusses the methodological choices made. The ten merger case organisations as well as the four matching non-merger cases are described and analysed in chapter four. In chapter five a cross-case analysis is made. First, HR roles are identified, second, influencing factors are identified and thirdly a discussion about how the roles and influencing factors are related to each other is made, discussing the development that takes place within the HR function. Chapter six concludes the thesis with a discussion on implications, limitations, and moreover suggestions for further research.
2 PREVIOUS RESEARCH

This second chapter of the thesis presents the theoretical pre-understanding of the study. The literature has been reviewed prior to conducting the field work. The chapter begins (2.1) with an introduction to the scholarly debate on HRM, including a discussion on the meaning and understanding of the term role, in relation to the HR function. Next (2.2) it continues with a discussion on frameworks for HRM, including a description of five specific frameworks. A new theoretical framework, which serves as my pre-understanding when conducting the fieldwork, is presented in section 2.3. Section 2.4 elaborates on previous research, presenting the scarce research evidence on role changes within the HR function in general. It also reflects upon the role of the HR function in change management. Thereafter, the factors that may influence the HR roles are discussed (2.5). The main points of the chapter are summarised in section 2.6.

2.1. HRM and the role of the HR function

The field of HRM is a contested terrain. After the introduction of HRM in the 1980s, European scholars began debating how the concept fits into the prevailing understanding of the management of the employment relationship (Keenoy 1990). Some early commentators argued that there is only limited if any substantive difference between personnel management and HRM (see e.g. Guest 1987:506; Armstrong 1987). More recently attention has been drawn to the increasingly fragmented role of the HR function. Caldwell and Storey (2007) argue that the complexity and level of disorder in HR processes are increasing. While Caldwell and Storey (2007:21) argue that the exploration of the HR function still remains a controversial territory, Scullion et al. (2007) have an optimistic view on HRM arguing that there has been a significant development in HRM over the past two decades, and that the field today is viewed as vibrant and diverse in a positive sense.

Moving further from a general discussion on HRM to the specific focus of the study which is the HR function, it can be noted that in the HRM literature, different roles of the HR function have extensively been discussed. Ulrich frequently (1996; 1998; Ulrich and Brockbank 2005a; 2005b; Ulrich and Beatty 2001; Conner and Ulrich 1996) writes about the different roles HR professionals need to play. Others discussing the varieties of HR roles are for instance Kelly (2001); Schuler and Jackson (2001b); Guest and King (2004); Procter and Currie (1999); and Caldwell (2001). The changing roles of personnel managers have also intrigued several scholars, among others Caldwell (2003); Scullion and Starkey (2000); Novicevic and Harvey (2001); Sahdev, Vinnicombe and Tyson (1999); and Hiltrop, Despres and Sparrow (1995).

Regardless of the frequent use of the term ‘HR roles’, few scholars clearly define it, and the use of the term remains loose and vague. One welcomed exception is the article by Truss et al. (2002) on the changing role of the HR function, which draws on role-set theory. In lines with the argumentation above, Truss and associates (2002) note that the word ‘role’ is used invariably in the HR context, but without any link to individual role theory. Thus, referring to Lichtman’s and Hunt’s (1975) work, they point out that role theory suggests that roles played by individuals or departments consisting of individuals are contingent on the expectations that others have about the rights and duties associated with that role. In this case others refer to all those people who have a stake in the activities of the focal individual / department, as they constitute the
individual’s/ department’s role-set. Originally role set theory focused on the individual level, but in the article by Truss and associates (2002) 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. They suggest 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 maintained by the sets of role expectations held by other organisational actors concerning what the ‘focal person/department’ should do in order to fulfil the role effectively (Truss et al., 2002). Truss and associates (2002) build on the work of Katz and Kahn (1978). Katz and Kahn (1978:219) proposed the concept of role as the major means for linking the individual and organisational levels of research and theory. I concur with the argumentation above, and hence this study follows the view on roles as socially constructed.

2.2. Frameworks for HRM

In addition to being dependent on the expectations of its role-set, each HR role consists of a certain set of HR activities. The activities associated with the HR function are numerous, including among others: recruiting; staffing; managing and/or administrating compensation and benefits; managing employee welfare; supervising industrial relations; training and development. As this study examines the roles of the HR function, a framework outlining the different roles generally undertaken by the HR function would be useful. In other words there is a need to group or cluster the HR activities associated with the different HR roles. The clustering serves as a tool for analysing the HR function from a role perspective.

As Ulrich and Brockbank (2005a) argue, the HRM field is broad, encompassing a large number of terms and concepts for the HR role. Several attempts have been made to distinguish between different roles and clarify the kind of activities that are linked to the different roles and thus to clarify the terminology. In 1986, Tyson and Fell distinguished three models for personnel management. Storey published a two dimensional framework for personnel management in 1992. Monks (1993) also contributed to the European discussion on PM/HR models. In the U.S., Ulrich (1996) distinguished four roles for the HR function, and later (2005a) together with Brockbank extended the framework to embrace five roles. These five frameworks will form the foundation of this study, and will be discussed in more detail in sections 2.2.1-2.2.5.

Also other scholars such as Wilkinson and Marchington (1994) and Wright et al. (2001) have added to the HR role discussion. The reasons for choosing the five above mentioned frameworks as a point of departure for this study are several. Tyson and Fell’s (1986) work is a classic, cited by numerous scholars, as is Storey (1992). Ulrich’s work from 1996 is one of the most cited normative models for HR roles. Monks’ empirical work from 1993 is the least known model of the chosen ones, but as it differs from the other models in terms of construct it was regarded an important complement to the pre-understanding of the study. Ulrich and Brockbank’s work (2005a) was added to the list as it develops and restructures Ulrich’s 1996 model. Thus it is argued that the five chosen models together constitute a sound base for the pre-understanding of HR roles.
The frameworks presented in this chapter do not only differ in terms of construction, but also in terms of the terminology used. Some major differences will be noted prior to presenting the frameworks in further detail.

**Models, roles and types.** A unifying feature of the frameworks is the aim to map the work of the HR function into distinctly different groups. They all distinguish between a number of sets of activities. These groups or sets are however labelled differently, namely as models, roles and types. From the point of view of this thesis, models, roles and types can be regarded as synonyms. However, the differing terminology does imply some differences across the frameworks. Generally, only one model at a time can be present, while roles, on the contrary, may be undertaken side by side in varying proportions. Nonetheless, there are no strict boundaries and there certainly are exceptions to this generalisation.

**Personnel management and Human Resource Management.** The frameworks presented below differ from each other regarding HRM terminology. In the first three works the emphasis is on personnel management, while the two latest discuss HRM. Despite the different wording, all five frameworks discuss the same topic, which is the activities taken care of by what is today widely known as the HR function. The variation is mainly a consequence of the shift in terminology which has taken place during the last two decades.

In 1987 Guest argued that HRM should be defined in such a way as to differentiate it from traditional personnel management. He further outlined three ways of defining HRM. According to the first approach, HRM was perceived only as a new title for personnel management. The second approach suggested that HRM is a re-conceptualisation of personnel management. The third approach argued that HRM is distinctly different from personnel management and included a new approach for management.

Almost twenty years later, the general understanding is that HRM is more than personnel management. It implies more strategic thinking and greater involvement in business. However, the term HRM is also broadly used when referring to routine personnel management tasks (as in Ulrich 1998).

This study follows the latest trends. The terms personnel management and personnel function are used only when referring to old publications. HRM, which is defined as the management of people in organisations as effectively as possible for the good of the employees, the company and society (Schuler, 1995:5), is used as an umbrella term including both strategic and non strategic activities.

**Individual versus group level.** An additional difference between the frameworks below is the focus on practitioners/professionals on the one hand and management/function on the other hand. This study argues that the function, as it consists of individuals, is to be regarded as a group of professionals. Hence, the research focuses of the previous frameworks are either on a single individual or on a group of individuals, which makes the difference between the two research foci seem less distinct. Therefore, a framework outlining the work of HR professionals is as applicable to this study as a framework outlining personnel management.
2.2.1. Tyson’s and Fell’s building industry metaphor

Tyson and Fell (1986) distinguished three models traditionally undertaken by the personnel function, namely (1) the clerk of works, (2) the contracts manager and (3) the architect – all stemming from the building industry metaphor. In their book they talk about different models. Hence, according to the Tyson and Fell framework a personnel function is true to one model at a time, and does not play several roles simultaneously. They argue that the models can be thought of as ‘ideal types’ in the Weberian sense (Tyson 1987).

**Clerk of works.** The clerk-of-works model refers to an administrative support activity, with no involvement in business planning. The principle activities for the personnel staff is basic routine matters such as assisting in recruitment tasks, record keeping, preparing letters and documents on instructions, and welfare. The personnel system in the clerk-of-works model is created in an ad hoc way. Systems generated for financial information such as payroll, head count and performance against budget, are likely to be emphasised. (Tyson and Fell, 1986)

**Contracts manager.** The contracts managers are experts in trade union agreements, and in fixing day-to-day issues with the unions. The main activity is likely to be the making and interpretation of procedures and agreements. Furthermore, contracts managers respond in a reactive way to problems and their planning horizon is short term. This model is typically found in the industries employing blue-collar workers and thus heavily penetrated by trade unions. (Tyson and Fell, 1986)

**Architect.** Architects aim at contributing to the success of the business, by helping to create and build the organisation as a whole. An architect is a long-term designer and planner, who adopts a creative, flexible and mindful attitude to the need for change. Tyson and Fell argue that a key characteristic of the architect model is that the personnel executives take the management of change, and the use of social science techniques to be the cornerstone of their approach. The architect is furthermore likely to be a member of the senior management team. (Tyson and Fell, 1986).
Table 1  Tyson and Fell’s three models of personnel management (adapted from Tyson and Fell 1986:27)

<table>
<thead>
<tr>
<th>Clerk of works</th>
<th>Contracts manager</th>
<th>The architect</th>
</tr>
</thead>
<tbody>
<tr>
<td>Policies</td>
<td>Not pre set nor integral to the ‘business’. Stem from chief executive.</td>
<td>Well established, often implicit, heavy IR emphasis.</td>
</tr>
<tr>
<td>Policy / planning horizon</td>
<td>Short-term, immediate. Emphasis on budgets, not on corporate plans.</td>
<td>Short-term, possibly one to two years.</td>
</tr>
<tr>
<td>Authority</td>
<td>Vested in line managers.</td>
<td>Vested in line managers, personnel authority as ‘agent’.</td>
</tr>
<tr>
<td>Control</td>
<td>Line managers wholly control subordinates. Only modifying influence: higher line managers.</td>
<td>High trade union density, senior managers and local shop steward/full time official connivance.</td>
</tr>
<tr>
<td>Systems</td>
<td>Ad hoc, related to legal requirements. Payroll based.</td>
<td>Will be sophisticated systems usually to help with negotiations, and manuals of rules etc. Personnel systems probably work efficiently.</td>
</tr>
<tr>
<td>Personnel activities</td>
<td>Largely routine, person not business centred. Routine administration, welfare, selection of junior staff.</td>
<td>Support to line management; degree of independence on highly local issues; high interpretative role; involved in formal relationships but not power-broking.</td>
</tr>
<tr>
<td>Personnel reporting</td>
<td>To line manager.</td>
<td>Likely to line manager, but possibly to chief executive.</td>
</tr>
<tr>
<td>Personnel career path</td>
<td>From another post likely on promotion, e.g. wages clerk, senior secretary, training instructor.</td>
<td>Junior personnel staff still drawn from other functions, more senior staff start to become professional specialists.</td>
</tr>
</tbody>
</table>

Tyson and Fell (1986) state that one of the main reasons for writing their book is their belief that personnel managers need to rethink their role. The formulation of the framework builds on both previous academic research, referring to a number of academic publications, and on fieldwork. Without further specifying the fieldwork, Tyson and Fell acknowledge the help from a number of company chairmen and chief executives for responding to the authors’ enquiries (ibid.).

Storey (1992) argues that in the Tyson and Fell typology, which focuses on a continuum of ‘low-discretion’ to ‘high-discretion’, i.e. from least to the most strategic, there is a strong implication that the architect model is the more sophisticated approach. Furthermore, Storey (1992) states that Tyson and Fell argue implicitly that there has been an evolution towards the architect model.

As good frameworks are generally characterised by simplicity, Tyson and Fell (1986) are successful in the sense that they describe the HR function with only three models. Nevertheless, their framework has been criticised for being too simplistic, and the linearity building upon one single dimension is regarded as a limitation (Truss et al. 2002; Caldwell 2001). Thus, it seems that Tyson’s and Fell’s three models are not enough to describe the differing tasks and activities of the HR function today. Also, as the HR function is argued to be in constant transformation, it should be able to play...
varying roles simultaneously. An important strength is the empirical work which the framework is based on.

The Tyson and Fell framework might not have reached HRM practitioners to the same extent as the Ulrich framework\(^9\) has, but among academics – especially Europeans – it has become a classic still referred to ten and fifteen years after its publication (e.g. Caldwell 2003; Gratton et al. 1999; Hope Hailey et al. 1997; Monks 1993; Sisson 1995; Storey 1992).

Research building on the Tyson and Fell typology has in one occasion suggested a need for a fourth model (Monks 1993)\(^{10}\), and in another that the contracts manager and the architect still are enacted while the clerk of works model has disappeared (Hope Hailey et al. 1997).

2.2.2. Storey’s four types of personnel practitioners

Based on empirical research conducted during 1986-1988, Storey (1992) proposed a typology for personnel management. The research was carried out as case studies in 15 UK companies, both privately and publicly owned. On the basis of two dimensions, namely intervention vs. non-intervention and strategy vs. tactics he defined four types. These are: (1) Advisers, (2) Handmaidens, (3) Regulators, and (4) Changemakers.

Advisers. Advisers act as internal consultants offering expertise and advice to line management, while not getting essentially involved in the affairs of others.

Handmaidens. Likewise, handmaidens operate in a mainly non-interventionist manner, while providing line management with specific non-strategic services. They are primarily engaged in servicing the routine requirements of the line, by e.g. fulfilling a clerical and welfare function. The role may include doing initial selection screening and maintaining record systems for absence, sickness and pay, as well as visiting sick employees and being available for advice.

Regulators. Regulators are occupied with the formulation and promulgation of employment rules and industrial relations policies. This role is seen as traditional and tactical, demanding intervention. Regulators represent the classic industrial relations (IR) manager, who is responsible for devising, negotiating and defending the procedural and substantive rules which govern employment relations.

Changemakers. Changemakers are interventionists with a strategic agenda. Storey argued that the changemakers were the ones most in tune with HRM initiatives, which at the time of the study were regarded as novel.

\(^9\) See chapter 2.2.4
\(^{10}\) See chapter 2.2.3
Alike the Tyson and Fell typology, Storey’s framework has been acknowledged by European scholars (e.g. Hoque and Noon 2001; Gratton et al. 1999; Hope Hailey et al. 1997; Hope Hailey 2001; Caldwell 2003).

Caldwell (2003) re-examined Storey’s typology and concluded that much of its empirical accuracy had been lost. He argued that the typology has essential weaknesses, as it does not capture the increasing empirical complexity and multi-faceted nature of HR roles.

Storey’s work has also been criticised by Legge (1995) who argues that Storey’s ideal types are normative, while the empirical descriptions mainly support the traditional and less sophisticated types of personnel management (Hoque and Noon 2001). Hope Hailey et al. (1997) note that the data collection took place in the 1980’s, arguing that a shift towards more sophisticated HRM might have taken place since then.

### 2.2.3. Monks’ four models of personnel management

Monks’ (1993) framework is based on findings of research carried out in Ireland in 1989 and 1990. The data collection was carried out in two main phases. First, using a postal questionnaire data was gathered in 97 firms. Second, the survey was followed up by interviews in thirty of these organisations. The sample was characterised by diversity, however not random, as the empirical study covered both private and public companies involved in service as well as in manufacturing, being either domestic or foreign owned.

Monks found strong similarities with the Tyson and Fell framework (1986), but still felt that their three-tiered approach was not sufficient to describe all types of practices that emerged from her survey. Hence, she expanded the framework to become a fourfold model, including the following groups: (1) Traditional/Administrative; (2) Traditional/Industrial Relations; (3) Innovative/Professional; and (4) Innovative/Sophisticated.

**Traditional/Administrative.** The first approach to personnel management distinguished by Monks reminds of ‘housekeeping’. It is a support function with a focus on administrative matters and record keeping. Its main purpose is to ensure adherence

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**Figure 1  Storey’s four types of personnel practitioners (adapted from Storey 1992)**

<table>
<thead>
<tr>
<th>Strategic</th>
<th>Tactical</th>
</tr>
</thead>
<tbody>
<tr>
<td>Changemakers</td>
<td>Advisers</td>
</tr>
<tr>
<td>Interventionary</td>
<td>Non-interventionary</td>
</tr>
<tr>
<td>Regulators</td>
<td>Handmaidens</td>
</tr>
</tbody>
</table>

- **Strategic**: Focus on long-term planning and strategic alignment.
- **Interventionary**: Involves active intervention in employee management.
- **Tactical**: Focuses on short-term implementation and operational efficiency.
- **Non-interventionary**: Engages in passive support and record-keeping.

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to rules and regulations. Very few initiatives are generally taken by personnel departments characterized by the traditional/administrative role. (Monks, 1993)

**Traditional/Industrial Relations.** In firms characterized by the traditional/industrial relations-model the personnel department spend lots of time on industrial relations. Negotiations with unions, in order to accomplish complex agreements, are a big part of the day-to-day business. The personnel specialists are seen as troubleshooters and fire-fighters as they react to problems. (Monks, 1993)

**Innovative/Professional.** The innovative/professional-personnel functions have traditionally undergone major changes, such as recession or takeovers, in order to become what they are, and thus the role is an outcome of the transformation. In these firms, not only the personnel departments, but all business functions have changed the way they work. Computerised personnel systems are used to provide appropriate records, statistics and budgets. Furthermore ‘the spirit’ is moving from reactivity to pro-activity. (Monks, 1993)

**Innovative/Sophisticated.** In her study, Monks found that only a few, but still some personnel functions can be seen as innovative/sophisticated. The characteristics of this model, is that personnel issues are integrated into strategic plans. The potential importance of the personnel function is acknowledged and the function is represented on the board. Personnel plans are made long-term and the function is proactive rather than reactive. (Monks, 1993)

Monks’ four models build upon each other. As table three shows the first model is the simplest and the fourth model the most complex. Model two includes model one, model three includes models one and two, and model four ultimately involves all three previous models.

**Table 2 Monks’ Personnel Management Practice Framework (adapted from Monks 1993)**

<table>
<thead>
<tr>
<th>COMPLEX</th>
<th>Traditional/ Administrative</th>
<th>Traditional/ Industrial Relations</th>
<th>Innovative/ Professional</th>
<th>Innovative/ Sophisticated</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIMPLE</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
</tr>
<tr>
<td></td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
<td>Record-keeping, ensuring compliance with rules and regulations</td>
</tr>
<tr>
<td></td>
<td>Conflict resolution, negotiating, bargaining</td>
<td>Conflict resolution, negotiating, bargaining</td>
<td>Conflict resolution, negotiating, bargaining</td>
<td>Conflict resolution, negotiating, bargaining</td>
</tr>
<tr>
<td></td>
<td>Complex systems for all aspects of personnel management</td>
<td>Strategic planning and policy making</td>
<td>Complex systems for all aspects of personnel management</td>
<td>Complex systems for all aspects of personnel management</td>
</tr>
</tbody>
</table>
Compared to the other frameworks reported in this chapter, it seems as Monks’ framework has received limited attention. One possible explanation would be that Monks’ framework perhaps did get to play only a minor part as Storey (1992) had just recently published a two dimensional framework, which had been regarded as more sophisticated than Tyson and Fell’s single dimensional framework, which Monks kept building on.

Monks’ framework differs from the four other ones mainly in respect to its construction. It is a bolt-on model suggesting that the less sophisticated models are included in the more sophisticated ones. Hence, the framework does not split the work of the HR function into separate roles, which can be regarded as a strength. Still, it is a simplistic model based on one dimension only. As a strength, the empirical evidence which forms the foundation for the framework needs to be acknowledged.

2.2.4. Ulrich’s (1996) multiple-role model

Ulrich’s framework differs from the three previously presented frameworks in regards to its country of origin. In contrast to the European contributions, the current one derives from the U.S. Prior to Ulrich, also other American scholars (e.g. Foulkes and Morgan 1977) had examined the HR function. On the east side of the Atlantic Ulrich’s framework has received vast attention, not only among researchers but also among HR practitioners. Another apparent difference between Ulrich’s work and the three European studies described above is that Ulrich’s work is mainly normative.

Ulrich’s (1996) work Human resource champions focuses on four generic outcomes, namely: strategy execution, administrative efficiency, employee contribution, and capacity for change. Ulrich states that HR practices must be designed to create value and to deliver results. Furthermore, he argues that a shift of focus from ‘doables’ to ‘deliverables’ challenges traditional beliefs and assumptions about HR professionals, HR practices and HR departments. Ulrich holds that HR departments must be held to a higher standard than they traditionally have been. They need to move their HR professionals beyond the conventional roles of ‘policy police’ and ‘regulatory watchdogs’ to become partners, players and pioneers in delivering results. When HR practices are aligned with the needs of internal and external customers, firms will be more likely to succeed. Furthermore, Ulrich states that he is an optimist when it comes to HR, because the issues with which HR professionals deal are at the heart of organisational success. In 1996 Ulrich declares that he believes the next ten years will be ‘the HR decade’.

Based on the belief that the HR function simultaneously undertakes several roles, Ulrich presents a multiple-role model for HRM. “For HR professionals to add value to their increasingly complex business, they must perform increasingly complex and, at times, even paradoxical roles.”

In terms of deliverables, Ulrich presents a two-by-two matrix defining four key roles that HR professionals according to Ulrich need to fulfil to make their business partnership come true. The four roles are: (1) strategic partner; (2) change agent; (3) administrative expert; and (4) employee champion.
Figure 2  Ulrich’s multiple-role framework (adapted from Ulrich 1996)

The Strategic Partner. According to Ulrich, the prime activity of a strategic partner is to align HR strategies and practices with business strategy. HR professionals become strategic partners when they participate in the process of defining business strategy, when they ask questions that move strategy to action, and when they design HR practices that align with business strategy. HR professionals should be able to identify the HR practices that make the strategy happen. Lately, argues Ulrich, increasing attention has been given the importance of moving HR into the strategic role, and inappropriately other roles have tended to become neglected. (Ulrich, 1996)

The Administrative Expert. The creation of organisational infrastructure has traditionally been one of HR’s most important activities. It includes designing and delivering processes for staffing, training, appraising, rewarding, promoting and otherwise managing the flow of employees through the organisation. Administrative efficiency can, according to Ulrich, be obtained in two ways. First, the HR processes need to be made efficient, by e.g. streamlining, automating and otherwise improving the processes. Second, managers who increase productivity and reduce waste need to be hired, trained and rewarded. Administrative experts run through unnecessary costs, improve efficiency and constantly find new ways to do things better. Even though the successful accomplishment of this administrative role adds value to the business, this role has been down-played and even disclaimed while promoting the strategic HR focus. (Ulrich, 1996)

The Employee Champion. HR professionals who understand employees’ needs and ensure that those needs are met, insure an increase in overall employee contribution. These employee champions spend time with employees and train and encourage managers to do the same. Their main activities are listening, responding and finding ways to provide employees with resources that meet their changing demands. The
deliverables from management of employee contribution are increased employee commitment and competence. (Ulrich, 1996)

The Change Agent. Ulrich argues that change management should be one key activity for HR professionals. He believes change is related to improvement, and that HR professionals should contribute to transformation by helping to identify and implement processes for change. Further, he states that HR professionals serve as business partners by helping employees let go of old habits and adapt to a new culture. The action of change agents include identifying and framing problems, building relationships of trust, solving problems and creating and fulfilling action plans. (Ulrich, 1996)

Ulrich’s multiple-role model is a result of his vast array of experience of work with hundreds of HR professionals. The framework is thus based on practical experience and little attention is given to previous academic research in the area. However, many scholars have given the multiple-role model their support, and it is today widely cited (e.g. Baill 1999; Barney and Wright 1998, Becker and Huselid 1999; Björkman and Söderberg 2003; Caldwell 2001, 2003; Ferris et al. 1999; Guest and King 2004; Hope Hailey 2001; Wright et al. 2001).

Hope Hailey (2001) used the roles identified by Ulrich (1996) for mapping purposes to understand the role of HR in her case study. The findings supported Ulrich’s framework as the HR function in the case organisation stressed change management (change agent), working with employee potential (employee champion) and being a business partner (strategic partner) with the line. Hence, the framework was used as a research tool, but its applicability was not discussed further by Hope Hailey.

Research evidence additionally shows a degree of conflict and ambiguity between Ulrich’s four roles. The difficulty of combining organisational roles with roles focusing on employees is noticed by Hope Hailey and associates (2005), who argue that the perplexity of balancing both a process-oriented and a people-oriented role results in the HR function largely neglecting relations with employees. These findings support Caldwell’s (2003) critique on role ambiguity.

Caldwell (2003) contrasted Ulrich’s framework with the typology of Storey, concluding that neither model can accommodate the emergent tensions within the role of HR. Caldwell (2003) acknowledged that Ulrich’s model recognises the multiple and flexible nature of HR roles. It is a strength to recognise the need for the HR function to play various roles simultaneously. Nevertheless, Caldwell (2003) notes an overlap between Storey’s and Ulrich’s role descriptions, which suggests that Ulrich’s roles are not as radical as Ulrich pretends them to be. Caldwell concludes that Ulrich’s model may be a form of pragmatic post-rationalisation of intensified role ambiguity and conflict in the face of new uncertainties, rather than a realistic prescription for the future.

Also, Conner and Ulrich (1996) reckon problems with the framework, as they failed to verify the two-by-two matrix, when testing it by using a questionnaire. According to their results, data confirmed the existence of three roles, but failed to distinguish between the strategic partner and the change agent role.

Ulrich’s framework from 1996 can be criticised for its prescriptive and didactic point of departure. The framework is based on Ulrich’s private experience in the U.S. and does not report any empirical or methodological features. Also, the fact that the framework
is based on American circumstances might diminish its applicability elsewhere. Nevertheless, Ulrich’s framework has become an often cited classic as it is a systematic framework, which captures the emergence of new HR roles.

### 2.2.5. Ulrich’s and Brockbank's revision from 2005

In 2005 Ulrich and Brockbank published *The HR value proposition*, a guidebook for HR professionals, which assumingly is destined to become a new bestseller. The main focus of the book is on what HR professionals should do in order to add value to the company. One chapter is, however, spent on the reformulation of the key roles played by HR professionals.

**Table 3  The evolution of HR roles during the last decade (adapted from Ulrich and Brockbank 2005a)**

<table>
<thead>
<tr>
<th>Ulrich 1996</th>
<th>Ulrich and Brockbank 2005a</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Employee champion</td>
<td>1 Employee advocate</td>
</tr>
<tr>
<td>2 Administrative expert</td>
<td>2 Human capital developer</td>
</tr>
<tr>
<td>3 Change agent</td>
<td>3 Functional expert</td>
</tr>
<tr>
<td>4 Strategic Partner</td>
<td>4 Strategic partner</td>
</tr>
<tr>
<td></td>
<td>5 HR Leader</td>
</tr>
</tbody>
</table>

As seen in table 3, Ulrich and Brockbank have split the employee champion role into two, and merged the change agent and the strategic partner to become one. Additionally they have added the HR leader to the list of HR roles, and renamed the administrative expert. Hence, the five proposed roles are: (1) employee advocate; (2) human capital developer; (3) functional expert; (4) strategic partner; and (5) HR leader. Ulrich and Brockbank (2005b) state that the reformulation is a response to the changing roles they are observing in the leading organisations with which they work.

“We see HR professionals working as employee advocates to make sure the employer-employee relationship is one of reciprocal value. As human capital developers, they build the workforce of the future. They are also functional experts who design and deliver HR practices that ensure individual competence and organisation capability. As strategic partners, they help line managers at all levels to reach their goals. And to tie it all together, they must be genuine leaders -- credible both within their HR functions and to those outside. We have noticed that the role we originally dubbed "employee champion" tends to divide into the two distinct roles of employee advocate and human capital developer. The old administrative expert role seems to have expanded, with the development of technology, into a broader functional expert and the work of "change agent" is often absorbed into that of the HR strategic business partner. Leadership

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11 See chapter 2.4.1
is so critical that we have sought to emphasise its importance by seeing it as a distinct role in its own right, providing leadership to those in the business as well as in the function.” (Ulrich and Brockbank 2005b:24)

Notably Ulrich and Brockbank (2005b) argue that no one plays all five roles to the same degree. Depending on where you work in the HR function, different roles have primary or secondary importance. Shifting from one department to another requires a change of roles, and the shift affects HR careers.

**Employee advocate.** Caring for, listening to, and responding to employees remain a centrepiece of HR work. Employee advocacy is not merely window-dressing; it contributes to building the human infrastructure from which everything else in the organisation flows. General activities undertaken by the HR advocate includes proposing fair policies for health and safety, terms and conditions of work, and discipline, as well as implementing these policies corporate-wide. Also, employees contributing to the firm should be given increases in personal rewards that are proportionate to their contributions. Advocacy also involves managing diversity and ensuring mutual respect so that people feel comfortable sharing and discussing various points of view. HR's role is to root out discrimination whenever it appears. (Ulrich and Brockbank 2005a)

**Human capital developer.** Human capital developers focus on the future developing plans that offer each employee opportunities to develop future abilities. The role also includes helping employees unlearn and relearn (Ulrich and Brockbank 2005a). The human capital developer is thus mainly occupied with tasks traditionally mastered by the human resource development manager.

**Functional expert.** Ulrich and Brockbank divide the functional expert role into two categories, namely *foundational HR practices* and *emerging HR practices*. Foundational HR practices are those practices for which most HR departments have direct responsibility. They include recruitment, promotions, transfers, outplacement, measurement, rewards, training and development.

Emerging HR practices, the second category, are those which have substantial influence on the human side of the business but which are usually not under the direct influence of most HR professionals. They include work process design, internal communications, organisational structures, design of physical setting, dissemination of external information throughout the firm, and executive leadership development.

According to Ulrich and Brockbank (2005b) functional expertise operates at several levels. First, the role involves creating solutions to routine HR problems, by e.g. placing HR solutions online. Second, HR specialists create menus of choices, drawing on theory, research and best practices in other companies. Thirdly, HR specialists consult with businesses and adapt their programmes to unique business needs. Fourth, the functional expert sets overall policy and direction for HR practices within a speciality. This calls for understanding of strategy and the ability to adapt to a strategic context. While requirements for functional experts may vary across these tiers of work, some general principles apply to all functional specialists.

**Strategic partner.** In their role as a strategic partner, HR professionals bring know-how about business, change, consulting and learning to their relationships with line managers. As strategy formulators, HR professionals play at least three distinct roles. First, as reactive devil's advocates, they ask tough questions about the accuracy of the strategy and about the company's ability to make it happen. Second, they play an active
role in crafting strategies based on knowledge of current and future customers and exploring how corporate resources may be aligned to those demands. Third, they play a developmental role in helping to raise the standards of strategic thinking for the management team.

As strategy implementers and change agents, they align HR systems to help accomplish the organisation’s vision and mission. They diagnose organisation problems, separate symptoms from causes, help to set an agenda for the future, and create plans for making things happen. They help to make change happen fast by being not only thought leaders, but masters of practice who turn what they know into what they do. They serve as coaches, shaping points of view and offering feedback on progress. As facilitators, they help both individual managers and management teams get things done. As integrators, they disseminate learning across the organisation - generating and generalising ideas with impact.

**HR leader.** At the top of their HR organisation, HR leaders establish an agenda for the function within the firm - both for the way people and the organisation come together to drive business success, and for the way the function itself will operate. A well-led HR department earns credibility, and the reverse is also true.

Ulrich’s and Brockbanks’s revision contains the same main weaknesses as did Ulrich’s framework from 1996. It is a normative model that has not been developed, based on and validated through academic methods. Also, the problem with role ambiguity seems to remain.

The five roles presented do no longer fit into Ulrich’s two-dimensional typology. Ulrich and Brockbank have made an attempt to move away from the people-versus-processes-dimension, as the change agent is merged with the strategic partner. The interrelations of the roles are thus vaguer in the update than they were in the precursor. Especially the role of the new ‘HR leader’ and its relations to the other roles remains unclear.

When writing this thesis little time has passed since the publication of Ulrich’s and Brockbank’s book. Hence, it is yet to be seen to what extent and in which manner the new framework will be used in future research.

### 2.2.6. Additional research on HRM in Europe

In addition to the frameworks mentioned above, other European works and scholars need to be acknowledged. The Cranfield Network (Cranet) is a very important resource regarding comparative analysis on HRM in Europe.

Cranet has been running the survey since 1990 using standardised questionnaires sent to private and public organisations in different countries. It is *not* an *opinion survey*, on the contrary all questions are factual and require factual answers such as numbers or percentages or a yes/no response. The survey covers major areas of HRM policies and practices and all questions focus on the organisational level. The questionnaire is addressed to the most senior HR/personnel specialist in the respondent organisations. (www.cranet.org)
As Cranet consists of a longitudinal element, in addition to comparing and contrasting HRM practices in different countries, it also follows the development of HRM in Europe over time.\footnote{For more Cranet based findings see chapter 2.3.1}

### 2.3. The HR function and role change

Above, various potential roles of the HR function have been discussed, including the 'change agent', which was initially suggested by Ulrich (1996). As this study deals with the evolving role of the HR function during a time of organisational change (i.e. merger integration), it is reckoned that the change agent role might be of particular interest.

Several scholars have discussed the HR function’s potential role in organisational change management. The normative discussion on the HR function as a change maker is, however, more extensive than the actual evidence of the HR function being an active change maker. (see e.g. Caldwell 2001; Ulrich 1996)

The expectations on the HR function and change management can broadly speaking be divided into two: 1) expectations on the HR function to have a strong role in organisational change and thus be a corporate change maker (Ulrich 1996), and 2) expectations on the HR function to develop its own role and thus be an intrafunctional change maker. In this study, it is in particular the debate around the latter expectation that is of interest. Nevertheless, it is assumed that the two are interrelated – changes within the function might affect the HR function’s stance on organisational change and vice versa.

#### 2.3.1. Previous empirical evidence on role change

As noted above, several scholars have discussed the changes within the roles played by the HR function. Numerous papers suggest forthcoming changes, arguing that HRM is a field in transition (Hiltrop et al., 1995). However, the existing empirical evidence seems conflicting, as some findings suggest stability in HR while some have found proof of changes.

Within her Irish data\footnote{For a more thorough description of the data, see chapter 2.2.3}, Monks (1993) has found evidence of changing roles. She argues that in firms that undergo major changes, the personnel department, as well as all other departments, is likely to come under the microscope. Examples of major organisational changes she refers to are recession, difficulties in trading, and mergers and acquisitions. Regarding the HR function, the occurring changes mainly implied moving away from traditional models of HRM to more innovative models. (ibid) The changes Monks found evidence for are consistent with the beliefs of Tyson and Fell (1986) that the HR role is dependent on the state of the organisation.

Brewster (1995) argues that research data (Cranet) show considerable stability over time. Despite the longitudinal element of the study, Brewster (1995) has not found significant changes in the role of the HR function, and no convergence between HR roles in different European countries. Ten years later Mabey et al. (2006:210) argue that the role of the HR specialists without a doubt is changing. They predict that the role is moving away from day-to-day management and implementation towards counselling. The future areas of HR counselling are argued to be corporate long-term
value, strategic brokering and psychological well-being of employees. Moving towards these roles, however, demands the courage to risk changing the role (ibid).

2.3.2. Mergers as change makers

Above I have frequently argued that a merger potentially constitutes an interesting setting for studying HR role change. The decision to merge two organisations is often driven by a corporate strategy which aims at fast development, for instance the need to acquire technological knowledge or the desire to gain access to new countries (Marks 1997). An organisation that is involved in a merger is hence assumingly exposed to rapid development. A merger can furthermore be regarded a tool for transformation, as merger integration implies the combining of two previous entities, and thus the birth of a new organisation. All parts of the organisation are likely to be affected by the changes, the HR function included.

During a merger, the managerial positions of the pre-merger organisations are redistributed and thus new power relations will occur in the post-merger corporation. Assumingly the role of the HR function in the integration process, including the appointment of post-merger managerial positions, can vary. In living up to Ulrich’s (1996) expectations for HR as a change agent, the HR function could take a leading role in the integration of the entire organisation. Following Björkman and Söderberg (2006) it could on the contrary be argued that the HR function is likely to focus on intrafunctional tasks only, sorting out the new power relations within the function. Regardless if the HR function is active in the entire integration process or not, the integration as such will affect the HR function. The practices and routines of the two pre-merger HR functions are likely to include at least some differences, and they are lead by different people.

The transformation in general is dependent on the abandonment of existing practices and routines as well as of the development of new ones (Marks and Mirvis 2001). Marks (1997) acknowledges that a hindering factor to successful change management in post-merger integration is employees’ resistance to change. Change wariness is argued to be a consequence of organisations’ previous failing attempts at large-scale change. The term merger has an increasingly bad reputation among employees who will think of downsizing (ibid). Marks and Mirvis (2001) point out the differences in the mindset of the sellers and buyers, arguing that the buyer is likely to feel superior and urge to dominate the integration, while the seller is likely to be defensive.

2.4. The HR roles framework

Above, five HR frameworks have been presented (i.e. Tyson and Fell 1986; Storey 1992; Monks 1993; Ulrich 1996; Ulrich and Brockbank 2005a). Despite their differences, and even though many years have passed since the four first frameworks were published, the models still merit attention. The frameworks all encompass elements that still seem relevant for HRM in the Nordic countries. As noted above, all five frameworks have received some degree of criticism. Hence, I propose a new framework which combines elements from the above presented frameworks. The proposed framework is supposed to be applicable to research on the HR function in Nordic countries, and thus argued to be general in the sense that it is not restricted to apply to the merger context only.
As the starting point of my research is mainly deductive, the framework proposed in this study will by definition be based on previous literature, in particular the frameworks referred to above. However, as a pilot study was conducted in an early stage of the study, some elements of an abductive research approach can also be found. Thus, the pre-understanding is based on a thorough academic literature review in combination with discussions with a handful of HR professionals early in the research process.

2.4.1. The applicability of U.S. studies

There certainly are variations in HRM practices in each European country, but based on the Cranet data, Brewster (1993) argues that Europe – taken as a whole – stands out as being distinct from other economic areas, for instance the U.S. He compares the European HR model with that in the U.S. and remarks that the comparison will to a large extent build on empirical evidence from Europe on the one hand and on normative statements from the U.S. on the other hand. Much of the U.S. literature constitutes a prescriptive statement of what should be happening (Brewster 1993). Likewise, my study observes that Ulrich’s American framework is mostly prescriptive, while the three former European models are based on empirical research. Thus, when taking a position on whether U.S. works are applicable in a European context one needs to address both the variations in HRM practices across the Atlantic, and the problem of applying and empirically testing normative statements.

In Europe, the autonomy of organisations is constrained at national level by legislation. At the HRM level it implies heavy trade union involvement (Brewster 1993). In the U.S., on the contrary, the level of support and control provided by the state is low. According to Pieper (1990), the degree to which HRM is influenced and determined by state regulations is the main difference between HRM in the U.S. and in Western Europe. Storey (1992) argues that the American HR initiatives carry a considerable element of individualism, while collectivism still is very much alive in Europe. Thus, reflecting on the five frameworks presented above, it seems only natural that the European authors have highlighted the industrial relations (contracts manager; regulator; traditional/industrial relations), while in the two American frameworks this is left out.

Hence, an American framework for HRM is not likely to take into account all aspects that are relevant in Europe. The differences between Europe and the U.S. seem large enough that the context needs to be taken into consideration (Brewster 1993; 1995). However, the number of similarities between HR in the U.S. and Europe need not to be forgotten and therefore it can be concluded that the U.S. frameworks, with a bit of adjustment can be regarded as useful tools – at least supplementary - when studying European HRM.

The case organisations of this study are not only European, but more precisely they originate from either Finland or Sweden. These two countries have a long joint history, as Finland was part of the Swedish kingdom for some 700 years, from the 1100s until 1809. The similarities between Finland and Sweden today are to a large degree explained by the well-established Nordic co-operation, which has it roots in the

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14 For more information on the abductive research approach see chapter 3.1.5
15 for a discussion on Cranet see chapter 2.2.6
16 For a validation attempt see Conner and Ulrich 1996
foundation of the Nordic Council in the 1950s\textsuperscript{17} (Lindeberg et al. 2004). Today, Finland and Sweden are both members of the European Union. Finland has also joined the European Monetary Union, while Sweden remains outside the common currency. As Lindeberg and associates (2004) note, this difference seems not to have had any negative effect on the flourishing co-operation, with mergers across the Baltic Sea.

The Finnish GDP as well as the Swedish originates primarily from services, followed by manufacturing and agriculture. The main Finnish exports are machinery and equipment, chemicals and metals, as well as timber, paper and pulp. The traditional Swedish export products are cars, ball bearings, paper and pulp, and chemicals. IT-technology and telecommunications is an important sector in both neighbouring countries.

The trade union density in Finland and Sweden is among the highest in Europe, as well as world-wide. According to the Central Organisation of Finnish Trade Unions (SAK), Scandinavian unions are the world’s most successful labour organisations, enrolling 78 percent of Swedish workers and 74 percent of Finns. Both employees and employers are highly organised\textsuperscript{18}.

Regarding HRM in general and the HR function in particular, there is very scarce cross-national comparative work between Finland and Sweden. The Cranfield study is evidently a great asset, but surprisingly often it leaves out either Finland or Sweden in its comparative research reports. An exception is the book chapter by Lindeberg, Månson and Vanhala (2004) that describes and compares HRM in Sweden and Finland. Lindeberg et al. (2004) point out one difference in the role of the HR function between Finnish and Swedish firms, which is the presence of the HR director in the top management team. In the 90s Swedish firms steadily reported a higher percentage of HR managerial board presence than Finnish firms did. Approximately 80\% of Swedish firms included the HR director in the top executive team, while the corresponding number among Finnish firms was 65\%. (Lindeberg et al. 2004)

\subsection*{2.4.2. The applicability of normative statements}

Purcell (1995) takes a critical stand on normative statements, arguing that it is highly deceptive to bring forward policy prescriptions on how to maximise productivity, performance and profits without regard to the context in which the organisation is set. Further, he states that the most important issue facing the HR function is to identify its unique, i.e. context-specific capabilities. Hence, the relation between successful HRM and the adoption of normative statements seems mainly coincidental. To create a stronger link between theory and practice, Brewster (1993) sees a need for empirical data from the U.S. He argues that there is a true need for a substantial survey of organisations in the U.S. to establish hard data on the extent of particular practices in HRM, as a complement to the existing conceptual papers. Legge (1995) argues that comparisons which are not like-to-like are misleading. It is fair to compare normative models with normative, and empirical with empirical. (Hoque and Noon 2001) Hence, applying normative work in empirical research, especially basing empirical research on assumptions deriving from normative models, is regarded to be problematic. The empirical testing and possible verification of normative statements is nevertheless doable.

\textsuperscript{17}Nordic council was founded in 1952 as a forum for inter-parliamentary co-operation between Sweden, Denmark and Norway. Finland became a member in 1956 (Lindeberg et al. 2004).

\textsuperscript{18}source: www.sak.fi; http://www.sak.fi/englanti/index.shtml
The pre-understanding of this study is based on empirically tested models (Tyson and Fell 1986, Storey 1992, Monks 1993) as well as on normative work that has only partially been empirically validated (Ulrich 1996; Ulrich and Brockbank 2005a). The differences need to be kept in mind when pursuing the empirical research of this study.

2.4.3. Five roles of the HR function

This study proposes a framework consisting of five roles for the HR function. The framework constitutes a summary of my pre-understanding regarding HR roles, and is developed to form a base for my empirical study. Thus, the framework is the lens through which the empirical data is examined. In the concluding chapters I will reflect on the applicability of the framework.

The five roles are to be seen as roles that can be played simultaneously. Although the classification of activities sometimes may be less than self-evident, the roles are not intended to be overlapping. An HR function can undertake either one sole, a few, or all five roles at the same time. Over time, the extent to which the different roles are visible will vary. The roles are not intended to be perceived in any hierarchical order. The five proposed roles are: (1) the Process Engineer; (2) the Negotiating Lawyer; (3) the Employee Advocate; (4) the Strategy Implementer; and (5) the Business Partner.

When discussing the role of the HR function it seems relevant to refer to different degrees of strategic involvement. Tyson and Fell’s (1986) and Monks’ (1993) models for personnel management are discussed in order of strategic importance of the HR function from least strategic to most strategic. Likewise Storey (1992) distinguishes between strategic and tactical roles, and Ulrich (1996) between strategic and operational ones. Hence, the proposed roles will be discussed with regards to their degree of strategic involvement.

As argued by Hope Hailey and associates (2005) it seems problematic to distinguish between processes and people as Ulrich (1996) does. Storey’s (1992) distinction between interventionary and non-interventionary types seems more relevant. Related to the interventionary dimension, several scholars have discussed the HR function with regards to degree of activeness, from proactive to reactive (e.g. Brockbank, 1999; Caldwell 2003; Ruona and Gibson, 2004; Ulrich 1996; 1998). Thus building on previous work a dimension labelled proactive versus reactive, which is more in line with Monks (1993) argumentation, is suggested.
The Process Engineer. Tyson and Fell (1986), Storey (1992), Monks (1993), Ulrich (1996) and Ulrich and Brockbank (2005a) all seem to agree that within the personnel/HR function there exist routine tasks which the function needs to take care of. The role/model is labelled differently (i.e. Clerk of works, Handmaidens, Traditional /Administrative, Administrative expert, Functional expert) but contain several similarities. The proposed Process Engineer role implies a routine and monotonous role (Chiavenato, 2001), which is influenced by the above mentioned roles and models, and lacks a business focus.

The Process Engineer is a service provider catering for basic routine activities such as administrating non-strategic HR tasks. This implies for instance the activities of performance appraisals; employee orientation and training; initial selection screening; and record keeping in regards to absence, sickness and pay. The process engineer designs and implements HR processes, such as the flow of employees and pay systems. Hence, the Process Engineer provides service with regards to the routine requirements of the line.

The engineer metaphor intends to describe a role consisting of an increasing use of electronic tools. The use of electronic applications in HRM has increased during the last decade as a consequence of the technological development (Strohmeier 2007) and the term e-HRM is gaining ground. Moreover, HR functions are in increasing numbers building centralised service centres to cover a range of administrative HR processes. The process engineer role includes the responsibility of such centers. The process engineer role is furthermore handling the possible out-sourcing of various HR tasks such as payroll and head-hunting. According to Klaas et al. (2001) the out-sourcing of HR activities is increasing.
Research evidence (e.g. Strohmeier 2007) suggests that the use of electronic applications in HRM is most common concerning HR administration. For instance payroll is commonly supported by electronic tools.

Tyson and Fell (1986) state that the clerks of work -model is a support function. Likewise, this study emphasises that the Process Engineer’s core duty is to support line management and executives by smoothly handling routine HR tasks.

**The Negotiating Lawyer.** The proposed lawyer is mainly influenced by Tyson and Fell’s (1986) Contracts manager, Storey’s (1992) Regulator and Monks’ (1993) Traditional/Industrial Relations model. The role is characterised by heavy IR emphasis, and the Lawyers are to a high degree occupied with negotiations with the trade unions and working on collective agreements. Given that this study is conducted in Finland and Sweden where the trade union membership rate still is high compared to any other western country, the Lawyer role seems important.

The Negotiating Lawyer is, in line with Storey's (1992) regulator responsible for devising, negotiating, and defending the procedural and substantive rules which govern employment relations. An additional core activity is the design and alignment of employment contracts.

**The Employee Advocate.** Ulrich (1996) and Ulrich and Brockbank (2005a) highlight the role of the HR function as an employee champion, an employee advocate and a human capital developer. These roles are notably suggested by Americans and not Europeans, perhaps as a substitute to the previous Negotiating Lawyer role. Guest (1995:111) argues that “the logic of a market driven HRM strategy is that where high organisational commitment is sought, unions are irrelevant”. He further argues that the idea of a highly organisationally committed workforce challenges the need of trade unions. Viewed as two extremes, the organisational commitment model stands for high trust, a unitarist and individual standpoint, as well as flexible roles and a flat structure in contrast to the IR model, which is characterised by low trust, a pluralist and collective viewpoint, formal roles and hierarchy (Guest 1995).

Nonetheless, there may in addition to the Lawyer role be room in the framework for another role, which emphasises employees’ commitment to the organisation. The underlying assumption is that regardless of trade unions, in the competition for loyal and competent employees, employers might want to prove that they do care. In financial terms the caring is justified with less loss of personnel, lower recruitment costs and greater return on investment regarding training and HRD. Additionally, Guest (1995) states that committed workers will be highly motivated which promises higher performance, and, committed workers will probably need fewer supervisory and inspection staff in order to complete their tasks, which also reduces costs. (Guest, 1995) This study assumes that organisations might want to take responsibility for their workforce regardless if the employees are union members.

The core activity of the Employee Advocate role is to commit the employee to the organisation by: designing and implementing systems that prevent uncertainty; managing training and HRD; ensuring performance based pay and job satisfaction; moving; motivating; and stimulating workers. An Advocate is a people promoter, who cares about the employees and shows them respect. The Advocate furthermore recognises the workers’ unique personalities, intelligence and abilities (Chiavenato, 2001) and how the organisation can profit from that resource.
As the proposed framework by definition concerns the HR function, it does not, in contrast to Ulrich’s framework, take any stand on what line managers ought to do. The advocate role, as all other proposed roles, is in this study analysed in terms of the activities carried out by the HR function.

The Strategy Implementer. This study distinguishes between reactive implementers and proactive partners. An implementer is involved in strategy work, but as a support function, never in the driver’s seat. An implementer reacts to business needs. Furthermore, the role is involved in strategy work, but mainly concerning strategy implementation and execution as well as process evaluation, in contrast to strategy planning. The implementer is characterised by fairly blind reactive obedience and considered as rather passive agent (Chiavenato, 2001).

Truss et al. (2002) distinguish between two managerial types, A and B. The implementer is likely to resemble type B. The type B HR manager is focused on his/her area of expertise and is reactive and traditional in the managerial approach. Furthermore it is argued that the type B manager is hesitant in the ‘will to manage’ and unlikely to achieve high reputational effectiveness.

The implementer role is to some extent influenced by the architect, the Adviser, the Innovative / professional model, and the Strategic partner, but has been narrowed done considerably to include a much lower number of activities. The main activities characterising the work of the implementer are corporate strategy implementation; strategy execution; process evaluation; realigning HR policies and processes; and management consultancy.

The Business Partner. In contrast to the implementer, the partner is a proactive business partner who contributes to business strategy planning and possesses an enhanced understanding of strategic HR issues with the top management of the firm. Monks (1993) makes a distinction between the two models ‘innovative/professional’ and ‘innovative/sophisticated’, and Storey distinguishes between Advisers and Changemakers. These distinctions inspired me to propose two separate strategic roles, otherwise mainly influenced by Tyson and Fell’s architect and Ulrich’s strategic partner.

As reported above, Truss et al. (2002) divide managerial types in two. They argue that type A HR managers are respected and carry influence within their organisations, seeing themselves as business managers and strategic partners. The proposed business partner is likely to resemble a type A HR manager.

