

workhuman*

Thriving Through M&As

THE IMPACT AND ROI OF RECOGNITION



The state of the world has slowed M&A growth in recent years – according to PwC, the value of M&A deals rose by 5% in the first half of 2024 compared to the first half of 2023, but overall transaction volume fell by 25%, continuing a downward trend that started in 2022.

“The daunting combination of high interest rates, current valuations, and political uncertainty has been a showstopper for many deals. Nevertheless, the strategic need for M&A continues to grow stronger, creating pent-up demand which will be unleashed as these uncertainties resolve.”

BRIAN LEVY

Global Deals Industries Leader, Partner

PwC US

Source: “2024 Mid-Year Outlook: Global M&A Industry Trends,” PwC, 2024

That said, deals are once again poised to pick up some steam. Behind the scenes, experts are seeing an uptick in activity among sellers, and more quality assets are expected to come to market. AI is a catalyst for much of this shift as leaders reevaluate their strategies, business models, markets, and competitors.

With many CEOs interested in accelerating company growth when the market supports it, HR leaders should be prepared to support change management for M&As. A challenging prospect, as studies report that a majority of the workforce will ignore or reject this type of major change, a reaction largely attributed to the uncertainty the average employee feels: What if their position becomes redundant, the new organization doesn't appreciate their skills and contributions, or the companies' cultures clash? As people are consumed with worry, employee engagement and productivity drop.

Addressing cultural shifts and human fears

To alleviate these concerns and positively impact the employee experience during a time of upheaval, leadership of both companies must look beyond the technology, departmental, and other functional integrations and put equal focus on employees' emotional and psychological needs for validation, consistency, and a clear plan.

By continually reinforcing values and behaviors that are important to the future company's success, leaders can overcome a lack of cultural alignment – the primary reason many acquisitions don't deliver the value for which the company hoped.

Workhuman® research has found that workers recognized in the last month at companies that have been through a merger or acquisition in the previous year are nearly 2x as likely to trust in their company's leadership team, compared to those who have never been recognized for their work (82% vs. 46%).



Increasing optimism with values alignment

Many Workhuman customers have used Social Recognition[®] as a positive way to align new employees to behavioral norms and to get real-time data on where those behaviors are both thriving and lacking. They can then work with our data scientists to understand how this impacts KPIs such as retention, safety, and productivity.

Here are a few more ways to maximize the power of peer-to-peer employee recognition during an M&A:

Emphasize recognizing behaviors, actions, or attitudes that are tied to a specific value. This will help those values come alive for all employees, creating a more meaningful and memorable impact. Designate recognition ambassadors within both merging companies to encourage and demonstrate appropriate use of the recognition program.

When securing executive sponsorship for recognition, include senior leaders from both companies. By seeing familiar and trusted leaders encouraging human moments that matter throughout the merged organization, employees will begin to notice and acknowledge the valuable contributions of their colleagues in the other company.

Plan strategic goals for the recognition program. Goals around frequency, timeliness, and modeling appropriate awards are critical in recognition programs, but also be sure to include goals around merging the two cultures into one global culture of appreciation.

Confidentially survey employees before the recognition program launches.

Ask them about their current job satisfaction and engagement levels, their level of concern relative to job retention and potential changes to culture and leadership, their understanding of the merged entity's values, and how those values translate to daily behaviors. After program launch, conduct the same survey periodically to measure improvements in these areas.

Launch recognition soon after the M&A is announced. This allows you to engage all employees in the new culture, help them understand their continued value to the merged organization, and unite them behind the new vision and values.

Many Workhuman customers have used recognition strategically during and after an M&A, including:

Baxalta (16,000 employees) → **acquired by Shire** (23,000 employees) → **acquired by** 

Cooper Industries
(30,000 employees)
↓
acquired by


Allergan
(15,000 employees)
↓
acquired by


St. Jude Medical
(18,000 employees)
↓
acquired by


Celgene
(9,000 employees)
↓
acquired by


Cordis
(15,000 employees)
↓
acquired by


Echelon Insurance
(500 employees)
↓
acquired by


Jennifer Kew, AVP of marketing and communications for CAA Club Group, was a part of Echelon Insurance when it was acquired. She explains:

“We underwent a change that took us from being a publicly traded organization to one that was really focused on a purpose. Employee recognition was really important throughout that transition and remains important today because it’s giving our employees that sense of direction so that they know what they’re trying to accomplish. Rather than that being a financial result quarter over quarter, they’re now focused more on the long term and they’re really driving results through behaviors that we are celebrating as an organization. Recognizing those behaviors is extremely important.”

JENNIFER KEW

AVP, Marketing & Communications

CAA Club Group

Source: [Echelon Insurance/CAA Club Group testimonial video](#), Workhuman, 2023

Even when organizations face an uncertain future, recognition is a tool that can be implemented to quickly and effectively lift employees and build a sense of community.

We’d love to show you how. Contact us today.

+1 888.743.6723 | workhuman.com

Or read more on our blog: workhuman.com/blog

Join HR’s leading innovators and trailblazers at our next [Workhuman Live](#) conference.

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