CHAPTER - III

REVIEW OF LITERATURE
3.1 Introduction

No organisation can think of its survival and advancement without being resorted to change either in structure or in function or in both. The change may be either a well-planned and deliberate attempt or a spontaneous one. Such a change, in the form of restructuring, is inevitable in the present times. But a restructure does not guarantee fruitful outcome. Organisational change is a continuous process and no organisation is averse to change and cannot remain static in the present economic scenario. Mello (2011) says that such a change is more with business organisations. While some organisations would like to grow large in size by gaining both economic and marketing advantage, others especially the big organisations would like to become small in size, mainly to increase efficiency and to respond positively to market requirements. People, in general, accept change and there are reasons too to resist such a change. The possible reasons for the latter are – if the change fails to bring the expected difference, then employees are less likely to be in favour of change; if the change does not bring reasonable benefits viz. no proportionate change in the remuneration for the efforts put-in; where there is meaningful assurance that the change initiated brings no tangible results in terms of improved performance and efficiency, congenial working conditions, or improved morale, and poor coordination and communication wherein the manager does not share information with others regarding the change initiatives fearing that employees oppose such a move. This leads to spread of rumors fearing that something negative is likely to happen when in fact the expected outcome is positive. There are remedial measures to be adopted to break the resistance
which include – provide incentives to those who are likely to be affected by change;
consult employees before a change is introduced and get their consent; and open and a
two-way communication with the employees. A change is normally accepted, if people
are consulted before hand, and a caution is that the employees never be forced to accept
the change. The literature review has primarily centered on issues concerned with
major organisational restructuring efforts like Mergers and Acquisitions. It
encompasses the empirical work done on the prime issues of M&A and identification
of gap in the literature.

Mergers and Acquisitions are the combinations of two or more firms to achieve
strategic business goals. This is not only good for the parties involved but also for all
stakeholders. A clear understanding of a transaction whether it is to be termed as
‘merger’ or ‘acquisition’ or any other is explained by the Healthcare Financial
Management Association’s Principles and Practices (P&P) Board (2011) and according
to it, a merger can be identified when entities which are combined give away their
control and thus forming a new entity. In an acquisition, one entity gives away its
control to another entity. Accounting for transactions depends on whether it qualifies
a merger or an acquisition. Further, combinations can be categorized into two – a.
Where a consideration is exchanged (for example, a major hospital purchases an MRI
centre wherein a method of purchase is involved); and b. Where no consideration is
exchanged (for example, two hospitals are combined and a larger one is evolved as a
result implying that a method of pooling of interest is adopted).

The literature review has been presented under three divisions – Part A: HR
Issues and Implications of Mergers & Acquisitions Deals; Part B: Organisational
Culture; and Part C: Cultural Issues in Mergers & Acquisitions.
3.1.1 PART – A: HR ISSUES AND IMPLICATIONS OF MERGER AND ACQUISITION DEALS

Financial Issues of M&As: Mergers & Acquisitions are the major forms of organisation change with the prominent objective of improving the revenue of the firms and to make attempts more proactive to the improved economy of the country. The post-economic liberalization era has witnessed fast industrial growth with the backing of free economy and flexibility in marketing the products and services. The policy of liberalization of the government is not just based on the political ideology. It can be argued in terms of efficiency and cost cutting. Multinational companies have entered into the Indian scene to extend their tentacles in the market and thereby boost the economy of the country and at the same time enhance their capacity to make profits. This has paved way for the improvement of employment avenues for the talented youth. Competition, thus, became inevitable in certain areas between multinational companies and the native companies that have made the companies to think of survival of fittest. Mergers & Acquisitions have thus become a necessity in many spheres of business mainly on the issues concerned with economic viability.

Sudarsanam (2006) mentions that terms ‘Merger’, ‘Acquisition’, ‘Buyout’, and ‘Takeover’ are all part of M&A jargons. The fact remains that the terms ‘Merger’ and ‘Acquisition’ are used interchangeably but in some context they have precise connotation. For example, when decision has to be taken by the acquirers with regard to which accounting rules are to be made applicable in consolidating the accounts of the two companies involved. Mergers & Acquisitions have great significance to shareholders, lenders as well as other constituencies like workers, managers, competitors, communities, and the economy of the nation. In the last two decades, attempts of mergers/acquisitions are on the rise in spite of knowing that such attempts
may not yield the desired results unless proper measures of planning and execution is done from the initial stage. Mergers & Acquisitions have become an inevitable corporate restructuring to have a strong footing in the business.