In line with Storey’s (1992) change maker, the business partner makes a proactive, interventionary and strategic contribution. The role is characterised by creativity and innovation. A partner deals with uncertainty and ambiguity, keeps in mind the vision of the future and the organisation’s destiny, is spontaneous and proactively collaborates with line managers and executives. The partner is not afraid to break with tradition (Chiavenato, 2001). A proactive business partner is traditionally a member of the executive management team.
Table 4  Five proposed roles

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<tr>
<td>1 Process Engineer</td>
<td>Clerk of works</td>
<td>Handmaidens</td>
<td>Traditional/ Administrative</td>
<td>Administrative expert</td>
<td>Functional expert</td>
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<tr>
<td>2 Negotiating Lawyer</td>
<td>Contracts manager</td>
<td>Regulators</td>
<td>Traditional/ Industrial Relations</td>
<td>Employee Champion</td>
<td>Employee advocate, Human Capital developer</td>
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<td>3 Employee Advocate</td>
<td>“Functions moving from contracts managers to architects”</td>
<td>Advisers</td>
<td>Innovative/ professional</td>
<td>Strategic partner</td>
<td>Strategic partner</td>
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<tr>
<td>4 Strategy Implementer</td>
<td>Architect</td>
<td>Change makers</td>
<td>Innovative/ sophisticated</td>
<td>Change agent Strategic partner</td>
<td>Strategic partner HR leader</td>
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<td>5 Business Partner</td>
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2.5. Factors influencing the roles of the HR function

My study seeks to explore factors affecting the roles played by the HR function. This area of research has received very limited empirical attention. Several scholars have discussed the impact of organisational change on HRM, however almost exclusively with regards to fit theory and organisational efficiency (e.g. Baird and Meshoulam 1988) or strategic effectiveness (Hendry and Pettigrew 1992). Only few scholars have gone beyond the strategic-fit-discussion to gain a more comprehensive picture of the factors that influence HR.

In 1978 Legge addressed a problem facing the personnel management (PM) literature, namely that the context in which the personnel function operates often is left out as scholars focus on normative and prescriptive statements about the content of the personnel function. Legge argued that the organisational context, including history and ownership, size, technology, goals and objectives, the environment, and potential employees, is likely to constrain and mould the content of the personnel function. Also, MacDuffie (1995) noted that HR practices often have been removed from their setting in past research.

Stiles and Trevor (2006), recently called for more research into the HR department, arguing that the degree to which normative or coercive forces affect the structuring of the roles of HR departments remains unknown. Also, Caldwell and Storey (2007) state that there is little empirical research on how HR structures, processes and boundaries are affected. Within the research programme at the centre for corporate strategy and change at University of Warwick, the context has, however, been highlighted foremost by Hendry and Pettigrew (e.g. Pettigrew 1985; Hendry and Pettigrew 1987; Hendry and Pettigrew 1990; Hendry and Pettigrew 1992).
Based on empirical research consisting of case studies, Hendry and Pettigrew (1990) created a model for strategic change and HRM. They argued that both the business context (inner and outer) and the business strategy content have an impact on HRM. In contrast to normative models, empirical models in the area are scarce (Gratton et al. 1999).

This section reviews and discusses factors that might have an impact on the HR role formulation. The structure of the review of influencing factors is influenced by previous work by among others Hendry and Pettigrew (1990), Schuler et al. (1993) and Legge (1978). Nevertheless, the study acknowledges that the factors are embedded in different organisation theories (such as institutional theory and the resource-based view) and these are referred to in the review below.

The structure of the review of the influencing factors is as follows: First, influenced by Hendry and Pettigrew (1990), the factors are divided into two contexts, namely an outer and an inner context. Also, Schuler et al. (1993) made the distinction between exogenous and endogenous factors, i.e. factors outside the organisation and factors within the organisation. Second, the inner context is, following Legge (1978), divided into organisational and individual/functional factors. In section 2.6 a table which summarises all influencing factors is presented.
2.5.1. The outer context

Based on theory originating from the field of organisational development (OD) Hendry and Pettigrew have conducted a large number of in-depth studies on business and human resource change (e.g. Pettigrew 1985 since the mid 1980s; Hendry and Pettigrew 1987; Hendry and Pettigrew 1990; Hendry and Pettigrew 1992). Their studies build on a framework which takes into account the evolution of HRM practices and business strategy and also of the context, both inner and outer, in which the change takes place.

The outer context is a macro level context, considering factors independent of the organisation. Outer factors that are believed to affect HRM are following Hendry and Pettigrew technology, the socio-economic and political environment, legislation as well as competition. Other scholars (e.g. Brewster 2007a; 2007b; Ferner and Quintanilla 1998, Schuler et al. 1993) have argued that also the national environment and the industry characteristics are factors within the outer context that might have an impact on HRM. Next, the outer context factors will be discussed in more depth.

Technical innovation has made HR services more efficient (Brewster et al. 2007) and thus opens up opportunities for HR to restructure its resources. Brewster and Sparrow (2007) report evidence of new technology creating awareness among HR specialist of the need for change and increased efficiency within the HR function. Nonetheless, their research results do not yet show much evidence of HR functions successfully restructuring its resources.

Broadly speaking the socio-economic environment referred to by Hendry and Pettigrew (1992) is the combination of external social and economic conditions that influence the operation of organisations. The economic conditions – the economic cycle in particular - is argued (Lähteenmäki et al. 1998) to have an important impact on HRM. Lähteenmäki and associates (1998) found that recession implies hard times for most of organisations including the HR functions, implying e.g. the withdrawal of employee development schemes. As the definition of socio-economic environment is broad and overlaps other mentioned external factors (e.g. competition), I chose to discuss the economic cycle as an influencing factor. The economic cycle refers to the predictable long-term pattern changes in macro economy, including four different stages, featuring expansion (upswing), prosperity (boom), contraction (slump), and recession.

Many external factors can be derived from institutional theory. Institutional theory suggests that organisations are under social pressure to adopt practices that are viewed as being appropriate for the situation (DiMaggio and Powell 1991). The isomorphic pressure to become more like other firms might for instance prevail in national contexts, as a consequence of the political and legal environment. Also, the competition and bench-marking with other corporations might put pressure on organisations to act alike. Numerous scholars have used institutional theory in their attempt to map HRM (see e.g. Wright and McMahan 1992; Aycan 2005; Paauwe and Boselie 2003; Björkman et al. 2007).

Several scholars have discussed the national environment and its possible implications on HRM, especially within multinational corporations (MNCs) (see e.g. Brewster 2007a; 2007b; Brewster, Sparrow and Vernon 2007; Ferner 1997; Ferner and Quintanilla 1998). Attention has been paid to the possible differences in the HR practices between different countries. (e.g. Ferner 1997; Ferner and Quintanilla 1998;
The impact of the national environment on HRM has within Europe been studied by the Cranfield group.\(^\text{19}\)

**Legislation** varies across countries. On the one hand legislation might restrict an organisation from certain HR activities (e.g. layoffs) and on the other hand it might force the organisation to other duties (e.g. work safety). Hence, the more extensive labour law and collective labour agreements, the more the hands of the HR function are tied. As discussed in section 2.4.1, the legislation in the US does not in general terms restrict the industry to the same extent as legislation does in European countries.

The **political environment** includes a number of factors that might impact HRM. Factors of concern are for instance the national political system and ideology; the role of government in the economy; political (in)stability; and international political relationships. Schuler et al. (1993) noted that political conditions are an exogenous factor which impacts the organisation’s management of its human resources. Moreover, Legge (1978) pointed to the impact of labour supply, which in turn might be a consequence of politics and/or demography, and market structure, also possibly affected by the interaction between political and economic phenomena, on HRM.

Truss and associates (2002) argue that, apart from the changing economic and social climate, an external factor that might affect the HR role is the prevailing competition and pressures to benchmark with organisations operating in the same sector. With reference to institutional theory, the impact of other corporations’ actions is regarded as a possible influencing factor. The **industry characteristics**, which according to Schuler et al. (1993) might affect strategic international HRM, include according to them the type of business and technology available; the nature of the competitors; and the extent of change. The definition of industry characteristics is hence broad and partly overlaps with other influencing factors. Datta et al. (2005) examined the impact of industry characteristics, finding that industry conditions have a moderating effect on the relation between HRM and organisational performance.

The factors of the outer context listed above are partly overlapping and, thus, problematic to use as a base for empirical research. Legislation for instance is part of the national environment. Institutionalisation can be discussed not only with reference to benchmarking and competition, but also with regards to industry, legislation and nationality. In this study I divide the outer context into four factors, namely 1) the economic cycle, 2) political and legal environment, 3) impact of other corporations, and 4) technological development. The economic cycle refers to the prevailing economic situation. The political and legal environment implies the political environment as stated above including also legislation. The impact of other corporations refers to the pressures to become more alike other firms and includes influences from competitors and other players in the same industrial and/ or national context. The technological development relates to the discussion on technical innovations above.

### 2.5.2. The inner context

The inner context of the firm is following Hendry and Pettigrew (1992) interpreted through the lens of organisational culture and structure, and by its task-technology commitments, business performance and leadership. The first four factors can be regarded as organisational, while leadership refers to individual actors. This section,

\(^{19}\) For a discussion on Cranet based research see sections 2.2.6 and 2.3.1
which discusses the inner context of the organisation, is accordingly divided into organisational and individual factors.

2.5.2.1. Organisational factors

Numerous scholars (e.g. Pfeffer 1994; Wright and McMahan 1992) have drawn on the resource based view (RBV) (Barney 1991; 1995) discussing the competitive advantage of HR for organisations (Ferris et al. 1999). The RBV is a theory of sustained competitive advantages. According to RBV, application of firm-specific organisational resources, i.e. the intra organisational factors, form the competitive advantage of the corporation. Accordingly, there is a strong belief that the intra organisational factors make a difference in the design and value creation of the HR function.

Hendry and Pettigrew (1992) claim that organisational management is forced to become strategic when an organisation’s managers meet increased complexity in their internal and external work environment. The trend is linked to organisational life-cycle patterns, whereby organisations develop more complex HR activities as they grow. Likewise, Baird and Mashoulam (1988) argue that HRM develops through a series of stages as the organisation becomes more complex. Baird and Mashoulam (1988) suggest five organisational stages and five corresponding HRM responses. A new organisation (stage 1) is concerned with a limited range of basic HR concerns, such as salary administration. This is handled by line managers. Stage two implies the establishment of an HR function, as the organisational development is characterized by dynamic growth and line managers need assistance with e.g. finding and training the right people. Growth continues and stage three is characterized by professional management and advanced analytical tools for HRM. Stage four implies diversification, decentralisation and coordination. At stage five HRM is recognized as everyone’s job, as the focus is on flexibility, adaptability and integration across business units. Baird and Mashoulam (1988) believe that each stage incorporates and builds on the previous stages and that HRM activities are most effective when the stage of development matches the stage of development of the parent organisation.

Consequently, it could be argued that organisational growth is likely to have an impact on the activities undertaken by the HR function and furthermore also on the role of the function as such. Correspondingly, Tyson and Fell (1986:15) argue that the state of development of the organisation is one of the chief variables for determining the kind of personnel function in an organisation. Thus, depending on e.g. age and size the HR function is likely to focus on different activities. Nevertheless, Hendry and Pettigrew (1992) point out that there is no automatic relationship between the organisational life-cycle and HRM, further arguing that HR functions might very well stagnate, while the rest of the organisation continues to develop. The argument is based on the fact that numerous firms in the past have grown, matured and died, without ever developing the characteristics of HRM. In fact, HRM cannot be understood by simply an internal perspective, as it is concurrently affected by multiple factors, both internal and external (Hendry and Pettigrew 1992).

The process of internationalisation is regarded a factor that might influence the role of the HR function. Pucik (1992) argues that globalisation brings the HR function closer to the strategic decision-making in the organisation and furthermore changes the scope and content of HRM. The rationale behind the argument can, according to Pucik (1992), be summarized into four new challenges facing the HR function of a globalised organisation, namely: 1) reconciliation of the need for global centralisation with local
decentralisation; 2) integration; 3) adaptation; and 4) the accommodation of organisational networks, alliances and partnerships. Hence, the essential role of the global HR function becomes to encourage maximum adaptability and coordination, by focusing on activities such as management development, evaluation and compensation (ibid).

Evidence indicates that organisational change processes, such as downsizing, provide opportunities for HR to strengthen its strategic role (Sahdev et al., 1999). Likewise, Monks (1993) found that technological upheavals or rationalisation often trigger organisational change, which furthermore leads the HR function to adopt increasingly complex HRM practices.

Organisational culture is a phenomenon that has received vast scholarly attention (e.g Schein 1985), and it is widely accepted that it has an impact on organisations. A vast number of scholars have examined HRM in connection with organisational culture. For instance Hartog and Verburg (2004) related HRM practices and organisational culture to firm performance, while Chan et al. (2004) looked at HRM practices and organisational culture in relation to competitive advantage. Research on the effects of organisational culture on HRM appears, however, to be scarce. One exception is the study by Aycan et al. (2000), which focuses on the impact of culture on HRM, stating that organisational culture is constituted by shared beliefs and assumptions that directly influence HRM.

Relatedly, Bartlett and Ghoshal (1989) have discussed the impact of administrative heritage on HRM. According to their definition (1989:37-38), administrative heritage is “the organisation’s configuration of assets and capabilities, built up over decades, its distribution of managerial responsibilities and influence, which cannot be shifted quickly and an ongoing set of relationships that endure long after any structural change” and it was found to be an important influencing factor in every organisation they studied.

Hendry and Pettigrew (1992) discussed business output as an influencing factor, stating that firm performance affects the perceptions of the inner environment. The financial situation is regarded an influencing factor, as for instance general cost-cutting is likely to hit each and every support function -- as noted above rationalisation is found to have an impact on the dealing with HR issues (Monks 1993).

Legge (1978) brought forward business goals and objectives as influencing factors. An HR function that plays a strategic role will be affected by the business. Even an administrative HR role is affected by the organisational performance. Combining organisational culture with business objectives, further reflecting on intra-organisational areas that are believed to be business crucial, Legge (1978) argues that these preferences are likely to affect the HR function. In relation, the definition, measurement and evaluation of success are believed to be a consequence of priorities, and have consequences on HR. (Legge 1978)

The business strategy is an inner factor that ought to influence all of the organisation. Depending on what the strategic goals and objectives of the organisation are, the tasks of the HR function are likely to vary. Business strategy can be thought of as a set of decisions about the direction of a firm (Bird and Beechler 1995:25) thus indicating the areas that are believed to be crucial for success, and hence which areas to invest in. The company budget, as a reflection of the strategy, is assumed to have an impact on the HR function and the activities undertaken within it.
In a Chinese study, Wei and Lau (2005) argue that previous research seldom has addressed the factors that are likely to influence a firm’s adaptation of strategic HRM. They tested the impact of market orientation, HRM competence and HRM importance on the adaptation of SHRM, and found evidence that Chinese firms with higher market orientation, HRM competence and HRM importance were likely to adopt SHRM. Furthermore their study showed a positive correlation between size and ownership on the one hand, and the adaptation of SHRM on the other, but the effect of company size and ownership as moderators were not significant (ibid). Hence assumingly growth per se does not lead to SHRM, but might increase the need for e.g. a competent HR function which in turn is likely to develop the existing HRM towards SHRM.

The organisational factors discussed in this section seem to be closely related not only to each other but also to some extent to those of the outer context. For instance, the financial situation of the organisation is likely to be affected by the economic cycle, while the business strategy perhaps builds on the prevailing competition. Hence my thesis acknowledges the complexity of the inter-relations of the various influencing factors, nevertheless, making a conscious choice not to further theorise on the inter-relations, as they are regarded to be out of the scope of my thesis.

For the purpose of this study, I cluster the factors discussed above and divide the organisational level of the inner context into five factors, namely 1) administrative heritage, 2) business strategy, 3) degree of internationalisation, 4) financial situation, and 5) organisational organic growth. The administrative heritage is grouped together with organisational culture; business strategy includes the discussion on business goals and objectives as well as on organisational change; degree of internationalisation is a factor of its own; firm performance is included in financial situation; and the organisational growth includes elements of the organisational life cycle. The simplification is believed to reduce the amount of overlapping. The rationale behind the attempt to reduce overlap is the desire of creating a check list that is a well structured and useful tool for analysing factors that affect the roles played by the HR function. The list of influencing factors is summarised in table 8.

2.5.2.2. Individual factors

Attitudes, expertise and credibility are elements among others that are likely to affect the roles played by the HR function. The factors discussed in this section occur on an individual level, discussing the attributes of HR professionals on the one hand and their role set20 including line managers and chief executives on the other.

Sheehan (2005) argues that there are two particular factors affecting the possibilities for the HR function to change its role to become more strategic. These are (1) the capabilities of the HR professionals, and (2) the commitment of the CEO to HRM. Empirical evidence suggests that the broader the HR professionals' business experience base the bigger influence will HR have on business strategy. Further research results imply that the CEO’s stance on HR issues is likely to have an impact on the role of the HR function, as tangible support for HRM initiatives are not likely without a commitment on the part of the CEO to the value of HRM.

Legge (1978) pointed out that the attitude of the executive management regarding HRM affects the HR function. A positive attitude towards HRM does not automatically

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20 For a definition of role-set see chapter 2.1
imply an important HR function. Instead the management team might choose to carry the strategic HRM responsibility themselves while the HR function handles functional tasks. Therefore, the role of the HR function is not by definition an exact reflection of the status of HRM in that particular organisation.

It can certainly be argued that the expertise of the HR function will affect the role of the function. According to Jenkins (1973) the lack of status within the HR function leads to staffing problems as the most talented managers will head elsewhere, leaving the HR function with less talented managers. Consequently, the function will remain in low regard because of its relative lack of talent. Legge (1978) regards the problem a viscous circle, where lack of status and lack of talent render the HR function unable to make any progress. Also Truss and associates (2002) support the belief that the capabilities and personalities of the HR professionals as well as the amount of corridor power HR professionals possess are likely to affect the role formulation of the HR function.

HR specialists’ lack of talent has been discussed by several scholars (e.g. Jenkins 1973; Legge 1978; Guest and King 2004). Regardless of what the reason behind the lack of expertise are, HR managers have been criticized for being reactive, passive, risk-averse, and lack business orientation (Ritzer and Trice 1969).

Assuming that the role is a social construction, the HR professionals need to prove that they are making a contribution in order to change the role of the HR function. First they need to perform well against current expectations of the role in order to achieve what Tsui (1984) calls reputational effectiveness, and second, they have to promote a change in the expectations of the role-set members (Truss et al. 2002). The third step would be to perform in accordance with the new expectations. This thesis addresses the question of whether the merger situation constitutes such a setting when and where the HR function can manage to achieve reputational effectiveness through its conduct and input in the preparing and/or implementation of the deal.

Stiles and Trevor (2006) argue that power and influence affect the HR role, as HR is given a seat at the table only when the basic HR practices are performed efficiently and effectively (see also Gratton et al. 1999). Already in 1978 Legge noted what she called a viscous circle with regards to HR’s lack of power. She stated that HR’s lack of power and centrality to decision-making results in the exclusion of HR in strategic planning, also concerning issues relevant to people management. When problems occur they are handed over to HR, which becomes engaged in crisis management rather than strategic activity. As a result HR is regarded as ineffective and remains in low regard among senior line managers, and will remain excluded from the strategic decision-making process in the future. Furthermore, the HR specialists strengthen the understanding line managers have of HR as a patchwork function, as they compliantly remain reactive and are willing to respond to every knock on the door. This, argues Legge (1978), is a consequence of the uncertainty about the success criteria of HR and hence the lack of prioritisation.

Relatedly, Legge (1978) furthermore state that the possibility for a manager to implement the policies he believes in depends on the degree of power he possesses. The power is a result of both organisational and individual factors. Hence, also Legge (1978) addressed power and authority as determinants of the personnel management.

Truss and associates (2002) argue that the role of the HR function is dependent on a large number of factors, both internal and external, but it is not to forget that one of the foremost reasons for change is the will of the HR professionals to change the role of the
function. They state that the HR professionals have first to identify the need for change; second to want to change; and third to act accordingly to implement the change. Also, the argumentation that the HR function can manage to change its role is in the first place based on the premise that the HR professionals within the function are able to decide on how they spend their time and which activities they emphasise, and thus are able to alter the role (Truss et al. 2002).

Ulrich and Brockbank (2005a) argue that HR competences have an important impact on the roles the HR function play, stating that competences are the central instrumental mechanism for transforming HR (2005a:221).

In this section, the personal attributes of the HR director and HR specialists have been discussed, using a wide variety of terms, namely capabilities, expertise, credibility, talent, skills, competence, personality, corridor power, authority, power and influence, and reputational effectiveness. In previous academic work scholars have hence used different terms when discussing related issues. My study will overlook several of the differences in definitions and use two terms only, namely HR competence and reputational effectiveness. These two terms are broadly defined and argued to cover the lot of factors listed above.

According to Caldwell (2008) the definition of competency includes the underlying characteristics, i.e. motive, trait, skill, self-image, social role and/or body of knowledge, of a person. Elaborating on that definition I chose to use competence as a general term, as I regard it a fairly broad term which can be argued to grasp the essence of capabilities, expertise, talent, skills, and personality. Inversely it can be argued that none of the other above mentioned terms can be defined as broadly as competence can.

Reputational effectiveness (Tsui, 1984) is in this study likewise interpreted broadly, also covering the meaning of corridor power, authority, credibility, as well as of power and influence. The terms referred to (corridor power etc) are, as interpreted by this study, in the eyes of the beholder. Thus, they are argued to fall into the definition of reputational effectiveness as reputational effectiveness is said to be dependent on the ability to meet the expectations and demands of its role set (Ferris 2007).

In addition to competence and reputational effectiveness which are discussed with reference to the HR function/director, the influencing factors on the individual level include characteristics of the members of the top management team and/or the CEO. The stance of the CEO regarding HRM and/or the HR function has above been discussed as either commitment or attitude. I will in this thesis discuss the attitude of the CEO and/or top management as an influencing factor.

2.5.3. Merger specific influencing factors

Mergers and acquisitions are an increasingly popular vehicle for internationalisation of companies. There are a number of reasons for pursuing cross-border M&As, among others the achievement of competitive size and increased market share by adding brands and distribution channels (Evans et al., 2002). Also, M&As are a relatively fast method of responding to pressures of globalisation.

A merger can be divided into a number of stages. The pre-merger/pre-combination stage consists of bidding negotiations and due diligence, and ends in the signing of the deal. This early part of the merger process is regarded very sensitive and is generally
kept secret involving as few people as possible. It is succeeded by the combination phase, during which the integration planning proceeds. The latter part of the merger, the post-merger integration/post-combination phase, is a lengthy process when the new organisation settles in (Marks and Mirvis 2001).

Without exception, M&As involve change for both parties involved, which in turn demands good understanding and smooth management of the processes. In M&As the need for good management skills is put to its extreme, and therefore I argue that M&As create an interesting setting for HRM research. Also, as mentioned above, the change scene of a merger constitutes an interesting setting for studying the possible reformulation of the HR function.

The merger situation is arguably part of the organisational level, i.e. the inner context. In this study the merger context is however dealt with separately, as the study makes a distinction between the HR functions of mergers and non-mergers as well as between pre- and post-merger HR functions. Hence, parts of the data sample by definition lack the merger experience while part of the sample literally possesses that experience. The study sets out to identify the effect of the merger on the HR function.

Antila and Kakkonen (2008) investigate HR managers’ involvement in M&As, looking for factors affecting HR managers’ participation in the merger process. They note that very few previous studies address the factors explaining the roles of HR in a merger context. Björkman and Söderberg (2006) touch upon the theme. They found evidence for HR not being actively involved in the post-merger change process in the case organisation they studied and argued that low expectations of top managers regarding the strategic contributions of the HR function might have contributed to a lack of involvement of HR. Also the priorities of the HR function to focus on intra-functional matters retreat HR from the organisational change process.

Antila and Kakkonen (2008) argue that the M&A context differs from an ordinary organisational setting in terms of the demands made on HR managers. The role of the HR manager in M&As is in particular dependent on the HR managers’ credibility, experience from previous M&As and ability to prove the importance of HR related matters in the M&A process. Also the trust line managers hold towards the HR manager is of utter importance.

To the best of my knowledge there are almost no in-depth studies on the possible impact of a merger on the HR function, the study of Björkman and Söderberg (2003; 2006) being an exception. Section 2.3.2. above discussed mergers as change makers. A merger affects the involved organisations as they suddenly grow in terms of turnover and employees and possibly also in terms of degree of internationalisation (cross-border mergers). In addition, a sudden change in organisational structure (integration and centralisation vs. disintegration and decentralisation) might have an impact on the role of the HR function. The power relation between the merged parties is also likely to affect the integration. Depending on e.g. the type of deal (merger of equals vs. hostile take-over) the way in which the power relations are handled will vary. The merger-specific influencing factors have not received any previous scholarly attention and thus my thesis will provide pioneer insight in this particular aspect of the inner context. In the summarising check list presented in table 5 the following factors are listed: changes in organisational structure, organisational growth (sudden), internationalisation (sudden), and the power relation between merged parties.
### 2.5.4. The complexity of inter-related influencing factors

When studying the impact of the context on the organisational culture, Legge (1978) identified the complexity of the analysis. She argued that when considering how different factors might influence organisational culture one needs to reckon that the concepts are multi-dimensional and it may be necessary to differentiate which aspect of the concept is thought to affect a particular aspect of behaviour.

Furthermore, the components of the concepts cannot be used as a checklist alone, as the nature of the inter-relationships might determine the overall effect on the dependent behaviour. (Legge 1978) The argumentation also applies in this study when considering the impact of the above listed factors on the HR role. The list of influencing factors summarised in table 5 will function as a checklist as the study analyses the extent to which the factors are appearing in the data. Nevertheless, the study is not restricted to discuss factors of the checklist alone. Instead I aim at remaining open and sensitive to factors that have so far not been mentioned/identified. The intention is to let the data speak. Above, more than thirty possible influencing factors have been discussed. In table 5 (summary of influencing factors) the number of factors listed has been decreased to 16 to reduce the problems of overlap.

### 2.6. Summary of chapter two

The theoretical foundation of the research area is two-fold. First, possible role formulations for the HR function were discussed. Based on previous research a new framework consisting of five roles for the HR function was proposed. The complexity of the area is addressed by Caldwell (2003), who remarks that early works have neglected the complexity in their attempt to present neat frameworks.

Second, factors that might affect the role formulation of the HR function were listed. This area of research is not yet very well developed. As inter-relations and overlap are common among the factors listed, the final list, which the empirical part of the study will build on, was narrowed down to include four factors stemming from the outer context, five organisational factors, three individual factors and four factors referring to the merger context.

The frame of reference is summarised into a figure (figure 5), visualising the pre-understanding of the study. The roles of the HR function which are illustrated at the top of the figure are affected by the influencing factors which are drawn beneath. In addition, a table summarising the above discussed influencing factors is presented (table 5).
Figure 5 The pre-understanding of the study
The table below is to be read as rows, not as columns, and it is presented using the same outline as in section 2.5, namely first presenting the outer context, second the inner context which is divided into organisational and individual factors, and thirdly the influencing factors that are specific to the merger context.

### Table 5  Summary of influencing factors

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
<th>Merger specific factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Economic cycle</td>
<td>Organisational</td>
<td>• Changes in organisational structure</td>
</tr>
<tr>
<td>• Impact of other corporations</td>
<td>• Administrative heritage (organisational culture)</td>
<td>• Organisational growth</td>
</tr>
<tr>
<td>• Political and legal environment</td>
<td>• Business strategy</td>
<td>• Internationalisation</td>
</tr>
<tr>
<td>• Technological development</td>
<td>• Degree of internationalisation</td>
<td>• Power relation between merged parties</td>
</tr>
<tr>
<td>• Financial situation</td>
<td>• Financial situation</td>
<td></td>
</tr>
</tbody>
</table>
3  RESEARCH METHODS

In this chapter, the empirical methods applied in the thesis are discussed. In brief, the study adopts a multiple-case strategy including mostly qualitative data retrieved from 10 mergers and 4 non-mergers regarding the perceptions of HR professionals and chief executives on the pre- and post-merger roles of the HR function. The data were collected through in-depth interviews with 29 respondents.

3.1. Research design

As stated in the previous chapters, the aim of the study is to describe how the role of the HR function evolves in the merger process, and to suggest factors that influence changes in the roles played by the HR function. The study adopts an analytical approach, assuming that there is an objective reality to be found (Arbnor and Bjerke, 1997). It is of explorative nature and aims at explaining variances. This implies that the study seeks to improve the understanding of an unresearched area, and it does not test hypotheses. In this section the methodological choices are presented and the way in which they support the research aim is discussed.

3.1.1. Finnish-Swedish mergers

The context in which the HR function is studied is large-scale mergers. In order to ensure a degree of homogeneity, which will facilitate the data analysis, a further demarcation of the merger data sample, nevertheless, seems advisable.

During the last decade several large-scale mergers have taken place, both nationally in Finland and cross-borders. Within the Nordic countries particularly the Finnish-Swedish cross-border mergers have received a vast amount of attention due to the increasing number of important deals. The joint history of Finland and Sweden, the geographical nearness and resembling industrial structure of the neighbouring countries set for a close cooperation. More mergers cross the borders of Finland and Sweden are likely to take place, as an increase in European cross-border deals is predicted (Platt, 2004).

Compared with the rest of the world, the cultural differences between Finland and Sweden do not seem apparent (Hofstede, 1980). However, a recent study, which focuses on a sole Finnish-Swedish merger (Vaara et al. 2003) points to the different languages spoken in Finland and Sweden and to the different management styles. It furthermore highlights the historical post-colonial relationship between Finland and Sweden as strongly influential on the current relationship, in which the emotional is still solidly present. My personal background and experience as a Swedish speaking Finn who has lived, studied and worked in Sweden gives me a pre-understanding for these cultural differences. Hence, a demarcation of the merger sample to constitute of Finnish-Swedish large-scale deals is a natural consequence of both the previous merger activity and my personal background.
3.1.2. Mergers and non-mergers

Above, it has repetitively been argued that the merger setting is interesting as it potentially implies change for the HR function. However, it is not evident how to determine whether it is the actual merger or other related contemporary elements that impacts the role of the HR function, as it is difficult to isolate the merger from other potentially affecting elements within the context such as the economic cycle (see chapter 2.5 – factors influencing the HR function).

To reduce the problem this study examines the causality by applying a quasi-experimental matching design (Shadish, Cook and Campbell 2002). It implies that a comparison group, which is similar to the researched population, is non-randomly selected and added to the research sample (Sorenson, 2003). In the present study, organisations that had not experienced mergers (hereinafter non-mergers), formed such a comparison group. The comparison group consists of four non-mergers. The non-merged organisations had to fulfil some criteria in order to be acceptable as comparative organisations. First, regarding size they should resemble the merged case organisations, however, the growth had to be mainly organic, with only a limited number of smaller acquisitions allowed. Second, the industry should preferably be one of those present within the merger-sample. Third, in line with the merger-sample the non-merged organisations should be of either Finnish or Swedish origin. (For more details on how the matching cases were selected see section 3.3.1). If the study finds evidence that the role of the HR function in the merger sample develops differently than in the non-merger sample one can assume that the merger context per se affects the evolvement of the role.

Quasi–experimentation is traditionally found in quantitative research (Shadish et al., 2002). As the purpose of the quasi-experimental design is to improve validity through examining causality (Cook and Shadish 1994; Sorenson, 2003) it is however equally useful in this study.

3.1.3. Case study approach

This study applies a multiple-case study approach, including ten focal cases and four matching cases. A case is a phenomenon occurring in a bounded context (Miles and Huberman 1994). Yin (1984) argues that case studies are preferred when the researcher has little control over events, when the research focus is on a contemporary phenomenon within some real-life context. Due to the explorative nature of the study, a case study approach hence appeared very suitable. Furthermore, a case study allows an investigation to retain the holistic and meaningful characteristics of real life events.

The focus of a case study approach is according to Creswell (1998:65) to develop an in-depth analysis of a single or multiple cases. A single-case approach generally implies a deeper insight in the case, while multiple-case analysis covers a broader sample.

In this particular thesis, the information gained when conducting the pilot study lead me to choose a multiple case approach. For a further discussion on my reasoning see chapter 3.2.


3.1.4. Retrospective study

A process can be studied either real-time, as the process evolves, or retrospectively, when the process is terminated. A longitudinal study allows real-time investigation while ex-post studies rely on respondents’ memories. Despite that longitudinal studies are regarded as excellent means of conducting high-validity research (Bitekhtine, 2005), the ex-post approach is applied much more frequently, as it is not as time consuming as the longitudinal approach and access/consent is more likely to be permitted.

The focus of this study is the evolution of the HR function, which in other words is a longitudinal process. Pre-merger HR roles as well as post-merger roles are explored. Due to the sensitivity of the pre-merger phase (see chapter 1) real-time insight prior to the announcement of the deal is not possible. Hence, if conducting a longitudinal study on the merger process, it would still not cover the pre-merger phase. The post-merger phase on the other hand is a lengthy process of several years (Buono and Bowditch, 1989), which is time consuming to study real-time. As the time spent on a longitudinal study furthermore would prolong the PhD process, the retrospective approach was regarded as most suitable for this project. Nevertheless, future research might gain from studying the merger process longitudinally.

A retrospective study of a longitudinal process implies that there is a time lag between the actual event and it being researched. Huber and Power (1985) have argued that the time lag may cause the respondents to provide inaccurate or biased data. First, as time goes by, the perceptions of what actually has happened might blur. People have limited and imperfect recall, and are furthermore likely to retrospectively regard events as inevitable (hindsight bias), regardless of the predictions before the event. Also the decision making processes might be described as more systematic and rational (attributional bias) than they in reality were. (Bitekhtine, 2005; Huber and Power, 1985). Second, when researching a business organisation, there is a risk that the former key players have left the organisation, and are difficult to reach ex-post, which implies a survivor-bias (Bitekhtine, 2005). Thus, information about previous events might be impossible to retain and things that have happened afterwards might affect the respondents’ statements. How the potential bias issues were dealt with in this study is discussed in chapter 3.3.1.

3.1.5. The research process

The starting point of this study is the existing literature, which was reviewed before approaching the field. Based on the literature review some themes were selected (appendix 1), which set the base for the pilot study. The pilot study was conducted with a handful of respondents (see chapter 3.2). Thereafter, the data was analysed and some parts of the literature reviewed afresh. As a result of the thorough literature review combined with the pilot interviews, a conceptual framework was created. This framework is presented in the summary of chapter 2, and serves as my pre-understanding when conducting the main study. As the pilot study\(^{21}\) had a big impact on the thesis and directed the work back to the literature before approaching the field de novo, there are features of an abductive approach in the study. In abductive studies the theoretical framework, data collection and analysis evolve simultaneously, and hence the original framework is successively modified (Dubois and Gadde 1999).

\(^{21}\) For more information about the pilot study see chapter 3.2
In the process of collecting the data, I spent nine months on maternity leave, which prolonged the data collection correspondingly. When the data collection was completed, I started the writing process, in chronological order from introduction chapter to theory review followed by the methodology. Next the actual data analysis was started, however yet interrupted by a second maternity leave which lasted some 18 months. Back again I reviewed my previous writings prior to continuing the data analysis. Thereinafter, the writing of the findings and discussion took place, succeeded by the conclusion. In table 5 the milestones of the research process are presented.

Table 6  The research process

<table>
<thead>
<tr>
<th>Chronology</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>Literature review</td>
</tr>
<tr>
<td>Winter 2004</td>
<td>Pilot study</td>
</tr>
<tr>
<td>Spring and summer 2004</td>
<td>Analysis of data from pilot study and revision of the literature review</td>
</tr>
<tr>
<td>Autumn 2004</td>
<td>Conceptual model</td>
</tr>
<tr>
<td>Autumn 2004</td>
<td>Main study</td>
</tr>
<tr>
<td>Winter and summer 2005</td>
<td>Maternity Leave</td>
</tr>
<tr>
<td>Autumn 2005</td>
<td>Main study continues</td>
</tr>
<tr>
<td>Winter 2006</td>
<td>Writing the three first chapters</td>
</tr>
<tr>
<td>Summer and Autumn 2006</td>
<td>Data analysis and writing of case descriptions (chapter 4)</td>
</tr>
<tr>
<td>2007 and Winter 2008</td>
<td>Maternity Leave</td>
</tr>
<tr>
<td>Autumn 2008</td>
<td>Data analysis completed</td>
</tr>
<tr>
<td>Autumn 2008 and Winter 2009</td>
<td>Findings and discussion</td>
</tr>
</tbody>
</table>

3.2. Pilot study

Conducting pilot interviews seemed advisable in order to gather basic information about the field before imposing more precise methods and deciding on the final research questions. Pilot interviews typically use a broad topic guide with as few direct questions as possible (Fielding and Thomas 2001). This reduces the risk of neglecting aspects that may not have risen from the literature, as the respondents are encouraged to talk freely about their views on the area of research. A set of questions the pilot interviews aimed to answer were: what kind of issues will the respondents raise; how well will the respondents’ responses correspond to the conducted literature review; will the issues raised differ from each other or will they be alike; and what kind of access am I likely to be approved.

To begin the pilot study, a small number of case organisations, namely large-scale mergers, had to be identified and approached. Five Finnish-Swedish mergers were selected and in each and one of them one HR staff member on corporate level was contacted. The selected pilot organisations were visible Finnish-Swedish mergers. Three of them were among the thirty largest firms in Finland, and two of them had just recently happened. Thus, they all visibly frequented the business press.

One HR professional from each and one of the pilot organisations was contacted, and these five all agreed to be interviewed. The 100% response rate showed both a positive
attitude towards academic research and a true interest in this particular area of research. One of the pilot interviewees, a country-level HR director, reasoned that in his position one and a half hour spent on an interview with a researcher is warmly welcomed as the discussion potentially gives him new insights and ideas regarding his own work. As an answer to the question of access and consent, he nevertheless, did not believe that other members of his HR team would benefit from a similar interview, and hence did not allow me to pursue a deeper case study of the organisation. However, he welcomed me to contact his peer in Sweden.

Hence, the pilot study indicated a positive attitude towards participating in the current research, but on certain conditions. Due to the difficulty of getting consent to a large group of respondents within one and the same organisation, the conduct of a small number of deep case studies was ruled out, while interviews with selected HR directors and chief executives in a larger number of cases appeared easy to access. Therefore, the sample was broadened not to cover only Finnish-Swedish mergers but to also include Finnish domestic and Swedish domestic large-scale mergers. In order for the sample to stay as homogeneous as possible it was not broadened any further.

Based on the data retrieved from the pilot study it seemed as if the roles played by the HR functions in the merger context were different from case to case and that the HR managers perceived the function’s situation during the merger in varying -- not to say opposing ways. Something that one respondent took for granted, another respondent thought about as utterly unrealistic. Hence, the need for a further collection of rich and detailed data describing the variance of perceptions felt indisputable. Thus, the data came to consist of interviews with one to four respondents in fifteen case organisations, amounting at a total of 29 interviews.

The learning process of the pilot study was important and it certainly had a big impact on the study. Prior to conducting the pilot study, the study focused on how the HR function and its possible involvement in the merger process affects the merger. The pilot study made me realize that my foremost interest lay within the HR function per se and that the way in which the merger process affects the HR function was equally interesting (as the way in which HR affects the merger) and that these two relations were interrelated and preferably not separated from each other in the research. Hence, the focus was broadened to cover both directions of the relationship between merger and HR function, but also the research area was clarified to focus primarily on the HR function and its development as a consequence of its relationship with the merger, while the merger was defined as the broader context.

3.3. The main study

3.3.1. Choice of case companies and access

The current research applies a multiple-case design, including 14 cases. The focal group constitutes of ten HR functions in large-scale mergers, and is accompanied by a matching group of four HR functions in non-mergers that adds a comparative element to the study.

Above it has been argued, first that the merger sample would consist of Finnish-Swedish large-scale mergers (see section 3.1.1), and second, that the sample needs to be broaden to cover also Finnish domestic and Swedish domestic large-scale mergers (see
To summarise, the mergers studied constitute a seller originating from either Finland or Sweden and a bidder likewise originating from either of these two countries. As no Swedish domestic merger that fit the criteria was in fact found, the case sample contains either Finnish-Swedish or Finnish domestic deals.

Also the complexity of conducting a retrospective study has been discussed above, and it was noted that in such a study one has to rely on the respondents’ memories. The more time that has passed the more difficult and less reliable the study becomes. Therefore I wanted to restrict the case sample to mergers that are not older than ten years or so, which led me to only include mergers that have taken place no earlier than in 1995. The reasons for not restricting the age of the mergers any further were mainly, a) that it would have risked diminishing the data sample, and b) the merger process is lengthy and I wanted to include some cases that have reached the end of the post-merger phase. It needs to be pointed out that the length of the time lags varies from case to case and that the case organisations likewise were in different phases of the merger integration process when the interviews were conducted.

The study set no restrictions concerning industry. As the population was being limited by a number of other criteria, a further limitation of industries would have diminished the population even more, and more importantly, there was no explicit need for such a restriction. Regarding size, the case organisations had to be big enough to incorporate an HR function. In practice it implied that organisations with less than 200 employees would be excluded from the sample. The criteria for the case organisations are summarised in table 6.

<table>
<thead>
<tr>
<th>Seller</th>
<th>Finnish or Swedish company</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bidder</td>
<td>Finnish or Swedish company</td>
</tr>
<tr>
<td>Date of merger</td>
<td>1995-2004</td>
</tr>
<tr>
<td>Industry</td>
<td>None specified</td>
</tr>
<tr>
<td>Size</td>
<td>Big enough to have a visible HR function</td>
</tr>
<tr>
<td>Type of deal</td>
<td>Merger with the intention of integrating the two firms to become one</td>
</tr>
</tbody>
</table>

First, with the help of Talouselämä’s table listing the top 500 companies in Finland (www.talouselama.fi/te500list.te), fourteen large-scale mergers that fit the criteria were identified. These had all been mentioned in the Finnish business press in recent years. Second, with the help of the Mergermarket data base all acquisitions in Finland and Sweden since 1995 were screened in order to find additional deals that would fit the criteria. However, no additional mergers of interest for this study were found.

Ten of these organisations agreed to participate in the research. Among the remaining four, two were never contacted, one refused due to lack of time and another refused due to a lack of interest. The pilot organisations are part of this sample. The rationale for not contacting two of the identified organisations was in fact that these had been heavily exploited by fellow researchers and I thought it was in the best interest of the Hanken School of Economics not to bother them further.

The study covers a vast percentage of the focal merger population and the sample is therefore representative of the Finnish-Swedish merger population. The

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Talouselämä is the leading Finnish economic journal.
The criteria for the matching cases were based on the final merger sample. As discussed in section 3.1.2, the comparative group consisted of organisations of equal size, operating in the same industries and originating from the same countries as the focal case organisations. Five organisations matching the criteria were randomly approached, and four of them agreed to participate. The company that declined to take part cited a lack of time as the reason.

Due to the confidentiality agreement made with the respondents, no quantitative figures such as turnover or number of employees regarding the case organisations will be presented. Nevertheless, it can be noted that all case organisations included in the research employ more than 1000 employees and have a yearly turnover of at least a few hundred million euro. They are all multi-sited, international organisations and among the 200 largest corporations in Finland. In fact, 12 of 14 case organisations (non-mergers included) are among the 50 largest Finnish corporations. The 14 case organisations operate in 5 different industries, namely paper and pulp; IT and telecommunication; finance; machinery; and food industry. In order to retain confidentiality, I do not reveal which corporation operates in which industry. The only specification made in the case descriptions (see chapter four) is between production and services.

### 3.3.2. Respondents

Three distinct groups of individuals were included in the respondent sample, namely: (1) HR professionals in mergers; (2) HR professionals in non-mergers; and (3) chief executives in mergers. Interviewing multiple persons within and regarding one case enables respondent triangulation, which is regarded to increase the validity of the study (Creswell, 1998; Miles and Huberman, 1994)\(^\text{23}\).

The first group, HR professionals in mergers, constitute the biggest one amounting to two thirds of the respondents. As this group is focal to the research, the possible lack of objectivity in their arguments needs to be taken into consideration. Huber and Power (1985) have argued that a person’s emotional involvement with a topic may decrease the accuracy of the responses, and that the inclusion of individuals with lower emotional involvement in the study may be a means of dealing with the problem. Hence, to reduce the risk of bias, other groups of respondents are included in the study. The existence of the second group, HR professionals in non-mergers, is justified in section 3.1.2, in which non-mergers are argued to be an important comparative group. In order for the matching cases to serve as comparatives the respondents should possess the same positions as the respondents in the focal cases.

In line with Huber and Power’s (1985) more general argument, Wright et al. (2001) argue that namely HR professionals tend to rate the function’s effectiveness higher than do line executives, and that this bias mainly concerns important and/or strategic aspects of HR. Against this background it seems relevant to include another comparative element, consisting of interviews with other than HR professionals, preferably people with a view of the strategic aspects. Therefore, the last group, chief

\(^{23}\) The study is also subject to triangulation of data collection methods (see section 3.3.4.).
executives in mergers, is included. The inclusion of this group also links back to the discussion in chapter 2.1 on role-set theory.

Regarding the first group, HR professionals in mergers, the aim in every single case was to meet with at least one person from both merged parties, in order to increase the reliability of the study. In seven out of ten mergers this was possible. Nevertheless, when booking the interviews it became evident that mergers disrupt the organisation and that those who had been employed as HR managers prior to the mergers, might have left the organisation or were still working within the organisation, but no longer as chief HR executives, and were not willing to give an interview discussing HRM. Also, in several cases the current HR director has joined the organisation after the merger, and thus lacked experience of the pre-merger HR function.

The response rate remained high throughout the empirical study. Out of 37 contacted individuals 29 agreed to be interviewed. In sum, the response rate was 78.4 percent. Table 8 lists the pre- and post-merger positions of the respondents and shows the number of interviews conducted in each case organisation. The names of the case organisations are fictive, deriving from the international NATO phonetic alphabet, starting with Alpha, Bravo, Charlie and so forth. Also the names of the respondents are fictive. One respondent, Niina*, is mentioned twice in the table as she represented both merger case 3 (Hotel) and non-merger case 1 (Whiskey), although she was interviewed only once.
<table>
<thead>
<tr>
<th>Case</th>
<th>Interviewee</th>
<th>Pre-merger position</th>
<th>Post-merger position</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Charlie</td>
<td>Lisa</td>
<td>Head of HR (Bravo)</td>
<td>Left the organisation as a consequence of the merger</td>
<td>The interviewee’s involvement in the study reduces the risk of ‘survivor bias’ (Bitekhtine, 2005).</td>
</tr>
<tr>
<td>Annika</td>
<td>HR specialist (Bravo)</td>
<td>HR specialist, business division</td>
<td></td>
<td>Telephone interview.</td>
</tr>
<tr>
<td>Pentti</td>
<td>HR specialist (Alpha)</td>
<td>HR specialist, HQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Paavo</td>
<td>Secretary in top management group (Alpha)</td>
<td>Member of top management group, HQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>DeltaEcho</td>
<td>Magnus</td>
<td>Head of HR (Echo)</td>
<td>Head of HR, HQ</td>
<td></td>
</tr>
<tr>
<td>Birgitta</td>
<td>Not employed by either merging parties prior to the deal</td>
<td>Head of HR (Swedish org)</td>
<td></td>
<td>The interviewee had no pre-merger experience. Telephone interview.</td>
</tr>
<tr>
<td>Hotel</td>
<td>Heikki</td>
<td>Head of administration (Foxtrot)</td>
<td>Head of administration, HQ</td>
<td></td>
</tr>
<tr>
<td>Paul</td>
<td>Head of HR (Golf)</td>
<td>Head of HR, business division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Niina*</td>
<td>Not employed by either merging parties prior to the deal</td>
<td>Head of HR, HQ</td>
<td></td>
<td>First contacted as head of HR of non-merger 1, but the interviewee soon became Head of HR of merger 3 and was interviewed with regards to both roles.</td>
</tr>
<tr>
<td>IndiaJuliet</td>
<td>Tapani</td>
<td>Head of HR (Juliet)</td>
<td>Head of HR (Juliet)</td>
<td></td>
</tr>
<tr>
<td>Ilkka</td>
<td>Head of HR (India)</td>
<td>Head of HR (India)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Christian</td>
<td>CFO (Juliet)</td>
<td>CFO (IndiaJuliet)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>KiloLima</td>
<td>Tanja</td>
<td>HR specialist (Kilo)</td>
<td>HRD director, HQ</td>
<td>pilot</td>
</tr>
<tr>
<td>Camilla</td>
<td>HR specialist (Lima)</td>
<td>HR specialist, business division</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Erikki</td>
<td>Member of top management group (Kilo)</td>
<td>Member of top management group, HQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>MikeNovember</td>
<td>Juhani</td>
<td>Head of HR (November)</td>
<td>Head of HR, Finland</td>
<td>pilot</td>
</tr>
<tr>
<td>Karl</td>
<td>Head of HR (Mike)</td>
<td>Head of HR, Sweden</td>
<td></td>
<td>Telephone interview.</td>
</tr>
<tr>
<td>Mats</td>
<td>Member of top management group (November)</td>
<td>Member of top management group, HQ</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Case</td>
<td>Interviewee</td>
<td>Pre-merger position</td>
<td>Post-merger position</td>
<td>Comment</td>
</tr>
<tr>
<td>--------------</td>
<td>-------------</td>
<td>---------------------</td>
<td>----------------------</td>
<td>----------------------------------------------------------------------------------------------------------------------------------------</td>
</tr>
<tr>
<td>OscarPapa</td>
<td>Päivi</td>
<td>Head of HR (Papa)</td>
<td>Made redundant</td>
<td>The interviewee’s involvement in the study reduces the risk of ‘survivor bias’ (Bitekhtine, 2005).</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>during the merger process</td>
<td>pilo</td>
</tr>
<tr>
<td>QuebecRomeo</td>
<td>Marko</td>
<td>Head of HR (Romeo)</td>
<td>Head of HR, Finland</td>
<td>pilo</td>
</tr>
<tr>
<td></td>
<td>Mikael</td>
<td>Different managerial positions (Quebec)</td>
<td>Organisation and governance responsible within the HR function, HQ</td>
<td></td>
</tr>
<tr>
<td>SierraTango</td>
<td>Erik</td>
<td>Head of HR (Tango)</td>
<td>Head of HR, HQ</td>
<td>At the time of the interview the interviewee had taken a line manager position within the organisation.</td>
</tr>
<tr>
<td></td>
<td>Sören</td>
<td>CEO (Tango)</td>
<td>Deputy CEO, HQ</td>
<td>pilo</td>
</tr>
<tr>
<td>UniVic</td>
<td>Tuulikki</td>
<td>Head of HR (Victor)</td>
<td>Head of HR, Finland</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Gunilla</td>
<td>Head of HR (Uniform)</td>
<td>Head of HR, HQ</td>
<td></td>
</tr>
<tr>
<td>Whiskey</td>
<td>Niina*</td>
<td>Head of HR</td>
<td></td>
<td>First contacted as head of HR of Whiskey, but the interviewee soon became Head of HR of Hotel and was interviewed with regards to both roles.</td>
</tr>
<tr>
<td>X-ray</td>
<td>Riitta</td>
<td>Head of HR</td>
<td></td>
<td>Although currently working within a non-merger the interviewee had experience from a Finnish-Finnish merger.</td>
</tr>
<tr>
<td>Yankee</td>
<td>Mika</td>
<td>Head of HR</td>
<td></td>
<td>Although currently working within a non-merger the interviewee had experience from a Finnish-Finnish merger.</td>
</tr>
<tr>
<td>Zulu</td>
<td>Kasper</td>
<td>CEO, responsible for HR at HQ level</td>
<td></td>
<td>Finnish organisation lacking merger experience but possessing extensive acquisition experience. The interview was excluded from the analysed data because the organisation did not fit into the otherwise quite homogeneous non-merger sample, due to the high number of large international acquisitions.</td>
</tr>
<tr>
<td></td>
<td>Lotta</td>
<td>Head of HR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### 3.3.3. Interviewing

The bulk of the primary data consists of 29 in-depth interviews. Five of the interviews were unstructured and conducted as part of the pilot study while the remaining 24 were
The interview guide was designed to support the research questions of the study: 'What are the roles played by the HR function before the merger and after the merger?' and 'Which factors affect the roles played by the HR function?' All interviews were intended to cover the same topics. In chronological order the merger process and its effects on the HR work was discussed. First, the time before the merger was discussed, followed by the merger integration and the post-merger experience. To form an understanding of the roles played by the HR function at different points of time HR processes, activities, and relationships were discussed. The questions asked included the following: Which were the pre-merger/post-merger activities; when did the HR function become involved in the merger process and what were the HR's tasks; what was HR's relation to top management? Factors affecting the roles were not brought up explicitly, but the respondents were repetitively asked to reflect on why the HR function played certain roles or carried out certain activities and processes. The perceptions of the respondents formed the base for the analysis. As all respondents did not represent mergers, two interview guides (appendix 2 and 3) were designed. The interview guides were used as aid-memoirs, to ensure that the main elements were covered, and not as a form that would require high-disciplinary completion. In all but three cases the interviews were carried out face to face. Among the face-to-face interviews, one was conducted outside the respondents’ working place, the rest were carried out on site. As one respondent at the time of the interview had no employer, that particular interview took place at the Hanken School of Economics.

