



TenStep Supplemental Paper

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How Mergers Affect HR

When two organizations are merging, or one organization is acquiring another, management rarely think of the implications for the new organization's HR information systems. Legal questions, business decisions, relocations and layoffs loom larger than questions about data conversion, employee self-service options or technical support.

However, organizations going through mergers or acquisitions ignore the impact of HR systems at their peril, according to merger-experienced employers and consultants to merging organizations. Incompatible HR systems can produce error-filled pay checks, botched reports or glitches in benefits enrolment. HR problems can accompany these technical problems as employees lose trust in the HR capabilities of combined organizations.

The new management might choose one participant's existing system as the new standard or scrap both participants' systems in favor of something new. The choice may be purely on speed and convenience, or it may take time to assess decision-making styles of both companies. Whatever the choices, HR will have to press top management to ensure that HR systems' decisions get the budgets and attention they need.

Mergers and acquisitions checklist

Whether an organization is being acquired, acquiring another organization or merging with an equal, it needs to thoroughly understand its current technology before making any decisions about how to treat HR information systems during the transition.

It should ask itself some of these questions -

- What are the technical specifications for the current HR Information Systems (HRIS) and other separate HR-related applications?
- Who uses the systems and applications? Do managers or employees have direct access to HRIS? What information do users retrieve regularly? Occasionally? Seldom?
- What are the security and access issues? What firewalls or other security measures are in place to protect HR data?
- Can the current HRIS support expansion to handle new functions that the organization may want, such as in-house payroll or employee self-service?
- What is the cost of systems maintenance, hardware, software and technical support?

This will not only ensure a trouble-free HR system for the new organization but also reinforce the faith of the employees of the merged entity.