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The Impact of 'Forced' Mergers And Acquisitions on Employer Brands: A Review of United Kingdom's Banking Sector in the Difficult Times of Financial Crisis

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Abstract:
In the recent scenario of global financial crisis that has hit the Western developed economies harder than ever, it is essential to study the impact of mergers and acquisitions, forced by the government, on employer brands of the organizations involved. We review the case of UK financial sector where two banks were forcefully merged by the government to save the banking industry from collapse and revive the economy. The case study suggests that forced mergers have negative implications on employer brands as they create uncertainty about the post-merger organization and the position of the current employees therein, particularly the acquired firm. Moreover, the implications spread across the board to potential employees who remain cautious of applying for jobs in such organizations due to damaged reputations and uncertainties.

Keywords: *Employer branding, mergers and acquisitions, global financial crisis, credit crunch, recession*

1. Introduction

Global economic activities continue to slow down as a result of the recent credit crunch that has affected most countries including the big economic powers including the United States, European Union, China, and Japan. In this paper, however we will keep our focus on the economic situation in the United Kingdom (UK). The UK economy has experienced numerous recessions in the past century, averaging about five major recessions, with the one in 1929-1932 being the worst and also regarded as the *'great depression'* (Dow, 1999). However, the recent recession and financial crisis has also been compared with the great depression by economists as it has proved to be equally dangerous. The economy was expected to grow by 2-2.5% in 2008 and 2.5-3% in 2009 and 2010 but unfortunately the growth in 2008 was less than 1% (UNISON, 2008). Also, in 2009, a Gross Domestic Product (GDP) contraction of 2.6% was forecasted (Sentance, 2009). In such poor economic conditions, government intervention has remained pivotal in attempting to revive the economy, especially the financial sector which has been severely affected. Therefore, with the help of the Financial Services Authority (FSA), the government has been determined for the sector's revival. In doing so, it has been involved in forcing organizations into mergers in order to curb competition to reduce market concentration, which would in turn help the financial sector revive. We take the recent example of the merger between England's Lloyds bank and Scotland's Halifax Bank of Scotland (HBOS) and using the case illustration, study the impact of this forced merger on the employer brands of these organizations.

The concept of employer branding has gained tremendous importance in the last couple of decades with organizations concentrating on building reputations in order to attract and retain customers and employees. Mergers and acquisitions (M&as) have also gained importance which is evident through the overall increase in their numbers, especially, over the past few years where the world has seen many major acquisitions. Considerable rise in the numbers of mergers and acquisitions has been recorded worldwide over the last fifteen years with the rate doubling every year (Chalhoub, 2007) and further expected to increase (LaPedus, 2003; Chalhoub, 2002). UK became the largest acquiring country worldwide by the year 2000 and accounted for 31% of the total cross-border acquisitions value (UNCTAD, 2000). Inside the UK, there have been numerous mergers, especially in the financial sector, of which the case of Lloyds and HBOS is a recent one and entails importance due to the reason that it was mediated by the government as a consequence of the financial crisis.

This paper examines the relationship between employer branding and M&as in the perspective of the recession-hit economy of UK. Initially, the key concepts of employer branding and M&as will be explored, followed by the discussion of the current economical situation of the UK. Towards the end, the impact of M&as on employer branding will be discussed.

2. Systematic Literature Review

In this paper, we review the two major concepts of employer branding and M&A. The combination of these concepts forms into an extensive body of literature that draws on several academic disciplines. Therefore, there is a need for balancing between the breadth and depth of such vast and varied literature (Saunders *et al*., 2003). Thus, a systematic review of the literature was conducted. Bias in the review is minimized by this approach by being systematic and explicit (Petticrew and Roberts, 2006). It is a step-wise approach in which relevant keywords are determined and articles are excluded on criteria of relevance and quality by deploying specific methodology.