A minority of interviews, namely three, was conducted on telephone. The reasons for not meeting with all respondents in person were geographical. On the one hand, the telephone interviews profit from the anonymity, as there are no preconceived notions based on the appearances. On the other hand, an extensive part of the communication is lost as gestures and facial expressions are not caught.

When conducting interviews in autumn 2004 I was visibly pregnant. Surprisingly, my big belly turned out to be the ideal icebreaker. Especially male respondents, whom I met for the first time, asked me how I was feeling and openly told me about their wives’ or daughters' pregnancies or about their babies. The usual first question, ‘was it easy for you to find your way’, was replaced by ‘oh, you’re almost due – how have you been feeling?’

The warm-hearted greetings made me speculate about the interviewees’ perceptions of me as an interviewer. To the best of my understanding, there were both pros and cons with my pregnant form. The upsides were assumingly that I was hardly seen as a corporate spy looking for sensitive information; instead I was more of a vulnerable and caring mother figure to whom it was easy to talk to. On the downside, I perceived that my young age and female sex were highlighted, and my research skills might have been questioned.

In order to reduce the risk of forgetting and misinterpreting what had been said during the interviews, the interviews were - with the permission of the respondent – tape-recorded and transcribed. As one respondent did not give his consent, that particular interview was not recorded, instead written notes were taken.

All interviews were conducted in the respondents’ mother tongue, i.e. Finnish or Swedish. As Swedish is my mother tongue and Finnish my second home language,
there were no language barriers or other related problems. Although the majority of respondents were Finns (22/29), more than half of the interviews were carried out in Swedish (16/29) due to the high number of Swedish-speaking Finns in the sample.

### 3.3.4. Additional sources of data

The case study approach generally implies the use of multiple sources of data (Yin, 1984). Apart from accomplishing triangulation of respondent sources (see section 3.3.2) this study also allows triangulation of data collection methods. The interview data is supported by secondary data, consisting mainly of documents and statistics. Also some newspaper articles which were based on interviews with HR specialists from the case organisations have been utilised. The articles have been published in Finnish daily newspapers or weekly business magazines. Regarding the case organisations, annual reports, information about company structure and HR structure are included in the data set.

### 3.4. Data analysis

According to Yin (1984:99) 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. Hence, the analysis depends largely on the researcher’s own style of thinking (Yin, 1984). The data analysis of this study started as soon as there was some data to analyse, i.e. during the first pilot interview. Analysing the data has been a long mental process that has followed me in all my doings, more or less actively.

On a concrete level, the data were analysed in different phases. The first phase implied the analysis of the pilot study, in which data from five pilot interviews was compared with each other. The second phase took place when all interviews were conducted and implied separate descriptions of each case organisation. Categorising and putting data in chronological order helps the researcher to get an overview of the data before the actual analysis (Miles and Huberman 1984; Yin 1984). Indeed, highly structured case reports appeared to be a prerequisite for further analysis. Based on the case descriptions, separate within-case analyses were made. The third phase included a cross-case analysis, in which the merger cases were first compared with each other and second with the non-merger sample. Systematically the individual HR roles were matched with individual influencing factors in search for general patterns.

It is frequently argued that the researcher gains a lot of insight and reflects upon the data when transcribing the interviews (Oliver, Serovich and Mason, 2005; Bucholtz, 2000). Hence, it is often recommended that the researcher transcribes the interviews her-/himself as a step in the data analysis process. Nevertheless, I deliberately outsourced the transcription. The rationale behind my decision was the time saved, as transcription is extremely time-consuming. To get a deep understanding of the data, the tapes were listened to and the transcripts read numerous times.

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

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24 Due to confidentiality agreements the newspaper extracts cannot be further specified as they would reveal the case corporations. In the case descriptions in chapter four, it is however mentioned in which cases this kind of additional sources of data is used.
were coloured with different colours depending on theme; during and after the writing yet another colour was used to tag the parts that had been discussed in the text.

The categories and chronology used followed that of the interviews and the same outline is visible in the theory chapter (chapter2) and in the case descriptions that are presented in chapter 4. The different stages of the merger were dealt with separately analysing first the pre-merger setting, next the integration phase and last the post-merger setting. Within these different points of time, the five different HR roles and the numerous influencing factors presented in chapter two were sought for in the transcripts. The check list of influencing factors was regarded an important tool, which ensured a certain level of thoroughness. Yin (1984) argues that relying on theoretical propositions, which I did, is the preferred strategy when dealing with case studies. However, equally important, I tried in addition to the structured data analysis, to analyse each and every interview without thinking of the check list. I wanted to remain open-minded and let the data speak to me. When basing the analysis on a theoretical framework, the researcher is likely to focus attention on certain data and to ignore other data (Yin 1984). My aim was to broaden the understanding of the researched area and hence I wanted to remain sensitive to unexpected results.

3.4.1. Letting the data speak

In the analysis, the HR functions studied are placed in different roles based on my interpretation of the data at my disposal. My judgment of the extent to which the HR function plays a certain role is based on a number of factors that vary from case to case based on the data on the case in question. There is no particular check list of factors that need to be identified in order to place an HR function in a given role, although there are some common guidelines.

The analysis of the roles of the HR function was two-fold. The first part was to identify the roles, and the second was to place the roles in the two-dimensional framework. First, the HR activities and practices mentioned by the respondents helped me to form a basic understanding of the kind of roles that might be found. For instance, the administration of fire drills and the screening of job applications suggest an administrative role, while participation in corporate merger integration planning points to a more strategic role. Second, the extent to which the respondents stress the different activities and practices indicate their perceived importance. Nevertheless, the HR activities and practices alone do not work as a check list because the content and aim of a certain activity might vary. For example, management development might in one corporation be a strategic activity with the HR function actively involved in the planning phase while in another the input of the HR function might be mostly administrative.

To increase the understanding of the roles played other elements were added to the analysis, bearing in mind the two dimensions of the framework (strategic vs. tactical and reactive vs. proactive). 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 function. Second, the groups of people that the HR director is reported to be dealing with in his/her daily work (e.g. line managers, top executives, HR staff) add to my understanding of the informal relationships and roles that might be played. Third, the way in which the HR directors talk about 'we'/‘us’ - as the complete organisation, the top management team or the HR function alone - gives a hint on the extent to which the HR function plays a business partner role. Fourth, the
ways in which respondents talk about their own reaction to the merger news tells us 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” is seen as less proactive than his peer who says the 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 made by respondents from the top management team added to the understanding of the roles that were played. Sixth, the influence the HR function was said to have on decisions and activities taking place in the corporation also increases my understanding of HR roles.

As a final remark, the conclusions that have been made about the different HR functions and the roles they played are based on different kind of data in the different case organisations, partly reflecting differences in how the respondents talked about the HR function and what the most central issues of the HR function were.

The limitations of the chosen methods are discussed in the concluding chapter.
4 WITHIN-CASE DESCRIPTION AND ANALYSIS

This chapter presents the HR functions of the ten merger cases and the four non-merger cases. The cases are presented one by one in sections 4.1-4.11 so that all non-mergers are dealt with in the last subchapter (4.11). As noted in chapter three, the names of the case organisations are fictive, deriving from the international NATO phonetic alphabet, starting with Alpha, Bravo, Charlie and so forth. Also, the names of the respondents are fictive. Due to the confidentiality agreement made with the respondents, the industry of the organisations will not be revealed, nor will any exact figures concerning e.g. turnover, employees and date of merger be reported.

The description and analysis of the cases follow the same structure. First some background information about the merger in question and the respondents of that particular case is presented. Second, the pre-merger HR functions of both merger parties are described separately. Then the integration of the two firms is described, followed by a presentation of the post-integration. The descriptive part is followed by a within-case analysis. Both the two pre-merger HR functions and the post-merger HR function of every single case are analysed separately; the various roles that seem to have been played in the three different settings are examined and the factors that appear to have influenced the roles are analysed. Each setting is illustrated with a figure presenting the identified roles and a table summarizing the influencing factors.

As the interviews have been conducted in either Finnish or Swedish the quotes used are translations. The translations are my own and I take full responsibility for their accuracy.

4.1. Alpha acquires Bravo and becomes Charlie

The description and analysis of the current case is based on data retrieved from four in-depth interviews and all annual reports from one year before the merger until five years after. The interview respondents represented both parties of the deal including the HR function and the top management team. Two respondents possessed long experience of the acquiring firm Alpha, one within HR (hereinafter HR Alpha) and the other as executive vice president and head of M&As (EVP Alpha). They both worked at the headquarters (HQ), with the latter also serving as the secretary of the Alpha top management team and member of Charlie management group for a period of time (see Table 1 Milestones of the Charlie merger). The two other respondents represented the acquired party Bravo. One held the position as head of HR at the time of the acquisition, including a seat on the Bravo top management team (hereinafter HR Bravo). She had, however, left the organisation a few months after the acquisition and was hence no longer working within the case organisation at the time of the interview. The other representative of the acquired company had prior to the deal been employed as a controller and after acquisition was offered a job as CFO of one of the sales organisations including HR responsibility (HR Charlie).

The merger took place when the Finnish Alpha acquired the Swedish Bravo. Both parties were active in the same manufacturing industry. The acquisition implied that the number of employees grew by more than 20% and the degree of internationalisation increased significantly. Legally and financially it was an acquisition as Alpha purchased the entire stock of of Bravo’s shares. The intention of Alpha was to combine the two and to emphasise the birth of a new international organisation Alpha changed its name to Charlie.
The rationale behind the acquisition was Alpha’s expectations of strengthening its own position in its highly competitive business area. Following the deal Alpha proclaimed itself to be the number 1 actor in Europe (newspaper extract25).

Table 9   Milestones of the Charlie merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Alpha acquires Bravo (signing of the deal).</td>
</tr>
<tr>
<td>3 months</td>
<td>EU competition authorities approved the deal.</td>
</tr>
<tr>
<td>9 months</td>
<td>Head of HR at Bravo leaves the organisation.</td>
</tr>
<tr>
<td>14 months</td>
<td>The new name Charlie is launched &lt;br&gt; A new head of HR and Communications joins Charlie &lt;br&gt; and gets a seat in the top management team.</td>
</tr>
<tr>
<td>20 months</td>
<td>Charlie reforms the organisation.</td>
</tr>
<tr>
<td>22 months</td>
<td>New CEO appointed and top management team gets restructured.</td>
</tr>
<tr>
<td>40 months</td>
<td>Charlie reforms the organisation.</td>
</tr>
<tr>
<td>52 months</td>
<td>New CEO is appointed.</td>
</tr>
</tbody>
</table>

4.1.1.  Alpha’s pre-integration HR function

Prior to the merger, Alpha had – according to the interviewees – a traditional, administrative and rather invisible HR function. Expectations for the HR function were low. The HR professionals had begun their careers in manufacturing, and they were not expected to be able to contribute on a strategic level. The top management group did not expect any business input from the HR function, as they regarded the head of HR to have the wrong profile for such work.

Executive Vice President (EVP) Alpha: Why include someone in the management team who does not understand the ‘language’? He would have done nothing but twiddle his thumbs.

HR Alpha: The exclusion of HR from the management team reflected the view of Alpha’s management team according to which HR’s role was not important.

Although Alpha was an international organisation with business activity outside Finland, the HR function was domestic. All respondents felt that the HR professionals of Alpha did not possess the skills to run HRM internationally because of their administrative background, nor did they have the language skills needed for communicating with others than Finnish speakers. It seems as if the sole thing within Alpha that suggests there was an HR function, with other than pure administrative duties, is the title of the HR director.

EVP Alpha: Those days the international input of the HR function was not large, partly because of the people working within HR, their personalities or the profiles, or how should I put it. They did not have that kind of competence, and had sort of risen from the plant floor. When the size of the organisation doubled, some 12-18 months after the deal, only then we [top management team] began paying attention to this.

Prior to the deal, the corporate HR team consisted of three persons: the HR director, who was mainly working with administration, industrial relations and employment contracts, and two HR managers, one responsible for HR information systems and the other for training and development. The HR systems mainly implied the coordination.

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25 Due to confidentiality issues, the source will not be further specified.
and implementation of administrative tools such as payroll, while the training and development function was regarded as a traditional education function catering for the administration of blue-collar education. The HR director reported to the CEO of the company, but was not represented in the management team. The HRM of that time was reported to have a heavy focus on administrative tasks and industrial relations. It seems as if the HR function was a rather traditional personnel management function\(^{26}\), which in some respects emphasised the surveillance of employees as e.g. the maintenance of employee registers was regarded as important.

HR Alpha: I was in charge of our HR systems, another guy took care of personnel development and the HR director handled employment contracts, industrial relations and administration. The three of us were the core function.

EVP Alpha: HR was heavily involved in the dialogue between the interest organisation and the union, and also shepherded our domestic production units.

At Alpha, the group of people who planned the acquisition of Bravo was deliberately kept small, due to confidentiality issues. One of the respondents was part of that group and stated that when planning such a deal primarily legal and financial issues need to be taken into consideration. The knowledge of the HR function is not needed at the planning stage of a deal. According to the respondent, HR was not informed about the deal until it happened. The members of the management team did not believe that the HR director would be able to contribute to the discussion.

4.1.2. Bravo’s pre-integration HR function

Within Bravo, HR was an integrated and visible part of the core business. The HR manager was a member of the executive team and regarded it as her task to run the company jointly with the rest of the management team.

HR Bravo: I was in charge of HR, the CFO of finance, but as a management group we all shared the responsibility for the good of the company and jointly worked on the company strategy.

The HR director argued that the HR function has to understand the business and formulate an agenda for HRM which supports the business, and furthermore that a competitive organisation needs to attract, develop and retain its human resources.

HR Bravo: HR is not, has never been, a separate HR function. HR is a very integrated part of the business activity. There certainly are other ways of doing HRM, but not for me.

The corporate HR function at Bravo consisted of four HR specialists: 1) one responsible for compensation and benefits, 2) one for organisation and management development, 3) one responsible for integration, and finally 4) the HR director who also worked mainly on integration. Several administrative tasks, such as payroll, were outsourced, and the legal affairs department offered support regarding employment contracts. The key HR activities were designed to support the HR strategy, which in turn supported the corporate strategy.

HR Bravo: There is a company strategy, which is supported by an HR strategy, and as part of the HR strategy we have compensation and benefit issues. How can we ensure that we reward, that we steer the behaviour and rewards in the right manner. Our compensation and benefits person was responsible for designing the structures of our compensation system and also for practical matters such as working with questions related to pension schemes and insurance.

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\(^{26}\) For a discussion on the distinction between personnel management and HRM see chapter 2.2
Organisation and management development implied working with human resource planning. Issues like competence development, succession planning and attitude surveys were handled by an HR specialist in charge of organisation and management development. The total competence management process concerned each and every one employed by the organisation.

HR Bravo: This person was responsible for the entire competence management process, including training and development and career and succession planning regarding the whole organisation. We wanted to be an employer who is aware of the thoughts and attitudes of the subordinates in all different issues, so this person was also responsible for attitude surveys. We worked a lot on our values, we wanted to roll out a joint company vision and organised workshops and seminars around the topic. Much was done on cultural issues.

Prior to the Alpha-Bravo merger, Bravo had recently merged with a third party. In learning about Alpha's offer to acquire Bravo, the Bravo HR function was therefore occupied with the integration work of Bravo and the third party. Integration was regarded as a key activity for the HR function, and as noted above, apart from the HR director who was involved herself in the integration work, there was a separate position within the HR function focusing on integration issues.

HR Bravo: For 24 months we had worked day and night on the integration, communicating to all employees internationally our way of doing business. Suddenly we were acquired by Alpha and we needed to change the message.

At Bravo it was the board of directors who handled the pre-merger negotiations with Alpha. The members of the top management team of the acquired party heard about the deal when it was already taking place. Hence, the HR function of Bravo had no part in the planning of the deal.

4.1.3. Integration

Alpha acquired Bravo and the Alpha people considered themselves the buyer. However, Alpha chose to communicate to Bravo that the goal was to integrate the two firms and not to take over. “The new name depicts the aspiration to build a strong corporate culture consisting of several national cultures” (CEO, Charlie annual review).

The first and foremost task of the HR manager at Bravo was to make employees feel secure and to attach them to the organisation.

HR Bravo: My initial work was to get the employees out of their beds in the mornings and get them to the workplace, to motivate them and to tell them everything will be fine. I travelled a lot to communicate that message throughout the organisation.

Second, the Bravo HR director stressed to the Alpha management group the importance of getting an overview of the existing employee structure and a profile description for key positions.

HR Bravo: On my initiative, a consultancy firm was employed to map the key players of the two joining organisations, to suggest whom to place in what position. To avoid a Finnish-Swedish battle, the consultancy firm chosen was Danish, with no former relationship to either Alpha or Bravo. The consultants did an excellent job, but Alpha neglected it. Positions were filled based on trust. And the Alpha people trusted their compatriots. Skills and competence had little to do with it.

Despite the spoken message of the intention of integrating the two firms, the managers at Bravo perceived the Alpha attempts to integrate as a takeover. Up front, the Alpha
The top management team communicated to Bravo that the two firms were about to be integrated. According to Alpha, this attempt was underlined by the name change, which was meant to communicate the will and the intention to create one united organisation. However, it was according to the respondents also necessary to change the name as the old very Finnish name was difficult in an international context. Also, Alpha kept talking about an acquisition and underlined that Alpha was the buyer. At Bravo people soon felt that the Alpha people were not willing to change their ways of doing things but expected Bravo to do so, thus the Bravo people felt they were being taken over. According to the respondents from Bravo, Alpha forced the Finnish system and thinking on Bravo without taking the Swedish way of doing things into account. It seems as if a common perception among the Bravo people was that the Alpha people regarded themselves as the buyer, and hence the owner, who had the right to make definite decisions.

HR Bravo: I have been involved in a huge number of organisational integrations, and I use to say that one has two weeks time to decide on positions and to communicate the message. Regardless of whether the message is that nothing will change or everything is going to change, you need to be honest and quick, because people want to know what’s going to happen. Alpha did not do this, they were not prepared, they did not know what they were buying, who we were and how we were used to working. The two cultures were completely different.

EVP Alpha: The seller did not provide us any access to the HRM-crucial information until the EU competition authorities had approved the deal, which in practice was 2-3 months after the announcement of the deal.

The integration was admittedly unsuccessful. Many key players from Bravo, including all members of the Bravo management group, left the organisation. Consequently, important competence vanished. The HR Director at Bravo analysed the failure and stated the following in the interview:

Alpha should up front have talked about a take over. Letting the other party believe it’s an integration, when in fact it is a takeover, is to underestimate the other party. The fact that every single person from the Bravo management group left, that’s a huge failure for Alpha.

The respondents from Alpha agree that the integration was unsuccessful and blame a lack of preparation and of experience and competence. Furthermore, Alpha people today seem to fear being ridiculed by Bravo.

EVP Alpha: I’m sure Lisa [HR Director Bravo] told you horrible things about our limited readiness to deal with international HRM.

The involvement of Alpha’s HR function in the integration process seems to have been limited. The information flow toward the employees was handled by the communication department of Alpha. According to the respondent representing the Alpha HR function, the most important HR system is the salary system, which did not need to be integrated. On the contrary it was decided that the salary systems would be kept separate for each country due to different legislation.

The HR function was reported to participate in the integration process by establishing a European Works Council. By doing so, the HR function wanted to communicate to the employees that the HR function unites all the people of the organisation. However, establishing a EWC is statutory according to a EU directive for European organisations.
of a certain size, and surveilled by the European Foundation for the Improvement of Living and Working conditions\textsuperscript{27}.

\textbf{4.1.4. Post-integration}

Six months after the signing of the deal, the head of HR at Bravo decided to leave the organisation. The HR Director of Alpha remained in charge of the HR function for almost a year, mainly working as an HR coordinator. Due to a lack of competence in the key languages, he was eventually moved to other duties. A new head of HR was appointed 11 months after the signing of the deal, and he immediately became a member of the top management team. The need for HR at the top management level was identified during the merger process.

\begin{quote}
EVP Alpha: We felt our organisation did not handle HRM in the way it should. Especially our CEO reckoned that the inclusion of HR in top management had a high priority.
\end{quote}

During the first four years that followed the acquisition, the top management was reorganised three times and the CEO was exchanged twice. The head of HR joined the management group prior to these restructurings and was one out of two who survived them.

The post-merger HR role seems to differ from both the Bravo and the Alpha pre-merger HR roles, but to some extent resembles the former Alpha HR function. Bravo had an important HR function, while Alpha did not. The four main duties of the new Charlie HR function are 1) HR information systems, 2) pay and employment contracts, 3) training and development, and 4) wellbeing and safety.

Post-integration, SAP\textsuperscript{28} was introduced throughout the organisation. For the HR function it meant the unification of all record keeping and classification. Initially it implied a lot of administrative work for HR, as all information needed to be gathered and fed into the system. On the one hand, the HR specialist in charge of information systems seemed proud of the new IT tool, arguing that this is the core of the HR function, while on the other hand the other interviewed HR specialist seemed frustrated by the administrative work load, as all current business needed to be reported in the IT system.

\begin{quote}
HR Alpha: We have an extensive information system project going on, building an administrative information system, that’s our top priority. It creates a united platform for the common core of HR.
\end{quote}

\begin{quote}
HR Charlie: I would like to get rid of our new HR system. We keep record of all employees, almost asking for their shoe sizes, information you never need. It takes a lot of time and is very complicated. It’s a SAP system and it is just so bad.
\end{quote}

“Pay and employment contracts” is another resource-consuming function within HR. The payroll is kept in house. The role of negotiating lawyer is crucial, as employment contracts and industrial relations have priority. Safety and wellbeing are regarded as an

\textsuperscript{27} On 22 September 1994, the Council of the European Union passed a Directive (94/45/EC) on the establishment of a European Works Council (EWC) or similar procedure for the purposes of informing and consulting employees in companies which operate at European Union level.

\textsuperscript{28} The acronym stands for Systeme, Anwendungen und Produkte in der Datenverarbeitung ("Systems, Applications and Products in Data Processing"). SAP AG, which is the official name of the company, provides comprehensive business software.
important HR activity. However, as one respondent stressed, there is neither time nor money for soft issues. Safety and wellbeing are all about the administration of everything from fire drills to health care.

Since the arrival of the new HR director, the tasks of the HR function have expanded to cover also development discussions, performance evaluation, performance-based pay and the building of career paths for key players.

The executive vice president of Charlie gave his view on things that have changed regarding HR since the appointment of the new HR director:

> Now we have specific systems, incentive schemes and bonuses for executives, appraisal-discussions for employees, and systems for looking at the organisation in an all-encompassing way, and who should we try to promote, which individuals are good, how should we enhance their career development considering our financial situation, and a value creation and corporate, whatever it is, you know, this ethical thing, tell me, what is it called [corporate and social responsibility].

The Charlie HR function is a matrix organisation with HR specialists responsible for different business areas on the one hand and different HR tasks on the other. According to one respondent, who is himself responsible for HR information systems and also the HR manager of both one business area and of the HQ, the matrix makes the work too disintegrated and there does not seem to be time to focus on anything.

HR Alpha: Every fifteen minutes there’s a knock on my door needing my immediate attention.

The administration seems to have watered-down the HR function, so there is little time to perform any other HR role. Looking ahead, HR’s vision is to integrate line managers with HRM, but the respondent from the HQ HR function does not know how they will manage to do that.

HR Alpha: We will have to create such efficient tools and processes that line managers realize the upside of them. Yet I do not know how we will be able to do that.

The reason for wanting to integrate line managers with HRM is the belief that every organisation can purchase the same tools, but the efficiency is achieved by people, and it is the line managers who have the knowledge about the people and their competences and development needs. Hence, the aim is to let the line carry the employee advocacy responsibility, while HR would function as a business partner designing strategically important tools.

HR Alpha: HR’s vision? [long silence] You mean the direction in which HR is striving? We definitely want HRM to be a part of line managers’ work. To date, everything linked to humans and dealing with human beings in our industry has been regarded as a task for HR specialists. But we want to create processes and tools with which we [HR specialists] can support line managers in their work. Line managers should understand that people are one of their tools; in the past they have been used to handling nothing but machines.

4.1.5. Analysis of case Charlie

This section aims at identifying the pre- and post-merger HR roles as well as the influencing factors. The analysis is followed by summarising figures and tables.
4.1.5.1. Alpha pre-merger HR roles

The HR activities presented in 4.1.1 suggest Alpha’s HR function mainly worked with administration. The process engineer role is recognized as the key element in the HR function. Signs of the negotiating lawyer role are noticed, however not in their initial proactive way. The data in this thesis on the ways in which industrial relations were handled are limited. Nonetheless, there is nothing in the arguments made by the respondents that would indicate a proactive role. The HR director’s prime interests were reported to be industrial relations and administration. There seem to be no evidence for the business partner, the strategy implementer or the employee advocate roles.

![Figure 6 The roles of the Alpha pre-merger HR function](image)

Colour description:
- Role not identified
- Some elements of role identified
- Role clearly identified

4.1.5.2. Alpha pre-merger influencing factors

**Individual level.** Alpha’s HR function was characterised by low perceived competence, lack of ambitions and language skills and an inability to demonstrate its worth. However, the inability was in line with the expectations of the management group, which did not seem to wish for anything else. This corresponds to the role set theory presented in chapter 2.1, according to which performance is comparable to the expectations of the role set. The management group’s adverse attitude regarding the HR manager is reflected in the argument by the EVP:

> Why include someone in the management team who does not understand the ‘language’? He would have done nothing but twiddle his thumbs.
The argument simultaneously supports the assumption that the reputational effectiveness of the HR professionals is low, as the management group neglects the HR function. A resulting question is why were the expectations of the CEO/management team regarding the HR function low?

**Organisational level.** The answer seems to be found in the company history and the administrative heritage. Within the traditional manufacturing plants the HR function had for years had an administrative role and administration was hence the key attribute that distinguished HRM in that particular organisation. Furthermore, the experience of the CEO/management team seems to have affected the role. Apparently, they did not see any need for change nor any obvious advantage in a broader role for the HR function.

**Outer context.** The involvement in industrial relations was at least partly a consequence of the Finnish labour law legislation but perhaps more importantly an outcome of the industrial relation norms that prevailed in this industry, hence referring to both the legal environment and institutionalisation. Also, it appears to have been a question of the HR director’s expertise and skills in the area.

Table nine summarises the factors that seem to have influenced the roles of Alpha pre-merger HR function. The factors in bold type appear to be the most important for the organisation in question.

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
<th>Administrative heritage</th>
<th>Attitude regarding HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation</td>
<td>Individual</td>
<td>CEO / top management:</td>
<td>Lacking competence</td>
</tr>
<tr>
<td>Other corporations</td>
<td>Individual</td>
<td>HR professionals:</td>
<td>Lack of reputational effectiveness</td>
</tr>
</tbody>
</table>

**4.1.5.3. Bravo pre-merger HR roles**

The HR roles played in Bravo differed extensively from those played in Alpha. As noted in section 4.1.2, the HR function in Bravo had an important strategic input. The business partner role appeared evident as both HRM and the HR function were truly integrated with the core business. The HR structure and processes seem to have been build in order to support the business strategy and the HR specialists appear to have worked simultaneously on different levels. Hence, the strategy implementer role also seems to have been fulfilled.

HR Bravo: There is a company strategy, which is supported by an HR strategy [...] Our compensation and benefits person was responsible for designing the structures of our compensation system and also for practical matters such as working with questions related to pension schemes and insurance.

The employee advocate role was not identified as a core activity, but it seems as if the HR director was sensitive to employee commitment. The awareness of employee attitudes was for instance stressed and when the Alpha deal was announced the HR
director seems to have regarded it to be her duty to make employees feel good and safe about their work, on a grass-roots level.

HR Bravo: My initial work was to get the employees out of their beds in the mornings and get them to the workplace, to motivate them and to tell them everything will be fine. I travelled a lot to communicate that message throughout the organisation.

With the aid of the legal-affairs department the HR function managed the negotiating lawyer role.

Nothing indicates a central process engineer role. For instance, routine tasks such as payroll were outsourced, and during the interview administration was not mentioned as once, nor was record keeping or screening given any attention. Hence, a completely tactical and reactive role does not seem to fit in the Bravo HR function. However, it was stressed that the field of work was broad, reaching from the designing of strategically important processes to everyday short-term issues. Hence, it appears as if the HR function handled the process engineer role in addition to the more strategically important roles.

![Diagram of Bravo pre-merger HR function roles](image)

**Colour description:**
- **Role not identified**
- **Some elements of role identified**
- **Role clearly identified**

**Figure 7** The roles of the Bravo pre-merger HR function
4.1.5.4. **Bravo pre-merger influencing factors**

**Outer context.** My interpretation is that the outer context had little to do with HR’s role formulation.

HR Bravo: ... why on earth should I manage HR differently during recessions and upswings? The focus may shift, but the degree of importance of HR related questions remains the same. I refuse to agree on anything else.

**Organisational level.** The organisational factor that seems to have influenced the HR roles was the business strategy. It appears to have guided top management and hence also the HR function, which was part of it.

**Individual context.** In Bravo it was argued that the role formulation of the HR function is largely dependent on the CEO and his/her attitude regarding HRM.

HR Bravo: There’s no doubt about it, it’s a management question, it’s an approach, either you understand it or then you don’t, and those who do, they know it’s a function that adds value on the bottom line, it’s a CEO question.

In addition to having a CEO with a positive attitude towards HRM, Bravo also had an HR director who had the competence and the professional skills needed to perform well and thus managed to gain reputational effectiveness and credibility. The quotes show that she had strong opinions and she did not seem afraid of making herself heard.

**Table 11  Factors influencing the roles of the Bravo pre-merger HR function**

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Business strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>CEO / top management:</td>
<td>Positive attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>HR professionals:</td>
<td>Competence</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Reputational effectiveness</td>
</tr>
</tbody>
</table>

4.1.5.5. **Charlie post-merger HR roles**

The post-integration role of Charlie’s HR function resembled the Alpha pre-merger role. There was still emphasis on administrative issues including for instance the introduction of a comprehensive IT-tool for record keeping. Handling pay and employment contracts also implied some administration as the payroll was part of it. The process engineer role appears to be the most central HR role in Charlie. The negotiating lawyer role was stressed in Alpha, and during the integration this role was further given weight by for instance promptly establishing the EWC. The new head of HR and communication accentuated the link between HR and corporate strategy and introduced a set of HR activities that were formerly not known in Alpha. Doing so, the strategy implementer role was activated. The implementer was partly defined as someone who reacts to business needs, which within Charlie seemed to have been the case.

EVP Charlie: In the management team we use quite a lot of time discussing issues that Jari [HR and communications director] raises. We have a new procedure, for instance the goal settings, bonus schemes and other incentives are discussed quite systematically on a yearly basis. We discuss HR issues much more frequently now than we did before.
However, there appears to be limited evidence regarding HR’s input in strategy work.

EVP Charlie: My, sort of, relationship with HR is very, how shall I put it, very superficial.

EVP Charlie: Well, which is the egg and which is the chicken? My viewpoint is that first there is a need and then there is a way to implement, and the need is identified by top management in 60% of cases and the remaining 40% [by others] because there is also a competent organisation.

Pro-action was hence foremost expected by top managers. Although the head of HR and communication belonged to the top management team, in the quote above, the HR function was regarded as part of the ‘competent organisation’ rather than the top management. Thus, the HR function was seen as reactive by top management, as opposed to proactive. The business partner and employee advocate roles, which require a proactive stance, seem to have been lacking from Charlie’s HR function.

Figure 8 The roles of the Charlie post-merger HR function

4.1.5.6. Charlie post-merger influencing factors

The current HR role in Charlie was the result of several factors. First, the foremost HR competence at Bravo left during the integration, and thus the most important know-how of how HR was managed at Bravo disappeared from the post-merger organisation. As none of the former Bravo top managers stayed in the organisation, the loss of know-how was important. This may explain why the post-merger HR role to a higher degree resembles the Alpha HR role.
**The merger context.** The power relations seem to explain Alpha’s superior position in decision making. Alpha was the acquirer and possessed the power to set the rules of the game. Also, the administrative heritage/organisational cultures of the two organisations differed and might to some degree explain the differing HR roles in the pre-integration organisations.

HR Alpha: There has been a lot of work trying to unite the processes and get the package together, but we are still not there. The cultures are so different, the backgrounds are long and the ways of doing business are what they are.

It appears as if the HR director in Bravo took a leading role in the initial integration discussions. Before she left the organisation, she suggested the mapping of key positions including the design of position profiles, and also of the existing employee profiles in order to fill the positions in an optimal way. Within Alpha one was not used to HR having such an active role. Bravo’s active HR director supposedly made an impact on Alpha top management, as she was offered the HR manager position in Charlie, which she turned down. The timing of the installation of a new head of HR and communications as a member of the management team also suggests that the attitude of top management regarding the HR function shifted during the integration process. Hence, Alpha management’s the understanding of the Bravo HR function seems to have affected the way in which the top management viewed the HR function and thus the HR function per se.

**Organisational level.** In the interviews, internationalisation was stated to have had an important impact on the shift in the roles of the HR function. As the former HR director of Alpha did not speak any foreign languages, the internationalisation of the firm certainly affected his career. However, looking at the HR functions of Alpha and Charlie, they do not seem to differ very much. The fact that some performance-related HRM activities were introduced does not seem to be a direct consequence of internationalisation. The administrative heritage seems to have affected the post-merger HR role. Although the new understanding of Bravo’s way of managing HR lead to some changes, the Charlie HR function still resembled that of Alpha, which appears to have been a consequence of the strong administrative heritage.

**Individual level.** On the individual level, the competence of the new HR director seems to have influenced the role of the HR function in Charlie, as he introduced new HR activities, such as performance-based pay, which the former HR director had not done.

**Outer context.** Factors regarding the outer context that might have influenced Charlie’s HR function are primarily legislation and technology. The importance of the negotiating lawyer role was at least partly a consequence of European legislation. The heavy focus on IT tools, which required resources within the process engineer role, might have been a consequence of the supply of IT software. Also, following institutionalisation theory (see chapter 2.5.1) it may be suggested that the increased use of certain IT processes/tools in competing firms may lead others to take the same tools and processes in use.
Table 12  Factors influencing the roles of the Charlie post-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislation</td>
<td>Organisational</td>
</tr>
<tr>
<td>Technological developments</td>
<td>Degree of internationalisation</td>
</tr>
<tr>
<td>Other corporations (Institutionalisation)</td>
<td><strong>Administrative heritage</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>The merger context</th>
<th>Individual</th>
</tr>
</thead>
<tbody>
<tr>
<td>Power relation</td>
<td>CEO / top management:</td>
</tr>
<tr>
<td>Understanding of other organisation</td>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>HR professionals:</td>
</tr>
<tr>
<td></td>
<td>• Competence</td>
</tr>
</tbody>
</table>
4.2. Delta and Echo merge to become DeltaEcho

The description and analysis of the current case is based on data from two in-depth interviews and seven annual reports dating from one year before the merger until six years after. One of the respondents is the current corporate head of HR. Prior to the deal he held the position as corporate head of HR at Echo (hereinafter HR Echo). He had been working within the organisation for two years when the deal took place. The other respondent is currently a country level HR director, being responsible for the HR function in Sweden (HR DeltaEcho), and joined the organisation almost two years after the merger.

DeltaEcho was formed as a result of the merger between Sweden’s Delta and Finland’s Echo, both active in the manufacturing industry. The decision to join forces and become the Nordic region’s largest player in its own field was made against the background of ongoing restructuring and consolidation in the industry during the past decade. Post-merger DeltaEcho has a better position in the market and benefits from economies of scale and synergies that improve profitability (annual review).

The term used for the integration was “pooling” which is primarily a financial term indicating that two companies add together their assets, liabilities, and profits to create a new, bigger company (see e.g. Lindenberg and Ross 1999). It also seems to have indicated to the employees that it is a merger-of-equals with neither buyer nor seller, but two equal parties. The two organisations were of fairly equal size regarding both number of employees and turnover.

Table 13   Milestones of the DeltaEcho merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>13 months</td>
<td>Almost all initial integration projects completed</td>
</tr>
<tr>
<td>25 months</td>
<td>Anticipated synergies attained</td>
</tr>
<tr>
<td>29 months</td>
<td>New CEO recruited internally as former CEO retired</td>
</tr>
</tbody>
</table>

4.2.1. Delta’s pre-integration HR function

Neither respondent possessed any personal experience from Delta’s pre-merger role as one of them had been working in Echo prior to the merger and the other had been recruited to the firm post merger. The perception of the interviewees was that the Delta HR function was mainly administrative.

HR Echo: They [Delta] focused more on operative tasks than on development. There are few things competence wise that have come from Delta. It’s Echo that has made the input in all development matters, regarding also, logistics and marketing. Delta was listed on the stock exchange and emphasised cost control.

When collecting the data, a person who had been working with HR issues in Delta pre-merger, and was still employed by DeltaEcho, was approached for an interview in order to increase the data on Delta’s pre-merger HR function, but she refused, citing a lack of time.
4.2.2. Echo’s pre-integration HR function

In the early days, Echo’s HR function was decentralised with HR managers in the various plants and units handling administrative tasks. At HQ there was at that time no HR function. Two years before the merger, the top management team at Echo decided to recruit an HR manager to work in the HQ, being in charge of HRD, and member of the management team.

HR Echo: I was recruited to the HQ to the top management team, to focus on HRD. I was up front given a strategic role, and that’s in fact the reason why I was employed. Previously, the HR administration was scattered around the country.

One reason for doing so was reported to be the increasing number of HR issues being raised in the top management. Prior to making that decision, the organisation had also experienced a number of unsuccessful manager recruitments which had become very expensive. Moreover, the organisation had grown, and due to the size it was possible to allocate resources to more strategic HR activities as a complement to the administrative HR must-haves.

HR Echo: The size of the organisation plays an important role. Where is the break even? You always have to have someone taking care of administration, payroll, and industrial relations. When the company grows you get the resources to have someone focusing solely on personnel development. It all comes down to the size of the organisation and the mindset of the CEO.

The role of the HR function appears to have grown as a consequence of the new HR manager joining the firm. Previously, the focus was reported to have been on administrative tasks such as payroll, resourcing and industrial relations, which were regarded as compulsory. The new HR manager added to the HR function an emphasis on aspects he and the rest of the management team felt were of strategic importance, namely resource management, competence management and reward management.

HR Echo: I had an HR team. Everyone worked with everything cause we are not that big that we could have separate people to work with salaries or administration. My principle has been that everybody shall have a good command of the whole HR field.

By recruiting a new HR director to the HQ, HRD was added to the formerly administrative function. Within the plants business appears to have continued as usual, while in the HQ an HRD position was filled and top managers started receiving support when discussing e.g. competence and reward management.

HR DeltaEcho: The Finnish HR organisation [Echo] was good at its processes, but in a sense very hierarchical and I’m not sure whether the programs they wanted to roll out were for the sake of HR or for the good of the company.

The HR manager however had a clear vision, which united the interests of the organisation and the employees. The explicit HR goal was expressed as follows:

HR Echo: We wanted to be the best employer.

4.2.3. Integration

The former CEO of Delta became CEO of the merged organisation, while the head of HR came from Echo. The post-merger top management team of DeltaEcho initially consisted of fifteen positions which were fairly equally divided between former Delta and former Echo executives (8 Delta, 7 Echo). Within the first year of DeltaEcho’s
history, a number of subsidiaries that were not considered to be part of the core business were sold off, and along with them five positions in the top management team. Hence, the management team decreased from 15 positions to 10. Later, the CEO was retired and internally replaced by another member of the management group, and thus the number of positions shrank to 9. Since then the number of positions has been stable and the number of replaced members of the management group has been kept low.

The integration of the two firms was reported to have been highly structured, vary fast and still carried out with a cautious hand. Some quick wins were made, as subunits that were not part of the core business were sold off. The initial integration process was allowed to last approximately 18 months. Then it was internally communicated that the integration had reached its end and the new company was ready to focus on the operational business. Larger rearrangements were made only a few years after the signing.

HR Echo: The integration was highly structured, which may be the reason the merger succeeded so well. There was a steering group and a number of subprojects, with the task to make sure the synergies were safeguarded. Everything was documented and monitored. HR was included as one subproject. Regarding HR there was not much synergy to gain, but in that process we started working as an HR group with HR managers from all countries.

Cultural issues appear to have been an emerging theme in the integration. There were not only two national cultures but more importantly two distinctly different corporate cultures to be merged.

HR Echo: One often refers to the national cultures when talking about cross-border mergers, Finns complain about Swedish bureaucrats and Swedes complain about Finnish management by perkele29 and so forth, but in our case it was the corporate cultures that differed most between Delta and Echo. The corporate cultures were of much greater importance than the national cultures.

HR Echo: Delta was mentally a hillbilly, always second best, while Echo was a clear number one, a market leader. It was an odd constellation as the Finns – that Swedes generally regard as nobodies – in this case possessed the competence.

Apart from time limits and clear structures, the building of a new corporate identity was central in the merger integration. As the pre-merger corporate cultures differed, the core values of the post-merger organisation were a mix of the previous ones.

HR Echo: Before the merger quality was emphasised throughout the Echo organisation. Finance was secondary, and good economics was believed to be a result of good quality. Today, in the merged organisation focus has shifted towards delivering a good result.

29 Management by perkele is an expression for a Finnish leadership approach, according to which decisions are made and action is taken quickly without much of discussion. This management style is often contrasted to the consensus approach more common among Swedish managers, where the manager makes sure everyone involved has been heard before any decision is made. The name – management by perkele – is derived from the Finnish swearword perkele.
4.2.4. Post-integration

The new HR function within DeltaEcho built on Echo’s pre-merger function and it seems as if the post-merger HR role largely resembles the pre-merger HR role at Echo.

HR Echo: I started building up these structures [prior to the merger] perhaps it differed a bit [compared to the post-merger organisation] because there is a constant learning process, but these kinds of issues we dealt with.

The HR function was built as a process organisation, and divided into three core processes. First, resource management included recruitment, succession planning and job rotation. Second, competence management implied training, competence surveys and development discussions. The third process, reward management handled issues such as job and wage classification, wage and salary comparisons and statistics as well as the design of bonus systems and other rewarding. The processes were supported by four sub-functions namely: 1) personnel administration, 2) personnel services, 3) networking and environment and 4) communication. (Source: Organisational chart DeltaEcho)

The two interviewees described their every day work as follows:

HR Echo: We recruit people, we train them, pay their salaries. Our industry is extremely complicated, it’s a tough line of business with strong unions so we have to be damn good at personnel administration and industrial relations. And we need to have health care, canteens and stuff. And as the unions are strong, having a strong network is important for us. Also, regionally we are a large employer and therefore we need a strong external network, we want to be actively involved in the unions and in the discussions regarding for instance trade exams and diplomas.

HR DeltaEcho: I have a team of eight persons, and we work with salaries, insurance and pension schemes, administration and HRM. Within HRM our task is to support CEO and line in structural matters and change processes and to create tools that support the managers in their management. We also help out with salary revision, sickness leave, rehab, corporate health care, company cars and other employee benefits.

The vision of Echo HR, to be the best employer, was also the vision of DeltaEcho’s HR function. This implied for instance the supply of social services for employees.

HR Echo: Personnel services, in many organisations it’s part of the finance department, it is all about office supply, switchboard, canteen and that kind of stuff, but we also have day care for children, we are sort of exclusive in a sense.

Striving to be the best employer was a question of committing the employees to the organisation. Communicating the linkage between strategy and reward was perceived as a means to commit the employees to the business strategy.

HR Echo: We want the employees to understand the link between strategy and rewards, we want them to see that these are strategic questions. Three times a year I arrange a DeltaEcho Business Academy, for 65 managers, where we jointly build the strategy. By doing this, we want to create a solid commitment.

Cost efficiency was emphasized in the post-merger organisation. To reduce costs, units that were not perceived to be part of the core business were sold. Plants which were not profitable enough were closed down. For the HR function it implied a lot of work on cooperation negotiations.

The HR managers gave their reputational effectiveness a high rating.
HR DeltaEcho: I feel I have obtained a strong trust for HR. Everything I initiate derives from a true need, I don't come up with things for the sake of HR, I only suggest things when I see a problem we need to work with. In other organisations HR tends to be too fuzzy and lack business orientation. In our organisation no-one at any level questions neither HR nor its value added. I know my business, I identify the needs and I use my HR tools appropriately to strengthen the business. My starting point is always to create success for the person I'm talking to. That's why people listen to me.

Although the message was that HR today is a strategic partner, further progress was still called for. The HR function was reported to be fragmented in the sense that it still dealt with a large variety of tasks instead of focusing on a few core activities.

HR Echo: Within HR we have not yet succeeded in defining strategic HRM and separate it from operational HRM, which we ought to standardise and make more efficient, maybe even outsource. We still deal with a large variety of issues which makes the HR function seem fuzzy.

HR Echo: There's still a lot to do in HRM, my god, HR is still very much in its baby shoes. HR's problem has been the lack of measurements and lack of clear objectives. And the work is extremely fragmented, HR deals with everything from executive training till deciding on whether they need a toilet in a certain plant or not. The work needs to be structured in order for the CEO and line managers to grasp the whole picture, to take a position on the issues that they feel need to be prioritised, because they do not have the time to look deeply into these things.

According to the respondents, the top management aspires to have an HR function with a strategic input. The ambition is reported to be reflected in the inclusion of HR in the management group.

HR Echo: It shows in the fact that there is an HR person in the top management team, which was not the case a few years back. And it shows in the establishment of our solid competence management system, which is initiated by HR, and which creates an explicit link between the corporate strategy and the individual. And it shows in the bonus system planning.

4.2.5. Analysis of case DeltaEcho

Because of the lack of data regarding Delta’s pre merger HR role no analysis is made about the role formulation and the factors that possibly influenced the role.

4.2.5.1. Echo pre-merger HR roles

The HR function at Echo had traditionally been administrative. The process engineer role was hence the most central role. Industrial relations were likewise part of the everyday HR business, fulfilling the negotiating lawyer role. HRD was emphasised on top managerial level, and the HR manager fulfilled the strategy implementer role while supporting and consulting managers and providing them the tools needed. Employee advocacy was stressed in the goal formulation, as one wanted to become the best employer.

HR Echo: Loyalty has disappeared; competence is today the key, young people choose organisations that offer the best opportunities to quickly give them the competence they want. That's why we stress competence management.

The function lacked evidence of a business partner role.
4.2.5.2. Echo pre-merger influencing factors

Organisational level. Echo’s HR function seems to have been influenced mainly by factors of the inner context. The reason for having a solid process engineer role is derived from the company tradition, i.e. the administrative heritage. Administration had for decades been the core activity, and continued to be so. The organisation had grown during in recent years, which put higher demands on the HR function. As the financial situation had meanwhile improved, the resources for the HR function had likewise increased.

Individual level. Employee advocacy seems to have been a deliberate choice made by the fairly new HR manager and top management team, as people were viewed as an important and costly asset. Hence it seems to have been a question of attitude to focus on employee advocacy. The strategy implementer role, which was introduced by the newly recruited HR manager, was reported to be a consequence of CEO attitude and size of the organisation.

HR Echo: It all comes down to the size of the organisation and the mind set of the CEO.

The growth of the company led to an increased budget for HR and also to an increased need for top management to deal with HRM.
Table 14  Factors influencing the roles of the Echo pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational context</th>
</tr>
</thead>
</table>
|                   | • Administrative heritage  
|                   | • Financial situation  
|                   | • Growth/Size of the organisation  
| Individual        | CEO/top management:  
|                   | • Attitude regarding HRM  
|                   | HR professionals:  
|                   | • Competence  
|                   | • Reputational effectiveness  

4.2.5.3.  *DeltaEcho post-merger HR roles*

The new HR function within DeltaEcho built on Echo’s pre-merger function, and thus the same HR roles are identified. The process engineer role is perceived as a central role. Also, the negotiating lawyer role seems to have been prioritised. Furthermore, the employee advocate role is recognized. The official objective of the HR function was for the organisation to be the most attractive workplace in the branch, where each and every employee is given the opportunity to develop, use and share his/her competence (Source: organisational information DeltaEcho). Accordingly DeltaEcho has been an award winner in Finland’s best workplace contest.

There is no evidence for a pure strategic and proactive business partner role. On the contrary, the HR function is reported to lack a strategic focus. As stated the head of HR:

HR Echo: We still deal with a large variety of issues which makes the HR function seem fuzzy.
4.2.5.4. DeltaEcho post-merger influencing factors

**Outer context.** The political and legal environment seems to have affected the role. The HR function responded to the strong union by becoming involved in industrial relations.

HR Echo: ... And as the unions are strong, having a strong network is important for us. Also, regionally we are a large employer and therefore we need a strong external network, we want to be actively involved in the unions and in the discussions regarding for instance trade exams and certificates.

**Organisational level.** On an organisational level, HR was affected by the administrative heritage of Echo. Also, the business strategy steered the work as the sales of certain business divisions led the HR function to work long hours on co-operation negotiations/industrial relations.

**Individual level.** It seems as if the post merger HR role largely resembled the pre-merger HR role at Echo. An important reason for this might be that the post-merger head of HR at DeltaEcho was the previous head of HR at Echo. Also, he had joined the organisation only two years prior to the merger and was still in the process of constructing the HR function of Echo when the merger took place. Hence he appears to have continued his work, business as usual, but in a merged and larger co-operation. On an individual level, the competence of the HR manager influenced the role. Also, the reputational effectiveness of HR professionals was regarded as good.

