

Mergers & Acquisitions and Employee Job Search

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We use proprietary data from a job search website to reveal how employees look for new jobs around mergers and acquisition (M&A) announcements. This paper documents several new empirical findings. First, we observe a significant increase in employees' job search activity approximately five months before an M&A announcement. In contrast, abnormal stock returns for target companies materialize approximately one month before the announcement. Second, these employees target significantly lower wages in the outside labor market relative to other job seekers in the population. Third, we see dispersion in the types of employees who search for new jobs over time. Workers who perform managerial tasks in the organization are more likely to search for new jobs prior to merger announcements, while production-level employees are more likely to begin search after the merger announcement. The findings are consistent with a model in which information is dispersed across workers within the organization.