

Conclusion

In this report, we examined the effect of plant acquisitions on plant closures, employment growth, and wage growth during two merger waves—1977-82 and 1982-87. Results show that M&As decreased the likelihood of small plant closures over 1977-82 and large plant closures over 1982-87. M&As positively affected hiring at acquired plants during 1977-82 but not during 1982-87. Acquisitions generally had a positive but insignificant impact on wage growth over the pre- to post-merger period from 1977-87 and no discernible effect for 1982-92. While these results do not support the view that M&As caused worker dislocations and lost wages, they also do not suggest that being part of an M&A increased wages and employment of the affected workers. At most, workers in acquired plants had a modest increase in job security but no likely change in wages relative to their peers in plants that were not acquired.

Results for wage and employment growth are similar to the McGuckin et al. (1997) study of the entire food industry for 1977-87 but differ sharply for 1982-92. The 1982-92 results more closely match Lichtenberg and Seigel (1992), who found that M&As led to reductions in both employment and wages at central offices but had little effect on production establishments.