HR DeltaEcho: ... In our organisation no-one at any level questions neither HR nor its value added. I know my business, I identify the needs and I use my HR tools appropriately to strengthen the business. My starting point is always to create success for the person I’m talking to. That’s why people listen to me.

**Merger context.** The merger appears to have influenced both organisations involved. From Echo’s point of view the role of the HR function did not change, while it assumingly changed quite a bit from the viewpoint of Delta, as it is unlikely that the two HR functions were identical to start with. However, Echo was also affected by the influence of the other party as the importance of profitability was introduced as a consequence of the new shared identity. A merger is furthermore believed to broaden the knowledge base of the HR function.

HR DeltaEcho: You have one HR function consisting of ten people and another consisting of ten. A merger makes it twenty. They do probably not possess exactly the same knowledge and experience, instead the HR knowledge grows and the supply of the HR function thus becomes broader.

Hence, the understanding of and the attitude towards the other party seem to have affected the role of the post-merger HR function. The pre-merger HR functions had a positive attitude towards learning from each other and developing the joint HR function.
<table>
<thead>
<tr>
<th>The outer context</th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>• Political and legal environment</td>
</tr>
<tr>
<td>The inner context</td>
<td>Organisational</td>
</tr>
<tr>
<td></td>
<td>• Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>• Business strategy</td>
</tr>
<tr>
<td>Individual HR professionals:</td>
<td>• Competence</td>
</tr>
<tr>
<td></td>
<td>• Reputational effectiveness</td>
</tr>
<tr>
<td>The merger context</td>
<td>• Understanding of and attitude towards the other organisation</td>
</tr>
</tbody>
</table>
4.3. Foxtrot and Golf create Hotel

The description and analysis of the current case is based on data from three in-depth interviews and eight post-merger annual reviews (Hotel) as well as two pre-merger annual reviews, one from each merging organisation (Foxtrot and Golf). One of the respondents was the current head of HR at Hotel and possessed a long history within Foxtrot as line manager, but had held the position as head of HR only a couple of years (hereinafter HR Hotel). The second respondent held the position as head of administration at Foxtrot when the deal was announced, and became head of HR in the post-merger organisation of Hotel (hereinafter administration Foxtrot). At the time of the interview he had been moved to the position of head of administration reporting to the head of HR. The third interviewee held the pre-merger position as head of HR at Golf and had since the merger worked, first as HR specialist at HQ, and later as head of HR of one of the business groups (HR Golf).

The deal between the two Finnish organisations Foxtrot and Golf was regarded as a combination merger, and the CEO of the merged organisation referred to the merger as the merging, restructuring and integration of two organisations to form a new company (Hotel Annual report). The new organisation was soon given a new name: Hotel. The name change was regarded as a token of the integration of two organisations.

Administration Foxtrot: As two equal partners merged, it was seen as an important symbol to create a new company with a new name.

In terms of net sales and number of employees the two merging organisations were of fairly equal size. Both corporations were active in the manufacturing industry, but the areas of expertise within the two merging organisations were not seen to be overlapping. On the contrary, the organisations were believed to complement each other. As a result of the merger, Hotel became a global market leader in its particular line of business.

The initial top management team of Hotel was established with representatives of the both merged organisations. Over the years, the assembly was kept rather stable apart from numerous changes of CEO as well as HR director.

The head of HR was never part of the core top management team, consisting of 6-8 members. However, HR was represented in the extended corporate HQ management team of some 20 members.

<table>
<thead>
<tr>
<th>Table 16</th>
<th>Milestones of the Hotel merger</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Event</td>
</tr>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>24 months</td>
<td>New CEO appointed as former retired</td>
</tr>
<tr>
<td>32 months</td>
<td>Acquisition of third party</td>
</tr>
<tr>
<td>33 months</td>
<td>New HRD position introduced</td>
</tr>
<tr>
<td>54 months</td>
<td>New head of HR appointed, whereas former became head of administration</td>
</tr>
<tr>
<td>62 months</td>
<td>New CEO appointed</td>
</tr>
<tr>
<td>72 months</td>
<td>New head of HR appointed as former resigned</td>
</tr>
</tbody>
</table>
4.3.1. *Foxtrot’s pre-integration HR function*

Although Foxtrot was an international organisation, approximately two thirds of the activities took place in Finland. Hence the organisation was regarded as a fairly domestic player. The mind set was to centralise matters that could be centralised. Regarding the HR function this implied that the HQ HR designed different policies and procedures, which were then communicated to the HR managers within the different business groups.

Administration Foxtrot: An important issue regarding HR at Foxtrot was that the CEO wanted to develop Foxtrot as one sole entity with united policies, to the extent it was possible. If at HQ there was an aspiration to do something, it would not be questioned in different countries or in different business groups.

The different business groups had their own HR managers with whom the HQ HR worked on the overall picture to create united HR policies and practices, but locally HR managers independently supported their own business groups according to their special needs. The most important tasks of the HR function were summarized in an HR strategy, which emphasised the supporting of the success of the corporation as well as the business groups.

Administration Foxtrot: Among the global HR function we had a fruitful co-operation due to regular meetings. With a global group of less than ten people we prepared and tied people to issues that HQ HR wanted to develop in a centralized way.

The HR function at HQ was small. It possessed two managerial positions, the head of administration as well as the industrial relations manager. They were supported by assistants. Together with their assistants the directors mainly worked on the establishment of common tactical HR policies. The head of administration summarized the key activities as follows:

- Labour market issues were dealt with on HQ level; the employer image and general principles; pay and reward principles and policies; cooperation structures among HR managers; as well as management training and development. These were the predominant activities.

The HR function took care of the administration of management training and development, whereas the training itself was provided by external consultants. Foxtrot offered two training programs, one for senior managers and the other for younger professionals with future potential. The programs were carried out by IMD\(^{30}\), which was an important business partner for the HR function.

Administration Foxtrot: Naturally, we could not have had all the know-how to independently provide such training.

Payroll was, in contrast to the overall policy, decentralised, which implied that each and every business group handled the payroll in-house but separately with their own tools and technology.

The relation to the CEO and top management group was perceived to be good, including a well-functioning dialogue between the head of administration and the CEO. The structure was informal as the HR function was not included in the management team.

\(^{30}\) IMD stands for International institute for Management Development, and is a global business school located in Lausanne, Switzerland.
Administration Foxtrot: I was not member of the executive team, but I reported to the CEO, and in that respect I had a very independent role. We had very good and regular communication with the CEO and he had clear visions and goals regarding what and how he wanted things.

4.3.2. **Golf’s pre-integration HR function**

Prior to the merger, Golf was a multinational organisation with manufacturing plants in 10 countries. Only less than a third of its personnel worked in Finland. The organisation was decentralised, consisting of four independent business groups. In terms of HRM Golf was categorised by local responsiveness. At HQ there was nevertheless an HR function.

HR Golf: Two of the business units had HR managers of their own, two of them had not. There [in the latter ones] I handled everything between earth and sky, from managerial contracts to layoffs and the entire administrative palette. In the other business units the HR managers took care of the routine tasks and some training. At HQ HR dealt with resource planning and pension schemes as well as climate surveys. Also, bonus and salary planning, trying to foresee the inflation and manpower demand in the different countries, was part of our work. It was not very dramatic, mostly it was administration.

Health care was part of the HR function, having an in-house doctor reporting to the HR manager. In a global organisation the in-house doctor operated on a domestic level only.

4.3.3. **Integration**

On the very same day that the combination merger plan was approved by the boards of directors of Foxtrot and Golf, the head of administration at Foxtrot learned about the deal. Although some weeks earlier the head of HR at Golf had heard from the CEO that a deal was likely to take place, he did not demand a pre-merger effort from the HR function. Hence, the two HR directors then started from scratch in designing a new joint HR function.

Administration Foxtrot: The planning of the deal was carried out by a very small team, and HR issues were not given much thought, there was only the will of the owners and top management that the deal would go through.

The integration was reported to have been smooth. As the two merging organisations had different business focus little overlap was expected. Apparent overlaps occurred at HQ only.

A new HR organisation was created, including common politics and principles, regarding the HQ HR. During the first six months, principles regarding management development, compensation and benefits, co-operation within the global HR function and EWC directives were thought through, prepared and acceptance was won for them. The integration implied a lot of administration as new rules, regulations and policies were needed with regards to several issues.

Administration Foxtrot: From day one we were equal peers [with HR Golf] and in co-operation and mutual understanding had to find ways of doing and approaching things. Some four months later I was appointed future head of HR, which helped things, as someone – in this case myself - was then in charge of the planning and enforcement.
It was Foxtrot’s former administrative director who became HR director at Hotel, while Golf’s former HR director was given other HRM duties at Hotel. The latter was soon reappointed HR director for one of the business groups.

In retrospect, the integration process was regarded as mainly positive. The merger was perceived as the building of something new and bigger with even finer future prospects.

HR Golf: We are talking about two Finnish organisations, hell no, there is no problem there.

4.3.4. Post-integration

Hotel is the combination of two very different types of organisations. One of them was predominantly a domestic firm and the other a global assembly of business groups. Especially the fact that the one was used to operating internationally while the other was perceived as very Finnish, was brought forth by the respondents.

HR Golf: they [Foxtrot] had a very centralised management culture, which led to extensive discussions not to say small conflicts, when they tried to force the Foxtrot culture on us.

Administration Foxtrot: There were very different businesses, wherefore the question was, what kind of cooperation will come out of this. What kind of management strategies will there be, and which issues will be managed on HQ level, which on business level.

At HQ, half the HR team had to be made redundant, as HQ’s HR tasks did not double even though the number of employees did. Hence, an HR team equal in size to the HQ HR team in either Foxtrot or Golf remained at Hotel HQ.

Administration Foxtrot: A first priority was to decide on the HQ HR role and the roles of the HR teams within the different business groups. A decentralized model was decided on, where the role of the HQ HR team was to provide top management with HR support and consultancy and also to design common guidelines and tools regarding issues, such as compensation and management development, in which united procedures were called for. Otherwise the HR teams of the different business groups were very independent. The rationale behind the decision was the high number of employees in other countries than Finland. Only a third of the personnel were domestic. Through the years finding the balance between global standardisation and local responsiveness has been a challenge for Hotel HQ, and the view on the best way to handle the situation has altered at the same pace as the changes of CEO have taken place.

Finding the balance was not self evident as the cultures of the two firms differed with regards to centralising or decentralising. Ultimately, deciding on what to do was rarely perceived to be a problem; it was more difficult to decide on how to do things. In order to create shared procedures that everyone would be willing to accept, they had to be based on success stories. The suggested procedures needed to be good enough to be worth implementing. To seek the best practice was the starting point.

Administration Foxtrot: We succeeded in finding practices that were good enough to be centralised, we searched for these common efficient practices, using the best practice paradigm.

The post-merger HR function was reported to be mainly an administrative function. The activities were divided into three approximately equally time consuming categories, namely 1) compensation and benefits, 2) structural changes striving for a more efficient and cost saving HR function; and 3) everything else, from recruiting and development tasks to layoffs and redesigning pension schemes and health care.

HR Hotel: The HR function is a money-handling institution. A fourth of the company turnover is basic salaries (1 of 4 billions). In addition to that bonuses are paid. A total of 1.25 billion goes to
salaries, social benefits, bonuses etc. If the yearly profit is 300-400 million euro, a 10% salary increase to all personnel will eat it up. That's why we do not afford to make any mistakes when designing pay schemes. The most important HR activity is pay and everything that has to do with it. An organisation needs to be competitive in terms of salaries, but still has to be careful not to pay too much.

Long-term HR planning appeared to receive increasing attention. The idea was to make sure there were good successors for important positions, to identify potential, to train and develop, and to keep elderly employees within the organisation rather than let them retire.

Administration Foxtrot: An HR activity that recently has received increased attention is HR planning including the identification of managerial potential, training and development and successor planning. The aspiration is to systematize the procedures regarding goal setting and performance appraisal.

In Hotel, a challenge for the HR function was post-merger to create efficient tools for HRM to be used by line managers. The belief was that efficient tools would make sure that line managers' time would not be spent on HR administration but on effective decision-making. In Hotel the designing of e.g. fair insurance policies was regarded as complex and time-consuming. Also, regarding salary increases Hotel HR manager felt a need for a tool that would easily show the line managers who in their teams are under/over rewarded and the remedies for rectifying injustice.

HR Hotel: We spend too much time on routine HRM, which should be outsourced at a low cost.

4.3.5. Analysis of case Hotel

4.3.5.1. Foxtrot pre-merger HR roles

The Foxtrot HR function appears to have been traditional, with emphasis on administration and industrial relations. Nothing indicates a business partner, a strategy implementer or an employee advocate role. The process engineer role seems to have been the most apparent, followed by the negotiating lawyer.
4.3.5.2. Foxtrot pre-merger influencing factors

**Organisational level.** The role formulation appears to have been mainly influenced by intra-organisational and individual factors. The number of blue collar workers was high, which put certain demands on the HR function such as dealing with industrial relations and everyday matters.

HR Hotel: If there are 600, you know, shop floor workers and there are constant strikes and continuous brawls, from HR's point of view there has to be a tough guy, telling them to stop the hassle and get to work. It's sort of a comrade-in-arms type of mentality.

The business strategy implied a centralised view, which affected the role of HR. The administrative heritage seems to have affected the HR function to continue working with administrative tasks. The fact that Foxtrot had had no HR manager, but instead had an administrative manager suggests a conservative heritage.

**Individual level.** On the individual level, the skills and the personal preference of the administrative manager might have affected the role played.

Table 17  Factors influencing the roles of the Foxtrot pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Individual HR professionals:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Administrative heritage</td>
<td>Competence</td>
</tr>
<tr>
<td></td>
<td>Type of workforce (blue/white collar)</td>
<td></td>
</tr>
</tbody>
</table>
4.3.5.3. **Golf pre-merger HR roles**

The Golf pre-merger HR function was administrative.

HR Golf: It was not very dramatic, mostly it was administration.

Filling the process engineer role, the HR function focused on the balancing act between being local responsiveness and global standardisation, mostly deciding on the previous, which indeed led to unstandardised processes and apparently more administration.

---

**Strategic**

- **Business Partner**
- **Strategy Implementer**

**Proactive**

- **Employee Advocate**
- **Negotiating Lawyer**

**Tactical**

- **Process Engineer**

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4.3.5.4. **Golf pre-merger influencing factors**

**Organisational level.** The HR function appears to have been affected mainly by organisational issues. The business strategy, which suggested that local responsiveness should be adopted, was at least partly a consequence of the organisation being global. Prior to the merger, the HR function did not seem to be subject to any major changes or development. The administrative heritage is argued to have been an influencing factor.

**Individual level.** The HR manager’s preference for keeping it simple is reflected in the quote below.

HR Golf: It [the HR function] has a tendency of becoming a Christmas tree instead of being an ordinary tree. During recessions, the number of irrelevant tasks tend to drop; unfortunately very important activities also disappear sometimes, but that is something you have to accept.
Table 18  Factors influencing the roles of the Golf pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Individual</th>
<th>HR professionals:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Administrative heritage</td>
<td>• Competence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Business strategy</td>
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<td></td>
</tr>
<tr>
<td></td>
<td>• Degree of internationalisation</td>
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</tbody>
</table>

4.3.5.5.  Hotel post-merger HR roles

The post-merger HR function within Hotel appears to be more diverse than its two precursors. The process engineer role still seems to be the most central one.

HR Hotel: In our company 75-80 per cent of the HR crew is occupied with basic HR tasks. We want to put more emphasis on activities that support the business. I would be extremely pleased if there was a 50-50 division between administration and business support. That would be excellent.

Trying to shift focus implied restructuring of processes, which by definition indicated that the process engineer role became focal. Efficient tools needed to be created and procedures had to be standardized. At present, there seems to be scarce signs of a strategy implementer role, although it is evident that the HR manager is striving towards that particular role. The negotiating lawyer role is recognised.

HR Hotel: Another time consuming issue is all our interest groups, of course we have the trade union movement, discussions and cooperation between the trade unions and the employers’ organisation. It takes some of our time.

![Figure 13](image-url)  The roles of the Hotel post-merger HR function

Colour description:
- Role not identified
- Some elements of role identified
- Role clearly identified
4.3.5.6. Hotel post-merger influencing factors

Organisational level. The organisational aspects that might have affected the HR role formulation in Hotel included the degree of internationalisation.

Both Foxtrot and Golf had small HR teams at HQ level, and that has remained constant at Hotel. A key HR issue at Hotel was the question about local responsiveness vs. global integration. As did Golf, Hotel also constantly sought the right balance between local responsiveness and global integration. The former head of administration at Foxtrot is aware of the differences in the role of the HR function between Foxtrot and Hotel. As Foxtrot was a smaller organisation with fewer international operations, the work of HQ HR was also more hands-on. Hotel consisted of a number of rather independent business groups, which led to HQ HR having an intermediate managerial role. The true HR work is taking place with and through the help of the HR managers of the different business groups.

It appears as if the discussion regarding whether the HR function needs to centralise or decentralise was a consequence of the organisation being a global operator. The choice to opt for decentralisation seems to have been influenced by the HR manager, who was concerned about differences in labour law cross the countries. My perception is that the HR manager, who held a degree in law, prioritised the legal aspects.

HR Golf: From time to time we [the HR function] got these bizarre proposals from top management to streamline managerial contracts they wanted some general principles. There is no such thing, the title might be the same but the redundancy regulations for example differ from country to country. It's hopeless, it's time badly spent, we [the HR function] have better things to do. Then they [top management] wanted some united incentive plans, they wanted to introduce policies that were unethical. Legally it might have been ok in Finland but definitely illegal in Germany, France, England and Italy. We would have ended up in court.

After the merger between Foxtrot and Golf, a third equally large organisation was acquired, and thus Hotel grew by a third. The acquisition might have had a positive impact on the creation of a joint corporate culture, since the Hotel people who previously would have regarded themselves as either Foxtrot or Golf people, now regarded themselves as a Hotel team working on the take-over of the third party. Post-merger and post-acquisition a new corporate culture has been established in Hotel, which implies that the prevailing corporate culture is young. The numerous changes of CEO and HR manager reinforce the young corporate culture and reduce the restricting effect of administrative heritage.

As in Foxtrot, the type of workforce was predominantly blue-collar, which according to the HR manager demanded a readiness to refute strikes and brawls.

Individual level. Numerous changes of CEO led to continuous discussions about finding the right balance regarding international management for the organisation. The attitude of the CEO affected the whole organisation.

Administration Foxtrot: In retrospect, an area in which we have struggled, is in finding the balance between the tasks of HQ and business units, what position does each unit hold at each time. During our short history there have been some changes, depending on the personality of the CEO, depending on who has been in charge, so far the viewpoints have varied.

Apart from having an effect on the organisation as a whole, the CEO’s attitude regarding HRM impacted the HR function in particular.
HR Hotel: Our current CEO has a true interest in the HR function and also puts a lot of pressure on HR.

The HR function furthermore appears to have been influenced by the expertise possessed by the HR professionals. At the time of the merger, the HR manager was an administrator. Two and a half years after the signing, a new HRD position was announced to become an equal peer to the HR director position, likewise reporting to the CEO. After another two years, the HR manager was moved to administration while a new HR manager was recruited externally. He possessed vast experience in HRD. Another 18 months later, a new HR manager was appointed, this time someone possessing limited experience in HRM and vast experience in line management. The current HR manager, who held a PhD in technology, was concerned about the inefficient HR processes and high costs of the HR function. Her ambition was to release time and money by outsourcing basic activities.

**The merger context.** The change in organisational structure that followed the merger appeared to have influenced the HR function. The respondents reckoned that the integration of two entities into one will imply change for the HR function.

Administration Foxtrot: Both organisations are likely to have the same functions and it is very unlikely that the new entity would need double functions.

The statement focuses on the overlap which took place at HQ when Foxtrot and Golf merged, and is an example of a change that would not have occurred without the merger. The reformulation of the HR function was regarded as only partly influenced by the merger, and the perception was that in any case there was a slow but constant reformulation of the HR function.

Administration Foxtrot: The merger is a window of opportunity. You have to rethink many things, procedures which at the same time can be improved. Instead of choosing one of the two existing ways of doing things you might come up with a third and better way. In the merger process, you have three options: either you chose one of the two existing procedures or then you chose a new one. The merger renders change possible that would perhaps otherwise not be possible in a short time span.

As reported above, Hotel HR function sought the best practice. Hence, the understanding of the other party gained by the organisation because of the merger seems to have been an improving factor, although a rather modest one.

Administration Foxtrot: But wonders are unlikely to happen. Within the HR field, true innovations which would save lots of time are rare, hence to opt for a new procedure is unlikely to have a tremendous impact and imply substantial change.

**Table 19  Factors influencing the roles of the Hotel post-merger HR function**

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>• <strong>Degree of internationalisation</strong>&lt;br&gt;• Type of workforce (blue/white collar)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>CEO/top management: • Attitude regarding HRM&lt;br&gt;HR professionals: • Competence</td>
<td></td>
</tr>
<tr>
<td>The merger context</td>
<td>• Changes in organisational structure&lt;br&gt;• <strong>Understanding of the other organisation</strong></td>
<td></td>
</tr>
</tbody>
</table>
4.4. India and Juliet merge to create India-Juliet

The description and analysis of this case is based on data from three in-depth interviews and eight annual reports dating from one year before the merger (India and Juliet) until six years after (India-Juliet). One of the respondents was a top management representative, working at India-Juliet HQ as the chief financial officer (CFO), and prior to the deal had been CFO of Juliet (hereinafter CFO Juliet). Prior to the deal the second respondent was HR manager at Juliet and at the time of the interview he held the position as head of HR in one of the business units (HR Juliet). Prior to the deal the third respondent had been employed as industrial relations manager at India and was post-merger in charge of HRM in another business unit (HR India). At India-Juliet HQ there was no actual HR function.

The outline of the description and analysis of the India-Juliet case differs from the others, as it not only presents two pre-merger organisations, but also two post-merger organisations. This is a consequence of the demerger that took place after the two organisations had been integrated.

The merger agreement of India and Juliet stipulated that the companies would merge as equal partners. Both parties were Finnish domestic organisations active in the service industry. As a consequence of the merger, the organisation became a service group providing the most comprehensive range of products and services in its sector. The attempt was to incorporate the operations of the two organisations. (annual reviews)

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td></td>
<td>Integration</td>
</tr>
<tr>
<td>15 months</td>
<td>Acquisition of third party</td>
</tr>
<tr>
<td>15 months</td>
<td>New CEO appointed as former retired – heavy restructurings whereby organisation split into different business units (de-merger)</td>
</tr>
<tr>
<td>27 months</td>
<td>Acquisition of fourth party, which was incorporated into one business unit</td>
</tr>
</tbody>
</table>

4.4.1. India's pre-integration HR function

The HR organisation of the former India was a matrix comprising different groups of HR services, which were supported by a number of HR processes. At HQ there were three HR managerial positions: the HR manager, who was responsible for the steering processes; the industrial relations manager; and an HRD manager. They had a crew of people working with HR production, HR reporting, salary administration and payroll, recruitment, employment relations and employee safety.

HR India: The HR director was in charge of the strategic processes, I was responsible for industrial relations and my colleague was responsible for HRD, and then we had something of a [HR] factory.
4.4.2. Juliet’s pre-integration HR function

At Juliet, the HR function had for some years prior to the merger focused on industrial relations, since thousands of people had been dismissed due to restructurings, and co-operation negotiations had been the single most time-consuming activity. Most of HR’s resources were allocated to labour market related activities.

HR Juliet: The role of the HR function was very important, as the number of employees was reduced by 7000.

Other HR activities that were on the agenda were the administration of different matters such as payroll, working hours and holidays; training and development; as well as employee safety and wellbeing. Due to the prevailing economic situation of the organisation there was no recruitment activity. The top management was pleased with the work done by the HR function.

CFO Juliet: The HR function worked well in Juliet. There had been extensive layoffs within the organisation both due to rationalisation and to the economic crisis in order to achieve better profits. HR handled that very well. HR was rarely needed for recruitment issues, it was all about letting people go. The management co-operated closely with the HR function due to the everlasting layoffs.

4.4.3. Integration

The perceptions regarding the pre-merger involvement of the HR function appear to be somewhat ambiguous. On the one hand the HR respondents stated the importance of HRM in any merger and argued for the vitality of an HR due diligence.

HR India: HR is naturally part of the highly confidential due diligence process, since the personnel is during a merger transferred to the new organisations as if they were old employees and one needs to know their benefits and salaries. One needs to know what kind of people there are, how expensive they are, and what the minimal conditions the acquiring company needs to fulfil are. Obviously one has to plan a negotiation process which is in accordance with the act on co-operation.

On the other hand, there seems to be no evidence of HR actually taking part in the India-Juliet pre-merger planning. The third respondent, the CFO who himself was responsible for the pre-merger negotiations, did not remember HR participation.

CFO Juliet: I was involved in the planning from day one, in a team of four to five persons. To start with, HR was not part of that group, actually I think HR joined us when the deal had already been announced. The group needs to be as small as possible, and there was no need to include HR. They probably joined at the very end of the planning process.

HR India: I knew that the executive management team was considering a merger, I knew that India strived to make an acquisition and I knew that the target company was Juliet. And the very same day the deal took place I was invited to an informative meeting.

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31 Co-operation negotiations refer to the process in which a corporation negotiates with the trade union regarding e.g. layoffs. The duty to negotiate is envisaged in the 1978 Co-operation Act. Negotiations are compulsory in matters covered by the co-operation procedure and have to be undertaken with those who will be affected before any decision is taken. In case the employer’s proposed measure entails the dismissal, transfer to part-time or layoff for more than 90 days of at least 10 employees the duty to negotiate is not fulfilled until the negotiations have lasted six weeks. (source: http://www.eurofound.europa.eu/en/re/FINLAND/ANCHOR-YHTEISTOIMINTANEUVOTTELUTSAMARBETSFOuml-RHANDLINGAR-FI.htm)
Regardless of whether the HR managers were present in the pre-merger negotiations, HR issues were nonetheless discussed; at least benefit and retirement schemes were screened.

CFO Juliet: The collective agreements and that stuff were screened prior to the deal. My God what kind of benefits they had at India, there was a pretty thick layer on the sandwich so to speak.

To begin the integration, a number of merger working groups were established, consisting of people from both parties. An HR working group started working on the incorporation of the two HR functions. Neither of the HR managers had to leave the organisation; instead they worked together on integration, streamlining among other things the employment contracts, collective agreements, salaries and benefits. In this change process HR had a vital role.

CFO Juliet: In the change process they [the HR function] play a central role, they have to be involved, otherwise it will be a complete mess. But the change process starts only when the deal has been signed.

HR India: HR has a planning role, a process role, managerial education, and in a sense also a monitoring role, as HR follows up how the work goes. We receive instant feedback from employee organisations, we have continuous negotiating procedures, discussions with our employee organisations, they tell us which aspects we need to improve. It’s a useful forum.

Integration appears to have been affected by a cultural clash that emerged between India and Juliet. India was an old, stable organisation while Juliet had only just gone through important restructurings due to an economic crisis. Also, the perceptions held by both parties regarding the other party appeared to be anything but flattering.

CFO Juliet: According to them [India people], Juliet resembled a sluggish state-owned cooperation, without any dynamic, whereas we perceived them as dusty old people who have never seen anything change.

One issue in particular raised by the respondents from Juliet was the difference in experience concerning co-operation negotiations. Juliet possessed vast experience in rationalisation and downsizing, which India lacked.

HR Juliet: I think India’s HR function was crappy. I was the only one who had mastered contracts law.

CFO Juliet: A huge difference between the HR functions at former India and Juliet was that former India HR function had never carried out any bigger layoffs – that was a complete cultural difference. The feeling of entering India was as if we had gone back ten years in time, as things were in Juliet before all layoffs. At India no-one had thought about which functions that needed to be in-house and which functions that could preferably be out-sourced. Everything was produced in-house.

The respondents did not perceive the merger as equal. India was legally and financially the acquirer and regardless of any statements made by top management according to which it was a merger of equals, India seems to have taken the lead in the integration process.

CFO Juliet: It was a take over made by India. In the press we used the nice term merger of equals, but in reality I have never seen such a thing.

HR Juliet: There’s no such thing as an equal merger. The India HR manager made all the decisions, while we [Juliet’s HR professionals] were in the position of fosterlings.
HR India: The integration of India and Juliet was a mistake made by India's top management. There were no synergies to be gained.

CFO Juliet: India took the lead, trying to force the India way on the whole organisation. The Juliet people perceived India's over-all organisation as rotten. Fortunately our new CEO was soon appointed and he made the organisation more focused, more like the old Juliet organisation.

### 4.4.4. Post-integration and demerger

The integration of India and Juliet was hardly complete when the new CEO was appointed, and a new round of important restructurings was introduced. It was decided that India and Juliet would form two separate business units and that a third recently acquired party would be incorporated with Juliet. One year later a fourth organisation was acquired, and integrated with India. The organisation became a business group lacking an HR function at HQ.

During the first year of the merger, the merged HR function had streamlined the employment and collective agreements of the merging firms. As a third organisation was acquired only 15 months after the initial India-Juliet merger, the number of different types of contracts within the organisation was large.

HR Juliet: When the work was finished India and Juliet were demerged

At the time of the interviews India and Juliet had been separated from each other. Although they still belonged to the same business group with a few common issues, their operations were kept separate. Hence, there was not one united HR function, but two separate HR organisations. These two HR organisations were also influenced in different ways by the two separate acquisitions that had been made after the initial merger.

### 4.4.5. Post-demerger India

The HR organisation of post-merger India was still a matrix organisation constituting of four groups, i.e a salary team; a consultancy team; employment relations; and health care services. These were supported by six processes: a steering process; a production, reporting and technical process; a recruitment process; a co-operation and negotiation process; an advising process; and an occupational safety and welfare process.

HR India: Within our HR function we have an administrative function which is in charge of the payroll, our administrative IT tool and HR reporting, then we have a team of client relationship officers supporting line in their HRM. Our legal counsel and I are responsible for industrial relations, co-operation negotiations and so forth. And last we have a couple of people working with safety and wellbeing, health care.

The post-merger HR function was hence very similar to the pre-merger function. An important difference was however the size of the function, as one had been forced to make the function more cost efficient. The single most important reason for letting people go was the outsourcing of health care. Also, HRD was restructured in such a manner that less HRD personnel was needed.

HR India: When the demerger took place, I had an HR staff of 49 persons, now we’re down to less than 20.
The task of the HR function was believed to be to make sure the personnel was competent, well motivated and possessed high potential. Good training and development procedures, reward schemes, recruitment processes, compensation and benefits, and wellbeing processes were believed to enhance the interest of skilled people in the organisation.

HR India: We have to create the setting for smart people to be interested in our organisation; the value-added comes from the expertise and attitude of our employees. That’s our vision.

The HR supply furthermore needed to be cost efficient and of high quality. It also had to free time for line managers to focus on their own business and aid those in the front row to cope with their duties.

### 4.4.6. Post-demerger Juliet

Within post-merger Juliet the two most central HR activities were human resource planning and employment relationships. The first one included recruitment and development, while the latter included everything from health care to compensation, not to forget industrial relations.

The HR function employed approximately 30 people. A third were occupied with the payroll, another third was divided between health care and HRD, while the last third were employed to handle industrial relations, employee safety, recruitment, reporting and ad hoc administration.

CFO Juliet: Line managers ask HR for help regarding compensation, recruitments and health care issues.

A challenge for the HR function was to improve the image of the organisation. Otherwise, the risk was the best young professionals would not be interested in working for Juliet.

CFO Juliet: According to a recent survey Juliet’s employer image is lousy. Young talents prefer other industries.

### 4.4.7. Analysis of case India-Juliet

The HR functions of India and Juliet were analysed before the merger and after the demerger. It seems as if very little change occurred within the two separate HR functions, and that the roles that were identified before the merger were identical to those identified after the demerger. Hence, the analyses of the pre- and post-merger/demerger settings are presented at the same time.

#### 4.4.7.1. India pre-merger and post-demerger HR roles

Neither India’s pre-merger nor post-demerger HR function had any signs of a business partner role. Neither was an employee advocacy role identified. There was a vision to be an attractive employer, but the tools to obtain that status seemed to be mainly administrative. Speaking of which, the process engineer role appeared central. Managing the payroll, employee safety, record keeping etc enhanced that particular role, both before the merger and after the demerger. Another critical role was that of the negotiating lawyer. The strategy implementer appears to have been included in the
core HR activities as consulting line managers and providing them with efficient tools for HRM were prioritised.

**Figure 14** The roles of the India pre-merger and post-demerger HR function

4.4.7.2. India pre-merger and post-demerger influencing factors

**The merger context.** In combination with the restructurings that led to the demerger, India's organisation was analysed and restructured.

HR India: We X-rayed our organisation and I participated in that change process. An external consultant directed the project. As a consequence, we started a huge cooperation negotiation process which resulted in a layoff concerning 300 employees.

It appears to me that the reason for the restructurings within India was the appointment of the new CEO. The need to change as argued by the respondent, had probably been there for a while, but it appears to me as if the new CEO discovered the need and made sure appropriate changes were made.

CFO Juliet: ... fortunately our new CEO was soon appointed and he changed the organisation to be more focused.

**The organisational level.** Despite the fact that India gained an understanding of Juliet’s HR function and incorporated for instance pay and employment contracts, the structure of India’s HR function was not touched. Hence, it seems to me that the traditions within India, the way people were used to doing things, i.e. the administrative heritage, steered the role to a large extent. The financial situation of the organisation appears to have had an impact as the restructurings that took place in combination with the demerger aimed at cost-cutting.
The new CEO of India-Juliet Group strongly supported shareholder value. Nothing appeared to be sacred; everything had a price. Hence on an organisational level, the business strategy influenced the HR function, at least in terms of the number of employees.

CFO Juliet: We are ready to change structures, do whatever it takes, to improve shareholder value. Our mission is to make money.

**The individual level.** On an individual level, the CEO appears to have influenced the HR function. He clarified the structures of the organisation and demanded cost efficiency. Nevertheless, he did not appear to have any particular stance on HRM, but rather on structures and efficiency on a general level. Hence, no change in HR’s role was identified. The India HR function continued to be mainly administrative, although more cost efficient.

While interviewing the CFO it seemed that top management had not given the HR function much thought, that no-one had questioned the services provided by HR or how they could be improved. Management let HR live its own life as long as it was not too expensive. I presented my thought to the interviewee, who confirmed my suspicions.

CFO Juliet: Yes, that’s how it is, I believe you are right, yes you are right.

### Table 21 Factors influencing the roles of the India HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Individual</th>
<th>CEO/top management:</th>
<th>HR professionals:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>CEO/top management:</td>
<td>Attitude</td>
<td>Competence</td>
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<tr>
<td></td>
<td></td>
<td>HR professionals:</td>
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<td></td>
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<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>The merger context</td>
<td></td>
<td></td>
<td><strong>Changes in organisational structure</strong></td>
<td></td>
</tr>
</tbody>
</table>

#### 4.4.7.3. Juliet pre-merger and post-demerger HR roles

Juliet’s HR function resembled India’s in the sense that the process engineer and negotiating lawyer roles were perceived as the most central ones. Also, Juliet lacked an employee advocate role. There was, however, an important difference between India’s and Juliet’s HR functions, which regarded culture. Extensive layoffs within pre-merger Juliet had forced the HR function to become cost efficient and in a way the whole function became very central to the entire organisation. It appears to me that there is no actual evidence of HR playing a business partner role, as in many respects HR was merely an administrator. Regarding the negotiating lawyer role, the HR function appears however to have taken on the dirty work that was essential for the survival of the organisation. Hence, the business strategy is believed to have been embedded in the co-operation negotiations, which the HR function managed successfully.

The roles clearly identified are thus the process engineer and the negotiating lawyer, while the strategy implementer is partly identified. It appears as if major changes had taken place within the HR function prior to the merger because of the economically difficult times, and that the post-demerger role of the HR function did not differ
substantially from the pre-merger role. Hence, the figure presented below illustrates the HR function as it was both pre- and post-merger.

![Figure 15](image)

**Colour description:**
- Role not identified
- Some elements of role identified
- Role clearly identified

**Figure 15** The roles of the Juliet pre-merger and post-merger HR function

### 4.4.7.4. Juliet pre-merger and post-demmerger influencing factors

**The outer context.** The economic cycle had had an important impact on pre-merger Juliet, as there had been a crisis in that particular industry, which forced the organisation to let hundreds of people go. In the post-merger HR function cost-efficiency remained a high priority because the business objective was to increase profitability.

**The inner context.** As the post-merger HR functions of both India and Juliet belonged to the same group (India Juliet Group) the HR functions were under the influence of the same organisational factors. Moreover, Juliet’s HR function was affected by the CEO’s attitude in the same way as was India’s HR function.

The differences in the roles mainly appear to have been a consequence of differences in the traditions of the HR functions and the expertise and competence of the different HR professionals. The education of Juliet’s HR manager, who was a lawyer, perhaps made him sensitive to labour law.
Table 22  Factors influencing the roles of the Juliet HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>Economic cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>The inner context</td>
<td>Organisational</td>
</tr>
<tr>
<td></td>
<td>Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>Business strategy</td>
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<tr>
<td></td>
<td>Financial situation</td>
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<td>Individual</td>
<td>CEO/top management:</td>
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<td></td>
<td>Attitude</td>
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<td></td>
<td>HR professionals:</td>
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<tr>
<td></td>
<td>Competence</td>
</tr>
</tbody>
</table>

The fact that the changes that occurred in the two HR functions discussed in this chapter were minor, might suggest a tendency of favouring the old and known, that the administrative heritage is of uttermost importance.

HR Juliet: In a merger, the best practices should be chosen as the common ones. However, this is far from reality as few people are ready to let go of old routines in favour for something new. It’s difficult to see the upside with new routines when the old ones have worked just fine for years.

In line with this argument India’s HR manager noted that the changes that had taken place within India’s HR function was a consequence of the merger as the restructurings were forced on the old organisation.
4.5. Kilo and Lima merge to create KiloLima

The description and analysis of the current case is based on data from three in-depth interviews and 8 annual reports dating from one year before the merger (Kilo) until seven years after (KiloLima). One of the respondents represented the top management team. Prior to the merger he was head of one of the business divisions of Kilo, and post-merger he continued on a top managerial position (hereinafter management Kilo). The second respondent was working within HR in Kilo as head of HR of one of the business divisions before the merger took place. After the merger she became head of HRD at KiloLima HQ (HR Kilo). The third respondent had been working within the Lima possessing experience as both HR professional and line manager. After the merger she continued as HR specialist within KiloLima HR centre (HR Lima).

The Finnish Kilo and the Swedish Lima merged to form KiloLima Corporation. The merger enhanced the group's international competitive edge in selected sectors in northern and continental Europe. The organisation is today a leading European service provider within its sector (annual reviews).

HR Kilo: Pekka and Sven [the former Kilo and Lima CEOs] had become the best of friends during their years in the business, and had for years been discussing a possible merger. They put forward the deal as the perfect match, a merger of equals and stated that they, the future CEO and deputy CEO of KiloLima were best friends.

The division of managers in KiloLima’s top management group was 70/30 in favour of Kilo. Kilo’s former CEO became CEO of the merged organisation, while Lima’s HR director was appointed head of HR. The assembly of the management group remained quite stable over the years after the merger. Some four years after the merger the group grew from a ten-people-team to consist of some fifteen members. Later the CEO was exchanged due to retirement. The head of HR has remained the same since the deal was launched. (annual reports)

According to the annual review from the year of the merger, HR aspects were given high priority in the merger process, because the operations were regarded to rely entirely on the innovation and expertise of the personnel. Hence, the treatment of employees was believed to be essential in order for them to feel confident and motivated to work towards common goals.

Table 23  Milestones of the KiloLima merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Kilo and Lima combined to form KiloLima</td>
</tr>
<tr>
<td></td>
<td>Growth in terms of number of employees as well as net sales and operating profit</td>
</tr>
<tr>
<td>48 months</td>
<td>Integration and standardisation process up and running throughout the organisation</td>
</tr>
</tbody>
</table>

4.5.1. Kilo’s pre-integration HR function

The main activities the HR function catered for prior to the merger were: 1) industrial relations; 2) competence development; and 3) administration.

HR Kilo: The HR function within the former Kilo was very administrative. It encompassed a strong management development function, which however was rather administrative; it was
more about education than development. Furthermore HR implied a lot of basic administration, HR administration.

At Kilo group level HR was represented by two HR professionals, one of which was member of the management group.

HR Kilo: One of them was head of administration, he was really administrative, but he was still a member of the management group. The other one [HR executive] admittedly understood much of HRD, because he was in charge of the management development, the executive education, but he lacked the right personality to run a change process. His interest lay within industrial relations and he worked a lot with the union and those kinds of things that were very close to his heart.

The industrial relations received vast attention. The business was very domestic at the time, and thus, the Finnish legislation was focal. The fact that Kilo CEO was vice chairman of the employers’ confederation of service industries indicates the perceived importance of industrial relations also within the management group. The size of the organisation and the industry within which it was operating implied that there were thousands of employees who were organized in a trade union, and who obeyed a collective agreement.

Management Kilo: Back then the mind set and set up of HR was completely different from today. In recent years we have reached a much more international level in that respect. Although the organisation had already grown rapidly before the merger, the HR function was still focused on aspects of the old closed economy including industrial relations. When the organisation grew, the Kilo HR function did not follow.

4.5.2. Lima’s pre-integration HR function

Although the role of the HR function in Lima was likewise rather administrative, the Kilo and Lima cases still were very different. At Lima, line managers took the main responsibility for HRM. There were large investments in recruitment and compensation schemes, but none of them was handled by the HR function. The role of the HR function remained quite administrative, while the more strategically important parts of HRM were handled by line management.

One important reason for line managers’ involvement in HRM was the company structure. Lima was divided into a number of small companies employing 50-100 employees each, with an equally high number of CEOs. These companies often lacked an HR director.

HR Lima: The sub-organisations were deliberately kept small enough so that the managers could handle everything themselves. The philosophy was that the lack of an HR function will force the manager to take responsibility for the personnel and to truly get to know the employees and their needs.

Also, the HRM was regarded to be straightforward and hence the need for HR specialists quite small. The view was perceived to be a consequence of the economic boom, as cost-cutting was not on the agenda. One of the main HRM concerns was attracting and retaining right people and how to be a good employer. Lima could afford to pay good salaries and offered various social events to tie the employees to the organisation. For instance, the introductory training took place at sunny holiday resorts such as Mallorca or Crete.

HR Lima: The employees were mainly highly educated and there was a lot of money to pay them, so HRM was not very complicated. The line managers creatively designed different bonus and
benefit programs, everything from free cars to courses and holidays. And some of that is still left because it’s so difficult to get rid of.

Regarding HRM, the degree of cooperation across the divisions was low. At HQ there was a small administrative HR department. One year prior to the merger there had been a shift of HR director. The newly appointed director had extensive experience in HRD, and aimed at developing that part of the HR function. At the time of the merger, however, it was still in its early stages.

HR Lima: The HR function was a traditional personnel function, taking care of the writing of employment contracts, distributing keys and cakes and everything, nothing strategic.

Prior to the merger, the newly appointed HR director got involved in the pre-merger planning. One of his tasks was to prepare pre-written answers to all the merger-related questions the personnel would probably be asked. The fact that he was invited to the insider group, which was preparing the merger-to-be, was regarded as a token of trust and belief in his competence.

4.5.3. Integration

The merger was announced as a merger of equals. The message communicated to the personnel was that the intention of the merger was organisational growth and to broaden the competence and service supply, as the merging organisations focused on different business segments. Consequently no jobs were about to be lost as synergies were not a top priority.

HR Kilo: To call it a merger of equals was interestingly enough a qualified truth, since Kilo became the dominant party. Kilo was more profitable than Lima, and also Lima was heading towards the same strategies that had already been implemented in Finland. Furthermore, the management group became rather Finnish as the managers with the best track records in terms of profitability came from Finland.

When the deal had taken place, not much was done to integrate the companies. The philosophy was to let the ‘flowers blossom’, to have separate cultures under the same roof. The immediate measures concerned management development and strategy building and were driven by the HR function.

Management Kilo: Straight after the merger we realized we needed a next generation management development program, which was strongly led by HR. The 200 most senior managers were sent to various trainings. This has formed the base for the building and development of our current business strategy. In this sense the HR function has been a true change manager.

Already before the signing of the deal, Lima HR manager had become involved in the merger process. Also, during the integration process his input appears to have been focal.

HR Kilo: The merger between Kilo and Lima was completely driven by Lars [head of HR at Lima] in particular the integration, for which he became chief responsible, but also the pre-planning including due diligence and so forth; he also had a very heavy position in those.

Management Kilo: To the best of my understanding Lars [HR director at Lima] was part of the Swedish insider group. In that respect HR had a strong representation. The Finnish insider group did however not include HR.
Only a number of years later, the organisations were systematically integrated into one and another. And at the same time the HR function was restructured.

4.5.4. Post-integration

Based on the interviews, it appears as if the six main activities the HR function has been involved with since the merger are 1) competence development, 2) compensation, 3) administration, 4) industrial relations, 5) integration, and 6) organisational structure.

HR Kilo: Prior to the changes there were some 80 different HR systems. At the same time as the finance administration was centralised into a support system, the HR administration was centralized as well using the same supplier.

As the standardisation and integration took place, the head of HR started building an HR strategy. The idea was to have a support function on the administrative side, and also an HR professional within each and every business division who would be member of the management group of that division. The support function, which was called the ‘HR centre’, was to provide service regarding everything standardised within HR. It is partly administration, and partly common processes as for instance guidelines for conducting M&As.

HR Lima: The HR centre is not a consultancy unit, it delivers; it is a manufacturer, a supplier. They do what they are asked to do in a centralised way. They write employment contracts, handle the record keeping, the payroll. They work as a pure production unit.

The HR administration was thus largely standardised with the help of an IT system. The structure set free some of the HR professionals’ resources, which were reorganised to focus on business support.

HR Kilo: When the merger had taken place, we [the organisation] first continued to work in a decentralised way. But regarding HR we [HR executives] soon realized the potential of standardizing and we have worked hard on that. Especially on issues such as competence development and management development we have worked quite organised and in a KiloLima way.

Management Kilo: 20% of the time of the management group is spent on HR issues. That’s quite a lot, but it is definitely needed. We discuss rotation issues, new HR projects etc. The HR function has succeeded in gaining a more important role by having an HR director of large calibre who possesses certain credibility and is listened to.

Since the merger, the HRD has been strongly led by the HR function. Not only has the HR function focused on managerial development, but also it has been part of the corporate restructuring. The perception of the HR professionals was that HR was ambitiously seeking to make its own function business-minded.

HR Kilo: We [the HR function] have made a self analysis regarding how our HR professionals perceive themselves in Ulrich’s two-by-two matrix, and several of them feel they find themselves in the administration box. But we are constantly moving towards the change agent role. We talk about managing HR like business.

Industrial relations are still a common HR activity, but the emphasis is no longer as explicit as it used to be. As the focus has shifted towards compensation and competence development, the time and effort spent on IR has been reduced. Nevertheless, the EU legislation has affected KiloLima in the same manner as several other case organisations, which are stating that IR currently demands lots of effort due to the
EWC (e.g. Charlie and MikeNovember). The differences in perception are quite interesting and difficult to explain.

Management Kilo: The industrial relation part is of course also handled by HR, but it has become quite invisible, it’s a part of business as usual, seldom discussed at management meetings. Union issues are not as topical as they were in the 70s and 80s.

4.5.5. Analysis of case KiloLima

4.5.5.1. Kilo pre-merger HR roles

The HR function in Kilo appears to have played two roles, those of process engineer and negotiating lawyer.

![Diagram](Image)

*Figure 16  The roles of the Kilo pre-merger HR function*

4.5.5.2. Kilo pre-merger influencing factors

**Individual level.** There seems to be no evidence for any factors in the outer context that would have influenced the role formulation. Regarding the inner context, the most central factors appear to have been on an individual level. The HR professionals’ competence seems to have been vital.

Management Kilo: Our HR function was more focused on the aspects of the closed economy such as issues related to labour market negotiations, and the HR manager at the time was more of a labour market man and specialised in those issues rather than in broad HRM.
HR Kilo: His [the HR executive’s] interest lay within industrial relations and he worked a lot with the union and those kinds of things that were very close to his heart.

Also the attitude of the CEO regarding the HR function might have influenced the role formulation. His expectations regarding the input of the HR function appears to have been low.

HR Kilo: Pekka [former CEO at Kilo who became CEO at KiloLima] has said in retrospect that he would never have thought that the HR function could play the role that it had during the KiloLima era. He never saw anything like this during the Kilo-times.

Prior to the merger there appears to have been scarce development of the HR function, which likewise probably could be traced to the competence of the HR professionals.

Management Kilo: When the organisation grew, the Kilo HR function did not follow.

**Organisational level.** On an organisational level, this could also refer to the administrative heritage. As industrial relations and administration had always been central to the HR function it might not have been questioned whether HR could contribute with anything else.

**Table 24  Factors influencing the roles of the Kilo pre-merger HR function**

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>• Administrative heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td>CEO / top management:</td>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>HR professionals:</td>
<td>• Competence</td>
</tr>
</tbody>
</table>

4.5.5.3.  Lima pre-merger HR roles

The actual HR function in *Lima* was very small with a minor role in HRM. The management of human resources was handled by line managers while the small HR function at HQ handled HR administration. Therefore, I argue that the only role identified was that of process engineer, which furthermore was only partly identified.
4.5.5.4. Lima pre-merger influencing factors

Organisational level. The fact that Lima HR function had only a minor process engineer role seems, on an organisational level, to have been a consequence of the structure of the organisation and also of the administrative heritage.

Individual level. Furthermore, it was a deliberate choice made by top management to have line managers in charge of HRM. Hence, the most important influencing factors appear to be found on an individual level among top managers regarding their attitude towards HRM as an area that should be handled by line managers, and their view on the business divisions as quite independent units.

HR Lima: The philosophy was to keep the business units small enough for the line manager to be able to handle everything himself. If a business unit grew too big, it was split into two.

Table 25  Factors influencing the roles of the Lima pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Individual</th>
<th>CEO / top management</th>
<th>Attitude regarding HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Administrative heritage</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Organisational structure</td>
<td></td>
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<td></td>
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</tbody>
</table>
4.5.5.5. KiloLima post-merger HR roles

In the post-merger HR function, the process engineer role was focal. The whole HR, restructured in order to free resources from HR administration, but still the administration was perceived to be central and important, although more efficient than before the merger. The focus had gradually been shifted towards a business partner role, and through HR's involvement in the integration process that particular role seemed to have grown. The negotiating lawyer role had become invisible and the employee advocate role appeared to be lacking. The strategy implementer role appears to have been part of the everyday HR practices.

![Figure 18: The roles of the KiloLima post-merger HR function](image)

Colour description:
- Role not identified
- Some elements of role identified
- Role clearly identified

4.5.5.6. KiloLima post-merger influencing factors

**Outer context.** Within the outer context, legislation appears to some extent to have had an impact on the structure of the organisation and triggered integration and centralisation, which in turn affected the HR function. Legislation required centralised reporting.