Relevant literature was identified in the first stage by searching for the keywords in academic databases including: EBSCO, Blackwell Synergy, Emerald Full text, Elsevier Science Direct, and Google Scholar. The review included articles and papers published in reputable academic journals between 1995 and 2010. This era was chosen as the topic under discussion entails recent issues and new concepts and most of which did not exist beyond 1995, such as the employer branding concept. Different combinations of keywords were searched including: *brand*, employer brand*, corporate brand*, mergers and acquisitions, global financial crisis, credit crunch, recession, economy, financial sector* etc. As the search produced a large number of articles (approximately 380), they had to be condensed to ensure the inclusion of only relevant articles. After filtration by reviewing the titles and abstracts of these articles, the final selection included a total of 44 articles that were included in the full text review. Moreover, numerous books written by the key authors in the field were also reviewed for the relevant literature. Several newspapers and magazines have also been consulted in the process.

3. Employer Branding

3.1. Meaning and Definition

Brand management is amongst the key activities of firms due to the fact that brands constitute valuable assets of the firm (Backhaus and Tikoo, 2004). According to Kotler (1991; p. 442), the marketing term *brand* can be defined as “a name, term, sign, symbol, or design, or combination of them which is intended to identify the goods and services of one seller or groups of sellers and to differentiate them from those of competitors”. Brand is an emblem encapsulating the associations made with a name (Gardner and Levy, 1955). Its four attributes include the ability to create differentiation, loyalty, satisfaction, and emotional attachment (Davies, 2008). Traditionally, branding has only been having its focus on products and corporations until recently when it started to be used in the area of human resource management (Backhaus and Takeo, 2004).

By applying the principles of branding to human resource management the term ‘employer branding’ was coined (Ambler and Barrow, 1996). Organizations are using this concept for attracting new recruits and ensuring that current employees are appropriately engaged in the firm’s culture and strategy (Backhaus and Takeo, 2004). Numerous definitions of employer branding are available in the literature. It has been defined by the Conference Board (2001; p. 10) in these words, “the employer brand establishes the identity of the firm as an employer. It encompasses the firm’s values, systems, policies, and behaviors toward the objectives of attracting, motivating, and retaining the firm’s current and potential employees”. Employer branding has been defined by Backhaus and Tikoo (2004; p. 502) as “the process of building an identifiable and unique employer identity, and the employer brand as a concept of the firm that differentiates it from its competitors” and by the CIPD (2008) as “... a set of attributes and qualities – often intangible – that makes an organization distinctive, promises a particular kind of employment experience, and appeals to those people who will thrive and perform to their best in its culture” (p. 3). Sullivan (2004) defines employer branding as being a long-term and targeted strategy to manage the perceptions and awareness of employees, potential employees, and related stakeholders with regards to a particular firm.

One of the main purposes of an employer brand is to create an image of the organization as a good working place (Sullivan, 2004). A strong employer brand of an organization aids in attracting better applicants (Collins and Stevens, 2002; Slaughter *et al.*, 2004). It also serves the function of structuring the employees’ expectations about their employment (Lievens and Highhouse, 2003). Branding is used to differentiate people, places, and firms, whereas initially it was used to differentiate products (Peters, 1999). Therefore, employer branding is used to distinguish between the characteristics of an employer from other competing employers (Backhaus and Tikoo, 2004). It is an employment package containing functional, economic and psychological benefits particularly identified with the employing company (Ambler and Barrow, 1996). The identity of the firm as an employer is established by the employer brand which covers the firm’s value system, behaviours, and policies towards the objectives of attracting, motivating, and retaining the current and potential employees of the firm (Conference Board, 2001).

3.2. Objectives of employer branding

A CIPD (2008) survey of 274 respondents recognized various objectives for employer branding. These include cost reduction, attrition reduction, to compete for labour, improving productivity and delivery, increasing employee satisfaction, improvement of recruitment performance, and alignment to vision and values. The importance of these objectives in the view of respondents is evident through the following figure.