The general optimistic view of the outcome of a merger or an acquisition is $2 + 2 = 5$ with an additional benefit of combining tangible and intangible resources. This synergy value takes different forms viz. increased revenue, reduction in cost and lower overall cost of capital than each entity operating in isolation (Vadapalli, 2007).

Prashant (2008) mentions that Indian companies with a powerful desire to grow both in domestic and international markets are looking keenly for M&A deals. In the past, many sectors like automotive, banking, IT and Pharma dominated the scene of M&A deals and presently the deals are concerned with metals, power, energy, real estate and infrastructure and telecommunications are in the forefront.

Shetty (2013) has revealed that the year 2012 has been a tough year for Indian M&A deals. The value of deals among Indian companies in 2012 is much lower ($31.4 billion) than 2011 ($36.6 billion). The global factors that are responsible are Euro-zone crisis, slow recovery in the US and moderate growth in emerging economies and factors at domestic level including a high interest rates, a weakening rupee and a slow GDP growth. With tough economic scenario coupled with investor-friendly policies, the overall picture of M&A is on the positive move. The year 2016 would be a prosperous year for Mergers & Acquisitions. The transactions of M&As have taken place in crucial sectors like infrastructure, telecom, power, construction and steel and it is expected that the same would continue throughout in 2016 (Mukherjee and Zachariah, 2015).

Mention has to be made about the year 2014 which has hit the near record-high of M&A deals that involved domestic companies and with the worth of $37 billion. This is a jump of 25.5% over the value of M&A deals in 2013. Sector-wise details
reveal that healthcare occupies the highest place followed by technology, media and telecommunications and energy and power (Deccan Herald, date: 12-01-2015).

The stable government at the centre has accelerated the M&A deals on the domestic front. The total value of M&A deals in July – September 2014 quarter touched $ 4.7 billion across 203 transactions. The total value of M&A is increased and most of the transactions in July – September 2014 were on domestic front (Deccan Herald, date: 27-10-2014).

Does merger create wealth for the shareholders? This is not so in all cases of Mergers in Japan. A study of a sample of 91 mergers over the period of 1982-2003, undertaken by Mehrotra et al (2011), indicated that mergers in Japan tend to be counter cyclical both with regard to general economy and stock market valuations. When a common main bank is shared by both bidder and target firm, there is every possibility that mergers do not appear to create wealth to shareholders.

To understand the effect of M&A in creating wealth to the shareholders of both the acquired and acquirer, a sample of 252 acquirer firms and 58 target firms involved in acquisitions, and 165 acquirer firms and 18 target firms involved in mergers during an eight year period from 1998-2006 was studied by Rajesh Kumar and Panneerselvam (2009). The highlights of the study indicate that there was a positive abnormal gain for the firms involved in M&A immediately after the announcement of M&A. Firms involved in mergers have achieved greater wealth gain compared to firms involved in acquisitions. From mergers, the stockholders of the target firms earned abnormal gain. In case of acquisitions, the stockholders of acquiring firms gain more compared to target firms. The pattern is opposite in case of mergers. On a comparative basis, it could be mentioned that in case of mergers, the acquirers gain greater returns, than acquirers
in acquisitions. The merger process could be termed as more a wealth creating activity compared to the acquisition process.

Mergers & Acquisitions are the important growth strategies in the present times. Their number is growing not only vertically but also in terms of value. In addition to organic growth, organisations are looking for inorganic growth strategies like M&As to improve their performance. There is no certainty that M&As would succeed in all attempts. Companies may perform either better or worse after M&A. But the question is of the duration of the effects of M&As on the companies or the timing of receiving the returns from the deals of M&A. A study has been undertaken by Leepsa and Mishra (2013) to find out the time frame for getting returns of M&As of manufacturing companies. The data have been collected from secondary sources and limited to the period 2003-04 to 2006-07 (the period of the study is from 2000 – 2001 to 2009 – 2010) to evaluate the performance of manufacturing companies in India both before and after acquisition in comparison to companies not gone for M&As during the same period. Acquisition of companies of Banking, Financial, Insurance, and Services Industries (BFSI) are excluded. The results indicated that profitability of the companies has improved in the acquisition year and one-year after the acquisition when compared to pre-acquisition period. The results indicate that impact is found in the immediate year specifically the event year and the post M&A one year. The authors conclude that the M&A efforts should fully integrate the activities of both acquirer and target as soon as possible to reap the benefits emanated from mergers and acquisitions.