HR Lima: EU legislation forced us to have a more transparent auditing system and to produce reports more quickly. The changes have had a huge effect on HR.

**Organisational level.** Within the inner context, a couple of organisational factors affecting the HR function were identified. First, the increased degree of internationalisation of the firm seems to have put certain demands on the organisation. In order to grow internationally the organisation profited from a united front image, and hence chose to incorporate all units. Also the perception was that another type of
competences was needed in an international firm, and hence management development was highlighted. Second, the financial situation encouraged cost cutting, which lead the HR function to make its processes more efficient.

HR Lima: The fact that KiloLima wanted to expand globally brought forth a need for an explicit strategy and a visible cooperation within the firm. Also the high expenses for HR administration forced us to be more efficient, to reduce the HR costs / employee, however, still providing the same service.

Management Kilo: The merger created a more multinational organisation. It thus also demanded a new kind of competence and the development of management competence and that has been given a lot of time and effort. HR has been the driving force but no-one has ever questioned the investments that have been made in HRD. The management group has been open to suggestions from the HR function. HR has had a very strong and professional role regarding both HRD and rotation programmes.

**Individual level.** On an individual level both the attitude of the CEO and the attributes of the HR manager appear to have been decisive for role formulation. The management representative summarised the achieved credibility of the HR manager and more broadly the main factors affecting the HR role as follows:

Management Kilo: To a large extent is about communication skills, not giving up, experience, everything that gives a person street credibility. Another affecting factor is the CEO and his way of looking at HR.

HR Kilo: Lima had a strong HR director, who now is head of HR at KiloLima and he was already then very experienced and possessed experience from both line management and the HR function, with a heavy background in HRD but also knowledgeable in the competence field.

The statements above show, that the HR director was trusted by the management group and that the HR function's initiatives were supported. The financial investments in HRD seem to have been easily approved. This suggests a positive attitude towards the HR function in general and the HR manager in particular. The HR function and several HR activities are regarded to be of strategic importance.

The HR function appears to have had an important role in contributing to business management. Although there is no actual proof on HR contributing to the content of the new business strategy, HR seems at least to have been a driving force in making sure the managers meet and discuss strategy, thus creating the prerequisites for the managers to reformulate the strategy.

The introduction of the HR centre suggested the ambition to become more efficient existed within the HR function. Furthermore the head of HR has had an important position in the overall corporate integration process, which as such can be regarded a proof of HR’s strategic involvement. The fact that the finance department and the HR function cooperated regarding the common IT tool might confirm a healthy cooperative attitude within the organisation, but also that either function responded on the other one’s proactiveness, and based on the existing data, the possibility that finance was driving the change and HR was reacting cannot be excluded.

**The merger context.** The merger context appears to have had an indirect effect on the reformulation of the HR function. For instance, the international growth was a consequence of the merger. The power and influence of Lima HR manager is interesting from the point of view that Kilo was regarded to be the leading organisation in the merger. In this regard it seems that the merged organisations succeeded in choosing the best practice and that it was a merger of equals in terms of negotiating power. From Kilo’s point of view, the merger offered new insights concerning HRM.
HR Kilo: Pekka [former CEO at Kilo who became CEO at KiloLima] has said in retrospect that he would never have thought that the HR function could take such a role that has been taken during the KiloLima era. He never saw anything like this during the Kilo-times.

The perception of the HR function’s input in the KiloLima merger is that HR without a doubt had an important role.

Management Kilo: HR can absolutely add value to the planning process. Lots of questions regarding the personnel need to be thought threw in advance, such as salary and pension schemes, or maybe layoffs. I believe any organisation could manage without HR involvement but it could become extremely expensive. At the end of the day it is a person question. If the HR directors, with regards to their profile and competence, do not fit into the insider group, it’s difficult. But in our case I do not see why HR would not fit into that group, especially when talking about mega-mergers such as the KiloLima merger.

Table 26  Factors influencing the roles of the KiloLima post-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The inner context</td>
<td>Organisational</td>
</tr>
<tr>
<td></td>
<td>• Degree of internationalisation</td>
</tr>
<tr>
<td></td>
<td>• Financial situation</td>
</tr>
<tr>
<td>Individual</td>
<td>CEO / top management:</td>
</tr>
<tr>
<td></td>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>HR professionals:</td>
</tr>
<tr>
<td></td>
<td>• Competence</td>
</tr>
<tr>
<td></td>
<td>• Reputational effectiveness</td>
</tr>
<tr>
<td>The merger context</td>
<td>• Power relation</td>
</tr>
<tr>
<td></td>
<td>• Understanding of the other organisation</td>
</tr>
<tr>
<td></td>
<td>• Growth</td>
</tr>
</tbody>
</table>
4.6. Mike and November merge to become MikeNovember

The description and analysis of the current case is based on data from three in-depth interviews and a total of ten annual reports dating from one year before the merger (Mike and November) till eight years after (MikeNovember). Two respondents worked within HR, one of them as country level HR manager in Sweden (hereinafter HR Mike), and the other one as country level HR manager in Finland (HR November). Before the merger they both worked as HR managers within different business units of the merged organisations. The third respondent possessed a long experience within the top management of November and was currently a member of the top management team of the merged organisation (Management November).

MikeNovember was formed through the combination of the Swedish company Mike and the Finnish company November. The merged organisation became one of the world’s leading players within its particular manufacturing industry with operations in more than forty countries.

Mike was the wealthier organisation, but November was regarded as more efficient and profitable. Legally the merged organisation consisted of 60% Mike and 40% November, but the executive management team was a 50-50 mix of executives from the two firms, and the organisation became Finnish. All interviewees seemed to agree that the deal was a true merger of equals.

HR November: Two very equal co-operators were integrated.

HR Mike: It was no hostile acquisition. It was a merger of equals. There was no clear acquirer, instead there were two organisations integrating and trying to do the best out of it. In this case both parties had a true interest in getting the merger work.

Initially, a management group consisting of almost 20 managers was decided on. Half of the managers had a history within Mike while the other half had been working for November. The former HR director of Mike became head of HR at MikeNovember and member of the management group. He had also previously been member of the Mike management group, while November had had no equivalent position. During the 8 years covered by the study, there seems to have been some changes in the management group assembly each year, mainly due to retirements. Nevertheless, the CEO and the head of HR remained the same during the studied period of time.

Table 27  Milestones of the MikeNovember merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>5 months</td>
<td>EU competition authorities approved the combination</td>
</tr>
<tr>
<td>6 months</td>
<td>Management training/workshops initiated to form shared corporate mission, vision and values</td>
</tr>
</tbody>
</table>

4.6.1. Mike’s pre-integration HR function

The HR function within Mike had an administrative focus. There seemed to have been an aspiration to become more strategic and more important, but the administrative duties hindered fulfilment of this aim.
HR Mike: The vision of Mike HR, although not formal, was to strengthen the role of the HR function, and I believe the HR strategy -- to have a joint vision, started emerging during that time. Within all business units everyone is busy doing everything. If we do not have a vision regarding how we want to work, everyone is likely to run around as in an anthill with various projects. That's why it is important to have a vision, to streamline the route ahead.

HR Mike: If I'm really really honest, the HR at Mike had a too heavy administrative focus. The challenge was then, and still is, to be more focused on strategic issues.

The main activities Mike’s HR function dealt with were: compensation and benefits; competence development; HR planning for the future; performance appraisal; and industrial relations. At HQ the HR function made sure there were some HR guidelines and strategies that everyone needed to follow. The HR function was decentralised, and consequently consisted of a small centralised personnel function at HQ while the bulk of the HR personnel were located to the business divisions. The HR director was member of the management team, reporting to the CEO. HR consultancy was bought regularly.

HR Mike: External HR consultants were employed to carry out competence development and managerial training and also to run different inquiries regarding for instance pensions and various contracts.

4.6.2. November’s pre-integration HR function

The focus of the HR function within November was on industrial relations and administration. In recent decades trade union negotiations had taken up a lot of time and continued to do so. Handling recruitment and salaries were basic administrative duties. Managing human resource development had become an increasingly important task as well as the design and management of various performance appraisals.

Management November: The former head of HR at November was strongly involved in competence development. He designed lots of courses for both middle and senior management. It was sort of his lifetime work. Also he created guidelines for various HR principles such as expatriate contracts. Common guidelines diminished the irritation and work load for those applying for the jobs.

HR November: People start losing faith in the appraisals, as we keep measuring all the time, while no change occurs. The basic idea with appraisals is good, but compared to the action taken, the number of appraisals is too high.

Within November, the Head of HR was not part of the management team. He reported to the deputy CEO.

4.6.3. Integration

The pre-merger planning was made by a handful of people. The HR function was not part of that insider group. The HR managers heard about the deal only a few hours before the press release. It appears as if the role of the HR function was very moderate, as there was neither room for HR in the merger planning process, nor was there room to discuss HR in that process. The respondent who represented management in this study was actively involved in the pre-merger planning and summarised that very process as follows:

Management November: HR was not involved at all. We [insiders] gave much thought to the new organisation and its structure, which persons should be given which positions, but the HR
function was not on the agenda. One of the most important things was the sales unit, because it is so extremely sensitive. It reflects the result of the company immediately if the sales do not work.

When the deal was signed, the top managerial positions had to be filled. To form a picture of the available managers from both parties 200 CVs for all top positions were collected. At HQ there was an evident overlapping regarding clerical workers that occurred as a consequence of the merger. Every single business unit and division tried to solve the possible overlapping themselves. When problems emerged, top management got involved. The HR function was not involved in the process, other than concerning overlapping among HR specialists.

Management November: it was naturally a big hassle to integrate the two firms and the HR function was one function among others that needed to coordinate its own work and to think about what to do with the employees that had become superfluous.

HR November: When I heard about the deal my first job was to be scared – what’s going to happen with me and my position. When the deal is announced everyone gets scared. At November people were thinking: What’s Mike, what in the hell is Mike?

Although a merger of equal, it appears as if people preferred to be surrounded by co-workers they knew from before. At the time of the merger the 'HR November-interviewee' was head of HR at one particular business unit in November. After the deal had been announced the former director of that business unit was appointed director for the corresponding business unit of the merged organisation MikeNovember. Indirectly this ensured the further appointment of the interviewee to become head of HR in the merged business unit, because although the former director at the corresponding business unit of former Mike wanted his HR director to continue within the merged company he was no longer in the position to decide.

Management November: The management decided whom to keep and whom to get rid of. Then HR was given the task to take care of those who were made redundant. HR was responsible for the industrial relations and to make sure that all the people that were sacked were treated equally. HR’s duty was to co-ordinate and produce common guidelines.

Another issue the organisation had to deal with upon the merger was the integration of principles and processes. Each and every business unit had to work out which practices to keep and which ones to get rid of.

Management November: I do not remember what the HR function worked with during the merger integration. Within all functions and divisions people were busy deciding on which principles, strategies and activities to keep and which to get rid of. It was such a rush in the beginning, and I had the feeling that everyone was working with their own tasks and hopefully even HR was doing something that was somewhat intelligent, without having the management group interfering.

After a few months, a hundred of the most senior managers were gathered for a series of meetings to discuss a joint mission, vision and strategy, to create a new organisation. The meetings and seminars also aimed at creating a team spirit. For this purpose, external consultants were hired to design the seminars. The work was co-ordinated by the HR function, while the seminar group work was led by MikeNovember managers.

HR Mike: Generally the managers talk about technology, investments, machines and quality. This time, 120 managers sat down and focused on HRM, which was a strengthening of the HR – message.
HR Mike: HR was involved all the time. HR was the glue. HR’s role was to be a speaking partner both to the CEO and other managers. HR is not directly linked to business issues, and can therefore remain neutral and give advice and come up with new ideas. Sort of a change facilitator, lubricating the process.

4.6.4. Post-integration

The post-merger HR function was still occupied with administrative duties, although the vision of becoming more efficient and strategic existed.

HR Mike: We are stuck in old systems and routines. We are now in the process of launching SAP [an IT tool] and the idea is that it will free us some time that we can spend on being strategic. Today we put a lot of time on searching, screening, and paper work. HR has a heavy administrative role. But we are moving away from that to becoming more strategic.

The three key HR areas were stated to be: performance culture, competence development and attract talent. The first one was about having a compensation system, which also aimed at making the business goals and ambitions more explicit. The second one, competence development implied that everyone should undergo development discussions, that they were measured, and that there was an individual development plan. The third, to attract talent is about having to ensure future competence. 30% of MikeNovember’s employees were about to retire during the coming years and they needed to be replaced.

HR Mike: We now have leadership guidelines, competence policies, expatriate policies, a general training program, and guidelines for how to invest in future personnel. Lots of things have improved, but the best is that HR’s role in MikeNovember is very strong and explicit, it is not questioned. HR is equivalent to technology and finance. That’s a good way to sum it up.

Having said that, the HR respondent argues that the HR function still aims at becoming more efficient.

HR Mike: The HR managers within the business units need to have a bigger influence. We need to build networks to enhance co-operation. Also, we are introducing a payroll system, things that can be out-sourced should be. We do this to clean the table and make place for more strategic questions, such as who are the future managers, what are the competence level and demands, how can we be stronger in the future.

The perception of management is that the status of the HR function has improved.

Management November: The fact that HR has lots of resources does signal that HR’s role has become more important.

In management there seems, however, to be an ambiguity about the resources allocated to the HR function. On one hand increased financial resources were regarded as a token of increased importance. On the other hand, the resources were believed to be too generous.

Management November: HR is today more active and it gets more important all the time. But on the other hand there has been criticism regarding a too high number of new HR initiatives. HR simply has too many resources. HR needs to have a better coordination; a clearer model regarding who is doing what within the function. Currently the same job is being performed twice and there is irritation because suddenly something is not done at all. That’s a question of organisation which regards all functions, not only HR.

Top management expects the HR function to co-ordinate and create common guidelines for various processes, such as competence development. Also, the HR
function needs to decide on what matters should be globally standardised and what needs to be kept locally adopted. According to top management, this is an important question to which there is no simple answer.

Management November: Today I think I get more support from HR. They are better prepared and have general guidelines and standardised documents. If for instance I get job application letters HR offers me standardized letters of regret to tell the applicant he has not be chosen. There are guidelines for compensation which I can base my arguments on when I raise or do not raise the salaries of my subordinates.

Management November: HRM is extremely important, but the HR function per se is necessarily not. HRM could also be integrated to line, with a much smaller HR function. It’s important to take care of competence development, to treat employees equally and so on, but there is not only one way of organising it.

4.6.5. Analysis of case Mike November

4.6.5.1. Mike pre-merger HR roles

Before the merger, the HR function at Mike had an administrative focus. There seems to be no evidence of any other role than that of process engineer.

HR Mike: ...the HR at Mike had a too heavy administrative focus.

![Figure 19 The roles of the Mike pre-merger HR function](image.png)
4.6.5.2. **Mike pre-merger influencing factors**

**Individual level.** The factors that influenced role formulation appear to be found within the inner context and furthermore on an individual level. There is no evidence of external factors affecting the role, nor do the intra-organisational factors seem to have influenced it. A lack of focus appears to have made the HR work fuzzy and inefficient. The assumption is that HR competence and management’s interest in the HR function were poor.

HR Mike: ...Within all business units everyone is busy doing everything. If we do not have a vision regarding how we want to work, everyone is likely to run around as in an anthill with various projects.

**Table 28  Factors influencing the roles of the Mike pre-merger HR function**

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Individual</th>
<th>CEO/top management:</th>
<th>HR professionals:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>● Attitude regarding HRM</td>
<td>● Competence (poor organisation skills)</td>
</tr>
</tbody>
</table>

4.6.5.3. **November pre-merger HR roles**

November’s HR function was likewise rather administrative before the merger. In addition, there was a clear focus on industrial relations. Hence, both the project manager role and negotiating lawyer roles are identified.
Organisational level. Regarding November's pre merger HR function, the influencing factors appear to be within the inner context. On an organisational level, the administrative heritage might have had an impact. The HR respondent had been working with HR administration at November for more than 30 years, and the characteristics of the HR function seems to have remained the same during that period of time.

Individual level. On an individual level, the top managers appear to have had a very limited interest in the HR function.

Management November: ... and hopefully even HR was doing something that was somewhat intelligent, without having the management group interfering.

Furthermore, there is no evidence of the HR specialists having ambitions to take the HR function beyond an administrative role.
Table 29  Factors influencing the roles of the November pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>• Administrative heritage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual</td>
<td></td>
<td>• Administrative heritage</td>
</tr>
<tr>
<td>CEO/top management:</td>
<td></td>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td>HR professionals:</td>
<td></td>
<td>• Competence</td>
</tr>
</tbody>
</table>

4.6.5.5. MikeNovember post-merger HR roles

To some extent, the post-merger HR function differed from the two previous ones. Administration was still a core duty, but the role description had been broadened and in addition to the negotiating lawyer role there were also signs of a strategy implementer. Because of the EWC, the negotiating lawyer had been given more time and space and HR’s seat in the management group was linked to its involvement in EWC.

Management November: HR needs to be represented in the management group. Nowadays there are so many HR issues on the management agenda, such as compensation and strikes. Also, as part of the EWC 32, after every board meeting, we have a meeting with employee representatives that are led by the HR director. In my opinion this demands that he is a member of the team. Tero [HR director at November prior to the merger] was never part of the management team at November. In that respect, there has been a clear change.

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32 European Works Council (see also chapter 4.1.3. and footnote 27)
4.6.5.6. MikeNovember post-merger influencing factors

The outer context. Within the outer context, legislation was an influencing factor, as the EWC forced the HR function to focus on its negotiating lawyer role.

Individual level. As part of the inner context, factors on the individual level such as management’s interest in and attitude towards the HR function in combination with the HR professionals’ lack of business experience seem to have influenced the role formulation.

Management November: Money is made in the production units. At HQ we only create expenses. That’s why the top managers need to understand the work that takes place in the production units. Also, HR should possess experience from shop floor to have some credibility.

Management November: We believe HR might have too many resources, because there are thousands of new initiatives taking up the line managers’ time. The poor managers do not have time to focus on their own jobs. This does not regard only HR, it’s the same with all support functions. On the other hand HR today needs more resources than before as we are a more global organisation and they need to be familiar with not only Finnish employment legislation but also with Swedish, German etc. Also, the question of standardisation gets more complex. And we believe that competence development is very important and demands a lot of resources. We want to invest more in the personnel now than we did before.

Although still critical, management’s attitude towards HRM appeared to have been becoming more appreciative.
HR Mike: In the past, HR has commonly not been very highly valued, because the management group has lacked the insight of what HR really is. HR has been regarded as a cosy coffee-making-institution. But the truth is that HR is a strategic function. You can buy the same machines regardless of whether your company name is MikeNovember or X o Z. But the thing that differs is the way in which you treat your people. How do we engage and motivate people? And that insight is what I would call the new focus of the HR function.

HR Mike: In order for HR to gain a strategic role, the top management needs to be pro HR. Also HR needs to prove that it is truly a business partner. If HR has a too heavy administrative workload; taking care of canteens, fire fighting, call centres, payroll and everything; the strategy focus will be lost.

**The merger context.** The merger context is yet another factor that has influenced the merger as there seems to be evidence that integration has influenced the processes and structure of the HR function. According to the respondents, integration between the organisations and the consequential growth initiated a closer look at the inefficiency caused by various IT tools and record keeping.

HR Mike: We have experienced some post-merger changes. First of all, there were a dozen IT systems within the merged company and we soon realized that we needed to find one common tool to unite the system. Second, the head of HR and the CFO together started thinking of how to manage HR economy, so that’s something that has changed as well.

Also, there appears to be a perception that through the understanding the parties have got of the other organisation, there have been prerequisites for the merged organisation to learn and improve its practices and processes.

HR Mike: Together we have grown strong. We have learnt from each other.

### Table 30  Factors influencing the roles of the post-merger MikeNovember HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>• Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>The inner context</td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>CEO / top management:</td>
</tr>
<tr>
<td>HR professionals:</td>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>• Competence</td>
</tr>
<tr>
<td></td>
<td>• Reputational effectiveness</td>
</tr>
<tr>
<td>The merger context</td>
<td>• Understanding of the other organisation</td>
</tr>
<tr>
<td></td>
<td>• Growth</td>
</tr>
</tbody>
</table>
4.7. Oscar acquires Papa and becomes OscarPapa

The description and analysis of the current case is based on data from one in-depth interview, a number of annual reports and press releases, and also on two journal articles in which the post-merger head of HR at OscarPapa (formerly HR manager at Oscar) was interviewed. The respondent I interviewed for this study had been working as head of HR at Papa before the merger, and had at the time of the interview been made redundant as a consequence of the merger (hereinafter HR Papa).

The deal took place when the Swedish Oscar acquired the Finnish Papa. The rationale behind the deal was the aspiration to become a leading pan-Nordic group within its line of business, which was in the service industry. Both important annual cost savings and substantial revenue synergies were expected. (Press release)

The intention was furthermore to integrate Oscar’s Finnish subsidiary, Papa, which was several times larger. The consolidated business activities would operate in Finland under the name OscarPapa, while the parent organisation in other countries was known as Oscar.

HR Papa: I heard about the bid at the same time as all other employees, i.e. from the press release. There was an insider group who was aware of the deal in advance, but I did not belong to that. HR had no role in the deal. HR was not involved in the pre-planning process in any way, neither at Papa nor at Oscar.

Table 31 Milestones of the OscarPapa merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>1-12 months</td>
<td>Technical integration</td>
</tr>
<tr>
<td>12-24 months</td>
<td>Integration of values, cultures and leadership</td>
</tr>
</tbody>
</table>

4.7.1. Oscar’s pre-integration HR function

Oscar’s pre-merger HR manager was contacted for an interview, but she refused, citing a lack of time. Hence, the thesis possesses little data on Oscar’s pre-merger HR role. Nevertheless, two journal articles in which she is interviewed were used as secondary data. In addition, the former HR director at Papa gave a brief comment regarding her perceptions of the HR function at Oscar, and also another HR professional from the thesis interviewee sample has reflected upon Oscar’s way of handling HRM.

HR Papa: At Oscar, the HR function consisted of one person only, the HR director; there was no staff. Her responsibility was within HRD; with the help of external consultants she was in charge of the learning solutions. At Oscar, the finance department handled IR issues.

The statement suggests that the role of the HR manager was very limited, as there was in fact no HR function. This is seconded by another respondent, who argued that Oscar’s management openly communicated their strategy which was not to have any HR function.

HR Lima: They [Oscar’s management] argued that their success depended on not having an HR function. They wanted the managers to take responsibility – according to them having an HR function would have implied that the managers would have given up the responsibility to HR – because that was the best way of ensuring that managers got to know their employees and
understood their needs. It was a well-considered philosophy, it was not that they did not care; they truly believed it was the best way of doing it.

4.7.2. Papa’s pre-integration HR function

At Papa, the HR staff consisted of 16 professionals, and catered for everything within HRM except the payroll, which was outsourced. The entire HR staff was located at the HQ; there were thus no HR professionals in the business divisions.

The HR staff was divided into two teams, namely the HRD team and the IR team. The HRD team was in charge of management development, training and development, recruitment etc, while the IR team was responsible for employment-related issues, contact with the outsourced payroll, health care, expatriate packages and HR issues regarding organisation integration and employment contracts. The head of HR, who held a degree in law, was in charge of IR, including collective agreements and negotiations with the union.

HR Papa: The streamlining of employment contracts was a very time-consuming task as Papa had grown through a large number of small acquisitions and the employment terms varied tremendously.

HR was represented in the executive management by the person responsible for HR, marketing and communication. Beneath her was the respondent who was head of HR.

HR Papa: HRs relationship to management grew stronger over time. When I joined the firm HR was not regarded as very important. As we got the basic administration to work, we earned a higher position. My strong belief is that the role as a strategic partner is earned through hard work, by making sure the administration runs smoothly.

4.7.3. Integration

When the deal had been signed, a number of integration groups were established, and employees were asked to seek the best practices.

HR Papa: The technical integration was very fast, and much in line with Papa’s way of handling M&As. In every group the chairman was from Papa, while the secretary was a former Oscar employee.

Papa had vast experience from earlier acquisitions, while Oscar’s Finnish subsidiary was less experienced in the area. The integration model previously used at Papa was also applied in this integration, and the head of integration at Papa was part of the integration group, where Oscar was strongly represented. Regarding HR integration duties, such as the co-operation negotiations, former Papa people were not invited.

Papa had vast experience from earlier acquisitions, while Oscar’s Finnish subsidiary was less experienced in the area. The integration model previously used at Papa was also applied in this integration, and the head of integration at Papa was part of the integration group, where Oscar was strongly represented. Regarding HR integration duties, such as the co-operation negotiations, former Papa people were not invited.

Early on it was decided that the HR director from Oscar would continue as head of HR in the merged organisation, while the head of HR at Papa was made redundant. The one who was chosen for the job had three years of experience of HRM, having focused on training aspects. The one who was made redundant had been working in HRM for twenty years and was soon appointed head of HR at a Finnish company listed on the Helsinki stock exchange that employed more than 4000 employees.

HR Papa: Oscar entered the organisation with the perception that Papa did not know anything about how to run the business, and that they [Oscar] needed to tell us [Papa] what to do. This led
to Papa employees coming to me crying, and I tried to comfort each and every one. It was a clear acquisition, even including features of a hostile takeover.

When the technical integration was complete, the focus was shifted towards an integration of values, cultures and leadership, which was carried out with help from external consultants, and concerned all line managers. In a journal interview published 15 months after the merger, the HR manager stated the following:

The organisation has undergone quick and large changes, and we are now in the process of switching from technical integration to a phase when corporate cultures are brought together and common values are internalised. In this HR has a significant role.

4.7.4. Post-integration

Oscar's former HR director became head of HR at OscarPapa and got to establish the HR function for the merged organisation. The parent organisation also had operations in the other Nordic countries as well, in those the HR function varied from being centralised to being decentralised. The different countries were very independent when it came to administration. To begin with, OscarPapa's HR function resembled Oscar's pre-merger HR in the sense that it did not seem to have much time or space.

Papa's pre-merger HR director was interviewed only a couple of weeks after having been notified, and argued the following:

At Papa, HR had a big role. Now HR is a sub-function to IT and administration. I find it surprising as it is quite a big knowledge-intensive organisation, it will certainly be interesting to see how the organisation develops.

An HR function employing 13 HR specialists was soon created, and the HR manager became member of the management group.

HR OscarPapa: As the head of HR I am responsible for aspects linked to recruitment, development, and employment relationships including the payroll. We work very close to line managers. We are a support function, thus our aim is to find effective ways of supporting the business. We add value by helping line reach its goals. Also, we take care of the personnel, and through helping the employees we also aid in meeting customer needs. (secondary data – 15 months after the signing)

After yet another year, the HR manager gave an interview to another paper stating the following:

HR cannot define strategic knowledge if HR is not aware of the business goals. Therefore, HR needs to be part of the management group, working close to the core business.

4.7.5. Analysis of case OscarPapa

4.7.5.1. Oscar pre-merger HR roles

Prior to the merger, Oscar had no actual HR function. There was an HR manager working alone on training issues, while the finance function handled HR's finances and line managers were in charge of HRM activities such as recruitment. Thus, no role was identified.
In chapter three it was argued that a selection criterion for the case organisations was that they needed to be big enough to have a visible HR function. Oscar did not have a visible HR function, not because the size of the organisation would not have called for it, but because the top management team had decided not to have such a function. As Papa, which was the other merger party, clearly fulfilled the selection criterion it was decided to include OscarPapa in the case sample.

![Diagram of the roles of the Oscar pre-merger HR function](image)

**Figure 22 The roles of the Oscar pre-merger HR function**

### 4.7.5.2. Oscar pre-merger influencing factors

**Individual level.** The reason for not having an HR function was a deliberate choice made by the management group. It can be assumed that it was a question of the CEO's attitude towards HRM.

**Organisational level.** On the organisational level it can be regarded as part of the business strategy not to have an HR function. If quick profits can be achieved without a costly HR function, it might be a good strategy not to have one.

HR Papa: The CEO is very profit-minded and believes that the organisation will manage without HR.

The administrative heritage and also the type of workforce, i.e. white collar workers, appears to have strengthened the beliefs on which the strategy was built.
Table 32  Factors influencing the roles of the Oscar pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>Individual CEO/top management:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Organisational</td>
<td>Attitude regarding HRM</td>
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<td>administered</td>
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<td>type of workforce</td>
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<td>administrative</td>
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<td></td>
<td>heritage</td>
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4.7.5.3.  Papa pre-merger HR roles

In contrast to Oscar, Papa had a traditional HR function concerned with industrial relations and administration. Also strategically important activities, such as management development, were on the agenda. Hence, the process engineer and negotiating lawyer roles were clearly identified, while elements of the strategy implementer also could be found.

4.7.5.4.  Papa pre-merger influencing factors

Organisational level. Within the inner context, influencing factors can be found on both the organisational and individual levels. Papa had experienced a number of M&As and hence employed people who had initially been employed under varying circumstances. Thus Papa had to face a number of different employment contracts and conditions, which strengthened the role of the negotiating lawyer.
**Individual level.** On an individual level, the HR manager’s personal traits appear to have influenced role formulation. She seems to have possessed both competence and high ambitions.

HR Papa: During recent years HR professionals have willingly remained in their closed circles talking HR slang. You have to understand the business, to know your line of business, to know the people, in order to be able to discuss with them. Line managers are not patient enough to listen to rubbish. The HR administration has to run smoothly, that’s how you earn credibility.

Also, the attitude of CEO and the management towards the HR function appears to have played a role, in this case hindering the HR manager in some of her efforts. The management group was not unanimous when it came to the HR function and the role it should play. The Papa HR director wanted to be included in the management group, but the CEO was against it.

HR Papa: Depending on the backgrounds of the managers, opinions regarding HR varied. It was not a question of age. The pro-HR executives either possessed an academic education or experience from large organisations where HR had had a visible role. Self-made men with experience from smaller organisations only were more reluctant.

### Table 33 Factors influencing the roles of the Papa pre-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th>• Structure of organisation / growth through acquisitions</th>
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</thead>
<tbody>
<tr>
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<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>HR professionals:</td>
<td>• Competence</td>
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<td></td>
<td></td>
<td>• Reputational effectiveness</td>
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</table>

4.7.5.5. **OscarPapa post-merger HR roles**

The role of the HR function of OscarPapa appears to have gone through rapid changes during the years that followed the merger. Training had been valued in Oscar before the merger and developmental issues continued to be on HR’s post-merger agenda.

The way in which HRM was managed differed as an actual HR function was set up in conjunction with the merger. HR administration such as payroll became part of the HR function and HRD continued to have a focal role.
4.7.5.6. OscarPapa post-merger influencing factors

**Individual level.** The factors that appear to have influenced role formulation are found within the inner context. On an individual level, the CEO attitude seems to have steered the structures of HRM. The fact that Oscar’s pre-merger HR director was chosen over Papas HR director seems to indicate that the management was not interested in having a prominent HR function.

**Merger context.** The merger appears to have influenced the HR function in several ways. First, the power relation caused by the takeover had an important impact on the HR function, as the acquirer Oscar as able to take the lead. Second, the integration phase led to important restructuring of the HR function. Although OscarPapa initially had no HR function, two years after the merger the organisation employed 13 HR professionals and the HR manager had become a member of the management team. Interestingly, the CEO and the HR manager remained the same during this period of time. One can only speculate about the reasons behind the increased importance of HR. During the two years when the biggest change occurred, the outer context remained stable, as the Finnish market was experiencing stable growth. Within the inner context, the organisational attributes such as degree of internationalisation, structure of organisation, type of workforce, and financial situation appear to have been the same as prior to the merger. Also, as already noted, key individuals remained the same. However, a change in attitude appears to have occurred, perhaps as a consequence of the training and development that external consultants provided, or as a result of the understanding of Papa obtained by Oscar management thanks to the acquisition.
Table 34  Factors influencing the roles of the OscarPapa post-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Individual</th>
<th>CEO / top management:</th>
<th>HR professionals:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>● Attitude regarding HRM</td>
<td>● Competence</td>
</tr>
</tbody>
</table>

| The merger context |                  | ● Power relation | ● **Understanding of the other organisation** |
4.8. Quebec acquires Romeo and forms QuebecRomeo

The description and analysis of the current case is based on data from two in-depth interviews, a number of annual reports of both pre-merger organisations and the post-merger organisation and also an academic article which discusses one of the pre-merger organisations and its merger experience. The first interviewee was part of the pilot sample. Before the merger he had served as Romeo’s HR manager, and post-merger he was appointed country level HR manager of QuebecRomeo Finland (hereinafter HR Romeo). The other interviewee had long experience of managerial positions within Quebec and after the merger was responsible for organisation and governance within the HR function (hereinafter HR Quebec).

QuebecRomeo, a corporation operating in the service industry, was created when the Swedish Quebec acquired the Finnish Romeo. A few months before the merger took place, Romeo had experienced a severe financial crisis. As a consequence, the share price dropped, which made it possible for Quebec to acquire the organisation.

The purpose behind the formation of QuebecRomeo was to create a company that was more capable of creating value for its customers and shareholders than the two original organisations. QuebecRomeo became a leading company in the Nordic and Baltic countries, within its line of business.

Although technically an acquisition, the QuebecRomeo deal is in several respects regarded to be a merger. Common values and visions were established as the result of a long consolidation process. The intention was to create something new and truly involve each and every employee in the change process.

HR Romeo: This is a true merger; we have gone through a lot of trouble in order to create a new entity. It has been a mental process, which has differed a lot from the previous acquisitions we have made.

Table 35 Milestones of the QuebecRomeo merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>4 months</td>
<td>New CEO appointed externally</td>
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<td></td>
<td>EU authorities approved the deal</td>
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<tr>
<td>9 months</td>
<td>Completion of the merger – all share holders accepted the deal</td>
</tr>
<tr>
<td>12 months</td>
<td>New HR director appointed externally</td>
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</table>

4.8.1. Quebec’s pre-integration HR function

At HQ, Quebec had a traditional HR function including elements such as compensation and benefit; training and education; health and welfare; and also, due to the personal interest of the HR manager of the time, organisation and governance.

HR Quebec: The foundation of HRM at Quebec was administration. An important topic at the time was salary issues and increases, which were closely linked to industrial relations: how much can we afford, how do we function within the union, how do we act within the employers’ federation? The social democratic government made sure low salary workers had a higher salary than the Swedish market average, and high income managers earned less than the market average.
HR planning demanded a vast amount of resources. As a state owned organisation part of the recruitment strategy had been to make a social contribution by recruiting people in need.

HR Quebec: HR dealt with issues such as what to do with this incompetent group of people? Can we manage to train them or shall we just hope they will leave the organisation? How could we possibly speed up that process? Or what to do with this very skilled group of employees who are likely to leave us because we don’t have any more interesting jobs to offer them? I hence considered the HR work very traditional and functional.

Another HR topic was the work environment, safety at work, and absence due to sickness. Also, personnel development was reported to have demanded lots of time and resources, because the employees often lacked basic education.

At HQ the HR staff consisted of 15-20 persons. All together, Quebec employed 250-300 within the HR function. In the business units there were personnel administrators taking care of the administration line managers asked them to cater for.

HR Quebec: The HR density has traditionally been very high at Quebec. This is a consequence of Quebec being a government-owned organisation, where personnel issues have always been highly valued. Also, personnel management within the government is subject to a lot of bureaucracy, as for instance vacancies need to be declared open, the recruitment procedure needs to be documented and decisions well justified.

Quebec had been introduced on the stock exchange some 10 years before the merger, and regarding HR aimed at restructuring of compensation and benefits to behave more like a privately owned organisation, to have compensation structures that resembled those of the main competitors.

HR Quebec: To get rid of our non-proportionally expensive blue-collar workers we decided to outsource. In the 1990’s the personnel diminished from approximately 50,000 to 15,000 employees. This is partly a consequence of outsourcing but more importantly of technological development.

The HR function was reported to have been mainly reactive, supporting line whenever line called for it.

HR Quebec: Most of the HR initiatives came from line. As an example, the head count was diminished every year and HR was asked to take care of the layoffs, and everything that implied in terms of collective bargaining etc.

Despite its administrative and reactive role the HR director was member of the management group.

HR Romeo: HR’s role in Quebec was bigger than in Romeo. Quebec was a more stable, and domestic organisation with more settled operations.

4.8.2. Romeo’s pre-integration HR function

During the economic boom in the 1990s, Romeo experienced a tremendous success and was eagerly expanding its operations. Due to the prevailing business situation, money kept rolling in through initial public offerings (IPOs) and the share price skyrocketed. This success encouraged people to look for employment in the organisation.

HR Romeo: People were standing in a queue hoping for a job at Romeo. Because of the high share prices, the company image as an employer was extremely high. Due to the business situation, no-one needed HR. HR is no end in itself, on the contrary HR reacts to the business
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situation. And the prevailing business situation gave no role whatsoever to the HR function at Romeo. Investing in people was regarded as a waste of money, since were people willing to work for us anyway.

The activities of the HR function were reported to have been administrative only. The screening of job applications, for instance, was a time-consuming task.

HR Romeo: It was all about being an internal service provider.

4.8.3. Integration

Several years prior to the merger the HR managers from a number of European organisations in the line of business had started to have network meetings twice a year. Current HR activities were openly discussed giving each and everyone the opportunity to benchmark their own organisation’s HR function.

HR Romeo: It felt very natural to begin the co-operation with Quebec HR as I had known them for years through the network.

When the deal was finally accepted, it was announced that all positions at the QuebecRomeo HQ were vacant, and everyone both internally and externally was able to apply for them. QuebecRomeo was soon divided into a number of profit centres; each country became a separate profit centres. This implied that the need to integrate was minimised. Only HQ needed to be integrated, i.e. create one HQ out of two.

HR Quebec: An obvious HR issue, when merging two giant organisations is that there will be one head quarters too many, in this case the Romeo HQ.

An important task for HR was to man the HQ as quickly as possible. However, this could not be done immediately as one had to wait for the Romeo shareholders to accept the deal. During this period, Quebec was not allowed to search for the best employees at Romeo.

HR Quebec: The manning of the HQ and the process of getting the new staff started implied a huge workload for HR.

The merger implied a heavy focus on synergies. From HR’s point of view this raised questions of legality: was it legal to dismiss all those people, how fast can one get rid of the people according to the Swedish legislation; and questions of a practical nature: will the organisation manage with fewer employees?

HR Quebec: This was not difficult, it’s all about mathematics, but it implied a lot of work for HR.

Quebec’s HR director left the organisation during the initial merger process. At HQ there was hence no HR director during the merger integration. A new HR director was recruited externally at the end of the integration process. Nevertheless, the HR function appears to have been given quite a visible role. Both interviewees were part of the four-man-strong integration team.

HR Romeo: The integration team was small consisting of the CEOs and HR managers of the both organisations. We went through all applications and decided who to appoint to what position. In that situation HR could not have been given a more important role.

The Quebec interviewee had a vast experience, not only within HR but also organisation and government including strategy. Hence, he might not only have been
chosen for the integration team because of his position within HR, but because of his personal background and experience.

HR Quebec: I was not there as a strategy professional, although it probably was good that I combined strategic thinking with HR. It was the HR issues that mattered; strategy was handled by the management group. How I decide to describe my own role [HR's role] is a question of conscience. As we were four people in the integration team, two representing HR, I drew the conclusion that the management group valued HR highly.

The fact that both organisations were formerly state owned implied an additional element to the integration as the organisational structures were traditional. Increasing shareholder value also implied taking into account the viewpoints and values of the governments of the two neighbouring countries.

HR Quebec: First, as the Finnish and Swedish governments were large shareholders, it was important to avoid the international match and to decide which plants to close and which plants to locate in what country, based on well-justified arguments. I feared quarrels about Finnish vs. Swedish job openings and desperately wanted to avoid bad will.

When the initial negotiations regarding the merger took place, HR was not informed. Nevertheless, as the Finnish government was an important shareholder, employee issues such as how a possible merger would affect the employees, received a lot of attention.

HR Romeo: HR issues were very much taken into consideration, probably thanks to the state.

QuebecRomeo’s top management team constituted almost a dozen positions, including the HR director. A third of the positions were held by former Romeo managers, while two thirds were held by managers with a past in Quebec.

4.8.4. Post-integration

Post-merger, the most important HR task was perceived to be HR planning.

HR Romeo: The main HR duty is to make sure the business operations have the needed resources at their appliance currently and in the future.

In order to guarantee that the organisation had the right number of people with the right competencies in the right jobs, the HR function divided its job into four main responsibilities, specifically competence development; internal rotation; HR support; and well-being.

Competence development had become topical as attracting and keeping competent employees was no longer so easy. In the post-merger organisation HRD was stressed at all levels. The role of the HR function was to make sure the HRD undertakings were carried out properly and that they supported the business.

HR Romeo: We emphasise competence development including goal setting and performance appraisal. HR designs the procedures and makes sure the process is carried out according to the guidelines. This is believed to support our business goals. An essential part of this is management development.

Internal rotation was led by the HR function, and regarded as a means of ensuring that skilled employees were offered new interesting positions and hence would stay within the organisation.
The HR support demanded a vast amount of resources. The aspiration was to streamline and standardise in order for HR to benefit from synergies. However, in terms of HR staff, two thirds were still occupied with administration while one third worked with developmental issues. A new IT system, implying self-service was about to be introduced, which ought to minimise the problem.

HR Quebec: In Sweden we have 17 different IT systems for HR administration. It’s the same in Finland. Taking into account that our company operates in several countries the total number of IT systems for HR purposes currently easily amounts to 100. You don’t have to be Einstein to figure out this is expensive and inefficient.

HR Quebec: In the future there will be only one IT platform and several common tools. This will concern the company as a whole, naturally also the HR function. We will probably have common competence development programs etc. But this change is not HR-driven, it’s driven by the company and the market situation.

In the post-merger organisation, there was an emphasis on employee well-being. From the organisation’s point of view there were two important reasons for caring about the personnel. First, it was believed that the way in which employees were treated, was reflected on how customers were treated. Second, the cost of keeping existing employees was believed to be lower than the cost of recruiting new ones.

HR Romeo: We emphasis well-being in order for our employees to enjoy their work and stay with us.

The HR function of the post-merger organisation differed from the pre-merger functions with regards to degrees of freedom. The HR professionals at HQ did not dig deep into each and every HR issue, for instance no-one at HQ looked at work environment issues or at competence development, as that was taken care of within the business units.

HR Quebec: We do not need to hold their [business HR] hands. At HQ HR focuses solely on the top managers, a group of 200 people. We are on top of things regarding their job situations, the need for successors, compensation and benefits. Beneath this group of people, we don’t actually care.

4.8.5. Analysis of case QuebecRomeo

4.8.5.1. Quebec pre-merger HR roles

Within the pre-merger HR function of Quebec, two HR roles can be identified, namely the process engineer and the negotiating lawyer. The process engineer’s duties were to cater for basic administration and education, while the negotiating lawyer was concerned with e.g. statutory personnel negotiations.
4.8.5.2. Quebec pre-merger influencing factors

The outer context. Within the outer context, legislation might have affected the role formulation. Swedish legislation severely restricted layoffs, which led the HR function to get heavily involved in industrial relations on the one hand and competence development, or better referred to as education, on the other hand.

Legislation forced the organisation to act in the interests of the personnel, rather than in the interests of the organisation and economy. This implied an emphasis on training and education an also on industrial relations. Quebec trained and developed the skills among its employees, just to be able to get rid of them. Quebec struggled for a long time with a distorted age distribution because there were too few new recruits.

HR Quebec: We educated them to get rid of them, that's the truth. We have been busy sacking people since the 90s. There have been some radical layoffs. And today we have a highly distorted age distribution due to Swedish employment security. As we have been letting people go, we have not been able to recruit many people for the last 15 years.

Organisational level. Within the internal context, ownership appears to have played an important role. Although Quebec was listed on the stock exchange, the state continued to be an important owner. State-owned organisations have traditionally had lower profit expectations than private companies. Nevertheless, expectations for social security contributions might have been a tradition. State ownership implied a lot of bureaucracy and made the HR role heavy in administration and IR. Also, state ownership implied a tradition of recruiting less educated people, which led to a heavy emphasis on training and development.
HR Quebec: We had lots of issues regarding personnel development, which was sadly a consequence of the organisation’s tradition of recruiting less-skilled people. We helped people without a basic education who had joined the organisation to continue their studies. Employees without a high-school diploma were supported to get one. Also, people lacking a university degree were encouraged to finish their studies. Hence, we put a lot of emphasis on basic education. The generous attitude was strongly present during the 80’s and 90’s.

The respondent refers to the organisation’s traditions. The ownership appears to have affected the administrative heritage, and perhaps did the ownership also influence on the business strategy, which in turn affected the traditions/administrative heritage.

Table 36  Factors influencing the roles of the Quebec pre-merger HR function

<table>
<thead>
<tr>
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<td>• Business strategy</td>
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<td></td>
<td>• Ownership</td>
</tr>
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4.8.5.3.  Romeo pre-merger HR roles

Romeo’s HR function had virtually no role.

HR Romeo: ... And the prevailing business situation gave no role whatsoever to the HR function at Romeo [...] It was all about being an internal service provider.

Hence, process engineer is the only identified role.

![Diagram showing the roles of the Romeo pre-merger HR function]

Colour description:
- Role not identified
- Some elements of role identified
- Role clearly identified

Figure 26  The roles of the Romeo pre-merger HR function
4.8.5.4. **Romeo pre-merger influencing factors**

**Outer context.** Within the outer context, the economic situation at the time was favourable.

**Organisational level.** According to the respondent, the business situation determined the (lack of) role of the HR function. No-one needed HR as the business continued to flourish. The management group chose a short term strategy, as they chose not to plan for the future, but to enjoy the prevailing boom. At the end of the day, it was all about the money. Romeo performed very well and the strategy was to increase profitability, which implied cost-cutting.

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HR Romeo: HR should not produce too much quality. If the organisation manages with X amount of HR, that’s enough. It’s against the organisation’s interest to produce more, as the costs also would rise.
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**Individual level.** On an individual level, the top management’s attitude towards the HR function could be regarded as an additional influencing factor.

**Table 37  Factors influencing the roles of the Romeo pre-merger HR function**

<table>
<thead>
<tr>
<th>The outer context</th>
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<tbody>
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<tr>
<td>Individual</td>
<td>CEO / top management:</td>
</tr>
<tr>
<td></td>
<td>• Attitude regarding HRM</td>
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</tbody>
</table>

4.8.5.5. **QuebecRomeo post-merger HR roles**

The post-merger HR function possessed an obvious process engineer role. The HR support demanded much time and money, and time was spent on streamlining the processes. The employee advocate role was receiving increased attention, as employee well-being and comfort were emphasized. Also, some elements of the strategy implementer were identified, as HR planning and HRD were given increased attention.
4.8.5.6. QuebecRomeo post-merger influencing factors

**Outer context.** Within the outer context, the economic environment seemed to have influenced the post-merger role. Employee wellbeing was emphasized as the organisation feared employee loss, which had to do with demography and competition about skilled personnel.

HR Romeo: The future HR challenges are among others to take the management development to such levels that we manage in the competition for the best employees. The human point of view will become more emphasized. Soon we will suffer from a lack of employees. The employer profile, as a good employer, becomes more important.

**Organisational level.** Within the inner context, influencing factors can be identified on both an organisational and an individual level. On the organisational level, the instability of the Finnish profit centre appears to have hindered the HR function from pursuing some projects. At a certain stage of time, there were frequent changes within the Finnish management group, which made the environment too turbulent to cope with the introduction of competence development programs.

HR Romeo: The management needs to commit to that kind of job. If there are CEO swaps every six months it’s impossible to introduce a new competence development scheme.

Turbulent times might thus imply that management is busy taking care of issues other than strategic HR initiatives. During busy times, management is arguably not likely to give time to HR to bring fourth new initiatives, if it has not been a business partner. It is thus argued that in order for HR to successfully carry out new initiatives there must be some stability and management has to be open for suggestions. The business
strategy also appears to have changed, as the pre-merger short term strategy, which was the hallmark of Romeo’s management, has given way to a long-term strategy taking into consideration future HR planning.

**Individual level.** On the individual level, there were some important changes with regards to the HR function when the merger took place, as both the CEO and the HR director were new to the organisation and thus might have added new elements to the merged organisation. The respondents did not bring up anything in particular concerning the input of the HR director, but regarding the CEO it appears as if there had been a shift in attention given to the HR function as the new CEO was appointed.

HR Romeo: My impression is that the management group thinks highly of HR and regards the HR function to be as responsible for business success as any other function. I could not ask for more, the management group could not give HR a bigger role than it already does. The rest is up to HR and how well we manage to perform.

This is nevertheless only a statement made by an HR manager about managements’ expectations. The actual evidence that HR has a strategic role is not equally convincing.

**The merger context.** The merger context had a certain impact on the HR function. As Quebec was the acquirer it took the lead in the integration and the merged HR function came to resemble that of Quebec.

HR Romeo: Traditionally HR has had a more important role within Quebec than in Romeo, and as this deal was drawn up by Quebec, HR was brought along in the integration phase, having a quite central role.

<table>
<thead>
<tr>
<th>Table 38  Factors influencing the roles of the QuebecRomeo post-merger HR function</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The outer context</strong></td>
</tr>
<tr>
<td>• Demography</td>
</tr>
<tr>
<td>• Economic environment</td>
</tr>
<tr>
<td><strong>The inner context</strong></td>
</tr>
<tr>
<td>Organisational instability</td>
</tr>
<tr>
<td>Individual CEO / top management:</td>
</tr>
<tr>
<td>• Attitude regarding HRM</td>
</tr>
<tr>
<td><strong>The merger context</strong></td>
</tr>
<tr>
<td>• Power relation</td>
</tr>
<tr>
<td>• Understanding of the other organisation</td>
</tr>
</tbody>
</table>
4.9. Sierra and Tango merge to become SierraTango

The description and analysis of the current case is based on data from two in-depth interviews and a number of annual reports. One of the respondents was head of HR. Prior to the deal he had held a position as line manager at Tango (hereinafter HR Tango). He had been working within the organisation for several years when the deal took place and also possessed previous experience from HR. The other respondent represented top management, being deputy CEO. Prior to the deal he had been CEO of Tango (Management Tango).

SierraTango was formed as a result of the merger between the two Finnish manufacturing organisations Sierra and Tango. Officially, the deal was referred to as an amalgamation\(^{33}\) merger. A new company, SierraTango, was established, and the Sierra and Tango shares were exchanged for SierraTango shares (annual review).

Management Tango: The SierraTango deal was a merger of equals as neither party was much bigger, nor did one gobble up the other.

The merger was assumed to bring significant synergy benefits, in terms of e.g. greater production efficiency and exchange of know-how.

Table 39  
Milestones of the SierraTango merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>2 months</td>
<td>EU authorities approved the deal</td>
</tr>
</tbody>
</table>

4.9.1. Sierra’s pre-integration HR function

Prior to the merger, line managers had an important role in HRM. Education for blue collar workers, for instance, was taken care of by line managers. At HQ, Sierra had a centralized HR function, which however, was mainly concerned with industrial relations. Training and development was an emerging theme, as a person in charge of training and development had recently been recruited to the HQ, but yet in its baby shoes.

HR Tango: Concerning both organisations, the HR function at divisional level was ok. They took care of occupational safety and health as well as of education. The HR managers were often regarded as the right hand of the line managers. But the HR function at group level was very poor.

At Sierra the main HR roles were those of the administrative expert and contracts manager.