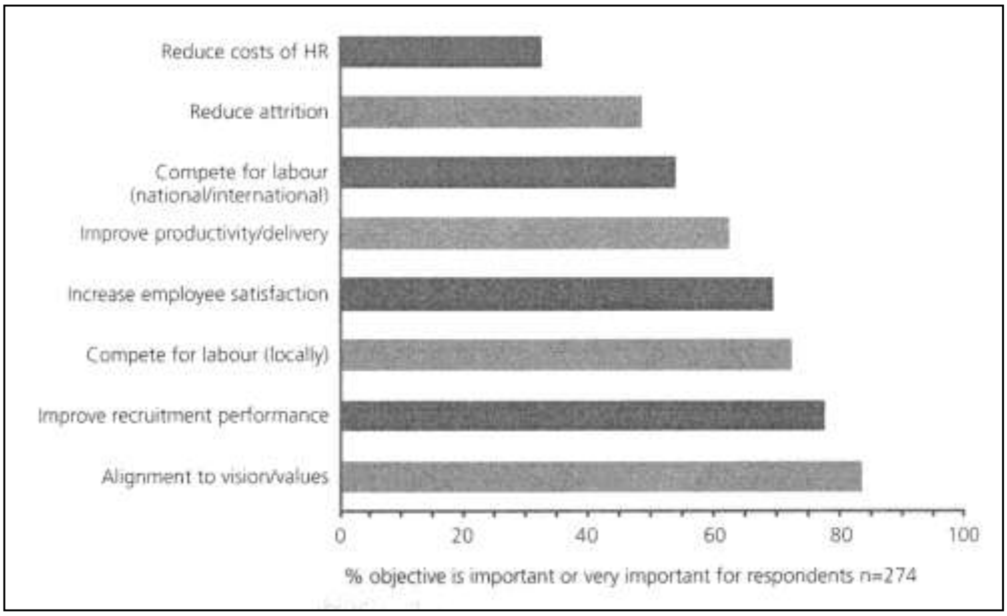

Figure 1: Employer branding objectives ranked by importance
Source: CIPD (2008)

3.3 Outcomes of Employer Branding

Employer branding leads to the creation of two types of capital assets for the organization. These include the *employer brand capital* and the *reputational capital* (Martin, 2008). *Employer brand capital* refers to the organization's reputation as an employer of choice and the degree of advocacy of its employees (CIPD, 2007, 2008; Joo and McLean, 2006) whereas *reputational capital* explains the extent of corporate segregation in product markets and authenticity in key stakeholders' eyes that comprises of reputations for corporate social responsibility and high levels of corporate governance (Deephouse and Carter, 2005; Lievens *et al.*, 2007; Martin and Hetrick, 2006; Ulrich and Smallwood, 2007). For the short-term and long-term performance and sustainability of organizations, these capital assets are crucial (Martin, 2008). In certain sectors, such as the knowledge sector (Kay, 2004), high-technology firms (Birnik and Bowman, 2007), service sector (Sparrow *et al.*, 2004), international consulting firms (Armbruster, 2006) and public services (Martin *et al.*, 2008), this is evident. A supporting example could be the sturdy and affirmative link between corporate reputation and financial performance as demonstrated by Roberts and Dowling (2002). According to Hatch and Schultz (2001) and Fombrun and Van Riel (2003), the value of corporate brands are at times more than twofold the book value of tangible assets. A strong argument comes from Kay (2004) that brands and reputation comprise the principal assets of developing and developed economies. The economic policies of some countries, including China, South Korea, and Taiwan further prove this argument as these countries have national economic development strategies which are based on the linkage between advance technology and branded goods (Martin, 2008). Organizations achieve and manage human capital in order to gain these positive results.

Human capital refers to the apt quality of reserve and stream of individual skills and competences (Martin, 2008). This means having the right people with right skills in the right place at the right time (Dyer and Ericksen, 2007). It is dependent upon the attraction of the organization to the potential recruits and securing high levels of employee identification (Barrow and Mosley, 2005; Dell and Ainspan, 2001; Martin, 2007; Sartain, 2005; Ulrich and Smallwood, 2007). Employee identification proves to be advantageous in several ways including creating strong sense of organizational identity, internalization of the organization's values by employees, commitment to stay with the organization, and psychological ownership (Sparrow and Cooper, 2003; Martin and Hetrick, 2006).