To understand the synergies involved in the acquisition deals, and the financial performance during pre and post-acquisition stages, Chavali and Vegesna (2011) have studied two important cross border acquisitions – acquisition of Corus, one of the world’s largest steel maker, in 2007 by Tata Steel and Jaguar-Land Rover, a US
premium brand in automobile segment from Ford Motors, in 2008 by Tata Motors. Data were obtained from secondary sources – the annual reports of both for the period 2002 - 2010 for Tata Steel and 2005 - 2010 for Tata Motors. The biggest challenge for Tata Steel was handling cultural issues successfully and to bring employees together from two countries. The highlights of the observations are – the financial performance indicates that Tata Motors immediately after acquisition of Jaguar-Land Rover has done well. Immediately after the acquisition, Tata Steel-Corus was the fifth largest steel producer in the world and Tata Motors was the tenth largest automobile manufacturer in the world. But in 2010, Tata Steel Corus was in tenth position and Tata Motors and Jaguar-Land Rover was in the fifth position. The study indicates the increase in revenue after the acquisition in both the firms and both were found suitable in the new markets.

The announcement of merger/acquisition will have implications especially on the stock prices. But Gupta (2008) has mentioned the criticism that mergers and takeovers may be undertaken not for the benefit of shareholders and in fact managers personally benefit from such ventures at the cost of shareholders’ gain. On the basis of the available literature, the author has mentioned that the major motives of mergers and acquisitions are – a) Synergy: The objective of this motive is to maximise the wealth of shareholders. It is presumed that the merged entity would have higher cash flow than cash flow of each one independently; b) Agency: This theory refers to conflict of interests in the objectives of shareholders and that of agents (Manages); and c) Habris: This hypothesis refers to the managers who over-estimate their capacity in taking care of the target company. They make mistakes in evaluating the target companies and thus over-estimate the benefits of corporate combination. In his study on the reaction of stock market with regard to the announcement of corporate news like merger announcement of the target companies, the author has confined his attempt to Indian
market and the period of study referred to 1st January 2003 to 31st January 2007. Data have been collected pertaining to thirty merger announcements and the data are restricted to target companies only. On the day of announcement, a positive average abnormal return of 0.68% is seen. Stock prices too are increased subsequently prior to the official announcement of merger by the concerned companies. This indicates that there is a possibility of leakage of information and the possibility of insider trading. Further, it is found that the returns gained prior to the announcement of merger are lost immediately after the announcement.

Increase in the value of shares is one of the factors associated with M&A deals. While the deals are related to many sectors, the reasons for M&A deals are equally varied. The involvement of human resources differs. Ray and Gubbi (2009) have studied 541 cross border acquisitions by Indian firms during the period January 2000 – December 2007 to know the nature of those acquisitions and their impact on shareholder value. Of 541, 295 acquisitions were in manufacturing sector, 212 in the service sector, and others belong to mining and exploration sector. As many as 60% of acquisitions are Industries related i.e., computer software, and hardware, chemicals and allied products, automobiles and ancillaries. The prominent feature is that of relative involvement of technology in the industries. Access to markets, acquisitions of strategic assets, new products, market consolidation, business at global level are some of the top reasons cited by the firms for acquisitions. The surprising fact is that given the human resource intensive base, service sector should out-perform those in manufacturing sector. But, resistance to proper integration of two firms comes from its human workforce, and it is opined that post-acquisition integration is a challenge in acquisitions by service sector firms.
Considerable number of organisational marriages has resulted in financial disappointment. Even then, the number of such ventures is on the rise. Cartwright and Cooper (1993) have justified such organisational marriages on the financial and strategic ground are meant to achieve the commonly expressed effect of two plus two equals five. The trend is moving in a direction of proposing combination of similar companies rather than combination of unrelated business activities. Two challenges that need to be faced in the course of union are – the compatibility of cultures (as culture is considered to be a social adhesive which binds people and brings cohesiveness) and integration of different workforces into one unified and compact one.