HR Tango: The focal HR activities were the same in the two companies, i.e. industrial relations and administration. At Sierra the IR issues were handled centrally, while at Tango everything was managed at divisional level in a decentralised manner. Formally things were stricter at Sierra.

\(^{33}\) An amalgamation is the process by which two or more companies or legal persons merge into a single entity
4.9.2. Tango’s pre-integration HR function

As stated above, industrial relations and administration were the top priorities of the HR function at Tango, and HRM was managed in a decentralised manner within the business units. Tango consisted of a number of very independent business units. At HQ there was a small administrative HR function, however lacking an HR director. Top management did not have high expectations for the HR function.

Management Tango: It was more about personnel management than HRM. Development issues were not yet on the agenda. Also, the personnel function was less operative than the HR function today is.

The subsidiaries were overall very independent, with some degree of cooperation. The HR managers from different subsidiaries did from time to time meet and discuss HR procedures.

HR Tango: The sessions were chaired by someone from the HQ, but the structure was far from being a formally organized HR function.

4.9.3. Integration

The merger took place during a time when the Finnish economy was growing, and hence profited from the boom, as no layoffs were needed. On the contrary, the immediate focus was on development. The CEO together with the deputy CEO decided that no-one would be dismissed as a consequence of the merger.

HR Tango: The decision took away all anxiety and fear. As people could relax and remain calm, my job, to build the new organisational structure, was made much easier.

As in every merger, there was, however, one HQ too many, which implied complete restructurings of the HQ. In the initial planning and designing of the new HQ, including all the positions it should include, it was decided that the HR function needed a manager at top level.

Management Tango: Together with the CEO of Sierra, who was already appointed CEO of the merged organisation, we discussed the future appointments within the new HQ. As I had more experience of HR than he did, I told him we should bring HR to HQ, and that we needed a visionary person who had the ability to see around the corner, and that Erik was our guy.

To start with, the merged company was organised into a number of profit centres, in order to maintain control of the whole organisation. Soon, however, it was realised that internal competition emerged and the structures needed to be changed. Within the change management, which was regarded to be closely linked to corporate cultures, HR was given a central role.

Management Tango: Erik very quickly brought cultural issues to the table, and we [management group] reviewed our corporate values. HR had a leading role in organising and hosting training sessions for managers and middle managers regarding the new organisational values and culture.

The HR manager believed that the corporate culture was important because the organisation needed to be able to talk about ‘our way of doing things’ and say ‘this is the way things are done in our organisation’. A united culture was believed to make employees feel secure, and to distance the organisation from contrasts between the old cultures of the pre-merger organisations.
HR Tango: To establish a new culture is an extremely sensitive process, and the pace of it needs to be adjusted according to the employees needs.

The philosophies of the pre-merger organisations differed. At Sierra things were strict and organised and the organisation was based on profit centres, while Tango comprised a number of subsidiaries with high degrees of freedom and was perceived to be employee-friendly.

Management Tango: It could not have been more different

One of the primary goals of the post-merger HR function was to get people from both organisations to work together, to co-operate. Hence, the focus was on management development, aiming at creating a united corporate culture and building a network of people. During the two first years of the merger, the defining of the elements of the new corporate culture, and the management development were key HR activities.

HR Tango: It was about designing a desirable corporate culture, working on the structures and thinking of what the HR function can do to reach the corporate goals and it was about selling the ideas to the management team and building structures supporting the integration. It was a very exciting job, in which I profited from my studies in psychology and my experience from line.

Management Tango: Prior to the merger the need for any education at HQ was very limited, but due to the merger that changed quickly, as we needed an HQ training function to support us in the designing and implementation of the new organisation structures.

The management development scheme concerned 3,000 managers and consisted of a 2 week education. That implied 240,000 hours of training, which the HR function managed independently.

HR Tango: In retrospect, it was a huge success to mix people from different parts of the organisation, it made people melt together.

Also, it was a huge investment, to allocate 240,000 working hours on training, time that could have been spent on the core business. The generous investment indicates that the management group truly believed in the training program and valued HR highly.

At Sierra Tango it is believed that the company culture is of high importance when it comes to making a merger work. The HR function can be supportive in the process, by assessing the existing pre-merger cultures and forecasting possible problem areas so that they can be avoided and bridges can be built where differences are found. In an ideal situation this is done during the due diligence phase.

4.9.4. Post-integration

As the merger took place management decided to bring HR to the HQ. Within the post-merger organisation, initial HR duties were to design a new HR function, including structure, values, aims, and policies. The merged function wanted to build new procedures for various HR activities that needed to be unified (such as bonus schemes, performance appraisal, the setting of individual objectives, recruitment and so on). Working on the company image as an employer and the attractiveness of the organisation were also prioritized.
The two pre-merger HR functions were both mainly involved in administration and industrial relations. Within the post-merger HR function the number of activities and roles increased, although the basics were still catered for.

HR Tango: One thing leads to another. Administration and industrial relations need to be taken care of before the function can move further to other tasks. One cannot be too picky and choose not to work on the administration; it needs to be taken care of as well. But the value is added when the HR function reaches the business partner role.

After the merger, the trend within HR at SierraTango was nevertheless that less time was spent on administration and more on development. Processes had been made more efficient by the introduction of a unified IT-system, in which all common HR procedures and rules could be found.

HR Tango: HR has moved from being the one who sends the job ads to the newspaper, to a function that is involved in the organizing of the corporate structure, with a visionary role and is a part of the group management.

The HR activities have shifted during the post-merger integration. After a couple of years of heavy emphasis on training and development, the need for such sessions declined, as people learned to know the new organisation and the new co-workers. Hence, the focus switched towards compensation; succession planning and other more routine HR activities. As several small acquisitions followed, one HR activity became to support the acquisition process with various tasks.

Industrial relations are still on the agenda, thanks to the EWC in a quite visible manner. However, with regards to HR resources the importance has declined.

HR Tango: We are part of cooperation organs both on a national level and a European level. Immediately after SierraTango was established we also established a EWC. Sierra had not been involved in any of this, but Tango was familiar with the basics, as we had cooperation groups and co-operation negotiations and so on, so we had an explicit dialogue with the personnel.

A distinguishing feature for the post-merger HR function came to be its involvement in visionary work.

Management Tango: I think HR has to be part of the company vision formulation as the visions are so closely linked to people. I’m not saying that the HR function is the most essential thing in an organisation. But I believe HR has an important role in being a visionary. Due to my advanced age I have been around for a while and become more aware of long term issues.

The HR manager stressed his view on the HR function as a support function.

HR Tango: HR is a support function, which aims at helping the organisation reach its goals. A support function cannot have its own visions; it’s a question of how to contribute so that the corporation reaches its goals and visions. This leads to concrete action, such as building a corporate culture and other stuff we have been busy doing.

The role of the HR function is inarguably more important after the merger than it was before. At the time of the merger, HR had very little to do with the development of organisation structures. After the merger, the expectations were that the HR function, thanks to its expertise in leadership, should have opinions regarding how to structure the company. The expectations go hand in hand with management group’s attitude towards the HR function as a part of the management group; HR is not only regarded as an executive function that what management tells it to do.

HR Tango: In the SierraTango deal HR was not present in the pre-merger planning, but since then HR has been involved in both merger and acquisition planning. For instance I worked
several months on a $20 billion deal. This shows that the importance of HR has increased during the years.

When inviting HR to top management, the deputy CEO had a view on the support he expected to get from HR. Nevertheless, he was surprised by the fact that HR did a lot more than he had assumed and thus took a bigger role than the management group realized they were giving HR.

Management Tango: The initial idea was to bring HR to HQ to support management in the visionary and development work, to be a strategic partner in organisational design. Nevertheless, the need to be operative and to educate and train people soon came up and thus the role of the HR function swelled. I want to be frank about the fact that the HR function Erik [HR manager] established grew much bigger and operative than I had ever thought.

HR Tango: The HR function has moved from being a function that “might be good to have” to one of the most central functions within the group. That’s a tremendous development. Today there is no question about it; HR has to be represented in the management group.

4.9.5. Analysis of case SierraTango

4.9.5.1. Sierra pre-merger HR roles

Sierra had a pre-merger HR function at HQ that catered for industrial relations, and administration, hence the negotiating lawyer and process engineer roles appear to have been present.

![The roles of the Sierra pre-merger HR function](image)

Colour description:

- Role not identified
- Some elements of role identified
- Role clearly identified

Figure 28   The roles of the Sierra pre-merger HR function
4.9.5.2. *Sierra pre-merger influencing factors*

**The outer context.** There are no self evident influencing factors. Within the outer context referring to institutionalisation, perhaps there was an industry norm at the time according to which HR was not given high priority. At least within Sierra this seems to have been the case for quite a long time.

**Organisational level.** The above suggests that at least on an organisational level administrative heritage might have affected the role outcome.

**Individual level.** Also, the individual features of the top managers including their attitude towards HRM might have affected the structure and work of the HR function.

<table>
<thead>
<tr>
<th>Table 40 Factors influencing the roles of the Sierra pre-merger HR function</th>
</tr>
</thead>
<tbody>
<tr>
<td>The outer context</td>
</tr>
<tr>
<td>The inner context</td>
</tr>
<tr>
<td></td>
</tr>
</tbody>
</table>

4.9.5.3. *Tango pre-merger HR roles*

The pre-merger situation of Tango very much resembled that of Sierra. The HRM duties appear to have been the same, again focusing on administration and industrial relations. However, there seemed to have been less formality within Tango, and this directed my attention to the actual roles of the HR function. Although administration and industrial relations were present within Tango it is not entirely sure they were very visible in the HR function, as the HR function per se appears to have been quite blurred. Hence, it is suggested that the negotiating lawyer and process engineer roles are only partly identified.
4.9.5.4. Tango pre-merger influencing factors

The influencing factors of the Tango pre-merger HR function on the other hand are argued to have been identical to those affecting Sierra, with the same underlying arguments (see above).

Table 41  Factors influencing the roles of the Tango pre-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
<th>The role clearly identified</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other corporations</td>
<td>Organisational</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some elements of role identified</td>
</tr>
<tr>
<td></td>
<td>Individual</td>
<td>Role not identified</td>
</tr>
<tr>
<td></td>
<td>CEO/top management:</td>
<td>Role not identified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Some elements of role identified</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Role clearly identified</td>
</tr>
</tbody>
</table>

4.9.5.5. SierraTango post-merger HR roles

The post-integration HR function played a broader variety of roles than the pre-merger functions once did. The process engineer and negotiating lawyer were still there, although not as focal as they had been.

HR Tango: ... Administration and industrial relations need to be taken care of before the function can move further to other tasks.

There had been a shift towards more strategic roles, i.e. as a business partner and strategy implementer. Post-merger HR had a visible role in top management.
Management Tango: I think HR has to be part of the company vision formulation as the visions are so closely linked to people.

The only role that does not seem to be identified is that of the employee advocate.

![Diagram of the roles of the SierraTango post-merger HR function]

**Colour description:**
- Role not identified
- Some elements of role identified
- Role clearly identified

**Figure 30** The roles of the SierraTango post-merger HR function

### 4.9.5.6. SierraTango post-merger influencing factors

There appears to be a high number of factors that might have influenced role formulation. First there are several external factors that have had certain implications on the HR function.

**Outer context.** Within the external factors technology seems to have had an important influence on the changes in the role. Formerly, technology was a means of competition. Because of increased technological know-how it has become much more difficult to differentiate a business based on technology. As the competition within the industry remained high, HRM had become more important.

Management Tango: ...Previously we competed with the machines we had built in the factory and we would not show the competitor how our machine was built. Today everyone has the same machines as no-one can afford having bad ones. The competition is about management skills, about how to run the company. Therefore the role of the HR function has changed.

HR Tango: The true competitiveness and competitive advantages derive from the people and how well motivated they are. That’s it.
Since employers feared a future lack of competent people to recruit demography was another external influencing factor. Competition for employees was expected to intensify during the years to come, and this certainly had an effect on the work HR did.

Management Tango: The Finnish demographic development is such that employers fear future competition for competent people. The attitudes of the management group towards future labour are important. The heart of the matter is about selling the organisation and its way of working. We therefore need a visionary HR function that looks around the corner.

Based on the argument above, it seems as if the demographics would lead the HR function to take a more strategically important role.

The way in which the economic cycle affects the HR function appears to be ambiguous. The fact that the merger took place during a period of economic growth appears to have had a positive impact on the merger.

HR Tango: The business situation definitely affects HR’s work. We were very fortunate to experience a boom straight after the merger. Hence, we were not forced to make people redundant, instead we immediately focused on development, and that was a direct effect of the positive business situation. The business situation is actually the single most important HR determinant as it’s the business that creates the needs that steer the HR work. However, the situation does not affect the role played by HR, but the activities undertaken; it changes the content. HR can for example remain a business partner to line regardless of whether the company is expanding or shrinking.

Hence, the economic situation appears to have influenced the activities of the HR function. However, it appears not to have affected the role description. The belief of the deputy CEO is that the HR function should be working on a long-term basis; the business situation should not affect its work.

Management Tango: In a cyclical industry as ours, HR can be moving very fast from recruitment to layoffs, if it lacks a long-term vision. HR should be able to live with the changes and in the ideal case HR would spread the feeling of stability, motivating people regardless of the economic cycle.

Organisational level. The business situation is not only a consequence of the external economic environment, but also an intra-organisational factor like the financial situation. Hence, the latter one could also be considered influencing factors.

Also, the business strategy appears to have affected HR.

Management Tango: When a merger takes place you are forced to think long-term; it’s not about the next quarter, it’s about the next ten to fifteen years. Previously it was sufficient to serve the client. Today you need to keep your personnel motivated. In these issues I believe a well structured HR function has a very clear task

Management Tango: As long as HR stands for Human Resources it is a long-term thing. Human resources are not consumed in a year; they need to be regarded on longer terms.

Individual level. Furthermore, within the internal context, individual factors have had an important impact on HR’s role. The fact that HR was brought to the HQ and the management group was largely a person question in two respects. First, the deputy CEO believed, due to his personal experience, that HR was an important function. Second, the HR director to be held the competencies and experience that management thought was needed at HQ.
As stated earlier, the pre-merger HR roles within the merging organisations were not very elaborate. The post-merger expectations grew much higher, and hence, in accordance with role theory the role also became much more important.

Management Tango: The expectations of HR about having a role in the structuring of organisational models is much higher today than previously. An important reason is that HR has systematically collected information about people through for instance performance appraisal, and is very aware of the employee situation and is thus likely to have an opinion on how to organize them.

The CEO has an important role in the formulation of the HR function. The deputy CEO stated for instance that he believes HR has to be part of the company vision formulation as the visions are so closely linked to people, and that HR should not only be an advisor, it should be a partner. This suggests a firm belief in the HR function. Several quotes verify the importance of the top management’s perception of the HR function.

HR Tango: He [the deputy CEO] is the one who decided that we needed HR at HQ and in the management group.

HR Tango: It’s difficult for HR to achieve a bigger role if the CEO does not acknowledge that the business is run by people, and that the organisation needs a structure which gives people the possibility and freedom to work. It’s actually the CEO who needs to be the best HR director in the company, and he then needs an HR manager to be his right hand.

Management Tango: Much is dependent on the CEO’s attitudes and ambitions and also his co-workers. But the attitudes and opinions change as people develop and experience new things. The feeling within the management group is that HR issues become more and more important, maybe because it is through people we reach competitive advantage and the recruitment of competent people is much more difficult today than before. But not everyone does acknowledge that yet.

Management Tango: My experience made me suggest that HR should be present at HQ. Prior to the merger, I perceived that I was myself fostering for HRM at HQ, but as we merged the organisation became so big I felt I needed someone else to help me out.

HR Tango: It was a natural development to bring HR to HQ. I don’t think there was one obvious reason, it was just regarded as a matter of course as the world had changed and developed. In combination with the integration, it was easy to include a new HR box.

Hence the mindset of the top management and especially the attitude towards HRM played an important role. The personal traits of the HR manager were potentially the single most important reason for the HR function taking such an important role within the management group.

HR Tango: I believe I was appointed HR director because my experience from both HR and line. The HR function can produce millions of tools and processes without adding any value to the business if they do not understand the business goals.

Management Tango: … I want to be frank about the fact that the HR function Erik [HR manager] established grew much bigger and operative than I had ever thought.

**Merger context.** Additionally, the merger per se appears to have had an impact on the HR function. First, it implied sudden growth, which put certain demands on people management, and second, this led to changes in structures which also affected HR.

HR Tango: The merger has definitely affected the HR role, because the company grew so big. The size in itself is an influencing factor, as it puts demands on the rules of the game. Especially when searching for synergies.
HR Tango: The need to coordinate the business grows when a company grows. In both pre-merger organisations, the need to do so had already become a hot topic, and some initial steps were taken to create a united HR function in pre-merger Sierra. Hence the merger immediately forced the organisation to do what would otherwise have been done in the separate organisations sooner or later.

Table 42  Factors influencing the roles of the SierraTango post-merger HR function

| The outer context | • Demography  
|                  | • Economic cycle  
|                  | • Technological development  
| The inner context | Organisational  
|                  | • Business strategy  
|                  | • Financial situation  
| Individual       | CEO / top management:  
|                  | • Attitude regarding HRM  
|                  | HR professionals:  
|                  | • Competence  
|                  | • Reputational effectiveness  
| The merger context | • Changes in organisational structure  
|                  | • Sudden growth  

4.10. Uniform and Victor merge to become UniVic

The description and analysis of the current case is based on data from two in-depth interviews and a number of annual reports. One of the respondents was the post-merger corporate head of HR. Prior to the deal she had held the position as corporate head of HR at Uniform (hereinafter HR Uniform). She had been working within the organisation for four years when the deal took place. Prior to the merger the other respondent was HR manager at Victor, and became the post-merger HR manager of one of the merged organisation's largest business unit (HR Victor). Like the first interviewee, the other also possessed four years of experience from the pre-merger organisation.

UniVic was formed as a result of the merger between Sweden's Uniform and Finland's Victor. Through the merger, a world-wide leading service provider was created and the expectations were that the merger would, through operational efficiencies and the implementation of Uniform's technology at Victor, create substantial cost savings and hence higher returns for shareholders (press release).

In financial terms it was an acquisition in which Uniform offered Victor shareholders newly issued shares in Uniform. But the respondents perceived the deal as a merger of equals.

HR Uniform: We always stated that this is an equal relation, it's a marriage. There is neither acquirer nor aquiree, although Uniform purchased Victor.

HR Victor: Together we build a new entity which is stronger than the two former separate ones.

Table 43 Milestones of the UniVic merger

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Day 1</td>
<td>Signing of the deal</td>
</tr>
<tr>
<td>1-3 months</td>
<td>Cultural training</td>
</tr>
<tr>
<td>3 months</td>
<td>Deal completed, new CEO appointed internally</td>
</tr>
<tr>
<td>20 months</td>
<td>Integration complete – restructurings continue</td>
</tr>
</tbody>
</table>

4.10.1. Uniform’s pre-integration HR function

A couple of years before the merger the HR function of Uniform had gone through substantial changes. The head of HR was changed four years prior to the merger, during a time when the economy was growing. Recruitment was the single most important and time-consuming HR activity at the time. Harder times soon followed. First resources were released from recruitment and the HR function shifted its focus to the overall structure and processes of the function. Next, important cost cutting hit the organisation, forcing the HR function to reorganize and to reduce the number of employees.

HR Uniform: Globally, we were forced to fire every fourth employee. That implied a huge focus on HR.

Hence, prior to the merger, the pre-merger HR function had been forced to emphasise cost efficiency. Also, the HR function had been streamlined and centralised, for example, by replacing HR professionals.
HR Uniform: During the years that preceded the merger we worked extensively with our role formulation. Within the function, the views on HR varied tremendously and we had to decide whether we wanted to make coffee and organise Christmas parties or whether we wanted to contribute to the business. Several HR professionals needed to be replaced.

The HR function included the payroll and was centralised, which implied that all HR specialists reported to the head of HR at HQ instead of to line managers.

4.10.2. Victor’s pre-integration HR function

The HR function of Victor was foremost perceived to be a support function.

HR Victor: HR is a support function, it supports the business. You always need to know what the current top priority is to focus on.

The HR manager reported to the head of legal affairs, who was a member of the top management team, and hence represented HR in the management group. The HR staff consisted of four HR professionals.

Moreover, the HR function was perceived to have a consultative role, which implied that the management group was the decision-making body, while HR created the processes. Being a support function was not viewed as contemptible; rather it was regarded to call for flexibility as HR had to adjust to the business situation. The HR function was reported to have had an active role, to try to predict the future rather than react to it.

HR Victor: HR is a consultant, a supporter and an activator.

4.10.3. Integration

The HR manager of the acquiring firm became involved in the pre-merger due diligence to have a close look at the compensation and benefit schemes and the employment contracts of the acquiree. Cultural aspects and leadership issues were not on the DD agenda. Also, Victor’s HR manager became involved in the pre-merger planning shortly before the signing of the deal, to prepare practical details regarding the announcement to the personnel and initial integration.

Within the integration the HR function had two duties. One was to support the line managers with common processes and the other to look at the HR function and find the synergies within. During the first month, after the signing, before the deal was even complete, the HR function arranged cultural training for all of the personnel.

The two HR functions needed to be integrated with each other. The two former HR directors jointly decided to present their existing HR activities, including processes and procedures and together to decide what the future joint practices would be.

HR Victor: Either one party has to adapt to the other party’s policies and procedures or then both parties together create something new. Creating something new calls for a lot of time and effort. We have genuinely got to know each other and tried to find the best parts.

The choice of working together was a step in the process of uniting the organisations and profiting from the synergies.
HR Uniform: Looking back, it was a very good process, a project well managed, in an extremely short period of time.

4.10.4. Post-integration

The post-integration HR function is not simply a sum of different processes from Uniform and Victor, it is a new entity that has been created based on the knowledge and experience of the two HR functions.

The post-merger HR function consisted of HR managers within the business divisions and a number of HR specialists and two HR administrators at HQ. The specialists are concerned with management development, competence development, compensation and benefits and also international assignments. Also, work welfare is mentioned as an everyday HR matter. The work is reported to be highly supportive, as managers are assessed and coaching is offered, but there is constantly an aspiration of looking forward, of contributing more with fewer resources. The ambition is to create even more efficient processes, to work more intelligently, and to understand the business even better.

HR Uniform: It’s very much about our way of working, our competence. We still need to boost the competence within certain HR areas.

The head of HR is member of the broadened management group. Her time is mainly spent on compensation and benefits, leadership issues, management development and employment contracts.

HR Uniform: Because of our heavy focus on compensation and benefits as well as on management development I work very close to the CEO. He’s very engaged in these issues.

The post-merger HR function is reported to be more structured than the pre-merger functions were, at the same time more is required from HR, and HR’s own ambitions appear to have reached new levels.

HR Uniform: We want to reach further, add more to the business, with a strategic focus. During an integration process you have to work through every aspect and argue for every choice you make, you have to be sure you stand behind your words. Fortunately Victor’s HR manager was a strong personality with similar thoughts. Hence the integration has been smooth.

HR Uniform: The biggest challenge is to deliver high quality with fewer resources, to meet management’s expectations. If we do not deliver there is no value added.

HR Uniform: We have come far; we have a more explicit HR function, better cooperation within the function. We have more common processes and the HR issues are getting increasing attention. They have been highlighted during the merger. An HR function which invests in the merger work can thus truly profit from the deal.

4.10.5. Analysis of case UniVic

4.10.5.1. Uniform pre-merger HR roles

Uniform’s pre-merger HR function emphasised efficiency and business support. The apparent evidence of the different roles played is scarce. Nothing really seems to indicate business partner, employee advocate or negotiating lawyer roles. It appears as
if HR catered for administrative processes, which made it a process engineer, and also for support with regards to strategically important tasks, which made it a strategy implementer.

![Figure 31](image)

**Strategic**

- **Business Partner**
- **Strategy Implementer**

**Proactive**

- **Employee Advocate**
- **Negotiating Lawyer**

**Reactive**

- **Process Engineer**

**Tactical**

Colour description:

- Role not identified
- Some elements of role identified
- Role clearly identified

*Figure 31  The roles of the Uniform pre-merger HR function*

4.10.5.2. Uniform pre-merger influencing factor

**Outer context.** The business situation had drastically changed prior to the merger, forcing the organisation, including the HR function, to seek cost efficiency. Hence, it is argued that within the outer context, the economic cycle had an impact as the organisation was affected by the economic slowdown.

**Inner context.** Within the inner context, the financial situation was poor. Also, there had been not only the head of HR but also other HR specialists had been replaced, specifically with the aim of getting more ambitious HR professionals onboard.

| Table 44  Factors influencing the roles of the Uniform pre-merger HR function |
|-----------------------------|-----------------------------|
| The outer context | ● Economic cycle |
| The inner context | Organisational ● Financial situation |
|                   | Individual HR professionals: ● Competence |
4.10.5.3. Victor pre-merger HR roles

Victor’s pre-merger HR function appears to have resembled Uniform’s. There is no actual data on the individual activities undertaken within Victor’s pre-merger function. Hence the assumption made is based on the statements by the respondents which indicate that there were very few differences between the functions.

![Figure 32 The roles of the Victor pre-merger HR function](image)

Colour description:

- **Role not identified**
- **Some elements of role identified**
- **Role clearly identified**

4.10.5.4. Victor pre-merger influencing factors

The HR manager perceived the four most important influencing factors to be company history, business situation, managers and the HR function. Also she argued that her job was affected by the fact that the employees were mainly highly educated and young professionals, who, according to the respondent, think with their own minds.

**Outer context.** The economic environment might have been an influencing factor in the outer context.

**Organisational level.** From the inner context, factors on an organisational level that might have affected the HR function are the administrative heritage, referred to as history by the respondent, type of workforce as well as financial situation.

**Individual level.** On an individual level both managers and HR professionals were perceived to be potential influencing factors.
Table 45  Factors influencing the roles of the Victor pre-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Economic cycle</strong></td>
<td>Organisational</td>
</tr>
<tr>
<td><strong>Administrative heritage</strong></td>
<td>Financial situation</td>
</tr>
<tr>
<td><strong>Type of workforce (white collar)</strong></td>
<td><strong>CEO/ top management:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Attitude regarding HRM</strong></td>
</tr>
<tr>
<td></td>
<td><strong>HR professionals:</strong></td>
</tr>
<tr>
<td></td>
<td><strong>Competence</strong></td>
</tr>
</tbody>
</table>

4.10.5.5. UniVic post-merger HR roles

The post-merger HR function had reached a more sophisticated level than the pre-merger functions had. The process engineer and the strategy implementer were still alive, however also accompanied by the business partner role.

HR Uniform: We [HR] are absolutely involved in critical strategic business discussions, arguing for and against different solutions and their possible implications, before the final decisions are made by top management. Having said that we will always take care of basic HR administration as well.

Figure 33  The roles of the UniVic post-merger HR function
4.10.5.6. UniVic post-merger influencing factors

Merger context. The merger context appears to have had an impact on the role formulation of the HR function. The post-merger organisation became more global than the two pre-merger organisations had been, but also there were changes in structure which lead to increased co-operation across borders.

Also, the merger made the people dimension topical, as it became evident to managers that the organisation would not survive without its employees.

HR Uniform: If the employees do not join in, if they do not deliver and if they lack motivation, it does not matter that we get married and think we are big and beautiful. We need to have the support of the personnel, and that’s why HR is extremely important.

Furthermore, the merger implied hard work for the HR function, which, as it appears to have been handled neatly, potentially increased the credibility of the HR manager.

HR Uniform: One has to work pro-actively and identify the critical issues. During a merger everything is important, but what is truly critical the first three months? Prioritise and commit to what you are doing in order to support the business. At the same time you need to build your new HR function, because when the first three months are over, it’s business as usual and HR has to deliver.

The increased degree of internationalisation seems to have put new demands on HR. It was argued that a domestic organisation would be much easier to manage than an international one, and that therefore managers in increasing numbers were asking for HR’s help, as the business divisions had been reorganised to cover several countries and the line managers needed to cope with the international dimension.

HR Uniform: It was dead easy to manage something nationally. Nowadays a line manager can be responsible for operations in several countries. Suddenly everyone is not working under the same roof, and the manager needs to take into consideration how different decisions might affect the employees in Australia or the UK. It’s a different way of thinking; a different kind of leadership is needed. And that’s where HR issues are raised. HR has been given a more explicit role, an important role.

Individual level. On an individual level, the traits of the HR manager appear to have been the perhaps single most important factor influencing HR’s role.

HR Uniform: I have earned my place, I worked day and night for one year. That was an investment I made, now I am harvesting. As I am now a co-player I have the possibility to focus on the right questions. I have earned the trust of the CEO.

Also, on an individual level, the attitude of the CEO and other top managers makes a difference. The HR manager succeeded in earning their trust. The fact that the CEO perceived the importance of compensation and benefits and also of management development might suggest an initially positive attitude towards HRM.

Table 46 Factors influencing the roles of the UniVic post-merger HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Individual</th>
<th>CEO/top management:</th>
<th>• Attitude regarding HRM</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>HR professionals:</td>
<td>• Competence</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Reputational effectiveness</td>
<td></td>
<td></td>
</tr>
<tr>
<td>The merger context</td>
<td>• Changes in organisational structure</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Increased internationalisation</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.11. Four organisations that lack merger experience

This section discusses and analyses four case organisations which are referred to as matching cases or non-mergers. These organisations resemble the merger cases with respect to industry, nationality and size, but growth has been mainly organic or based on smaller acquisitions (For a further discussion on the methodological choice see section 3.1.2).

The section is divided into four, so that each part discusses one particular non-merger. The non-mergers are also discussed and analysed at two different points of time. First, an early stage, i.e. corresponding to a situation 5-10 years in the past, and, second, a current state, which refers to the time when the data were collected, is presented. The early stage corresponds to the pre-merger state while the current state is comparable to the post-merger analysis. Nevertheless, the data available on the early stage have been scarce because the HR managers of the early stage were not available for interviews. Hence, understanding of the early stage is not as thorough as it is in the HR functions of the merger cases. As the thesis nevertheless possessed a certain level of understanding of the early stages it was decided to make it explicit in the report as it adds to the complete understanding of the development of HR functions in general.

The structure of this section largely follows the structure used when describing the merger cases. First, the background is described, then the roles are analysed and finally some influencing factors are suggested.

4.11.1. Whiskey’s HR function

The description and analysis of the current case, Whiskey, is based on data from an in-depth interview with the HR manager of the company (HR Whiskey). Whiskey is a Finnish product and service provider. It is today listed on the stock exchange, but the largest shareholder is still the founder family.

Table 47  Milestones of the Whiskey case organisation during the studied decade

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Years 1-5</td>
<td>Growth through small acquisitions.</td>
</tr>
<tr>
<td>Year 5</td>
<td>New CEO appointed internally</td>
</tr>
<tr>
<td>Years 5-10</td>
<td>Financial crisis. Restructurings, centralisation,</td>
</tr>
<tr>
<td></td>
<td>production units shot down.</td>
</tr>
</tbody>
</table>

The head of HR held a PhD in engineering and had initially been recruited to Whiskey as vice president, business development. Soon she was moved to the HR function although she possessed no experience of HRM. At the time of the interview, she had been working as HR manager for four years.

HR Whiskey: In many organisations line managers have been moved to the HR function. It’s not unusual to find someone with a background in engineering as HR manager. The number of lawyer’s in the HR function has decreased, because today HRM is much about budgets and business, while the time spent on industrial relations and employment contracts has decreased. Also within a global organisation a Finnish law degree won’t take you very far, as you’re not a specialist on the other side of the border.
The HR function at Whiskey used to be highly decentralized. Each and every country managed HR in its own way and within Finland HR was managed differently at different locations and production units. There was no co-ordinated activity, no-one controlled salaries and salary increases, and line managers were given all responsibility.

The number of employees varied, as small acquisitions were made while other lines of business were sold off. At an average there was however constantly more than 10,000 employees.

The level of compensation and benefits varied, but in general employees were well rewarded. There was a long tradition of being generous; it was a family run company, and there was always a desire to take good care of the employees. As the organisation grew, it became global and was listed on the stock exchanges the expectations held on the organisation shifted.

HR Whiskey: The Finnish family business mentality does not necessary work in a global context. Line managers began taking advantage of the generosity.

Whiskey was soon hit with financial problems. Cost saving was emphasised and several production units had to be closed down. It was a severe and complete organisational change. Thousands of people were made redundant.

HR Whiskey: To be straight, you cannot fire without making other cost savings. You cannot raise other employees’ salaries while you let some go. Thus, the financial crisis was for the HR function a time when the policies had to be made more precise, and controlled centrally.

The changes were not easy to make. Although top management was behind the savings, line managers worldwide had become used to Whiskey’s HQ not interfering, and hence the HR manager encountered resistance.

HR Whiskey: The shape-up was challenging. The discussions with line managers were fierce, and they had to be forced to the changes. It was all worthwhile; today the company is doing fine.

The HR manager was not a member of the top management team, which has in Whiskey traditionally been kept very small with close, rather informal relations. The role of the HR function grew important as people were made redundant and the HR manager was regularly approached by management.

Important HR activities were compensation and benefits and also organisational restructuring. Little time was also spent on training issues, while recruitment was minimised. Instead, in addition to the large layoffs certain managers were made redundant, implying hard work for the HR function.

4.11.1.1 Whiskey early HR roles

In the early days The HR function was characterised by a high degree of decentralisation, and no particularly strategic activities were reported to be on the agenda. It seems that the foremost role played by the HR function was the process engineer. To which extent the negotiating lawyer was present is hard to tell. There is no actual evidence of the role, but it appears as if Finnish traditional HR functions generally play the role of both negotiating lawyer and the process engineer.
4.11.1.2. Whiskey early influencing factors

**Organisational level.** At the early stage, there was not much of an HR function. The main factors having influenced the role seems to be the business strategy and the administrative heritage. Having a decentralized function was something the organisation had got used to. The fact that the financial situation was good and the company was family-owned increased the degrees of freedom.

**Table 48** Factors influencing the roles of the early Whiskey HR function

| The inner context | Organisational | • Administrative heritage  
 | | | • Business strategy  
 | | | • Financial situation  
 | | | • Ownership

4.11.1.3. Whiskey current HR roles

The role of the HR function became more strategically important. At the current stage, a strategy implementer was identified in addition to the process engineer role, and the negotiating lawyer role was also verified.
4.11.1.4. Whiskey current influencing factors

The business situation appears to have forced the HR function to streamline its processes, which in turn led to a more visible HR function, as HQ HR centralised the HR procedures. Also the business situation lead to serious layoffs which also made the HR function central.

**Outer context.** The economic cycle seems thus to have influenced the HR function from an outer context.

**Organisational level.** Within the inner context, an organisational factor that appears to have influenced the roles was the financial situation. The changes in ownership structure, the growth and the increased internationalisation were other organisational factors that affected role formulation.

**Individual level.** On an individual level, the input of top management seems to be moderate – they do not appear to have had a major stake in HR’s role formulation. The competence of the HR manager might on the other hand have been crucial as she, with her extensive line experience f, cut costs effectively. Previously salary expenses had soared.
Table 49  Factors influencing the roles of the current Whiskey HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>• Economic cycle</th>
</tr>
</thead>
<tbody>
<tr>
<td>The inner context</td>
<td>Organisational</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Individual</td>
<td>HR professionals:</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.11.2. X-ray’s HR function

The description and analysis of the current case, X-ray, is based on data from an in-depth interview with the HR manager of the company (HR X-ray). X-ray is a Finnish service provider with operations in several countries. It is owned by the government, and aims at financial profitability.

Table 50  Milestones of the X-ray case organisation during the studied decade

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>New CEO and first HR director appointed</td>
</tr>
<tr>
<td></td>
<td>Organisational restructuring including reformulation of company strategy</td>
</tr>
<tr>
<td>Years 3-4</td>
<td>Restructuring of HR function</td>
</tr>
</tbody>
</table>

The head of HR had an MBA and some twenty years of experience from line management and five years from HRM within another, privately owned service provider. At the time of the interview, she had been working as HR manager within X-ray for four years. Before she joined the organisation, there was no actual head of HR, whereas the deputy CEO was responsible for HRM. The current head of HR became a member of the expanded management group as soon as she joined the firm.

X-ray had been experiencing a decline in demand of its services and products. Due to technological innovations, the current business had been decreasing and there had been an explicit need to sharpen the business focus. A new strategy was launched and the whole organisation needed to be reorganized in order to be able to support the new business goal. Several business units were sold as they did not represent core activities according to the new strategy. Other small acquisitions were made.

Prior to these changes, the HR function was undefined. Some parts of it were clear, such as industrial relations and management development. Also, employee surveys were made, training was offered and employee welfare including healthcare was catered for. Otherwise it was a mishmash of separate issues.

HR X-ray: HR took care of various issues that had for some reason lapsed to HR.
The number of HR staff in the various business units varied from zero to several, and they lived a life separate from HQ. Centrally there was a corporate service provider, which took care of the payroll, travel expenses and so forth, employing some 40 people.

As a consequence of the corporate restructurings the HR function was also restructured. An analysis of the current state made the HR manager realize there was lots of overlapping within the function, things were taken care of in an inconsistent manner, there were duties that no-one was responsible for, and important issues which should have been dealt with systematically were forgotten about.

HR X-ray: Our organisation [the HR function] did in no ways support the unification of processes, the efficiency, the systematizing nor the strategic thinking of the company. That’s why we suggested that a centralized HR function would be built.

Today it embraces six basic HR-processes, which are believed to be the crucial ones. These are change management; employee wellbeing; performance management; training and development; employment conditions; and payroll and record keeping.

HR X-ray: The new CEO began searching for a united determination in order to separate the organisation from having a collection of detached strategies as company strategy.

The HR function, lead by the HR manager, decided on how to organise the HR function, and set up a number of intra-functional goals in order for the function to make sure that it will be able to support the business strategy. The CEO gave the HR manager his support by emphasising the value of HR activities.

The HR manager argued that the presence of HR in top management makes it easier for HR to support the business. Within X-ray, all HR managers at divisional level except for one, were also members of the divisional management group. At the time of the interview, the HR function was experiencing the most problems in the division where HR had not a seat at the table. The line manager of that division was being made redundant and the aspiration was to recruit a new line manager who would value the HR function more highly.

HR X-ray: He [the current line manager] did not see any value added in having HR in the management group. We [HR] experience a lot of problems in that particular division because the management group never knows what to do. It is impossible for us [HR] to know the preferences and emphasis of the management group, what are their possible problem areas. Although our HR staff tried to ask management’s priorities, training needs and their expectations for HR, the fact that HR is not present in the meetings listening to the discussion registering what is said shows clearly at our end. As the line manager will be replaced, we are hoping that HR will become a member of the management group.

It is expected that long-term HR planning will be a future challenge.

HR X-ray: I feel HR issues are prioritized well enough in our organisation. The value of HR is understood.

The ways in which the HR function works together with top management to support business strategy suggest that the HR function is to a large extent a strategy implementer and also to some extent a business partner. In addition, the HR function caters for the process engineer role.
4.11.2.1. X-ray early HR roles

The early HR function of X-ray was perceived to be decentralised, scattered, with tasks related to administrative and industrial relations. The roles partly identified were thus those of process engineer and negotiating lawyer.

![Diagram of strategic and tactical roles]

Colour description:
- Role not identified
- Some elements of role identified
- Role clearly identified

Figure 36   The roles of the early X-ray HR function

4.11.2.2. X-ray early influencing factors

Organisational level. The lack of focus appears to have affected the role, thus I regard the (lack) of business strategy to be an influencing factor. Also the administrative heritage is likely to have had a certain impact on the role. The fact that the organisation was owned by the state can be regarded to add to the particular administrative heritage that was affecting the whole organisation.

Table 51  Factors influencing the roles of the early X-ray HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>● Business strategy</td>
</tr>
<tr>
<td></td>
<td>● Ownership</td>
</tr>
</tbody>
</table>
4.11.2.3. X-ray current HR roles

The role of the HR function became more focused and strategically important. At the current stage, a strategy implementer was identified in addition to the process engineer role. Also the business partner was partly identified.

![Diagram of X-ray current HR roles]

Figure 37   The roles of the current X-ray HR function

4.11.2.4. X-ray current influencing factors

**Outer context.** Factors within the outer context, such as increased competition (i.e. the doings of other corporations), changes in consumer behaviour and technological innovations, forced the organisation to rethink its strategy. The changes in consumer behaviour can be traced to the technological development.

**Organisational level.** The inner context reacted to the changes within the outer context, hence the business strategy was changed according to the outer pressures and also the structure of the organisation was changed. These changes in turn influenced the HR function to restructure itself.

**Individual level.** Prior to the restructuring, a new CEO had been appointed, with a mandate to find a new business focus and to lead the organisation through the restructurings. The attitude of the new CEO regarding HRM differed from the view of his predecessor. Also, the HR director had been replaced at the same time, and it appears as if the new HR director was competent and had the will to perform, which was new to the organisation.
Table 52  Factors influencing the roles of the current X-ray HR function

| The outer context |  ● Technological development  
|                   |  ● Other corporations  |
| The inner context |  ● Structure of organisation  
|                   |  ● Business strategy  |
| Individual       |  ● CEO / top management:  
|                   |  ● Attitude regarding HRM  |
|                   |  ● HR professionals:  
|                   |  ● Competence  |

4.11.3. Yankee’s HR function

The description and analysis of the current case, Yankee, is based on data from an in-depth interview with the HR manager of the company (HR Yankee). Yankee is a Finnish product and service provider with operations in a number of countries. It is privately owned, with long traditions of providing high quality to customers.

Table 53  Milestones of the Yankee case organisation during the studied decade

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>New CEO appointed</td>
</tr>
<tr>
<td>Year 3</td>
<td>New HR director appointed</td>
</tr>
<tr>
<td></td>
<td>Sharpening of HR function</td>
</tr>
</tbody>
</table>

Yankee had experienced a number of CEOs within only a few years. Finally the firm succeeded in hiring a CEO with whom the board of directors was pleased. The CEO started to revise some managerial procedures and for example employed an HR director who also became a member of the top management team.

The newly appointed HR director held vast experience of the field of HRM, having worked as HR manager within various organisations during the last two decades. During the seven most recent years he had been working within Nokia as HR manager in different business units.

The HR director explained the changes that had been taking place within Yankee’s HR function since he entered the organisation:

HR Yankee: Yankee has lacked proper tools, there have been no united processes, and the activities of the HR function have been mainly administrative. During the past few years we have started a management development project, management assessment, and we are introducing an IT tool for HR. By doing this, we try to find ways of supporting line managers more efficiently.

Furthermore he argued that the co-operation within the organisation across borders and business units has increased thanks to his attempts to centralise some of the HR processes and procedures.

The number of HR professionals / employee is 1:300, which is perceived to be relatively low. That number did not change significantly during the years when the HR function was reformed. However, the resources are gradually being moved from HR administration such as payroll to more strategic duties.
HR Yankee: We are looking for synergies within the HR function by centralising HR administration, which has so far been managed separately within each and every business unit.

The urge to centralise some activities in order to gain from synergies does not concern HR alone. The new CEO has systematically moved away from the holding structure which characterized the organisation when he joined, to have a more joint business management across business units.

HR Yankee: The strategic thinking within Yankee has changed during the last years since the new CEO was appointed. Yankee has grown big enough to be in need of more structure to gain cost efficiency. The owners have appointed a CEO who protects their interests.

There are four key HR areas that take approximately a quarter of the HR resources each. One issue is the succession planning and management training, another is the introduction of the IT tool which will centralize the HR administration and make it more efficient, the third is management compensation and benefits and the fourth is employee motivation. The HR manager regards his position in the management group as a prerequisite for doing his job.

HR Yankee: Our most important assets are human beings. Taking care of training and ensuring a certain level of the service we provide is a question for the management group. In such a service business, HR needs to be part of the management group, because that's where the decisions are made.

The HR manager further argues that the decision made by the CEO to have HR in the management group is likely to be a consequence of the increased competition for employees.

HR Yankee: We cannot fulfil our business strategy if we do not have employees, or if our employees do not have the knowledge needed and are not motivated, or are not retained within the company.

The aim of the HR function is for the organisation to be regarded an attractive employer, and to be able to train and develop the employees. The future challenge is regarded to be to find employees.

4.11.3.1. Yankee early HR roles

Yankee HR function used to be decentralised and administrative. Hence, it is argued that the most central role was that of process engineer role. The negotiating lawyer role might also have been present, as it often is in traditional Finnish personnel functions, although the study lacks concrete evidence of such a role.
4.11.3.2. Yankee early influencing factors

**Organisational level.** The factors identified that seem to have influenced the role are organisational. It appears as if the administrative heritage has made sure that business is run as usual. To have a decentralized HR function was part of the business strategy, and apparently the decentralization also led to inefficiency concerning administrative tasks.

Table 54   Factors influencing the roles of the early Yankee HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>• Business strategy</td>
</tr>
</tbody>
</table>

4.11.3.3. Yankee current HR roles

The current state of Yankee was still very much involved with HR administration, having an important process engineer role. More and more the function was moving towards strategic tasks, already being a strategy implementer, and gaining ground regarding the business partner role.
4.11.3.4. Yankee current influencing factors

The factors that have influenced the role formulation of Yankee HR function appear to be found within the inner context.

**Organisational level.** The organisation had grown, and this growth placed new demands on its structure and to some extent on the business strategy as well.

**Individual level.** Furthermore, there was a new CEO, who was in favour of having HR in the management group. Also a new HR manager had been appointed; someone with considerable competence and the will to improve the function. Se was also given a mandate to influence top management work by the CEO.

### Table 55  Factors influencing the roles of the current Yankee HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th></th>
<th>Individual</th>
<th>CEO / top management:</th>
<th></th>
<th>HR professionals:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>ATTITUDE REGARDING HRM</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>COMPE TENCE</td>
<td></td>
</tr>
<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td>REPUTATIONAL EFFECTIVENESS</td>
<td></td>
</tr>
</tbody>
</table>

**Figure 39**  The roles of the current Yankee HR function
4.11.4. Zulu’s HR function

The description and analysis of the current case, Zulu, is based on data from an in-depth interview with the CEO of the company (management Zulu). Zulu is a Finnish family-owned manufacturing company with operations in a number of countries.

Table 56  Milestones of the Zulu case organisation during the studied decade

<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
</tr>
</thead>
<tbody>
<tr>
<td>Year 1</td>
<td>New head quarter established</td>
</tr>
<tr>
<td>Year 9</td>
<td>New CEO appointed internally</td>
</tr>
</tbody>
</table>

Zulu is an organisation consisting of three independent business divisions. The philosophy is to let the divisions be independent of the HQ, although with a high level of co-operation across the divisions.

At HQ there is no HR manager or HR function. However, the HR managers of the business divisions are members of each divisional management team, and together the HR managers constitute an HR team which meets regularly, having a rotating chair.

Management Zulu: The HR professionals need to be involved in the strategy work, in every single division and production unit. There is an HR professional in the management group. They are deeply involved in the business.

Competence development, safety, the development of best practices, and compensation are activities that are stressed. The organisation wants to take good care of its rising stars and make sure each and every one returns home safely at the end of every working shift. The compensation is argued to be complex, and hence the whole compensation process is catered for in-house. Industrial relations do not seem to be a high priority.

Management Zulu: One often hears old-fashioned HR managers arguing that one needs to take legislation into account; that one cannot do this and that – and I say that’s bull shit. Every country has its laws and paragraphs and working hours, but if you find a best practice it is possible to rethink. It is possible to rethink.

4.11.4.1. Zulu early and current HR roles

The data on the current case derive from one interview with the CEO. Hence, the viewpoint differs a bit compared to the other non-mergers where HR directors have been interviewed.

The perception is that the role of Zulu HR function has not changed for a long time. The interviewed CEO has been working within the organisation for a long time, with close contacts to HR managers, especially in his former position as line manager.

Management Zulu: HR issues have always been close to my heart... I believe many organisations have too narrow a view of human resources.

The identified roles of the early and current stages of Zulu are the same – specifically the process engineer and the business partner – hence they are presented only once.
4.11.4.2. Zulu early and current influencing factors

**Organisational level.** The strategic choice, to have a decentralised HR function, seems to be an influencing factor. Changes do not seem to have appeared for a long time, which suggests the traditions and the administrative heritage are strong.

**Individual level.** The attitude of the CEO appears to be the single most important factor that influences the HR function, and the business strategy concerning HR.

Management Zulu: I believe in a strongly decentralised organisation and I believe in strong operation between the decentralised units. I trust that the HR managers can handle their job without a strong HR leader at HQ. I trust in the HR managers’ cooperation. Sometimes we win, sometimes we lose.

**Table 57** Factors influencing the roles of the early and current Zulu HR function

<table>
<thead>
<tr>
<th>The inner context</th>
<th>Organisational</th>
<th></th>
<th>Individual</th>
<th>CEO / top management:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>• Business strategy</td>
<td></td>
<td>• <strong>Attitude regarding HRM</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Administrative heritage</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

To summarise, within the three first non-mergers, i.e. Whiskey, X-ray and Yankee, a restructuring of the HR function had recently taken place. Previously these organisations had had decentralised and unstructured HR functions, mainly concerned with personnel administration. As a consequence of the various changes that were
taking place in the organisations, e.g. cost-cutting in Whiskey, strategy reformulation in X-ray and change of HR manager in Yankee, the HR functions had recently undergone changes, and consequently become more structured, centralised and efficient. The HR function of the fourth non-merger Zulu had not experienced any larger changes. The function was decentralised, but with structured co-operation across the business lines.
5  CROSS-CASE ANALYSIS

This chapter analyses the changes that appear to have happened in the roles played by the HR functions studied. Chapter four examined the individual case organisations, giving an overview of the HR roles at two different points of time, pre- and post-merger. The discussion is now taken further by a cross-case analysis, looking for possible patterns in the roles played.

In this chapter, the three first sections (5.1-5.3) analyse and discuss role development in the merger cases. The first describes at a general level the shifts that have occurred concerning the roles played by the HR function. The second subchapter concentrates on the factors that have influenced the changes, discussing the extent to which the individual factors have been identified in this study. The third subchapter combines the discussion in the two first sections. The five proposed roles are discussed one at a time, together with the influencing factors identified, in an attempt to distinguish the factors that affect each role.

Comparative analyses are presented in chapter 5.4. First, the differences in the roles between the HR functions of Swedish and Finnish firms, including differences in Finnish-Finnish mergers compared with Finnish-Swedish mergers are analysed. Second, possible explanations for the differences between the HR functions in the merger cases and those in the non-mergers are elaborated on. Chapter 5.5 discusses the applicability of the theoretical framework presented in chapter 2, while the final subchapter (5.6) presents a new model which emerged from the data.

5.1. HR roles

Based on the data sample it appears evident that the roles of the HR function change over time. Only two cases out of ten (DeltaEcho and IndiaJuliet) appear to have the same HR roles after the merger as they did before. These HR functions had, however, experienced the role changes within the HR function shortly before the merger took place. The next question that arises is how did the roles change? Is there a pattern in the HR functions moving from one role or roles to others?

**Strategy implementer.** The data suggests some patterns. A general trend is the rise in the frequency of appearance of strategic roles. It seems that the strategy implementer role occurs much more frequently in post-merger organisations than in pre-merger organisations. In the pre-merger organisations elements of the strategy implementer role were identified in less than half of the cases, while the same role was present in all post-merger cases. Interestingly, the role was clearly identified in two cases only, while partly identified in the rest of the cases. The finding may suggest that the strategy implementer role is – within the post-merger context - in its early stages, that elements of it are found widely, but few HR functions have yet managed to incorporate the entire role.