3.4 Importance of employer branding

Many organizations have either already developed or are in the process of developing formal employer brands (Conference Board, 2001). Its importance for academics and practitioners can be assessed through the publication of numerous articles in the field by these academics and practitioners (Frook, 2001; Eisenberg *et al.*, 2001). Moreover, the most popular internet search engines, such as Google and Yahoo! provide more than 3,000 entries when searched for the term *'employer branding'* (Backhaus and Tikoo, 2004) which is a reflection of how important this particular field of management is becoming. Furthermore, organizations are utilizing more resources than before on employer branding programs (Backhaus and Tikoo, 2004) which is an indication of its growing importance and practicality.

3.5 Benefits of employer branding programs for organizations

Competitive advantage, internalization of company values by employees, and retention of employees are amongst the benefits of employing employer branding programs in organizations (Conference Board, 2001). In a study based on respondents from 27 companies, Ambler and Barrow (1996) found that branding has relevance in employment. In a recent study by Ewing *et al.* (2002) it was emphasized that employer branding is useful for knowledge economies that lack skilled personnel.

3.6 Limitations in the employer branding literature

Although employer branding has gained immense importance by academics and practitioners in the last few years, it lacks scholarly research which is constrained to limited publications in the literature of marketing (Backhaus and Tikoo, 2004). Being a field of study that has only emerged a few years back, it requires further research by academics to build a better understanding of the concept and its related impact on businesses and other fields of management.

3.7 Obstacles to the success of branding efforts

According to the surveys and interviews conducted on business executives, it was revealed that inadequate *budget* and fears and habitual attitudes of *management* were the two main obstacles in the way of successful branding programs (Conference Board, 2001). Branding activities and programs are considered to be very expensive and require huge budgets for development. Moreover, they also prove risky due to the involvement of huge costs and time. Most organizations fear losing time and money in case their branding program is unable to achieve the desired results. Therefore, such elements of fear and risk and the lack of initiative taking amongst the management become big obstacles to their development.

3.8 What success in branding means? Anecdotal evidence

In a research conducted by the Conference Board in 2001, success in branding was identified by the executives. It meant different to all the respondents but their final answers reflected close similarity and resemblance. Various answers were given when respondents were asked what they consider to be success of branding efforts. IBM executive stated capability of hiring the right talent, minor erosion in the critical skill groups, and employee satisfaction. An executive of Nestle pronounced loyalty and quality as the two results of successful branding campaigns. The Harley-Davidson executive suggested increasing productivity, greater loyalty, and good customer relations as signs of success in branding. Therefore, we can conclude that every organization has their own way of defining success in the branding process and therefore invest their time and money accordingly towards such programs.

3.9 Corporate Branding and its Relationship with Employer Branding

The corporate brand personifies company values and is a promise of the value to be delivered. It may be used to differentiate a company from competitors based on its strengths, corporate culture, corporate '*style*', and future direction (Conference Board, 2001). It is considered essential for "delivering the brand promise to customers" (Conference Board, 2001; p. 12). Creating corporate identity is a central branding objective (Conference Board, 2001). The corporate reputation literature states that corporate brand is built through reputations. Development of strong corporate brands is unachievable without the building of good corporate reputation. Organizations must put their efforts in creating, maintaining, and advertising good reputation for the purpose of attracting talented employees, reducing turnover, and improving relations with the key stakeholders including customers and employees (Joo and McLean, 2006). According to Martin *et al.* (2005), significant interactions between the representatives of the organization and the outside world form corporate reputation. Fombrun (2002; p. 9) defines it as "a collective representation of a company's past actions and future prospects that describes how key resource providers interpret a company's initiatives and assess its ability to deliver valued outcomes".