The merging of firms can be ordered in different classes. According to Lindquist (2007) mergers and acquisitions can be categorized into Upstream, Downstream, and Lateral. In upstream merger, a small firm seeks out a larger firm and is acquired by it. In downstream merger, a larger firm seeks out a small firm and finally acquires it. In both the cases, the identity/policies and practices of small firm cease to exist, and the same of larger firm prevail. In a lateral merger, firms on equal footing viz. size, resources are combined, and both the partners are considered equal. This is a true merger of equals and there is recognition of partners from both the firms. Mergers may take place between equals or unequals. But in reality a true equal merger is difficult to notice or identity, as differences to some extent are common and no organisation will be alike of another in all areas/issues. Referring to the cultural integration after merger on the basis of case illustrations, Loots (2008) has stated that the cultural issues of organisations are not compatible and one member will be dominated by the other whether it is from a financial or marketing position.

The Human Side of M&As:  Mentioning the importance that has been accorded to human capital by modern corporates, Becker et al (2001) have stated that when there
are financial constraints, usually investment will be more on physical equipment at the cost of human capital. But the fact remains that human resources are not to be considered as an expensive luxury but essentially to be seen as a source of competitive advantage. Samuels (1972) has rightly stated that **Profits are not produced by machinery, buildings or products. It is the people that breathe life into these otherwise dormant assets.** This speaks of the importance to be accorded to people issues on par with the other issues. Empirical evidence on the positive outcome of the deals of M&As reveals that a good number of deals do not deliver the much anticipated financial results and operating synergies. The other side of the coin in the attempts of M&As is of paying serious attention to human resources which make the ventures more attractive. The crucial issues that need the expertise and informed choices of HR professionals include - dealing with the workforce, which include retention, replacement and reduction of employees; helping the combined organisation to cope with the change; initiating people integration activities; improving the means of communication; assessing and streamlining the costs involved on HR with regard to employee benefit programmes, profit sharing, and to make sure that all plans are in compliance with the legal rules, regulations and agreements, terms and conditions of employment, and liabilities; developing a new HR Information System; initiating and developing cultural characteristics of a successful combined organisation; and guiding the management in taking crucial decisions with regard to human resources by retaining the best practices.

Carey and Ogden (2004) refers that the focus of attention of human issues are on the action and reaction of people both within and outside the merging organisations. Mergers & Acquisitions have the potential to bring uncertainties among employees, customers and suppliers. The authors after having interviewed many executives,
consultants and regulators who have been actively involved in mergers of different organisations, have arrived at the conclusion that the way the issues concerned with the human side are dealt with speak of making or breaking a merger or an acquisition. It is mentioned that culture-conflicts, integration-challenges and other people-issues are equally important as those of financial results of a merger.

Arora (2010) has quoted the acquisition strategy of GE Capital known as **Pathfinder** that involves four stages:

1. **Pre-acquisition Phase**: This phase includes due-diligence, negotiations and finalizing the deal, and choosing a manager for integration.  
2. **Foundation Building**: Developing an integration plan and forming a team from both acquired and the acquirer. The team is provided with the needed resources and accountability is ensured.  
3. **Integration Phase**: Actual implementation of the deal with necessary correction wherever found required on the basis of feedback, and  
4. **Assimilation Phase**: Reassessment of efforts of integration and to look for adjustment for a long-term.

In the opinion of Kummer (2008) M&A involve a process and it can be made fruitful through two important phases:  

a. **Human Capital due-diligence**: to know more about the other party and making human capital due-diligence as an essential part of overall due-diligence and the latter includes financial, commercial, operational & legal issues, and human capital due-diligence includes all issues related to human capital and preparations for integration phase, and  

b. **Mastering the biggest challenges during integration phase**: Business operations and cultural integration are the major challenges during this phase.

The cycle of merger and acquisition can be compared to the stages of human life. Exact demarcation of stages cannot be made. Nagar et al (2012) mentions that the stages are pre-deal, due-diligence, integration planning, implementation, and
evaluation. The issues that need to be focused by HR professionals are - prompt and correct communication to all stakeholders; training the employees; retaining the key talent; integration of cultures; people alignment which refers to paying attention to people issues and efforts to be made to replace fear with hope among those who are acquired. Referring the issues, the authors remarked that the problems of employees are hardly identified. A constant unknown fear haunts, especially, the employees of target company. The HR team must target three inhibitors – reluctance, resentment, and resistance. The HR professional has to prove himself/herself as an effective member of the team that pays attention to the whole gamut of M&A processes. Mergers/Acquisitions can be compared to that of a marriage alliance with exchange of serious promises on both the sides. But these promises do not guarantee marital success. In the same way signing the documents do not ensure that the deal is successful. Efforts are to be made to make the deal a beneficial one to all concerned. If the merger/acquisition is successful and achieves the intended objectives, it creates history; and if it fails to deliver, it becomes literature in management books for reading in the form of a case study.