**Process engineer.** Another role is present in every single post-merger organisation - the process engineer role. This is the most frequently appearing role throughout the study. Among the pre-merger cases the process engineer is clearly identified in 15 cases and partly identified in 3 cases out of a total of 18 pre-merger HR functions. The importance of the role has remained fairly constant, as among the post-merger cases
the role is clearly identified in 10 organisations and partly in one (out of a total of eleven cases\textsuperscript{34}).

As both the strategy implementer and the process engineer appear to be vividly present in many of the cases, it suggests – according to the framework - that the HR functions are reactive. The proactive side of the framework, i.e. including the business partner, the employee advocate and the negotiating lawyer, is not identified as frequently as the reactive roles are.

**Negotiating lawyer.** The visibility of the negotiating lawyer role seems to decrease somewhat over time. In many pre-merger organisations, the negotiating lawyer role was important. It was clearly identified in six (India, Juliet, Kilo, Papa, Quebec, and Sierra) and partly identified in yet another six (Alpha, Bravo, Echo, Foxtrot, November and Tango) out of a total of 18\textsuperscript{35} pre-merger HR functions. In the post-merger organisation industrial relations appear to be less emphasised, as the negotiating lawyer was clearly identified in only two post merger cases (India and Juliet), however still partly identified in another six cases (Charlie, DeltaEcho, Hotel, KiloLima, MikeNovember, and SierraTango) out of a total of 11.

**Employee advocate.** The employee advocacy role does not seem to appear frequently, either before or after a merger. It was partly identified in two pre-merger functions and partly in two post-merger functions. One of the case organisations that had elements of an employee advocate in one of its pre-merger functions (i.e. Bravo) lacked it in the post-merger function, while in another case organisation the employee advocate role was identified in both one of the pre-merger functions (Echo) and the post-merger organisation (DeltaEcho). Additionally one post-merger organisation (QuebecRomeo) had features of the role although both of its pre-merger functions had lacked any signs of it. Hence, the employee advocate seems to appear randomly, lacking an apparent logic.

**Business partner.** The business partner role is likewise a rarity. The role was identified in one pre-merger setting only (Bravo), and in three post-merger organisations (clearly in KiloLima and SierraTango, and partly in UniVic).

In chapter 2.3.4 I referred to Hope Hailey et al.’s (2005) discussion on the difficulty of combining organisation-focused roles with roles focusing on employees. This study finds some evidence supporting that logic. Either employee advocate or the business partner roles are found in nine situations which represent either a pre-/post-merger or a non-merger case (Bravo, Echo, DeltaEcho, KiloLima, QuebecRomeo, SierraTango, UniVic, X-ray and Yankee). Only in one of them (Bravo) were the two roles present at the same time. Yet another change appears to be the increase of roles played by post-merger HR functions compared to pre-merger HR functions. Based on my analysis it appears that the median for pre-merger functions is two roles (more than 70% of the studied pre-merger functions play two roles or less), while it is three for the post-merger functions (more than 90% of studied post-merger functions play three roles or more). Thus, according to my study there is a trend of HR functions becoming more versatile. The finding reflects the pressure on the HR function to perform a wide variety of HR roles – as called for by numerous scholars (e.g. Ulrich 1996; Ulrich and

\textsuperscript{34} Although the number of merger cases is ten, the post-mergers are eleven, because of the de-merger of India and Juliet.

\textsuperscript{35} Although the number of merger cases is ten, the analysed pre-merger HR functions are not twenty but eighteen, because, data on Delta pre-merger HR function was too scarce to analyse, and Oscar lacked an HR function.
Brockbank 2005a). On the one hand the changes might be the result of the HR staffs’ conscious work to develop the HR function, but on the other hand it might reflect one of the vicious circles Legge noticed in 1978. Legge pointed out that there is an uncertainty about which tasks and roles the HR function should focus on, leading HR professionals to respond to every knock on the door. To visualize the changes discussed above, summarizing models are presented below. The sizes of the circles vary in accordance with the frequency (i.e. number of case organisations) in which the different roles occur in the pre-merger and post-merger data. The bigger the circle the more frequently the role has been identified. The grey-scaled colours are familiar from chapter four, giving an overview of the extent (how clearly) to which the roles have been identified. The numbers in parenthesis show the number of times a certain role has been identified (either partly or clearly) in relation to the total number of analysed cases.

![Figure 41](Image)  The frequency of roles in the pre-merger setting

<table>
<thead>
<tr>
<th>Colour description:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Role not identified</td>
<td>Role clearly identified</td>
</tr>
</tbody>
</table>

Some elements of role identified.
In order to simplify, the circles above were placed in their initial places according to the theoretical framework. Nevertheless, the analysis suggests that the roles might be placed elsewhere in the framework than in their originally prescribed locations within the matrix. For instance, the negotiating lawyer role appears in certain cases to play a more reactive than proactive role (e.g. Alpha; Charlie; KiloLima; Quebec), and quite a strategic role in some others (Juliet; MikeNovember). The process engineer role does not always seem to be entirely tactical and reactive (e.g. Bravo), nor does the employee advocate always fit neatly into its prescribed proactive and tactical box (e.g. Echo; QuebecRomeo). Nevertheless, the two strategic roles - the business partner and the strategy implementer - have remained in their theoretical positions throughout this study sample.36 The placement of a certain HR role in a certain company may differ from that in the framework. The reasons for this are the multi-faceted nature of HR functions, the difficulty of defining HR roles and the fact that HR functions operate in different contexts.

The complexity might also be a reflection of the divergent roles of the HR function. Although a general pattern of HR functions becoming more strategic appears to be found, a more detailed analysis suggests the HR function to be increasingly divergent. (Truss, 2009). Despite the arguments and evidence of institutional isomorphism which suggests an increased convergence between HR functions across companies in a social field, my study finds the organisation-specific characteristics to have greater impact on the HR function.

36 For a further discussion on the applicability of the framework see section 5.5
To conclude, change indeed happens, but how revolutionary is it? The process engineer remains the most vivid role, and the negotiating lawyer is identified in several pre- and post-merger HR functions, as is the strategy implementer. The business partner and the employee advocate roles continue to be rare. Previously scholars have found conflicting evidence of the degree to which the HR function is changing its roles. Brewster (1995) argues that the roles are stable, while Mabey et al. (2006) state that change is taking place within the HR function. My study suggests that change does occur within the HR function, but it does not appear to be very dramatic. Or the potentially dramatic changes are at least not very fast, as the study covers no more than ten years.

As potential barriers to change Guest and King (2004) note that top management does not treat HR as a high priority, and the HR specialists do not succeed in identifying priorities for improvement. I will return to this in section 5.6 where I discuss the relationship between the expectations of top management and performance of the HR function.

5.2. Influencing factors

In chapter 2, the possible influencing factors were divided in an outer context and an inner context. Having analysed the case organisations it appears as if the inner context has a much bigger impact on the roles played by the HR function than the outer context, although elements from both contexts were identified. Previously, scholars have drawn attention to the inner context, arguing that internal factors might help us to understand the diversity of HR roles and practices. In their study on the HR function Hope Hailey et al. (1997) found that internal factors such as organisational culture dictate different HR practices and roles. It was argued that the affecting variables go beyond the typical factors identified by the contingency model such as business life cycle to an understanding of internal factors.

In this study, the inner context was divided into an organisational and an individual level. The administrative heritage, which is part of the organisational level, seems to be one of the single most important influencing factors. According to my study, equally important factors are the attitude towards HRM held by the CEO and top management and the competence of the HR director and HR professionals.

In addition to the influencing factors discussed in chapter two, other factors arise from the data. Within the outer context demography and consumer behaviour were found to affect the HR function. Within the inner context organisational factors that were not mentioned in chapter two, but according to the data merit attention are organisational (in)stability, type of workforce (i.e. blue or white collar), ownership and structure of the organisation. An additional individual factor is the previous experience of the CEO/management group. Two additional factors were also found within the merger context, namely understanding of the other organisation and the other party’s attitude towards learning.

In the sections below I discuss both the factors that were part of my conceptual framework and those that emerged from the data.
5.2.1. The outer context

Within the outer context, the four factors discussed in chapter two were identified, i.e. the economic cycle, the impact of other corporations, the political and legal environment, as well as technological development. In the pre-merger cases, the first three factors mentioned are found, while in the post-merger organisations the number of identified factors within the outer context has risen to five, covering all mentioned factors as well as demography. Also, consumer behaviour was identified as an influencing factor, although only in a non-merger. As the sample studied consists of case organisations originating from two different countries, the possible country of origin effect deserves elaboration. For a further discussion on national differences, see chapter 5.4.1.

On a general level, elements from the outer context are identified in eight out of 18 pre-merger settings (Alpha, Juliet, Quebec, Romeo, Sierra, Tango, Uniform and Victor) and in seven out of 11 post-merger settings (Charlie, DeltaEcho, Juliet, KiloLima, MikeNovember, QuebecRomeo, and SierraTango), which might suggest a small increase in the impact of the outer context. Nevertheless, none of the individual external factors appear in more than a quarter of the analyzed merger situations. The political and legal environment and the economic cycle are the two most frequently identified outer factors that affect both pre- and post merger HR functions – legislation/political and legal environment being identified in two pre-merger (Alpha and Quebec) and four post-merger cases (Charlie, DeltaEcho, KiloLima and MikeNovember), and the economic cycle in four pre- and three post-merger organisations (Juliet, Romeo, Uniform and Victor, as well as Juliet, QuebecRomeo and SierraTango).

The findings suggest that the factors within the outer context occasionally affect the HR function, but the relation between the individual external factors and the identified HR roles is far from obvious. In order for e.g. demography and the economic cycle to affect the HR function, they need to be exceptional, or vice versa – there may be something special about the organisation/HR function as it is affected. For instance, a financially unstable organisation may be more readily affected by an economic recession than a stable one, and a newcomer might with greater ease and speed take advantage of technical innovations than would an old, traditional organisation. As an example my data show that competing organisations, which are subject to the same industry-specific crisis implying a decrease in the demand, deal with the situation in very different manners. For some, the crisis implies huge layoffs made to cut costs, while for others the action taken is less dramatic. The factor influencing the roles of the HR function cannot be the crisis alone. Organisational factors such as the financial situation and business strategy seem to have an impact on the activities.

The political and legal environment. Legislation is something that each and every organisation is subject to, but only in a few cases does it appear to have an important effect on the HR role. The small variance found might be explained by differences between industries as well as by the perceived importance of legislation. Perhaps the education of the HR professionals moderates the impact of the legal environment; HR professionals with a degree in law would be more likely to let the legal circumstances impact the work of the HR function focus on legislation than others (e.g. case Juliet).

Technological development. In recent decades, technological developments have had a huge impact on certain industries. The factor was indentified to have influenced only two HR functions, namely Charlie and SierraTango. However, technology has
certainly had an indirect influence on a majority of organisations. In particular, the administrative role of the HR function seems to have developed substantially because of the increase of available IT tools.

**Consumer behaviour.** Within one case organisation (X-ray), technological development was found to have an extreme impact not only on the organisation per se, but also on consumer behaviour which in turn forced the organisation to rethink its existence. The restructurings that followed had a subsequent impact on the role of the HR function. The findings suggest that consumer behaviour may be of crucial importance for the whole organisation.

**Demography.** Demography is identified as an influencing factor of two post-merger HR functions (QuebecRomeo and SierraTango). The organisations fear a future lack of talent and hence increased competition for skilled employees.

**The impact of other corporations.** The impact of other corporations refers to institutionalisation, including influences from e.g. the industrial environment. Among the case organisations ‘other corporations’ are identified as an influencing factor in Alpha, Charlie, Sierra and Tango. The extent to which industry generally speaking can be regarded as an influencing factor remains unclear. Especially within the service sector respondents (from both the merger and non-merger sample) who are used to a prominent HR function argue that it is a question of industry.

    Kilo management: In this industry [service provider]...the HR function should always be a function at top management level.

    Yankee HR: In such a service business, HR needs to be part of the management group, because that’s where the decisions are made.

The business partner role was found in a total of four merger settings, two representing production industry (Bravo and SierraTango) and two the service sector (KiloLima and UniVic). In other words, the business partner role is not found in 12 analysed merger settings representing the production industry and 14 settings within the service sector. Based on that particular finding, no conclusion can be drawn about the industry’s effect on the occurrence of the business partner role.

As a matter of fact, the argument made by Juliet’s CFO (Juliet was active in the service sector), who did not perceive the HR function as a top management function and hence not a business partner, contradicts the quotes above by the Kilo and Yankee respondents:

    CFO Juliet: I do not see why they would be needed [HR function in top management]. If you look at other players in this line of business, I do not think you will find any HR manager in the top management team.

One corporation that appears to have had a strong influence on HR functions in Finland is Nokia. Respondents from five different case organisations (DeltaEcho, Hotel, IndiaJuliet, KiloLima and Yankee) mentioned Nokia as an influencing factor. These organisations either regarded Nokia’s HR to be a model function, or they admitted to copying some of Nokia’s HR tools. Three of the case organisations employed a former Nokia HR manager.

    HR Kilo: We talk about business HR – Nokia was the first to use that term – but now we use it as well – cause we are partners with Nokia.
HR Hotel: Our [the HR function’s] aim is to be an industrial bench mark ... I have to brag ... our pension costs are of such a calibre that Nokia wants to copy us. But I want their compensation schemes in return.

**The economic cycle.** The economic cycle refers to long-term pattern changes in macro economy, often including four different stages, featuring expansion (upswing), prosperity (boom), contraction (slump), and recession. According to the study, conducting a merger during a boom or upswing facilitates integration.

November management: We were fortunate to merge during a boom. It’s always easier to sail before the wind. Today we are struggling with layoffs and it’s much harder.

Tango HR: We were lucky as we experienced a boom, and hence did not need to focus on any unfortunate matters; instead we were actually able to focus on the development.

The quotes above suggest that good times are much more likely to imply development of the HR function, while bad times forces the function to concentrate on cost-cutting and layoffs. The reformulation of the HR function which might take place as a consequence of the merger is hence likely to be affected by the economic cycle, so that recession is more likely to emphasise the negotiating lawyer role while expansion and prosperity potentially will release HR resources to focus on developmental issues. As an example, during its integration phase, SierraTango invested 240,000 working hours on training, divided on 3,000 managers, as part of its management development scheme.

According to the study, economic contraction and recession has an impact on the HR function, which is likely to strive for increased efficiency during financially difficult times. The finding is based on the changes that seem to have taken place within the studied case organisations during the early 2000’s. A question that arises is why these HR functions did not seek that efficiency during the much deeper recession in the early 1990s. One possible explanation is that the supply of IT tools was scarce in the 90s. Similarly, the use of IT tools among competitors might have been rare and hence the institutionalisation effect did not push HR functions to implement efficient IT tools. Speaking of institutionalisation, in the early 90s Nokia had not yet become a market leader. Nor had Ulrich (1996) published his work ‘Human Resource Champions’, which seems to have had an impact on HR functions in general and Nokia’s HR in particular. As noted above, respondents referred to Nokia’s HR function. Also, some of them (e.g. KiloLima and Hotel) referred to Re Ulrich’s classical work.

HR Kilo: This [Ulrich’s two-by-two] is our main guide; there is nothing that would better describe what HRM is all about.

Based on the argumentation above, it seems that the institutionalisation effect on the HR function is important. The finding is supported by numerous previous research (see e.g. Truss et al. 2002; Björkman et al. 2007)

### 5.2.2. The inner context

#### 5.2.2.1. Organisational factors

The inner context is divided into organisational and individual factors. The study identifies nine different organisational factors that in varying amount appear to affect the role of the HR function. Five of them were part of the conceptual framework of the study, namely: administrative heritage; business strategy; degree of
internationalisation; financial situation; and organisational growth. The remaining four, i.e. type of workforce (blue/white collar); organisational structure; ownership; and organisational stability have arisen from the data.

**Administrative heritage.** The administrative heritage, which refers to the existing organisational attributes, is by far the single most important influencing factor on organisational level, suggesting that it is difficult for the HR function to get rid of old routines and patterns. Bartlett and Ghoshal (1989) found in their study the administrative heritage to be an important influencing factor in every organisation they studied. Characteristic for the administrative heritage is that it resists change.

**Financial situation.** The financial situation appears to have influenced a third of the studied organisations in all three samples (pre-; post-; and non-merger). In some of the cases the organisational financial situation seems to be linked to the external economic cycle, forcing the HR function to layoffs and subsequent co-operation negotiations during stricter times and allowing human resource development and recruitment during better times. In other cases cost-cutting might be part of the business strategy.

**Business strategy.** The business strategy appears to have had an influence on the role occurrence as well, as it was identified in ten of the 30 merger settings analysed (Bravo, DeltaEcho, Golf, India pre-merger, India post-demerger, Juliet pre-merger, Juliet post-demerger, Oscar; Quebec and Romeo). How it affects the HR function appears to vary from context to context. Sanz-Valle et al. (1999) studied the impact of business strategy on HRM and found that the impact of the business strategy varies depending on strategy and HR activities, hence stating that one strategy can affect different HR activities in various ways. This study identifies the business strategy as an influencing factor mainly in organisations where short-term profitability is the top priority. For instance, DeltaEcho was subject to a rationalisation process which highlighted the negotiating lawyer role, India and Juliet had a strict head count in search for higher profits, also leading to an accentuated negotiating lawyer role, while the roles played by Romeo HR function were kept to a minimum because the short-term strategy did not allow any HR initiatives as they were regarded as unnecessary. The data of this thesis regarding the business strategies of the different organisations is however scarce, and the strategies vary from organisation to organisation. Thus, it is argued that the ten HR functions studied in which business strategy appears to have influenced the HR function, is too heterogeneous a sample to draw any further conclusions about the ways in which it impacts HR. Hence, this study reckons that business strategy is a potential influencing factor, but does not draw any further conclusions on the way in which it impacts.

**Additional organisational factors.** The other organisational factors this study identifies – the type of workforce; organisational structure; organisational growth (organic); ownership; and organisational stability – seem to appear randomly and in a few cases only, hence lacking greater implications for the HR function. Only one of these additional organisational factors stem from the theoretical framework (organisational growth) while the others have arisen from the data.

Type of workforce refers to either white- or blue collar workers, and suggests that the role of the HR function in some cases varies in accordance with the type of workforce. In Victor it was for instance argued that young educated professionals were not in need of surveillance, while Foxtrot experienced frequent brawls on the shop floor.
Organisational structure was identified as an influencing factor in organisations that lacked an HR function. Both in Lima and Papa HRM was mainly handled by line managers. The organisational structure might in turn have been influenced by external factors, such as institutionalisation, as Lima and Papa were active in the same industry.

Moreover study my finds that ownership might impact the role of the HR function. State owned organisations might be more likely to make a social effort, as in the case of Quebec, and family owned organisations (Echo, Whiskey) might not perceive high short-term profits to be the top priority, which for instance some listed organisations seem to do (Juliet).

Organisational instability was identified to have influenced one of the HR functions studied (Romeo). It refers to the lack of stability caused by numerous changes of CEO in a short period. Top management turnover was assumingly not the initial cause of the instability, but rather a consequence of it, nevertheless leading to increased instability.

The additional organisational factors reported in this section seem to appear in limited numbers and hence my study does not find them to have had a great impact on HR functions in general. However, the potential influence of the factors is acknowledged. The influence of internationalisation is discussed further in section 5.2.3., which discusses the merger context.

### 5.2.2.2. Individual factors

The inner context furthermore includes individual factors, which are divided into factors concerning first the CEO and/or the top management, and second the HR director and/or HR professionals. The attitude regarding HRM of the first group appears to have a great impact on the role of the HR function. Likewise, the competences of the HR director and HR staff, as well as the reputational effectiveness of this group seem to be of decisive importance for the HR function. These three factors (i.e. CEO attitude, HR competence and HR reputational effectiveness) are identified in at least two thirds of the cases studied. The competence of the HR professionals seems to be particularly important post-merger, as it is identified as an influencing factor in ten out of 11 post-merger HR functions.

It seems evident that the interplay between the HR professionals and the top management is important for the role of the HR function. In chapter two, the role-set theory was discussed in an attempt to define the term *role* and explain to the reader how that concept is understood in this study. It seems important to revisit the theory and discuss to what extent the role expectations held by the role set according to this study might have a decisive impact on the role performance of the focal HR function. The discussion is further developed in chapter 5.6.

### 5.2.3. The merger context

As previously argued, the merger context is a particularly interesting context for research on the HR function, as a merger implies the integration of two different HR functions. This thesis has examined ten different mergers and only in one (UniVic) did the two pre-merger HR functions play the same roles. Hence, in the remaining nine mergers one was forced to integrate two HR functions that were playing different roles, and perhaps were subject to very different expectations.
In chapter two, changes in organisational structure, organisational growth, internationalisation, and the power relation between the parties were discussed as potential influencing factors within the merger context. The empirical study suggests that also the newly gained understanding of and attitude towards the other organisation can have an impact on HR's roles. All but one of these factors was identified in less than half of the merged organisation, suggesting that the circumstances of the mergers differ. The understanding of the other organisation is nevertheless a factor that seems to have influenced a majority of the merged corporations.

**Changes in organisational structure.** As a consequence of merger integration the structure of the pre-merger organisations are likely to give way in new shared structures. The changes are likely to concern most of the organisation including the HR function. Below I will argue that the change in organisational structure can be traced not only to the merger per se but also to the growth of the company, which is a result of the merger. Furthermore, the understanding of the other organisation and the attitude towards learning from the other will affect the degree to which the organisation and the HR function as part of it will change.

**Growth.** The sudden growth of the organisation is yet another direct consequence of the merger. The growth in turn appears to speed up the need for common processes and IT tools.

> HR Quebec: In Sweden we have 17 different IT systems for HR administration. It’s the same in Finland. Taking into account that our company operates in several countries the total number of IT systems for HR purposes currently easily amounts to 100. You don’t have to be Einstein to figure out this is expensive and inefficient.

Interestingly, the pre-merger organisations had tolerated the inefficiency that approximately 50 different IT tools for HR caused, as the problem was not taken care of until after the merger integration. A probable explanation is that the lack of consistency in organisational processes and tools that emerge through organic growth is not as visible as the problems that arise from a sudden growth caused by a merger. The perception of inefficiency appears to be likely to become untenable post-merger.

Through the sudden growth, a merger is thus likely to cause a perceived need to restructure the organisation. Half of the ten case organisations had post-integration launched a new IT tool, which would replace all the existing ones in order to improve the efficiency.

Kotey and Sheridan (2004) found that organic organisational growth tends to lead to hierarchical structures, increased documentation and more administrative processes in the HR function. These changes increase the administrative workload. A merger seems to take the needs of the HR function one step further, perhaps as a result of the economies-of-scale sought for, by improving the efficiency. The pre-merger case organisations studied in this thesis were originally large corporations, hence they had long before the merger experienced the growth Kotey and Sheridan (2004) refer to.

**Internationalisation.** One factor which affects post-merger organisations more than pre-merger is the degree of internationalisation. When two international organisations merge, the number of foreign subsidiaries increases dramatically. This appears to have an impact on the HR function which will have to face the increased complexity of managing HRM globally.
**Power relation.** This study investigates the HR function in mergers. All ten merger cases included in the study are regarded to be mergers based on the communicated aspiration of the management group to employees, media, and other stakeholders. Nevertheless, the data reveal that several of the case mergers were instead perceived by their employees as acquisitions, with one apparent acquirer organisation and one acquiree. In these organisations, the buyer took the lead in integration.

HR Juliet: There’s no such thing as an equal merger. The India HR manager made all the decisions, while we [Juliet’s HR professionals] were in the position of fosterlings.

The construction of the post-merger HR function seems to be affected by the negotiating power the HR director possesses as a consequence of the power relation in the deal (i.e., are two equal firms joining forces or is one firm wolfing down the other)? Depending on his/her perception of his/her role as either partner with the HR staff of the other pre-merger organisation or acquirer of the other HR function, his/her ability to impact on the post-merger HR practices and search for best practice is likely to vary. Thus, the study suggests that the power relation builds on the type of deal (acquisition vs. merger), as it is likely to have an important impact on the post-merger HR director’s perceived power to influence the building of the post-merger HR function.

**Understanding of the other party.** The understanding of the other merger party, including its HRM practices, appears to have a developmental impact on the post-merger HR function. Thus, the merger context can be regarded a window of opportunity to reformulate outdated practices. It is a context in which best practices can be sought, old routines can be questioned and the general aspiration can be to improve the business. The empirical evidence of this study suggests that merging organisations often succeed in developing the HR function as a consequence of the merger.

HR Victor: Either one party has to adapt to the other party’s policies and procedures or then both parties together create something new. Creating something new, calls for a lot of time and effort. We have genuinely got to know each other and tried to find the best parts.

The changes in the HR function upon integration are seldom dramatic, but often imply a movement towards becoming more versatility. Nevertheless, the study also reveals a few cases in which the number of HR roles played in the post-merger function is less than pre-merger, because important HR competence vanished from the organisation upon the merger and the post-merger HR function was therefore not capable of playing all pre-merger roles. Apparently problems occurred in mergers in which the stronger party disregards the other party’s HR competence.

**Attitude towards the other party.** The attitude is important when it comes to learning from the other party. The changes in the organisational structure as well as the changes in shared values appear as a result of integration and are linked to the understanding the organisations gain of the other party. Also, the power relation between the two parties is likely to have an impact on the attitude towards learning from the other. The more changes that occur after the merger, the more can one assume that the pre-merger organisations have been willing to rethink old structures and values. As concepts, structural changes and changes in values and identity are completely different, but in this context they are united by the will of the merger parties to change. Change of structures, values and identity does not happen as a direct consequence of the merger (compared to e.g., growth and increased internationalisation) instead it is subject to the attitude of the merging parties to learn from each other and to grow stronger together. A positive attitude towards the other...
party is important for the organisations in general, but also applies to the HR function. My study finds evidence of both positive and negative attitudes. As an example of a positive attitude, Delta’s HR function was open-minded towards Echo HR function and assumingly developed its HRM.

HR DeltaEcho: You have one HR function consisting of ten people and another consisting of ten. A merger makes it twenty. They do probably not possess exactly the same knowledge and experience, instead the HR knowledge grows and the supply of the HR function thus becomes broader.

Nevertheless, Echo HR director was less appreciative of the Delta HR function.

HR Echo: There are few things competence wise that have come from Delta. It’s Echo that has made the input in all development matters, regarding also, logistics and marketing.

Elaborating on Empson (2001) a negative attitude towards the co-workers of the other merger party is to be expected. Empson found that employees generally are not willing to share their knowledge with the employees of the other merger party.

**HR’s involvement in the merger integration process.** A new theme that arises from the cross-case analysis is the impact of HR’s involvement in the integration process on the post-merger role of the HR function. The integration process generally speaking implies two main tasks for the HR function, namely 1) to integrate the own function and 2) to support line managers and top executives in the integration of the entire organisations. According to Björkman and Söderberg’s (2006) single case study the HR function easily concentrates on the former activity. My study shows that integration of the HR function is an activity the HR function is obliged to take care of, and as the HR directors’ future careers depend greatly on the outcome of that particular integration they are likely to prioritise it. According to this study, the second main task, to support the integration of the entire organisations, receives less attention. My finding hence supports Björkman and Söderberg’s (2006) results. An involvement in the latter process is, however, a potential way of improving the HR function’s reputational effectiveness, and changing the role. In KiloLima, UniVic and SierraTango the HR managers took a leading role in integration. They succeeded in exceeding the expectations of the CEOs, and after the merger the HR function was perceived to be an important business partner, which it had not been pre-merger. Hence, the integration phase can be regarded an important window of opportunity for the HR function.

### 5.2.4. Summary of influencing factors

Chapter 5.2 has discussed the factors that appear to have influenced the roles played by the HR function. In this section, three tables are presented. The first (table 58) summarises the factors that were most commonly identified in the pre-merger setting, and the second table (table 59) summarises those factors that have been identified most frequently in the post-merger setting. In these tables, the factors are divided in frequent and very frequent factors, with the most frequent ones in bold. The variation between factors affecting the pre-merger and the post-merger settings is limited, although the number of factors influencing post-merger HR functions is higher than the number of factors affecting pre-merger HR, suggesting a wider variety of influencing factors in the post-merger setting than in the pre-merger setting. All factors are listed in alphabetical order.
Table 58  Most common factors influencing the role of the pre-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>Organisational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Economic cycle</td>
</tr>
<tr>
<td>The inner context</td>
<td>Individual</td>
</tr>
<tr>
<td></td>
<td>CEO / top management: ● Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>HR professionals: ● Financial situation</td>
</tr>
<tr>
<td></td>
<td>● Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>● Competence</td>
</tr>
<tr>
<td></td>
<td>● Reputational effectiveness</td>
</tr>
</tbody>
</table>

Table 59  Most common factors influencing the role of the post-merger HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>Organisational</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>● Political and legal environment – mainly implying legislation</td>
</tr>
<tr>
<td></td>
<td>● Economic cycle</td>
</tr>
<tr>
<td>The inner context</td>
<td>Individual</td>
</tr>
<tr>
<td></td>
<td>CEO / top management: ● Administrative heritage</td>
</tr>
<tr>
<td></td>
<td>HR professionals: ● Financial situation</td>
</tr>
<tr>
<td></td>
<td>● Attitude regarding HRM</td>
</tr>
<tr>
<td></td>
<td>● Competence</td>
</tr>
<tr>
<td></td>
<td>● Reputational effectiveness</td>
</tr>
<tr>
<td>The merger context</td>
<td>● HR’s involvement in the merger integration process</td>
</tr>
<tr>
<td></td>
<td>● New gained understanding of the other organisation</td>
</tr>
<tr>
<td></td>
<td>● Sudden organisational growth</td>
</tr>
<tr>
<td></td>
<td>● Power relation</td>
</tr>
</tbody>
</table>
The third table in this section (table 60) is a complete list of factors that have been identified in this study as factors influencing the HR function. Most of these factors can be traced to previous scholarly work; although the factors in *italics* have arisen from the data.

Table 60 Summary of factors influencing the role of the HR function

<table>
<thead>
<tr>
<th>The outer context</th>
<th>The inner context</th>
<th>The merger context</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer behaviour – identified in non-mergers</td>
<td><strong>Administrative heritage (/organisational culture)</strong></td>
<td>Changes in organisational structure</td>
</tr>
<tr>
<td>Demography</td>
<td>Business strategy</td>
<td><strong>HR’s integration involvement</strong></td>
</tr>
<tr>
<td>Economic cycle</td>
<td>Degree of internationalisation</td>
<td>Internationalisation</td>
</tr>
<tr>
<td>Other corporations (institutionalisation)</td>
<td>Financial situation</td>
<td>Organisational growth</td>
</tr>
<tr>
<td>Political and legal environment</td>
<td>Organisational growth, i.e. organic</td>
<td>Power relation</td>
</tr>
<tr>
<td>Technological development</td>
<td>Organisational (in)stability</td>
<td><strong>Understanding of and attitude towards the other organisation</strong></td>
</tr>
</tbody>
</table>

**Organisational**
- Administrative heritage (/organisational culture)
- Business strategy
- Degree of internationalisation
- Financial situation
- Organisational growth, i.e. organic
- Organisational (in)stability
- Organisational structure
- Ownership
- Type of workforce i.e. blue/white collar

**Individual**
- CEO / top management:
  - Attitude regarding HRM

**HR professionals:**
- Competence
- Reputational effectiveness
5.3. The development of the HR function

This section combines the presentation of identified roles with that of the factors found to influence their occurrence, now analysing the data on the occurrence of the individual HR roles in different contexts. The five proposed HR roles are discussed separately, in an attempt to distinguish the factors that influence each role. Figures that illustrate the relationships between specific roles and specific influencing factors are included.

5.3.1. The employee advocate

The employee advocacy role is as noted above a rarity. Not once in the data was it clearly identified. The demography, including the difficulty of finding employees, could be a potential factor influencing the HR function to focus on the needs of the employees. Nevertheless, this study shows no such evidence. Although several respondents fear a future lack of employees, and worry about the employer brand of the organisation, not much appears to have been done in terms of employee advocacy.

The scarce identification of the employee advocate role in the complete data set may be viewed as somewhat surprising. Studies made in the United States (e.g. Conner and Ulrich 1996) have suggested a quite wide spread presence of the employee champion role. A Finnish study (Hiillos 2004) likewise found evidence for HR managers caring about employees, in the sense of an employee advocate. A possible explanation for the differing findings is the context in which the studies have been conducted. The focus of Hiillos’ (2004) study was explicitly on emotion-handling strategies in crisis situations, while my study deals with the merger context which assumingly leaves less time for the support of individual employees.

Comparing a US study with a Finnish one is problematic, as discussed in chapter 2.4.1. In Finland trade unions play a more important role than they do in the US. It could be argued that Finnish unions have traditionally taken care of the interests of the employees and the employers have responded by obeying collective agreements. Thus, it can be argued that the negotiating lawyer role is a substituting role, as it has traditionally been important in Finnish HR functions.

Francis and Keegan (2006) noted that the employee champion role is shrinking and regarded it partly a consequence of HR professionals’ preference of working with strategic issues rather than addressing human concerns, as the first is perceived a better career route. Also, they argued that a heavy focus on the business will reduce the understanding of tensions in meeting employee needs.

Based on the factors that appear to have influenced the four situations in which the employee advocate role was partly identified (Bravo, Echo, DeltaEcho and QuebecRomeo), it is very difficult to draw any conclusions concerning the relationship between the individual factors and the employee advocate role. In the four situations, the attitude of the CEO/management group towards HRM has been positive and the HR function has been perceived to possess a high level of competence. The other influencing factors found in one or more of those situations where the employee advocate was identified are legislation, impact of other corporations, competition, economic cycle, administrative heritage (identified twice), organisational stability,
financial situation, and growth of the organisations. These seem to appear randomly as they are present only once in four cases, except for administrative heritage which is identified in most of the cases studied. Looking at the other side of the coin, administrative heritage does not feature as an influencing factor in two of the cases where the employee advocate was identified (Bravo and QuebecRomeo). Perhaps, this might indicate that organisations that are not burdened by the administrative heritage are more likely to focus on employee advocacy than others. The explanation would be that Finnish and Swedish HR functions have not traditionally included the employee advocate role. There has rather been a focus on industrial relations, having trade unions guarding the employees' interests.

Yet another possible explanation is that the HR function does not have enough personnel to play the employee advocate role. The HR function is in fact quite likely to feel pressure to downsize.

HR Kilo: We have never had enough HR staff to be an employee champion. We cannot be that close to all employees, instead we focus on supporting line managers.

Factors related to the merger context that appear to have influenced those post-merger HR functions that play the employee advocate role are power relation, understanding of the other organisation, and attitude towards learning from the other party. The understanding of the other organisation was identified as an influencing factor in both of the two post-merger HR functions that played the employee advocate role, while the other factors mentioned were identified in one of the two. Looking at the complete data set, the same factors are identified as influencing factors of all studied post-merger HR functions, 'understanding of the other organisation' being the most general identified factor in the complete data set. Hence, the identified influencing factors do not seem to help us form a profile for functions playing the employee advocate.

Figure 43 below illustrates the influencing factors that were identified in those settings where the employee advocate role was also found. The left of the figure lists all influencing factors. The factors in bold have appeared frequently in the complete data, and capital letters indicate the factors that had the most influence. To the right, the five different HR roles are listed. The outlook of the arrows varies. A stable line indicates that the influencing factor in question has been identified; a bolded line suggests an important influence, while a dotted line suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question. Figures 43-47, which are presented in this chapter, all follow the same logic. Regarding figures 43 and 44, concerning first the employee advocate role and second the business partner role, the number of cases in which the roles in question have been identified are few and hence the identification of influencing factors need to be seen in this perspective.
A stable arrow indicates that the influencing factor in question has been identified; a bolded arrow suggests an important influence, while a dotted arrow suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question.

**Figure 43**  Factors affecting the employee advocate role
5.3.2. The business partner

The business partner is identified in as few cases as the employee advocate, however with the difference that the business partner is clearly identified in three cases and partly in one. The settings all feature a top management which is dedicated to HRM and an HR director who is perceived to be competent. The external influencing factors identified (i.e. legislation; technology; impact of other corporations; demography; and economic cycle) appear to be random, which I regard logical, as to the best of my understanding a business partner is not dependent on the outer context. On the organisational level, degree of internationalisation stands out, as it is identified in half of the focal cases while in only one fifth of the complete sample. In a multinational organisation, which is also led by a management group that truly values HR and has a competent HR staff, the complexity of global people management might be regarded as reason enough for the HR function to play a business partner role. This reasoning assumes that HRM becomes more complicated the more international an organisation grows, and that the importance of dealing with the complexity is likely to be understood by a top management which regards HRM highly.

Other influencing factors identified in the business partner cases were administrative heritage (identified twice) and financial situation. The same reasoning that was applied regarding employee advocates, concerning the lack of impact of administrative heritage, seems to be practicable also when it comes to the business partner role. Administrative heritage is identified as an influencing factor in more than 2/3 of the complete data sample (Alpha, Bravo, Charlie, Echo, DeltaEcho, Foxtrot, Golf, Hotel, India, Juliet, Kilo, Lima, November, Oscar, Quebec, Sierra, Tango, Victor, and Univic). However, it seems to have affected only half of the HR functions in which the business partner role was found (Bravo and Univic). Hence, it seems as if the least frequently appearing roles, i.e. business partner and employee advocate, are more likely to occur in HR functions which are not affected by a heavy administrative heritage (i.e. KiloLima, SierraTango and QuebecRomeo). These two roles have not traditionally been part of the HR/personnel function, and hence their existence is not part of the administrative heritage of the HR functions studied.

Factors deriving from the merger context that seem to have influenced the post-merger HR function that play the business partner role are changes in organisational structure, sudden organisational growth, power relation, and understanding of the other organisation. Each of these factors were identified only once, except changes in organisational structure, which was identified twice (UniVic and SierraTango), in the three post-merger HR functions that played the business partner role. As the sample is limited, one cannot draw any far reaching conclusions, although it is conceivable that the more the organisation changes due to the merger the more likely is the HR function to play a business partner role. The attitude of the key decision makers in a merger that allows large structural changes to take place might suggest an open minded attitude to changes in general, and hence a possibility for the HR function to make its mark.

One important finding is the potential impact of HR’s involvement in the merger integration process. As noted in section 5.2.3 the cross-case analysis reveals the impact of HR’s involvement in the integration process on the post-merger role of the HR function. All three post-merger HR functions that played the business partner role (i.e. KiloLima, SierraTango and UniVic) had taken an active role in the merger integration. As noted above, the organisational structures of these organisations changed as a consequence of the merger, but even more importantly, the HR directors were in the driving or at least co-driving seat when the structures were reformed. Looking at the
other side of the coin, no other HR function included in the data set was equally pro-active as KiloLima, SierraTango and UniVic during the integration process. Some HR functions did indeed organise training (e.g. DeltaEcho, MikeNovember and QuebecRomeo), while others were mainly concerned with the own function (e.g. Hotel and IndiaJuliet). The pro-active stance of KiloLima, SierraTango and UniVic in the integration directed them towards the business partner role.

The fact that the business partner is a rarity, combined with the assumption that the attitude of the management group concerning HRM is of high importance in the business partner role performance, suggests that top management seldom regards the HR director a true business partner.

HR Tango: It’s evident that in the case the management group does not regard the HR director to be competent enough, they won’t include him at top level.
A stable arrow indicates that the influencing factor in question has been identified; a bolded arrow suggests an important influence, while a dotted arrow suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question.

**Figure 44** Factors affecting the business partner role
5.3.3. **The negotiating lawyer**

The *negotiating lawyer* does not appear to be as focal post-merger as pre-merger. One possible explanation is that the importance of the trade union movement has gradually decreased. Guest (1999:95-96) argues that the changing economic and political climates in the US and UK has resulted in some reduction in trade union pressures on management. This has facilitated a switch in emphasis away from collective and adversarial issues associated with traditional industrial relations towards individual co-operative issues of the sort associated with HRM (Guest 1999). According to Vanhala (1995:42), the recession experienced by Finland in the early 1990s put pressure on Finnish working life to become more flexible. In order to gain greater competitiveness, effectiveness and flexibility, changes in the collective bargaining system were demanded (Vanhala 1995).

Management Kilo: The industrial relation part is of course also handled by HR, but it has become quite invisible, it’s a part of business as usual, seldom discussed at management meetings. The union issues are not as topical as they were in the 70s and 80s.

The relationship between internationalisation and the importance of the negotiating lawyer appears to be ambiguous. On the one hand, it can be argued that the more international an organisation grows the more focus there will be on aspects other than industrial relations, which are regarded as country-specific.

HR Tango: In Finland, one can regard oneself an HR specialist as long as one masters contracts and legislation. That is not the case elsewhere, where other aspects do count.

Nevertheless, an opposite argument is that the more global an organisation grows, the more complex will legislation get and hence the negotiating lawyer role will be of utter importance. Several respondents discussed the EWC37 and argued that the HR function had a prominent role in the management group because of the EWC. The merger context is regardless of country of origin likely to make topical a streamlining of employment contracts, collective agreements etc. Thus, there are good arguments for a continued importance of the negotiating lawyer role.

Management November: …Nowadays there are so many HR issues on the management agenda, such as compensation and strikes. Also, as part of the EWC, after every board meeting, we have a meeting with employee representatives that is led by the HR director. In my opinion this requires that he is a member of the team.

Nevertheless, although the negotiating lawyer role is identified in the post-merger organisations, the role seems to be losing ground. The development is in particular apparent when comparing with the other roles played by the HR function that are growing in terms of the time that HR spends on them. In all situations where legislation was perceived to be an influencing factor, the negotiating lawyer role was identified. Other influencing factors were, first within the outer context: technology; impact of other corporations and economic cycle; and second within the inner organisational level: the structure of the organisation, type of workforce, degree of internationalisation, administrative heritage, financial situation, business strategy, organic growth, and ownership. Among these, the administrative heritage featured most frequently. Perhaps it could be argued that the negotiating lawyer role has historically been an important part of personnel administration and hence HR functions that are largely influenced by the administrative heritage are more likely to play the negotiating lawyer role. The argument is supported by the findings, as all four

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37 European Works Council (see footnote 27)
post-merger HR functions that appear to be influenced by the administrative heritage play the negotiating lawyer role (Charlie, DeltaEcho, India and Juliet). Additionally four post-merger HR functions play the negotiating lawyer role, without being influenced by the administrative heritage (Hotel, KiloLima, MikeNovember, and SierraTango), two of these functions are, however, affected by legislation (KiloLima and MikeNovember), while two seem to be random cases.

Looking at the merger context, six influencing factors were identified, i.e. changes in organisational structure, sudden growth, internationalisation, power relation, understanding of other organisation, and attitude towards learning from the other party. The frequency of the specific factors does not differ between the overall findings and the specific context of HR functions in which the negotiating lawyer role was played. Both in this particular set and in general, understanding of the other organisation is the most frequent factor within the merger context.

To summarise, the negotiating lawyer role is appearing less frequently in post- than pre-merger HR functions, but is still likely to appear post-merger in HR functions which are perceived to be affected by legislation and/or administrative heritage.
A stable arrow indicates that the influencing factor in question has been identified; a bolded arrow suggests an important influence, while a dotted arrow suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question.

Figure 45  Factors affecting the negotiating lawyer role
5.3.4. The strategy implementer

The strategy implementer is gaining ground, as it frequently appears after a merger. According to the study, HR functions that play the strategy implementer role are influenced by the following external factors: legislation, impact of other corporations, technology, consumer behaviour; economic cycle, and demography. The appearance of the external factors is scarce, economic cycle being the most common one. It features in a third of the strategy implementer cases. The organisational factors identified are organisational stability, business strategy, type of workforce, degree of internationalisation, administrative heritage, financial situation; and organic growth. The two most frequently appearing factors are administrative heritage and financial situation, each featuring in half or more than half of the functions that play the strategy implementer role. Other factors appear only in one fourth of the cases or less. The result does not differ from the overall appearance of influencing factors in HR functions. Thus, there are no factors that appear either significantly more or less often in a function that plays the strategy implementer than in a function that does not play that specific role. In other words, the study does not identify any specific factor that would significantly increase the probability of the HR function to play the strategy implementer role.

Five influencing factors that stem from the merger context are identified in the post-merger HR functions that play the strategy implementer role. These are power relation, changes in organisational structure, understanding of other organisation, attitude towards learning from the other party, and sudden growth. As the strategy implementer role is present in every studied post-merger HR function I do not see that any of these factors would have had a specific impact on the strategy implementer role. The strategy implementer role can thus not be linked to any context or factor in particular, but can assumingly be played by any HR function.

The fact that the frequency of the role is increasing might suggest that HR functions in general are changing in that very direction. The increased importance of the strategy implementer role might be regarded the HR functions’ response to the literature calling for a more strategically oriented HR function (e.g. Ulrich 1996; Ulrich and Brockbank 2005b). In a recent study, Truss (2008) finds evidence for the HR functions in the public sector in the UK to have become increasingly strategic. The findings of this study suggest that such a trend is widespread in different European countries.
A stable arrow indicates that the influencing factor in question has been identified; a bolded arrow suggests an important influence, while a dotted arrow suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question.

**Figure 46**   Factors affecting the strategy implementer role
5.3.5. The process engineer

The process engineer is active in most of the analysed situations, which suggests the importance of the role is not linked to any particular influencing factor but rather that it is an integrated part of the HR function per se. In those organisations where no process engineer role was identified, there had never been an HR function. The HRM in the case organisations Lima and Oscar was managed by line managers; hence, the companies lacked HR departments and HR staff. In all other case organisations, the process engineer appears to be the foundation of the HR function.

HR Tango: One thing leads to another. Administration and industrial relations need to be taken care of before the function can move further to other tasks. One cannot be too picky and chose not to work on the administration; it needs to be taken care of as well.

HR Papa: The HR administration has to function frictionless. That's the only way to get credibility and earn a more important role.

The reasoning is in line with that of Monks’ (1993) framework, which is a bolt-on model suggesting that less sophisticated models of HRM are included in more sophisticated ones.

At a first glance, the process engineer role does not appear to have been subject to any larger changes, as it used to be, and still is a very central role. The work within the process engineer role, however, seems to be under pressure to make the HR processes more efficient, which is made apparent by the widespread introduction of all-encompassing IT-tools in post-merger HR functions. Therefore it is argued that changes have occurred within the role. These findings are furthermore in line with Ulrich’s and Brockbank’s (2005a) arguments about the administrative expert changing into a functional expert (see chapter 2.3.5).
A stable arrow indicates that the influencing factor in question has been identified; a bolded arrow suggests an important influence, while a dotted arrow suggests that the influencing factor in question has had a comparatively low influence. No line indicates that the study has found no relationship between the influencing factor and the HR role in question.

Figure 47  Factors affecting the process engineer role
5.3.6. **Summary of the development of the HR function**

To further clarify the findings presented in section 5.3, these are summarised in table 61. The table contains as rows the various influencing factors and as columns the five HR roles. The importance of the respective influencing factors on the role occurrence is shown in the cells: An empty circle stands for no influence, a triangle for some influence and a black circle for strong influence.
Looking at the table it is apparent that the same influencing factors are important for the emergence of several of the HR roles. A question that arises is how these factors are interrelated, how together they form the prerequisites for a certain role to occur. My
study finds evidence for certain factors affecting certain roles, but it seems very difficult to draw conclusions regarding the interrelations between the factors and their impact on the roles. This is indeed a very interesting area that would benefit from further data collection and exploration.

5.4. Comparative analyses

In this section the comparative elements of the study are further investigated. First, the data consists of both Finnish-Swedish and Finnish domestic large-scale mergers. The extent to which the nationality of the merged organisations affects the pre-merger HR functions and/or the outcome of the post-merger HR function is discussed in section 5.3.1. The subsequent section (5.3.2) compares the merger cases with those of the non-mergers, looking for similarities and dissimilarities in the development of the HR function.

5.4.1. Comparison of differences in nationality

The empirical data consist of ten merger cases. Seven of those mergers had one Finnish party and one Swedish party. The remaining three merger cases were Finnish domestic deals. The research evidence suggests that to a limited degree the roles played by the HR functions do vary according to country of origin.

The negotiating lawyer role appears to be more frequent in Finnish organisations than in Swedish. One third of the Swedish pre-merger HR functions played the negotiating lawyer role, whereas more than ¾ of the Finnish pre-merger HR functions did. Moreover, all of the Finnish domestic mergers had a negotiating lawyer in the post-merger HR function, while three out of seven Swedish-Finnish mergers lacked this role (OscarPapa, QuebecRomeo and UniVic). What is more, the organisations lacking the negotiating lawyer role were mergers in which the Swedish party had played a leading role. It was noted above that the main influencing factors of the negotiating lawyer role are legislation, impact of other corporations and administrative heritage. The extent to which these factors affect the differences found in the two different national contexts remains unclear. The labour law of the neighbouring countries is fairly similar, and all organisations can be affected by other organisations. Hence, it is possible that the administrative heritage is the most important influencing factor.

As noted above the strategy implementer role is found in all post-merger HR functions this study covers, but only in approximately one third of the pre-merger HR functions. The division between Finnish and Swedish firms is even, suggesting that the development of the strategy implementer role does not differ between Finnish and Swedish organisations.

The difference in the frequency of the remaining three roles is small. One assumption can, however, be made based on the data, namely that HR functions of Swedish origin tend to be more versatile than their Finnish counterparts. Although the Swedish sample is much smaller than the Finnish, the number of business partners and employee advocates identified is equal in the exclusively Swedish sample and the exclusively Finnish one – hence the percentage is higher in the Swedish sample. In order to shed more light on the differences, further research is needed.
The table below summarizes the appearance of the separate roles depending on the nationality of the analyzed HR functions. The study possesses data regarding 30 HR functions related to mergers. Six of these settings are Swedish pre-merger organisations, thirteen are exclusively Finnish pre-mergers. The post-mergers are either a Finnish-Swedish mix (7) or purely Finnish (4)\(^38\).

**Table 62 The frequency of HR roles depending on nationality and phase of merger**

<table>
<thead>
<tr>
<th>Role</th>
<th>Pre-Merger</th>
<th>Post-Merger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Swedish</td>
<td>Finnish</td>
</tr>
<tr>
<td>Negotiating lawyer</td>
<td>2/6</td>
<td>10/13</td>
</tr>
<tr>
<td>Business partner</td>
<td>1/6</td>
<td>-/13</td>
</tr>
<tr>
<td>Employee advocate</td>
<td>1/6</td>
<td>1/13</td>
</tr>
<tr>
<td>Strategy implementer</td>
<td>2/6</td>
<td>5/13</td>
</tr>
<tr>
<td>Process engineer</td>
<td>5/6</td>
<td>13/13</td>
</tr>
</tbody>
</table>

**5.4.2. Comparison of developments in mergers and non-mergers**

This chapter compares the key findings of the HR role development in mergers with those of the non-merged organisations. The mergers have been analysed at two points of time, pre- and post-merger. The study of the non-mergers likewise covers a longer period of time, and analysis have been made of first, an *early stage*, i.e. corresponding to a situation 5-10 years in the past, and a *current state*, which refers to the time when the data was collected. The first one corresponds to the pre-merger state while the latter is comparative to the post-merger analysis. Nevertheless, the data available on the early stage were scarce because the HR managers of the early stage were not available for interviews, wherefore the understanding of the early stage is not as thorough as it is in the rest of the analyzed HR functions. As the thesis nevertheless possessed a certain level of understanding of the early stages I decided to make it explicit in the report as it adds to the complete understanding of the development of HR functions in general.