Both, the corporate and employer brands share a close relationship. Employer brand is employment-specific and it is directed to the internal and external audiences whereas products and corporate brands are only directed towards external audiences (Backhaus and Tikoo, 2004). In numerous scholarly and practitioner arguments (Conference Board, 2001) they have been closely related to the extent of inseparability. In the survey conducted by the Conference Board (2001, p. 12) a company executive stated "I find it unhelpful to consider the 'brand' as two distinct things – corporate and employer. The reality is we have one brand with different audiences. Brand discontinuity between audiences would be disastrous". It is suggested by research findings that between corporate and employer branding the main difference lies in their focus – internal versus external (Conference Board, 2001). The corporate brand is focused on the external customers whereas the employer brand emphasizes on the internal customers, that is, employees. The importance of practically aligning both these strategies can be clearly visible from example of big companies of the world that are practicing them, including the IBM. To ensure the alignment between both these brands at IBM, the development team of IBM strategy used the same methods, consultants, internal team members that created its corporate brand (Conference Board, 2001). The importance of this particular alignment in strategies made one of the officials of the company (IBM) state "… the product brand reinforces the employer brand and then the employer brand reinforces the product brand" (p. 14). According to the Conference Board (2001), both corporate and employer brands have been recently developed and they develop together. Most companies give joint importance to both these branding initiatives to an extent that they are unable to distinguish between the two. An executive at GE states "GE has one brand, period. The same brand goes to all our audiences" (Conference Board, 2001; p. 14). Another executive from Harley-Davidson said "the corporate brand and employer brand are one and the same" (p. 14).

It has been argued that most branding efforts are results of identity crises arising out of numerous factors including mergers, acquisitions, and corporate spin-offs, which has implications for employer and corporate brands (Conference Board, 2001). Hence, the following section will discuss M&as and its implications for employer branding in a recession-hit economy.

4. Mergers & Acquisitions (M&As)

Mergers occur when two or more organizations decide to amalgamate and function as one entity whereas in acquisitions, bidder owns at least 50% of target's voting shares (Conn *et al.*, 2005). According to Pfeffer (1972), the activities of M&As are undertaken in order to manage resource dependencies via assimilation and integration at a low-cost base. Companies also engage in M&A to achieve and consolidate power position in the marketplace (Galbraith and Schendel, 1983; Galbraith and Stiles, 1984). Berggren (2003) also supports these arguments through the expression that international organizations reduce cost and save time through M&As instead of creating their own supply chain and distribution channels. Mergers have the ability to accomplish the goals of increasing efficiency, decreasing cost, and maintaining quality (Shaw, 2003). Larimo (2002) argues that alliances are means of obstructing competition and this is achieved by the simple formula where mergers increase efficiency by reducing excess capacity and eliminating services duplication (Shaw, 2003). It also improves the bargaining power of the new organization as a result of the bigger size (Shaw, 2003). As a matter of fact, by the year 2000, UK has remained to be the largest acquiring country with 31% of all cross-border acquisitions (UNCTAD, 2000). At the global, figures from 2005 showed that cross-border M&As reached a record value of US$716.3 billion over 2004 which is a rise of 88% (UNCTAD, 2006). These figures reflect the importance of M&A activities in a developed country like UK.

It is suggested by evidence that in the long-term, shareholders are not benefitted in acquisitions as a result of high premiums and valuations and impossible targets (Financial Times, 2004). Normally, acquirers do not benefit from mergers and acquisitions but it is the target firm that is generously benefitted from the M&A activity due to high merger premiums paid by acquirers which is illustrated by large positive abnormal returns that is earned in the few days of merger announcement (Antoniou *et al*., 2008). Research has shown that the acquiring firm, that is the combined acquirer and target firms, earns a significant negative abnormal return in the long-run for up to five years following the merger (Antoniou *et al*., 2008). It is believed that the reason for this poor performance in the long-run is the overpayments in the merger (Antoniou *et al*., 2008), which is the payment of excessive merger premiums. Schwert (2003) also supports Antoniou *et al*. (2008) idea that overpaying is the main culprit behind such post merger under-performance.