Mergers & Acquisitions have become common events today that represent transactions outside the normal course of business. The journey of is not that smooth as is expected. Lot of human issues are involved from the phase of negotiation of the deal till its integration stage and even beyond. The HR functions are very explicit and crucial at two stages – pre-acquisition and post-acquisition periods. However, a clear line cannot be drawn between the two stages. Participation in M&A provides an excellent opportunity for HR executives to make it successful as well as enhancing the stature of the professional. Schmidt (2001) has mentioned that the best practice of HR professional is at four stages – Pre-deal, Due-diligence, Integration Planning, and
Implementation. In an in-depth survey, sponsored by the Society for HRM Foundation and conducted by Towers Perrin, a worldwide consulting organisation, on M&A activity covering 447 senior executives, the data reveal that the earlier the involvement of HR executives, the greater would be the positive outcome and there is a positive correlation between the involvement of HR and the success of M&A venture.

Optimum utilization of all resources including human resource is the necessity of making the venture of M&A a desirable attempt. Equally, the chances of failure always serve as warning signals to the acquirer. Chakravorty Jayesh (2012) has clearly and elaborately stated the objectives of M&A. The venture is meant for an optimum utilization of all available resources including human resources, to exploit the unutilized or underutilized resources, to eliminate or reduce the competition, to achieve synergies and economies of scale, to prepare an effective human base, to achieve savings in administrative cost, to reduce tax burden and finally to enhance the levels of profit. While the objectives are many, the problem of failure lingers around the venture. The possible causes according to the author for the failure are listed below:

a) The size of acquired and target are not of proper match.
b) Lack of experience in the past with regard to acquisition,
c) Improper organisational fit in terms of administrative practices, and characteristics of acquirer and the target,
d) Over payment,
e) Poor execution of due-diligence,
f) Cultural incompatibility,
g) Failure to get objective assessment of target company,
h) Improper/inadequate and lack of proper communication,
i) Poor integration,
j) Failure to get the figures audited,

k) Failure to get immediate control of the target company,

l) Mergers between lame ducks,

m) Poor attention to people issues,

n) Expecting too much in terms of results of the venture too quickly.

In a cross-national study of British and India with regard to the HRM policies and practices, Budhwar and Khatri (2001) have made two matched surveys of six each of Indian and British manufacturing industries which include food processing, plastics, steel, textile, pharmaceuticals and footwear with two hypotheses: The hypothesis I states ‘HR practices in Indian organisations are less rationalized and structured than those in Britain’, and The Hypothesis II: ‘There are significant differences in the impact of contingent variables (such as age, nature, and lifecycle stage of the organisation, presence of unions and human resource strategies) on HR policies and practices of organisations in the two countries’. The respondents are specialists in personnel field and by administering a questionnaire, the data are gathered from 93 (out of 500) companies of Britain and 137 (out of 450) from companies in India. The results indicated that there is an emphasis on performance-rated and skill or competency-based pay in both the countries. There exists an equal rational pay system. Indian companies are found to make greater use of formal career plans for the purpose of training and development. There exists a hierarchical system with top-down communication in Indian companies. Communication is through unions where there are unions and work councils. The results indicate partial rejection of hypothesis I and II.

The success of M&A to a greater extent depends on the participation of a strong HR leader from the inception of the deal, involvement of the best persons as in-charge of the deal, initiation of quick action after the official announcement of the deal is made,
movement of smooth transmission from one stage to the other, and making the transactions more objective and transparent. According to Mallikarjunan (2008) the stages of HR issues and their management are: 1. **Ante Merger Stage**: Which refers to paying attention to all HR issues from the date of decision of merger is taken up to the beginning of actual implementation of merger.