The non-merger cases are illustrated below. Three of the four early stage non-merger HR functions were perceived to be traditional, mainly focusing on personnel administration. In these cases the business partner, the strategy implementer and the employee advocate can be ruled out. The process engineer on the other hand is found to have been the most vivid role. The extent to which the negotiating lawyer role was present in the early stage non-mergers is uncertain, as there are no actual data on the role being present. My assumption based on my understanding regarding pre-merger cases is nevertheless that Finnish traditional HR functions some years back may have included a negotiating lawyer role in their tactical HR function. One of the four early stage non-merger HR functions differed from the others, having the strategy implementer role, while otherwise being tactical.

\(^38\) Although the number of domestic mergers was three, the number of domestic post-mergers is four because of the demerger of India and Juliet.
Figure 48  The frequency of roles in the early stage non-merger setting

The illustration of the current state shows a much more versatile and strategic HR function, as the strategy implementer is equally important as the process engineer, and the business partner role is also present in half of the cases.
The strategy implementer appears to have gained ground in post-merger organisations compared with pre-merger organisations. Likewise, there is a clear increase in the frequency of that particular role in non-mergers. Above it was argued that it appears to indicate that a shift in the HR function in general is taking place, and the findings from the non-merger sample support that assumption. The HR function seems to slowly take on new tasks, which distinguish the HR functions of today from yesterday’s personnel functions. Torrington et al. (2008) argue that the HR function has developed considerably over the years and that it currently is in a period of key change. Guest and King (2004) present an opposing view, according to which HR specialists struggle to improve the role of the HR function.

The development of the process engineer role in non-mergers resembles that in the merged organisations, as the process engineer used to be a focal role, and it still appears to be. Also, in the non-mergers, two cases out of four had launched a new IT tool in order to make the processes more efficient.

Three out of four current non-merger cases showed no sign of the negotiating lawyer while it was partly identified in one. This is an apparent difference to the merger sample, in which the negotiating role continued to play a role in post-mergers, although less pronounced than in pre-mergers. This difference might suggest that a merger, to a higher degree than a non-merger, has to deal with the complexity of employment contracts and collective agreements stemming from different organisations and countries, leading the HR function in mergers to play the negotiating lawyer role (e.g. as in OscarPapa and Univic). It was earlier noted that the negotiating lawyer role was more common in Finnish merging firms than Swedish. The non-mergers are all Finnish and still do not seem to emphasise the negotiating lawyer role. All Finnish
organisations are obviously subject to the same legislation, and the industries represented in the non-merger sample are the same as in the merger sample. Hence, the administrative heritage, which is the third most frequent influencing factor regarding the negotiating lawyer role (after legislation and impact of other corporations) appears to be the factor that best explains the variances in the presence of the negotiating lawyer role. In the interpretation of the research findings it needs to be kept in mind that the data sample is small and thus the generalisability very limited.

None of the non-merger cases showed any signs of an employee advocate. The findings are not surprising as the merger sample has indicated that the employee advocate role is not given much attention.

The business partner role was identified in the current phase of two out of four non-mergers (X-ray and Yankee), while no such role was found in the early stage of the non-mergers. Hence, an increase in the appearance of the business partner role has taken place both in the merger and non-merger settings, which might forecast a trend according to which the business partner role continues to gain land during the coming years in HR functions in general. Above it was argued that HR functions that take an active stance in the merger integration are more likely post-merger to play the business partner role than functions that remain more passive. Within the non-merger sample, the X-ray HR function has contributed to the structural reformulations of the organisation, whereas the Yankee HR function is run by a newly appointed HR director, who most recently worked in Nokia's HR function. The findings suggest that the HR function can develop its role to become strategic.

Over all, changes within the HR function have occurred in the non-merger sample as well as in the merger sample, and moreover the changes largely resemble those of the merger cases. The median for how many HR roles a current non-merger HR function plays is three roles/HR function, while it is one for the early stage non-merger HR function. Hence the non-merger sample appears to have gone through the same development as the HR functions within the merged cases.

How can the similarities between these two groups be explained? A closer look at the four individual HR functions of the non-merger sample suggest that three of them have changed quite significantly between the early and current stage, while one has remained unchanged. The organisation of the HR function lacking changes had not during the studied period of time experienced any managerial changes nor any organisational restructurings. The three other organisations had, however, experienced different kinds of changes that seem to have triggered changes also within the HR function. My finding is consistent with Monks (1993:37), who argued that organisations that are experiencing a great deal of change as a result of technological upheavals or rationalisation programmes are also adopting more complex ways of dealing with human resource issues.

Organisational change seems to have an effect on the HR function to perform more strategic roles. However, it needs to be noted that the organisational change does not automatically make the HR function more proactive. My study shows that those HR functions that have developed into business partners have taken a proactive stance in the organisational change process.

A merger constitutes a change setting, often a sudden and quite dramatic event, which gives rise to a number of other changes. The merger setting is, however, not the only change raising situation an organisation can be subject to. The major change triggers of
the non-merger organisations appear to have been 1) a severe financial crisis and the appointment of a new HR director, 2) a complete strategy reformulation including restructuring of the organisation initialized by a newly appointed CEO and the subsequent appointment of a new HR director, and 3) the change of HR manager as a consequence of the board of directors’ wish to have a more modern HR function. The finding supports the argument according to which the key individuals, i.e. the CEO and the HR director, are essential for the shaping of the HR function.

In addition to these three critical contexts, which appear to have been of decisive importance for the role of the HR function in non-mergers, the study shows that the non-merger HR functions are also affected by other influencing factors. The administrative heritage appears to have affected 14 out of 19 pre-merger organisations, four out of 11 post-merger organisations and one out of four current non-mergers. A further assumption is that the administrative heritage was a determinant of all non-mergers at an early stage. Hence, the decrease of importance of administrative heritage appears to be somewhat larger in the non-mergers than in the mergers. The sample is small and far-reaching conclusions cannot be drawn. Nevertheless, the differences could be explained by the assumption that people working in a merger are more resistant to changes than others, possibly because of the risks that are linked to the changes, such as lay-offs. Also, those involved in a merger are suddenly forced to cooperate with people who probably previously have been regarded as competitors. This in turn might affect the willingness to change the routines, as one might be more hesitant of accepting changes that are initiated by the previous competitor, than changes that oneself has been designing.

The argumentation is in line with the findings from previous M&A research, which has pointed out the dilemma of employees being resistant to the changes that a merger entails. For instance Buono (2003) stated that the disruption caused by merger integration entails a number of dysfunctions and negative reactions among employees. Empson (2001) found that employees are unwilling to share their knowledge with the employees of the other merger party, and Vaara (2001) pointed out that especially horizontal mergers, which combine two former competitors, are likely to experience problems when decision-making is affected by fear and anxiety.

A quote from the data that illustrates the contrapositions of the two merged parties:

CFO Juliet: According to them [India people], Juliet resembled a sluggish state-owned cooperation, without any dynamic, whereas we perceived them as dusty old people who have never seen anything change.

Although the decrease in importance of the administrative heritage was larger in non-mergers than in mergers, also the merger sample experienced a downshift in its importance, as pre-mergers were more likely to be affected by the administrative heritage then post-merger HR functions. The study suggests the general decrease to be a consequence of the organisational changes that all studied organisations have experienced. Nevertheless, as noted above the result suggests that it is difficult for the HR function to get rid of old routines. Almost half of the HR functions of the post-merger organisations were still affected by the administrative heritage.

5.5. The applicability of the conceptual framework

In chapter two I presented a conceptual framework that to a large degree builds on previous work by Tyson and Fell (1986), Storey (1992), Monks (1993), Ulrich (1996)
and Ulrich and Brockbank (2005a). The framework consists of two dimensions and five roles. The analysis made in this study has so far built on that framework, as I have tried to map the studied HR functions in accordance with the five suggested roles. It has been possible to find evidence for all five roles defined in chapter two and the dimensions of the framework have also proved relevant. Thus I argue that the framework is a useful tool for studying the roles of the HR function.

The framework nonetheless has some limitations that need to be considered. There have been challenges related to the identification of specific roles in each of the case companies, and challenges concerning placement of the HR role in the two dimensional framework (strategic-tactical and proactive-reactive).

**Identification of roles.** In my study I found evidence for all five roles defined in chapter two, but to varying degrees. The existence of the employee advocate and the business partner roles is not as prevalent as the existence of the three other roles (process engineer, negotiating lawyer and strategy implementer).

In the theory chapter it was noted that there is a need to group or cluster the HR activities to create HR roles. These role descriptions can then serve as a tool for analysing the HR function from a role perspective. However, the classification of a certain HR activity into a specific role is not straightforward. For instance, investments in competence development might be regarded as part of both the strategy implementer role and the employee advocate role, depending on the purpose/focus of the activity. A strategy implementer is likely to cater for competence development that supports the business strategy, while an employee advocate also has the employees' interests in mind (see e.g. Ulrich 1996). Further, formal competence development activities such as management training programs may also be part of the process engineer and business partner roles. The criteria for identifying a certain HR activity as part of a certain role should thus be further clarified in future research. Despite these challenges in identifying specific roles, my study found evidence of the five roles.

My study found evidence of all four quadrants of the matrix, i.e. of HR roles being tactical and reactive, tactical and proactive, strategic and reactive, and strategic and proactive. The two dimensions used in the pre-understanding framework (tactical - strategic and reactive - proactive) may, however, correlate to some degree. Figures 6-40 in chapter four, which present the HR roles of the case organisations show that the distribution of identified roles is not equal throughout the matrix. The roles are mostly identified on the reactive side of the matrix, with an emphasis on reactive and tactical roles providing some indication that the roles played by the HR function may fruitfully be mapped in a simplified two dimensional space. I will return to this below. Nonetheless, the two dimensions are – if not completely orthogonal – at least sufficiently independent for the framework to serve as a useful conceptual tool.

**Placement of the roles in the framework.** The placement of the roles along the dimensions is yet another challenge. All five roles are at least partly defined with reference to a certain set of HR activities. The two strategic roles (i.e. business partner and strategy implementer) were also defined with reference to one of the dimensions of the matrix. The business partner is by definition a proactive and strategic role, while the strategy implementer is defined as reactive and strategic. In contrast, the three remaining roles (employee advocate, negotiating lawyer and process engineer) are defined with reference to certain sets of activities not directly related to the dimensions. As a consequence, placement of the latter roles within the two-by-two matrix is not evident. Based on the evidence in the present study, it is often difficult to make an
unambiguous conclusion regarding whether the process engineer, negotiating lawyer and employee advocate are to be seen as tactical or strategic and reactive or proactive roles.

It was noted above (section 5.1) that there may be shifts in the strategic importance of the HR activities that the roles are composed of. Also, the level of proactivity vs. reactivity of HR activities may vary. Hence, my initial positioning of the roles (see chapter two) on the two dimensions did not always reflect the data. For instance, an activity that according to my conceptual framework belongs to a tactical role for the HR function may in a certain context be of strategic importance. According to the reviewed literature, for example implementation of an IT tool for HR record keeping would be seen as an activity that belongs to the process engineer role and be viewed as reactive and tactical. Nevertheless, in a certain context the activity maybe of strategic importance for the organisation, or it may be performed proactively.

According to my study, the roles thus tend to move around on the two axes. The finding reflects the complexity of the HR function at the same time as it leads to questions about the assumptions that I made at the outset (see chapter two) concerning placement of HR roles in the matrix. My findings suggest that rather than assuming that a certain HR role is placed in a certain quadrant, the placement of the roles should be viewed as an empirical question. The dimensions are regarded as fruitful as long as the placement of roles is flexible.

My framework differs to a varying extent from those by Tyson and Fell (1986), Storey (1992), Monks (1993), Ulrich (1996) and Ulrich and Brockbank (2005a), which it builds on. Being a two-by-two matrix, my model resembles in particular the frameworks presented by Ulrich (1996) and Storey (1992), and I argue that the critique I have presented in this section concerns those frameworks as well. Caldwell (2003) among others, have pointed out that the frameworks of both Storey (see chapter 2.2.2) and Ulrich (chapter 2.2.4) neglect the complexity of HR functions. Having tried to map the studied HR functions into my pre-understanding framework, I agree that the clustering of activities is problematic. My study does not reflect on the extent to which the critique concerns the one dimensional models (Tyson and Fell 1986; Monks 1993), as it is beyond the scope of this thesis to analyse the data based on the individual previous frameworks. Perhaps as an indication of the above discussed problems, Ulrich and Brockbank (2005a) have retreated from matrix-thinking as they present five different roles without prescribing them given places in a matrix.

5.6. The emergence of a new model

The purpose of the study has besides the identification of HR roles been to identify factors influencing the roles. The approach as described in chapter 1 was to build a conceptual framework based on the extensive number of influencing factors identified in previous work. I also wanted to remain open to additional factors and patterns emerging from the data and stay sensitive to any insights that may emerge from the study. Earlier in this chapter it was noted that seven factors that were not discussed in chapter two have arisen from the data (i.e. consumer behaviour, demography, organisational stability, organisational structure, type of workforce, HR’s involvement in merger integration, and understanding of and attitude towards the other organisation). Most notably, in accordance with the discussion in chapter two, my study found evidence that the relationship between top management and the HR function has an impact on the HR roles. The evidence suggests that this relationship is
of crucial importance for the evolvement of the HR function. Next I will discuss a new model that emerged from the data describing this relationship, and which may shed light on changes over time in the roles of the HR function.

While the object of analysis in this study is the HR function, the findings suggest that the role of the corporate HR director, and his/her relationship with the CEO and more generally the top management, is of crucial importance for the role of the entire HR function. As the leader of the HR function, I regard the HR director to be a key actor of the function and I argue that his/her actions represent the function as a whole. The CEO represents the management group, being its key actor. This section presents a model that examines the relationship between the HR function and the top management – with special reference to the HR director and the CEO. The model builds on Truss et al.’s (2002) argumentation concerning the relationship in question.

The pre-understanding of my study included a set of individual factors that were assumed to have an impact on the HR function. These were the attitude of the CEO/top management team towards HRM in general, as well as the competence and the reputational effectiveness of the HR director/function. In my study all these factors were identified as important influencing factors.

According to the findings of this study, both the expectations of top management regarding the HR function and the competence of the HR function are crucial for the role of the HR function. Thus, the relationship between these two seems to contribute the most to our understanding of the HR function. The role expectations of the first group and the role performance of the latter appear to have a tendency to co-exist. The framework below illustrates the relationship between the role expectations and the role performance. The model builds on Tsui (1984), who argues that a role is created through the interplay between the expectations held by the role-set and the performance of the focal person. An important finding in this study is that there seems to be only one crucial role-set that affects the HR function, i.e. the CEO and/or the top management. Employees are not regarded part of the role-set, as their expectations do not appear to have an influence on the HR function.

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To this respondent’s comment I would add the corresponding importance of the performance of the HR function. The importance of the performance of individual HR specialists has been recognised by Ulrich and Brockbank (2005b), who separate the role of the HR leader from other HR functional roles. They stress that the leadership within the HR function is important for the credibility of the function (2005b:28).

The above described expectations and performance are analysed on a single dimension ranging from tactical to strategic. The dimension corresponds to Ulrich’s (1996) dimension reaching from day-to-day/operational focus to future/strategic focus and Monk’s (1993) dimension from simple to complex. The dimension is moreover the same that Storey (1992) used in his framework, and it was also used as one of the dimensions in my conceptual framework in chapter two. The tactical-strategic dimension is the most commonly verified dimension in research on the HR function. According to my findings, the role expectations will correlate with the role performance, and therefore the bulk of the HR functions are likely to be situated within the grey area of the figure (no 50).

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39 The methodological concern of this finding is further discussed in section 6.2.1.
Although I argue that the model as such has risen inductively from the data, the elements – role theory, the importance of the relationship between CEO and HR director as well as the dimension strategic-tactical – were discussed in chapter two. The contribution lies in how these elements are linked together to form a model that increases our understanding of the dynamics of HR roles and role changes.

My study indicates that in order for the HR function to shift role from tactical to strategic or vice versa, both the expectations and the performance need to change. The study suggests that a shift in expectations and performance are likely to occur as a consequence of new appointments. A new CEO will have other kinds of expectations than the previous had; a new HR director will perform differently than his/her predecessor.

If the expectations and the performance do not balance, the relationship is likely to be under pressure to change. A top management with higher strategic expectations on HR than HR manages to deliver is likely to either force the HR function to make a more strategic contribution or replace the HR director with someone with a better track record and a higher perceived competence.

Management Kilo: Our new CEO has given HR even more time than our former CEO did.

HR Hotel: Our CEO is more interested in the work of the HR function than his predecessor was. He [the CEO] is very interested, and hence puts a lot of pressure on us [the HR function]. HR is forced to do a lot of work, and difficult tasks. HR is perceived to be a function that is needed in top management, and therefore the demands on HR are higher ... At every management meeting there is some HR issue to be discussed.
The management group of the merged case organisation Charlie decided to appoint a new HR director during the integration process because the former HR director did not live up to the expectations of the management group.

Management Alpha: His [the former HR manager’s] expertise was not necessarily what the international dimension would have required, language skills for instance.

My model suggests that a top management with lower strategic expectations for HR than what the HR function itself aims to deliver is unlikely to give HR the prerequisites for managing HR strategically, such as access to management meetings. The HR director will thus either try to fight for a more strategic position by successfully implementing and managing HR practices viewed to strengthen the competitiveness of the firm and hence change the expectations of the management group or leave the organisation in search of a more interesting job.

HR Bravo: Four - five months after the deal had been announced and we had worked with the integration, trying to get things up and running, I was invited to discussions with top management. Then, for the first time was my possible future position in the organisation brought up. They [top management] started pondering on how the tasks possibly could be divided between me and the other pre-merger HR director. Although they had had four five months time to figure things out, they still did not succeed in being straight. As I had been offered another job elsewhere I left the organisation.

The quote above illustrates the frustration that the HR director felt when she perceived the top management to be unfocused, not to say unprofessional. As a result of the bad management she left the organisation.

According to Katz and Kahn (1978), to whom the origins of role theory can be traced (Wickham and Parker 2007), the interplay between role expectations and actions is a cyclical process, which starts with the role set holding expectations for the focal person/group (role expectations). These expectations are sent to the focal person (sent role). The focal person’s perceptions (received role) of the role set’s expectations are likely to influence and motivate the behaviour and action (role behaviour) of the focal person, which will presumably be a combination of compliance and non compliance in relation to the expectation of the role set. Next, the set will evaluate the action and form new expectations.

In other words, the top management team, which constitutes the crucial role set of the HR function, gives the HR function a certain role, based on their own expectations. The HR function that is affected by the expectations will then take a role which is presumably in line with the expectations. Nevertheless both under and over performance compared with the expectations might occur.

The research data shows evidence of HR functions that have managed to over perform and thus changed the expectations of the role set.

Management Tango: ... I want to be frank about the fact that the HR function that Erik [HR manager] established grew much bigger and operative than I had ever thought.

HR Kilo: Pekka [former CEO at Kilo who became CEO at KiloLima] has said in retrospect that he would never have thought that the HR function could take such a role that has been taken during the KiloLima era. He never saw anything like this during the Kilo-times.

Hence through its action and behaviour, an HR function that desires to change its own roles can create the prerequisite for the change, the prerequisite being a shift in the role set’s expectations. The HR function needs to earn its role, and for the role to be
fulfilled, the top management team needs to assign it. Based on the evidence from the case organisations, my interpretation is that it is difficult for the HR function to change the expectations of the management group, to persuade to expect that HR will add value on the bottom line. Regardless of the examples above, the majority of case organisations did not reveal such a development.

Based on the study, it appears that it is difficult to change the preconceived notion within some management groups of the HR function as an expensive and necessary evil. The statement below, which discusses the top management team’s priorities during the merger integration, suggests that the management team of November valued the sales function more than the HR function, as the former generates money.

Management November: ... the HR function was not on the agenda. One of the most important things was the sales unit, because it is so extremely sensitive. It reflects the result of the company immediately if the sales do not work.

The inclusion of the HR director in the top management team partly reflects the role expectations of the HR function held by top managers. High expectations might reflect a positive attitude towards the HR function which in turn might increase the likelihood of HR being part of top management. The opposite - that low expectations of the HR function forecasts the exclusion of HR from the top management team - is also probable.

HR Tango: It's evident that in the case the management group does not regard the HR manager to be competent enough, they won't include him at top level.

Nevertheless, the fact that HR has a seat at the table does not automatically mean HR is in high regard. For instance in MikeNovember, the HR director was a member of the management group only to respond to the duties established by the European Works Council, which was statutory by law. No strategically important input by the HR director was reported. My interpretation is that having a seat at the table facilitates the gaining of a strategic role. The top management membership both reflects a positive attitude towards the HR function and implies access to corporate strategic decision making.

Some of the respondents argued would nevertheless argue that top management membership does not add anything particular to the role of the HR function.

HR Juliet: The membership is not a key question. Although I am not officially a member, the door is always open for me.

HR Victor: I have had enough interesting and challenging tasks as it is, without belonging to top management.

The quotes reflect the findings made by Hope Hailey et al. (1997). They found evidence of people management issues being integrated within the business strategy also in some instances where there was no formal presence of the HR function in the executive team. Thus they argued that membership “would be an irrelevant criterion for assessing access to corporate strategy” (1997:10). The finding may, however, be most relevant in organisations where line managers are largely responsible for HRM and the co-operation between line and HR is close.

As a contrasting reflection, one respondent believed that the membership signals a certain attitude towards HR.
Administration Foxtrot: It [inclusion of HR in top management] has symbolical value and meaning. Of course it would have been good and beneficial and indeed it would have had significance [to be a member of the management group]. But, I still cannot think I would have been able to do anything differently or better as an official member of the management group.

There is an ambiguity in the statement above, as the respondent on the one hand thinks it would have made a difference to be part of top management, yet on the other hand feels a need to defend the prevailing system. It could be argued that the quotes above are face savers; that HR managers do not want to admit that they are hoping for something that they do not get. The argument would be supported by the fact that expressions in academic articles such as *HR’s stairway to heaven* (Guest and King, 2004) suggest that HR managers long for change, for more *power*. Nonetheless, based on this study, the importance of the administrative heritage in the HR roles is evident and it seems to suggest that many HR managers tend to stick to old routines. They might be content with the current state and do not necessarily strive for anything else.

HR Juliet: ... few people are ready to let go of old routines in favour for something new. It’s difficult to see the upside with new routines when the old ones have worked just fine for years.

Changes in the roles played by the HR function appear to be common in organisations that have changed HR directors. Thus the study found evidence of two different phenomena regarding change – HR functions that are hindered by a traditional administrative heritage are reluctant to change, while HR functions that are given new blood in terms of a new HR director are more likely to strive for development. A change of HR director may imply a push away from the administrative heritage of the function, which makes further changes within the function more likely to occur.

Below, three figures illustrate the development of the HR function in three different mergers. The figures show that there is a natural tendency for a balance between expectations and performance to occur.
Figure 51   The development of Charlie’s HR function

The first example (figure 51) shows how the low expectations of the management group on HR's role performance had a demotivating effect on the HR director, at the same time as the high performance of the HR function led to increased expectations among the top management group. To begin with, the Alpha pre-merger HR function was tactical, while the Bravo pre-merger HR function was strategic. The management group of Alpha took the lead in integration, and showed little interest in the HR function in general. The ambitions of Bravo's HR director exceeded the top management's expectations, which soon led the HR director to leave the organisation, as she did not feel her work was supported.

**HR Bravo:** No matter what you are doing, people want to be seen and confirmed, it regards everyone.

Meanwhile the management group of Alpha, which had changed its name to Charlie as a symbol of the merger, had noticed some of the potential of the HR function. The management group realized the former Alpha HR function needed to be updated and hence moved the pre-merger HR director to other duties while a new HR director was externally appointed. The performance of the post-merger HR function subsequently stabilised on a level that corresponded to the top management team’s increased expectations towards the HR function.

The Charlie case shows that the understanding of the contribution of the HR function in the other organisation that followed the merger can have an impact on the expectations of HR's role-set, i.e. the CEO and top management group.
The second example describes a situation where the HR function succeeded in gaining increased reputational effectiveness as a consequence of its high performance. Consequently the expectations held by the role-set grew. When the KiloLima merger took place, Kilo had a tactical HR function, while Lima virtually lacked an HR function as HRM was handled by line managers. The post-merger HR director of KiloLima quickly took a lead of the integration process. Although he was held in high regard by the management group, the initial interest of top management in the HR function was low. The performance of the HR director made an impact on the top managers, who soon started expecting more from the HR function.

HR Kilo: Pekka [former CEO at Kilo who became CEO at KiloLima] has said in retrospect that he would never have thought that the HR function could take such a role that has been taken during the KiloLima era.

The figure above (no 52) illustrates how the performance of the HR function first became strategic, and how the management responded by increasing its expectations, and thus the balance was reshaped.

The third example (figure 53) shows that the change of key players in top management may change the expectations on the HR function, which ultimately leads to a change in the performance.
The pre-merger HR functions of Golf and Foxtrot resembled each other, both being tactical. The change of CEO led to higher expectations of the HR function, as the new CEO regarded the HR function to be a top managerial level function. Next, the HR director was changed to someone with higher ambitions and a better track-record. Above, the figure first shows the increased expectations, and second the increasingly strategic performance.

Taking the discussion a step further, I argue that the model can be used not only to explain the tactical vs. strategic roles of the HR function in general but also to explain the level of strategic importance of various HR activities. Top management's expectations of activities such as management development and change management are argued to influence the level of strategic importance of the activity. Thus the model could be a useful tool for analysing the dynamics of different HR functional activities. As an example of an activity, compensation can in its narrow functional form imply management of salary disbursement, while in a more sophisticated form it includes the design and implementation of incentive schemes that support the strategic ambitions of the firm. Thus, the level of strategic importance might vary for different activities. By analysing a set of HR activities within different HR functions we could increase our understanding of different HR profiles. In future research it would be interesting to study if and how different HR activities within one HR function are related to each other in terms of their level of strategic importance.

Truss et al. (2002) brought up the discussion on role-theory in the context of HRM. My study builds on their work and adds some new elements to the discussion. First, I discuss the role expectations and performance on a dimension ranging from tactical to strategic. The role-theory is thus put into a model which creates a tool for understanding the HR function and changes within the function. Second, I suggest the role-theory model could be used as a tool to analyse different HR activities. According
to the findings of my study, role theory is a useful tool for understanding the HR function and I call for more research on the HR function using role theory.

Having discussed the relationship between the HR function and top management from the role-theory perspective, I acknowledge that the relationship can be analysed from other perspectives as well. Truss (2009) finds that social capital has an impact on HR's role. She argues that there are formal and informal ties between HR and line managers at all levels, which in turn create an environment for information sharing and influence. The common definition of social capital is “the sum of the actual and potential resources embedded within, available through, and derived from the network of relationships possessed by an individual or social unit” (Nahapiet and Ghoshal, 1998:243). Nahapiet and Ghoshal (1998) furthermore divide the concept of social capital into three inter-related dimensions – structural, relational, and cognitive.

Above, the formal relationship between the HR function and top management was discussed in terms of HR's top management membership. This study indicates that after the merger the HR director is more likely to have a seat at the table than she/he was before the merger. Likewise, according to my findings the HR director of the vast majority of post-mergers and current non-mergers report to the CEO. In the early days and pre-merger HR functions it was not uncommon for an HR director to report to the deputy CEO. From a social capital perspective these formal relations can be viewed as part of the structural dimension. The HR directors in my case organisations had become closer to the CEO in terms of structure. As the role of the HR function meanwhile has become more strategic it is conceivable that the structural dimension of the social capital affects the HR function, so that the closer the HR director is to the CEO in terms of structure the more likely is the HR function to play a strategic role. Although the perspective has been switched from role theory to social capital, the argumentation is the same as above. Related to the cognitive dimension of social capital, this study shows that HR managers and top managers often regard a ‘common language’ a prerequisite for HR managers to become strategic partners. The common language is the business language used by top managers.

EVP Alpha: Why include someone in the management team, who does not understand the ‘language’? He would have done nothing but twiddle his thumbs.

HR Papa: The biggest challenge for HR is to speak the same language as line managers do.

Based on the findings of my study, it appears to me that the more the HR director resembles the top managers in terms of way of thinking and talking, the more likely he/she may be to play a strategic role. Hence, the stronger the cognitive dimension of the social capital the more likely is the HR function to play a strategic role. The more HR specialists and line managers are alike, the more likely they are to socialise and build trust and thus be part of each others’ relational social capital.

Although two different concepts, in this particular context I regard the discussion on social capital to be related to role-theory. Strong social capital might at least to some extent be a result of HR's high reputational effectiveness. HR's high performance increases the expectations held by managers and little by little the top management's commitment to and trust in the HR function improves. Consequently, the dimensions of social capital, the cognitive dimension in particular, might change and grow stronger. Another potential scenario is that the social capital comes first and the strategic role follows. This might be the case when for instance a line manager who has worked closely with the CEO is appointed head of HR. There seems to be much room for further research on the relationship between social capital and role theory.
6 CONCLUSIONS

This thesis has studied the evolving roles of the HR function in the context of large-scale mergers. The aim of the present study was to examine the roles played by the HR function in the context of mergers and thus to understand what happens with the HR function in such a change environment, and to shed light on the underlying factors that influence the change. The main research questions were the following:

1. What are the roles played by the HR function before the merger, and after the merger?
2. Which factors affect the roles played by the HR function?

The theoretical part of the study summarised previous work on HR roles, proposing a conceptual framework consisting of two dimensions (tactical-strategic and reactive-proactive) and furthermore including five HR roles, namely: the process engineer, the negotiating lawyer, the employee advocate, the strategy implementer, and the business partner. Based on previous research a list of approximately 20 influencing factors was presented. The factors were divided into three contexts – an outer context comprised of external factors, an inner context consisting of organisational and individual attributes, and a merger context which considered elements that are specific to the merger setting.

The empirical study was partly of explorative nature and qualitative methods were perceived to be most appropriate. A case study approach was applied including ten mergers and four matching non-mergers in the data set. A total of 29 respondents were interviewed using semi-structured in-depth interviews.

6.1 General conclusions

Conceptual framework for HR roles. This thesis has tried to identify HR roles and used a conceptual framework (matrix) consisting of two dimensions. The framework is the end product of an extensive overview of previous work on HR functions, and according to the findings of my study the framework is a useful tool for analysing HR functions. Evidence is found for all five roles in the framework, and the two dimensions of the matrix were found to be orthogonal enough to be relevant.

One challenge with the framework is that all the five roles presented within the framework cannot be prescribed fixed locations on the two dimensions of the framework (strategic-tactical and proactive-reactive). Two of the roles (strategy implementer and business partner) are defined by the dimensions, while the remaining three roles (negotiating lawyer, employee advocate and project engineer) are defined based on other criteria, such as the activities they are comprised of. These roles may therefore move around in the framework so that a role that is tactical in one organisation is strategic in another.

The initial assumption that the roles are always situated in their prescribed places is problematic, as according to my study variance is found between organisations and within organisations over time. Although the studied case organisations are fairly homogeneous in terms of size, nationality, merger experience and industry the HR functions appear to represent a much higher degree of diversity than the organisations...
as such do. The framework may be a useful tool as far as it is acknowledged that the HR roles can change places.

**Changes in the roles.** My study set out to determine the roles played by the HR function before and after the merger. In my study I found evidence of all five roles defined in chapter two, both before and after the merger. The existence of the employee advocate and the business partner roles is not as prevalent and frequent in the studied sample as the existence of the three other roles (process engineer, negotiating lawyer and strategy implementer). Despite the challenges of role identification, certain patterns of role change are found. The thesis concludes that change occurs, as the study finds evidence for the roles of the HR function to shift over time. Generally speaking, the trend is for the HR function to become more strategic. Also, in organisations where development has not yet been evident there is a tendency to strive to become more strategic with the intermediate aim of becoming more efficient. The findings of this study support what has already been said by Monks (1993) and Truss (2009): the administrative role, in this study referred to as the process engineer, does not cease to exist as the HR function becomes more strategic, instead it is found to be a cornerstone on which additional roles rely. The HR function is found to play strategic roles only when the HR administration runs smoothly. In chapter 2.4.3 the study presented a framework in which the five different roles were presented as non-hierarchical. The findings of the study however suggest that there is a hierarchy.

The strategy implementer role has gained ground – it appears to be the fruit of the development that has taken place. One possible explanation of the shift is the increased efficiency of the tactical roles. Thanks to the increased use of IT tools and HR service centres an increased amount of HR resources can be allocated to more strategic tasks. In line with my findings, Torrington et al. (2008) claim that the outsourcing of tactical tasks enables the HR function to concentrate on developing the own role. Both the competence of the HR specialists and the attitude of top management regarding the HR function were also found to influence the strategic roles.

Over time the HR function has become more versatile. An HR function that played the process engineer and negotiating lawyer roles before the merger is likely after the merger to play the strategy implementer role in addition to the two previous ones. In this study, those HR functions that played the business partner role also played the strategy implementer and the process engineer role, and in most cases the negotiating lawyer role as well. The findings concerning the negotiating lawyer are somewhat ambiguous. In some organisations the role was found to be increasingly important as a consequence of the organisations’ globalisation process; in others the role was argued to be shrinking. The conclusion made in this study is that the process engineer, sometimes together with the negotiating lawyer, form a base upon which the more strategic roles build.

**Factors influencing change.** The study also aimed at answering which factors affect the roles played by the HR function. In chapter two, a number of potential influencing factors were listed, among others a set of individual factors. The attitude of the CEO/top management regarding HRM on the one hand, and the competence as well as the reputational effectiveness of the HR director/function on the other hand are found to influence the majority of the studied HR functions. Especially the business partner role is regarded to be highly dependent on the attitude of the CEO. The finding is consistent with Tanure and Gonzalez-Duarte (2007), who found that the perception held by the CEO and top management regarding the importance of people management is crucial for HRM in radical change situations. My study concludes that the
relationship between the HR function and the top management team is important for the role performance of the HR function. My study suggests a new empirical model which explains the impact of this relation on the HR function (see section 5.6.).

The merger integration process is found to be a window of opportunity for the HR function. The HR functions studied, which during integration took a leading role, expanded their own role and went from being mostly administrative before the merger to playing a business partner role after integration. Comparing the merger cases with the matching non-merger sample it can nevertheless be concluded that the roles played by the HR function in the post-merger sample are largely the same as in the current state of the non-merger sample. This suggests that the impact of the merger on HR appears to be limited; looking at the other side of the coin, a non-merger might experience equally big changes as a merger. A merger does imply that the organisation, and the HR function as part of it, is restructured, which in turn leads to the post-merger HR functions being different from the pre-merger functions. The reason why the merger sample does not substantially differ from the non-merger sample seems to be that also non-mergers had experienced changes and restructurings of equal magnitude.

The studied HR functions that profited from the window of opportunities mergers as well as other organisational restructurings might offer the HR function had been proactive in the change process. In terms of activities they for instance suggested and implemented integration teams, key recruitments and change communication. Evans et al. (forthcoming) argue that it is the responsibility of HR to ensure a sharp focus on people and leadership issues, making sure that the transitional organisation and teams are in place on day one. Evidence from my study nevertheless shows that the majority of the studied HR functions remained mainly reactive during the organisational change process and did not pursue any remarkable changes.

On an organisational level, the administrative heritage is the single most important factor that affects the HR role. Administrative heritage is perceived to hinder change. Especially within mergers, the administrative heritage appears to be a key question. My findings are in line with Bartlett and Ghoshal (1989) who argue that administrative heritage is a barrier to change in HRM as it cannot be changed quickly. Within the external context, other corporations and the economic cycle were identified as influencing factors. Nevertheless, in line with Hope Hailey et al. (1997) my study finds that the role of the HR function is to a higher extent influenced by internal than external factors.

**Empirical model.** The study presents a new model (section 5.5), which illustrates the impact of the relationship between the top management team and the HR function on the role of the HR function. The model builds on Truss et al. (2002) who brought up role theory in HRM research. My model examines the role expectations of top management and the performance of the HR function on a dimension reaching from tactical to strategic. The role theory is thus put into a model which creates a tool for understanding the HR function and changes within the function. My contribution lies in linking role theory to the strategic-tactical dimension and creating a model. With the help of the model we can increase our understanding not only of the role the HR function plays at a given point of time but also on the changes that take place within the function over time. Also, I suggest that the role-theory model could be used as a tool to analyse different HR activities.
My model examines the HR role in general on a single dimension reaching from tactical to strategic. This dimension is not only derived from the data in this study but also in line with all the five frameworks the study builds on. Hence, it is argued that the tactical - strategic dimension has received substantial support over the years.

While previous frameworks have tried to grasp the activities of the individual roles played by the HR function, this model does not cluster HR activities. The existing frameworks on HR roles presented in chapter two (Tyson and Fell 1986; Storey 1992; Monks 1993; Ulrich 1996; Ulrich and Brockbank 2005a) are descriptive, in distinction to my model that is explanatory. My model explains why role change occurs. Hence my study presents a model which opens up for further research on the HR function.

**Change paths.** The study shows that change occurs as the HR roles tend to be more strategic after the merger than before. Nevertheless, the HR functions appear to remain mainly reactive. As the study includes the analysis of two different points of time only and is based on data collected at one moment of time, I have only limited data on the change path the HR function undertakes. This limitation none withstanding, in line with Tyson and Fell (1986) as well as Monks (1993) I argue that a possible path would be to first build a tactical and reactive function, then continue building the function to include also a strategic and reactive role and thereafter move towards more proactive roles. My study found evidence for the first step, while it lacks data on the possible development thereafter. Nevertheless, my study finds that certain HR functions manage to move fast from being tactical and reactive to becoming strategic and proactive. Based on the data it is difficult to tell whether these HR functions have experienced an intermediate phase when being strategic and reactive.

Performing a reactive and strategic role might increase the reputational effectiveness of the HR function which I argue is a prerequisite for gaining a more business central role. Nevertheless, there is scarce evidence of HR functions moving from being reactive to becoming proactive, without the introduction of a new HR director to the function. Therefore the step from being a strategy implementer to broadening its field to becoming a business partner might be a more difficult step to take than when moving from tactical roles to strategic. Hope Hailey et al. (1997) argue that the change maker role in Storey’s (1992) framework, which corresponds to the proactive and strategic business partner role in my conceptual framework, tends to be only temporarily active. The trend seems to be that HR functions temporarily perform proactive and strategic tasks when the organisational situation calls for it because of e.g. restructurings, but return to its reactive stance during business as usual (Hope Hailey et al. 1997). As my study deals with the change setting a merger implies, it cannot be ruled out that the identified strategic and proactive HR functions will, when the post-merger integration is complete, revert to being reactive. Far more research is needed to gain understanding of the path HR functions are likely to undertake.

**6.2. Limitations and implications**

**6.2.1. Limitations**

Like all research, this study suffers from certain limitations. The study was built on a thorough literature review. The overview of previous work concerning the roles an HR function might play was extensive. The explanatory part of the study, which discusses factors influencing the roles, is eclectic rather than building on one or more
organisational theories. As a limitation the theoretical point of departure of the study was somewhat uneven as the descriptive part was more well-informed than the explanatory part.

With hindsight, the terminology that I used during the interviews is to some extent ambiguous, which implies that different respondents might have interpreted and used the terminology in different ways. At first glance the dimension tactical-strategic appears to be quite self-evident, although the analysis shows that the meaning of the word strategic is likewise subject to various interpretations. What kind of HR role is truly strategic? When is it of strategic importance to cater for e.g. executive training, when is it not and what more exactly makes HR activity correspond to the business partner/strategy implementer roles vs. some of the other roles? Also I find the reactive-proactive dimension to be problematic, as I believe the HR function may proactively react to the business situation, e.g. make an initiative as a reaction to something. As stated above, the classification of HR functions and HR activities into different roles is problematic. The study might have gained from having a clearer definition of these concepts prior to the data collection.

It should be noted that the data were collected at one point of time only. The interviewees were asked to reflect on the pre-merger HR function in retrospect while their reflections on the post-merger HR function concerned their current work. It seems probable that respondents feel a stronger need to justify current practices than past ones, and thus it has to be kept in mind that the findings from the two different points of time are perhaps not entirely comparable. My finding, according to which the HR functions perform increasingly strategic roles, needs to be considered in the light of this limitation. The study is moreover subject to the common limitations that apply for any retrospective study. The findings rely on the memories and post-hoc reasoning of the respondents. One challenge of conducting research on mergers is the difficulty of gaining access to the organisation during the pre-merger planning and to study the merger over an extended time period – in this study it was not possible. Consistent with Truss (2009) I call for more longitudinal research on the evolvement of the roles of the HR function.

HR directors and other top managers were chosen as informants as they were believed to be the persons most central to the role of the HR function. As a limitation it has to be noted that the study does not include any other perspective than that of the top management/HR directors. The selection of groups of respondents might have affected the results. As a key finding I claim that the relationship between the HR function and the top managers affect the role of the HR function. The study cannot rule out that the finding is a consequence of the selection of respondents.

Based solely on an interview with one or two HR managers it might be difficult to assess the actual strategic input of the HR function as a whole. The point of view of a member of the management team such as the CEO or CFO appears to be needed in order to assure identification of the contribution of the HR function. Hence, it should be pointed out that the analysis made in this thesis to is some extent uneven, as the analysis of some case organisations is based on the HR director’s perceptions only, while others also take into consideration the viewpoints of top management.

There are other obstacles related to the data collection that affect the reliability of the analysis. On the one hand, the HR managers interviewed might have felt a need to boost their own role and importance in the organisation. On the other hand one cannot rule out the opposite, that someone felt embarrassed talking about herself/himself and
tried to play down their own input. The problem was partly solved by having a group of respondents who represented the top management, but had no part in the HR function. However, such interviews were not included in the data collection of every single case, and I believe that my interpretation of the HR function and analysis of the data may have been affected by whether I had made an interview with a top management representative.

As this piece of research was conducted by a single researcher the data collection and analysis was also made without the involvement of anybody else. The reliability and validity of my study are therefore difficult to verify.

Furthermore the study was conducted in a limited geographical area, implying an equally limited generalisability. Also, the number of interviews is small. Thus, a great deal of caution is needed when interpreting the data.

6.2.2. Implications for future research

The study combines several streams of research - HR roles, factors influencing the HR function, and research on M&As. It also opens up for a wide variety of future research.

In order to improve the understanding of the evolving roles of the HR function, the study attempts to verify previous scholarly theorisation. My study finds evidence of the two dimensions and the five roles suggested in the theoretical framework, but also identifies the problems of clustering various HR activities into different roles. A new empirical model is presented (section 5.6), which I argue to be an interesting base for future research.

The emerging model illustrates the relationship between top management's expectations and the HR function's performance. In future research, it would be interesting to study the effects the change of CEO or HR director might have on the role of the HR function. According to Ulrich et al. (2009), a newly appointed HR director has a unique opportunity to shape a new agenda for the HR function.

Future studies that would deal with how the HR function can influence the role expectations on the part of top management would make an interesting contribution to the discussion. Also, the applicability of the model could be tested in different settings, although my assumption is that the model might be an equally fruitful tool for HR research in any kind of organisation, regardless of e.g. size or degree of internationalisation.

The list of influencing factors that was first presented in chapter two and further developed in chapters four and five is a product of this thesis. The structure of the list is my own, but the factors included can be traced to a large number of previous studies as well as to the findings of this piece of research. Such an all-encompassing list of factors that influence the role of the HR function has not been presented in the HR literature before. Previous research studying factors influencing HR have typically focused on a limited number of factors (e.g. Baird and Meshoulam 1988; Hendry and Pettigrew 1992; Pucik 1992). This study has in many respects been of explorative nature, especially in its attempt to identify factors that influence the HR function. Twenty-four specific factors are listed in the findings. The definitions of those factors varies from being well defined to less defined, and further research is needed to improve our understanding of the influencing factors. Clear distinctions between the different
factors would help us improve our understanding of how different factors interact. In future research, the inter-relations of the influencing factors would need much more attention. It has been noted in this study that external factors often impact internal factors, which in turn have an effect on the HR function. However, the factors within the internal context also seem to impact each other, which makes it difficult to identify unambiguous causal connections. More research is needed to increase our understanding of the inter-relations and their impact on the HR roles.

In this study data were collected by interviewing HR professionals and top managers. In future research it would be interesting to include the perceptions of line managers, perhaps by applying quantitative methods. The involvement of line managers in HRM has been beyond the scope of this study, but in future research it would be interesting to study how line managers’ involvement affects the roles played by the HR function. Perhaps the line managers play e.g. the employee advocate role which according to this study does not belong to the HR function’s general repertoire. Whittaker and Marchington (2003) argue that line managers to an increasing extent regard HRM as a natural part of their own work, while also recognising the need of an HR function catering for specialist expertise.

Previous research on M&A integration has focused on what managers need to do to make the integration work. For instance the need of taking into account cultural issues has been extensively discussed (e.g. Cartwright and Cooper 1996; Stahl et al. 2004). This study contributes to the discussion on what the merger integration implies for the HR function, i.e. the kind of possibilities the integration offers. This angle merits further attention. In future M&A research it would for instance be interesting to explore the possibilities the integration phase offers other parts of the organisation.

Future research could moreover benefit from studying the merger integration phase more closely – longitudinally – to improve our understanding of the involvement of the HR function in that process. This study suggests that the HR function can gain a more strategic role by actively supporting the organisation during the merger integration process. The HR function could for instance take on the role as the integration manager, including the management of timelines and communication. The establishment of integration teams could also be a responsibility of the HR function. The development of the role of the HR function is likely to vary in accordance with the input of the HR director – an integration manager who takes the lead of the integration implementation can gain other sorts of roles than an integration administrator who takes care of secretarial duties. By studying different kinds of HR competencies, social capital, the attitudes of the CEO and the specific contexts one could increase the understanding of the mechanisms that support the HR function in its contribution to the integration and eventually strengthen its strategic role. The proactivity of the HR director in organisational change situations in general would also merit from more attention with regard to the roles the HR function will become to play.

6.2.3. Practical implications

The study provides some useful insights for practitioners. First, the study reveals the importance of the relationship between the top management team and the HR function in the development of the HR roles. This study provides the practitioners with a new model, which may increase their understanding of how their relationship with top management affects HR’s role. The expectations of top management regarding HR’s
performance were found to have increased. Higher expectations are argued to be a prerequisite for the shift in the role of the HR function to become more strategic.

Second, the study shows that HR functions have become more versatile. In practice, this implies an increased need for HR generalists, who manage the wide variety of HR activities and processes. The HR function is under pressure to adapt its activities depending on the prevailing organisational attributes, and therefore it is argued that HR specialists need to play different roles at different times.

Thirdly, the administrative heritage is found to hinder the development of the HR function. For HR practitioners the awareness of the power the administrative heritages possesses increases their possibilities to take it into account when planning ahead the development of the HR function. The thesis shows evidence of an HR function that replaced HR staff to overcome the problem.

Finally, the findings show that the HR function can gain a more strategic role by proactively supporting the organisation. Change settings such as merger integration and organisational restructurings constitute a lucrative setting for increased HR contribution. However, only a minority of the HR functions in my study proved to be capable of making the most of the opportunity and improving its role. One thing seems to be apparent – the HR function is given nothing for free.
REFERENCES


APPENDIX 1 INTERVIEW GUIDE (PILOT STUDY)

The HR function in your company (today)
Formal organization: corporate/divisional/BU levels
Approx. no. of people in different units, the background of people in senior positions
Formal representation of HR managers in the organisation
Brief overview of what the different units are involved in/responsible for (e.g. business planning, HR information, recruitment and selection, management development, HR advice to line staff)

The merger context
In your own opinion, what phases does the merger process consist of?
Where are you now?
What were the duties of the HR function during the merger?
What was the extent of HR involvement in merger?
How would the merger have succeeded without help from the HR function?

How would you describe the roles played by the HR function in your company? Senior managers/line managers’ expectations of HR and perceived effectiveness?
Discussion of HR issues at a senior level?
Operational efficiency vs. strategic issues (change mgt., input in strategy formulation/HR dimensions of strategy)

Why? How has the function come to play these roles? (At corp./division/subs.)
Resources: HR expertise, business knowledge, formal/informal power (incl. credibility), resources
Merger impact on HR role?
Behaviour:
- ‘strategic intent’ and strength of will to play certain role
- specific HR initiatives
- management development programs; HR information systems; eHR; formalization of HR strategies; perf.mgt./compensation systems; competency frameworks
- focus of activities (strategic vs. operational)
- devolution of activities to the line
- communication and visibility of HR – how?

Additional questions
Things you see as important that we haven’t covered?
What are current (and future) challenges for the function and yourself?
(Describe a typical week)
How would you describe the roles played by the HR function in large Finnish companies in general?
How do you explain why?
APPENDIX 2 INTERVIEW GUIDE (MERGERS)

Background information of interviewee

Pre-merger
HR activities
Structure of the HR function
HR’s relations to top management
Corporate business situation
HR’s vision
Role of external consultants – cooperation with HR
Role of communication department – cooperation with HR

Merger takes place
When/how did you first hear about the deal?
When did HR become involved, what kind of tasks?
HR participated in DD?
HR activities
Structure of the HR function
HR’s relations to top management
Corporate business situation
HR’s vision
Role of external consultants – cooperation with HR
Role of communication department – cooperation with HR
HR’s routine tasks – how were they handled?

Post-merger
HR activities
Structure of the HR function
HR’s relations to top management
Corporate business situation
HR’s vision
Role of external consultants – cooperation with HR
Role of communication department – cooperation with HR

Questions to top managers
Top management’s view on HR?
In an ideal world – what would the tasks of the HR function be? What would be focal?
How could HR support you in your daily work?
Should HR be pro-active or reactive? What is HR today?
Which factors affect HR’s role? The view of top management, the business situation, current trends, other corporations’ HR, consultants?
What is the relationship between HR and top management?
Who within the top management guards the interests of HR?
Could the organisation benefit from having HR in top management?
Could the HR function improve its work if it had a better view of the work of the top management?
How could HR’s input in the business be improved?
Additional questions
  What has changed during these years?
  Which factors explain the changes/lack of changes?
  How has the role of the HR function changed?
  How can HR contribute to the success of the merger?
  Additional comments?
APPENDIX 3 INTERVIEW GUIDE (NON-MERGERS)

Background information of interviewee

10 years ago
- HR activities
- Structure of the HR function
- HR's relations to top management
- Corporate business situation
- HR's vision
- Role of external consultants – cooperation with HR
- Role of communication department – cooperation with HR

5 years ago
- Possible change situations?
- When did HR become involved, what kind of tasks?
- HR activities
- Structure of the HR function
- HR's relations to top management
- Corporate business situation
- HR's vision
- Role of external consultants – cooperation with HR
- Role of communication department – cooperation with HR
- HR's routine tasks – how were they handled?

Current situation
- HR activities
- Structure of the HR function
- HR's relations to top management
- Corporate business situation
- HR's vision
- Role of external consultants – cooperation with HR
- Role of communication department – cooperation with HR

Additional questions
- What has changed during these years?
- Which factors explain the changes/lack of changes?
- How has the role of the HR function changed?
- How can HR contribute to the success of the merger?
- Additional comments?