Irrespective of the industry or type of business, the primary aim of mergers and acquisitions remains to be the creation of synergy and phenomena like economies of scale, economies of scope, or capability transfer (Harrison *et al*., 1991; Haspeslagh and Jemison, 1991; Hitt *et al*., 2001; Larsson and Finkelstein, 1999; Lubatkin, 1983). Firms vote for mergers and acquisitions due to the expectations that the merged firm will be more profitable than the firms alone by means of reduction in average costs and augmentation of revenues (Shaver, 2006). This synergy is driven by numerous factors that include the effective usage of production capacity (Seth, 1990; Singh and Montgomery, 1987), the sharing of knowledge among operating units (Morck and Yeung, 2002), and umbrella branding of products (Wernerfelt, 1988).

An important process in the acquisition performance is integration which refers to the managerial actions that are taken to combine previously separated organizations (Haspeslagh and Jemison, 1991; Pablo, 1994). Most researches assume that achieving higher financial performance is the goal of acquisitions (Barney, 1988; Datta, 1991; Lubatkin, 1987; Zollo and Singh, 2004) whereas it has been shown by meta-analyses that acquisitions usually fail to do so (Datta *et al*., 1992; King *et al*., 2004). A major determinant in the success of acquisitions is the integration process (Larsson and Lubatkin, 2001). However, the literature of integration has faced a lot of criticism with regards to insufficient theoretical frameworks that link acquisition performance and its explanatory variables (Datta and Grant, 1990; Hitt *et al*., 1998; Hoskisson *et al*., 1993) thereby raising concerns over the underspecified existing models of acquisition performance.

In the next section, the current economic situation of UK and the role of government in reviving the economy through forced M&A is analysed using the case illustration of Lloyds bank and HBOS.

5. M & As and the Recent Economic Crisis in the UK

The recent global economic crisis started to take shape in early 2007 and originated from the collapse of US mortgage market due to the credit crunch that not only affected the United States but most major global economies including the UK. The credit crunch led to one of the worst recessions of the twentieth century in the country. The recession hit the economy hard and resulted in thousands of job cuts in different sectors thus recording marked shortfall in the Gross Domestic Product (GDP). The economy, which was expected to grow by 2-2.5% in 2008 and 2.5-3% in 2009 and 2010, unfortunately did only record a growth of 1% in 2008 (UNISON, 2008). Moreover, a GDP contraction of 2.6% was further recorded in 2009 (Sentance, 2009). These statistics reflected the deteriorated condition of the UK economy and the tougher times the country was going through. Within no time, the precarious recession firmly gripped the economy and affected the country's financial sector while damaging it terribly and leaving little hope for its revival in the near future. In these difficult times, the government had to intervene for the economic revival of the country and hence took a number of critical steps to alleviate the ill-effects of the credit crunch, which included forcing organizations into M&As.

A recent example comes from Britain's slashing banking industry where England's Lloyds was forced (Jenkins, 2009; IFLR, 2008) to merge with Edinburgh's giant HBOS, which controls almost a quarter of the UK mortgage market (Datamonitor, November 2008). HBOS has its origin from the 17^{th} century and the bank employs around 17,000 people in Scotland including 6,000 in Edinburgh alone (O'Connell, 2008). It has enjoyed good reputation and position in the mortgage market in the past but was severely hit by the recent crisis. Therefore, upon the strong intervention of the UK government and the FSA, it was Lloyds bank of England which came forward to rescue HBOS. Rescue packages for these banks were pledged by the government on the condition that they agreed to merge (Datamonitor, December 2008). The take-over was worth £12.2 billion (O'Connell, 2008; Jones, 2008) and expected to promote stability in the banking sector but on the other hand it could be the end of competition and banking best practices (Datamonitor, December 2008). The government was only willing to provide total £17 billion bailout on the condition that the two banks merged therefore much pressure was put on Lloyds for undergoing the merger. The merger was expected to result in a financial institution worth £28 billion possessing almost one-third (28%) of the UK mortgage market and 22% of the savings and deposits market (Datamonitor, November 2008). Also, an extra £1 billion a year profit by 2011 was expected (Jones, 2008). Moreover, the merged bank was expected to collectively have a customer base of 38 million and a total branch network of 3,000 which would decrease competitive environment significantly as a result of less market concentration.

According to Datamonitor's research, in 2007, of the total gross advances £9.3 billion accounted for Lloyds and HBOS unsecured personal loan gross lending, which is equivalent to 20% of the market share (Datamonitor, December 2008). Moreover, the estimated figures of 2007 showed that the two banks had a collective market share of 28% in gross mortgage lending that is equivalent to £102.5 billion (Datamonitor, December 2008). Excited about these projected figures, the Chairman of Lloyds, Sir Victor Blank then stated, "this will be a unique opportunity to accelerate and extend our strategy and create the UK's leading financial services group" (Jones, 2008; p. 14).

This merger was facilitated by the government to help decrease competition in the devastated financial market as further competition would have posed to be deadly. It was indeed a difficult time for consumers of financial markets and there was a lethal combination of decreased financial market competition and exceptional lending conservatism that would have led to defaults, higher unemployment, lower spending by consumers, and all leading to a full-blown recession. Both, the government and the FSA provided mediation support during the Lloyds-HBOS merger deal which would lead this one bank to control almost a third (Datamonitor, November 2008) of the mortgage market of the country. Not to forget, thousands of jobs with an expected figure of 40,000 (The Lawyer, 2008) were at stake as these two banks rationalized their operations in the country. Due to intense exposure to the wholesale money markets in the months before merger, which were badly affected by the sub-prime crisis of the US, HBOS remained a target for market traders. There was also a decrease in its share prices resulting from the lack of confidence of investors on the ability of the bank to fulfil its credit commitments. In addition, the hedge fund managers were slammed by the regulators for short-selling stocks of HBOS for the purpose of making profits off the back of its demise. (Datamonitor, November 2008)

The deal between the two banks was considered important by the government and FSA and they did everything possible to facilitate the merger process for the particular reason that it would have helped Britain survive the recession and would prevent the credit crisis from expanding as this step would curb competition and other related problems including job crisis and eventually negative growth of the economy plus ensure the stability within the banking system. This policy was based on the rationale that large banks held more security and their chances of failure are normally less. As more liquidity was injected into these two banks, inter-bank lending was expected to be increased owing to the greater confidence in the system (Datamonitor, December 2008). The logic behind the government and FSA's move to get these two banks merged can be understood from the basic theory of economics which teaches that the fewer the players in the industry, the less the market concentration and greater is the scope for monopoly power which makes the industry anti-competitive (Datamonitor, December 2008). However, every aspect of Lloyds and HBOS businesses were required to be scrutinized to ensure their compliance with the competitive and sound business practices as there was more scope for monopolistic behaviour, with this move being a trade-off between short-term stability and long-term competition implications (Datamonitor, December 2008).

Through the case illustration above, I demonstrate the importance of M&As in the UK economy in the recent economic circumstances and show how the government handled the turbulent economy by means of mediating M&A activities between firms so that the stronger firms could help rescue the weaker from their crisis as their survival was vital for the economy-at-large. Hence, the importance of M&A activities for a recession-hit economy is clearly visible here.

We now move on to the discussion of the impact M&A activities have on employer brands.

6. Impact of M & A on Employer Brand

Employer branding is a new concept in the field of HRM and is being widely applied by organizations to attract and retain employees. As the scope of competition grows, organizations cannot compete alone on the tangible resources they possess, but in fact intangible assets, such as brands, play vital role in beating competition. Because organizations spend millions of pounds towards branding efforts, customers are found paying premium prices for branded items, though for the same quality. Hence, it becomes essential to utilize human capital of the firm in order to succeed in a competitive market. Therefore, firms are keen on applying the principles of marketing within their HR departments (employer branding) and become 'employer of choice' as better-managed employees are key to achieving reputation in the employment market and therefore add to the overall corporate brand of the firm.

In the same way, the term *corporate brand* tells how an organization is distinctive from its competitors. It is a wide concept and entails the employer brand. Therefore, any activity that affects the employer brand will indirectly affect the corporate brand. As discussed above, creating corporate brand is essential to the branding objective and is important for the purpose of brand promise delivery to customers (Conference Board, 2001).

In the recent economic crisis, forced M&As have had broader impacts upon the corporate and employer brands of organizations. In the case of Lloyds and HBOS, it was observed that brand name survival was of key concern and how negative effects on the firm's corporate brand resulted in the loss of customers' confidence, particularly in the case of HBOS. Government's efforts were guided by the purpose of reviving the banks' corporate brand which had been severely damaged by the credit crisis. There was an attempt to create merged organization with better corporate brand than that of the two banks alone. The intention was to curtail competition in the deteriorated financial market of UK and on the other hand be useful for the consumers.

Therefore, it can be understood that in an economy under-going crisis, brand wars are dangerous as they aggravate competition amongst the key players and lead the market towards further triumph, therefore forced M&As help control competition and are also believed to be better for the consumers and the overall financial market as better profits and shareholder values can be expected. Hence, it can be confidently stated that forced M&As help improve the corporate brand of the newly merged organization. This contention is supported by the Lloyds-HBOS case scenario where if HBOS had not been rescued by Lloyds, its already damaged corporate brand would have further deteriorated.

On the employment side, it can be argued that forced M&As can have far-reaching and long-lasting impact on the employer brands of both, pre-merged separate organizations and the post-merged, new organization. M&A was of key concern for the employees of both the banks, Lloyds and HBOS, as they created uncertainty over their post-merger employment terms. Normally, the employees of the acquiring firm (Lloyds in this case) are expected to be in better, safer positions compared to the employees of the acquired firm, who are mostly uncertain about their future in the new organization. These elements and concerns negatively affect the employer brand. In this case, HBOS employed 6000 staff in Edinburgh and a total of 17000 in entire Scotland whereas Lloyds was one of the leading employers in the English banking sector and their merger was expected to lead to 40,000 job cuts (The Lawyer, 2008) in the industry. This situation had negative implications for the employer brands of both the banks as job cuts certainly damaged the employer brands of both. HBOS, which was once a major employer for Edinburgh Labour market (O'Connell, 2008) and previously considered as a 'good employer' had lost all its glory and reputation whereas in the case of Lloyds, employees also remained unsure about their future positions in the post-merger organization, hence keeping motivational levels low. Therefore, it can be argued that these events would affect the employer brands of both the banks as employees were directly affected. Interestingly, potential employees might also be more cautious and reluctant to work for these banks owing to their damaged reputation and employer brands, and the increased uncertainty that does not simply remain unaccounted for. Another interesting point is to understand the implications of M&As on the employer brand of the acquiring firm. It can be argued that in the case of newly-merged firm, development of employer brand becomes a complicated process as both formerly separate organizations have had their own employer brands and integrating them becomes a difficult and much complicated task.

In the light of the above discussion, it can be concluded that the UK financial industry lost its attractiveness and glory as a good employer due to the thousands of job cuts and the resulting uncertainty prevailing in the environment. Furthermore, this made it extremely difficult to engage the employees, which is required to create strong employer brands.

7. Conclusion

The recent global financial crisis has taught many lessons to organizations, particularly those involved in M&A activities, which have implications on the corporate and employer brands of firms. However, in difficult times, such as that of financial crisis, forcing firms into M&A can lead to positive outcomes and revive the economy by keeping competition levels low. The study showed how the UK government remained successful in rescuing HBOS by forcing Lloyds to merge with the bank so that the bigger firm can rescue the smaller and yet remain a post-merged successful entity.

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