2. **During Merger Stage** or Transition Period refers to the process involved in merger, and

3. **Post-Merger Stage** refers to paying attention to the issues concerned with human resources after the effective completion of merger. Similarly, Prasad (2008) has classified the M&A process from HR issues point of view into three stages a. Pre M&A, b. Actual M&A, and c. Post M&A. According to Giffin and Schmidt (2002) most of the M&As follow a four stage process which involves –

   a. **Pre-deal**: In this stage, the acquirer searches for a possible or appropriate target/partner and make a preliminary assessment of the potential and worthiness of the deal to be executed, b. **Due-diligence**: A thorough and detailed examination is warranted so as to find out how far the target is fit both strategically and economically and the likelihood of success. Attention is paid more on culture and HR financial issues, c. **Integration Planning**: A comprehensive plan is prepared for integrating the two companies which include communication strategies, retaining the key talent, staffing, and plans for coping with change, job security etc. This should get over within 100 days after the decision of deal has taken place, and d. **Implementation**: This includes the execution of the deal which takes months or even years depending upon size of the companies and the nature and complexity of the deal.

   A supervisor, be it a manager or any person in the hierarchy, has to aim at employee wellness and equally achieving the results of the process. Blanchard and
Johnson (1992) have vividly stated the role of a manager. According to them, a manager has to work for the well-being of employees and at the same time not compromising the outcome of the efforts of human resources. Hence, he is concerned with the cause and effect. The main function of a manager is to make people feel happy and contended about them. This serves as a key for yielding higher level of work input from employees with possible less time and also productivity in terms of quality and quantity.

Mamoria and Gankar (2007) mention that the functions and responsibilities of HR Manager are varied which extend to make strategic decisions related to even organisational restructuring. Further, the HR Manager has to periodically assess the changing needs of the firm and also the societal requirements. To make his job more relevant and need-based, a HR Manager must possess adequate knowledge of other disciplines which go well with HRM like Economics, Commerce, Management, Sociology, Psychology, Engineering, Technology and Law.

HR Professionals and Managers of other divisions must have certain skills/values which would make the M&A very fruitful. Alex (2012) has listed certain soft skills that would help to understand self and others. The examples are – Simplicity, harmonious relations with others with a common purpose, concern for the welfare of others, integrity, productivity towards success, honesty, concerned with results, hard work, respect for individuals, desire for continuous improvement.

HR professionals have a definite role to play as a member of the team from the inception of the deal. Such opportunities of getting involved in the process of M&A are rarely available to HR professionals and this is to be treated as an avenue to show the talent and even the latent skills of HR Manager. The work of a Manager is expected to be of skillful planning and execution of issues concerned. Krishnan (2008) has
proposed certain principles which would make people successful. Some of the key principles which would suit the work of HR professionals are 1. Clarity – Have a definite goal and plans, 2. Focus – Focus attention on the steps to be taken in achieving the goals and in specified time; and 3. Organized Execution – Develop a system and methods for execution and follow-up tools.

Terming Mergers and Acquisitions as adventures, Ruquet (2002) remarked that mergers and acquisitions can be termed as monumental success, if properly accomplished, for all shareholders and for all those involved both financially and culturally. For HR professionals, involving in M&A process provides a unique experience which is different and away from the routine work of HR personnel. In an interaction with Syedain (2009), the HR Director John Wrighthouse spoke of managing mergers and according to him, mergers are incredibly exciting to work on and the best way of getting trained. When the deal is initiated and is promising, the acquirer company constitutes a task force with top executives – CEO, CFO including HR executive to conduct a due-diligence. The main function of HR is to assess the talent and compensation package and other financial issues concerned with the manpower. His job is to retain the talent who would be necessary and offer incentive to attract the employees in the form of better title, offering more interesting work, and a message especially from the line manager that you are more important would enable the talent to retain in the same organisation. Communicate as effectively as possible, as soon as the merger is announced, by using multiple channels and by providing personalized attention to all.

Aruna (2011) has aptly stated that mergers/acquisitions involve two phases viz. a) Pre-merger and acquisition phase, and b) Post-merger and acquisition phase. In the first place, the organisation which is going to acquire the target organisation will assess
the cultural and organisational differences, life cycle of the organisation, management styles and the role of leaders in the organisation. The post-merger and acquisition phase comprises of assessment of plans for successful integration.

The important objective of a firm is to achieve attractive return on investment and to go for growth continuously. The growth can take place either by initiating new products /ventures or developing or enlarging the capacity of the existing ones. The growth can be of internal or external. The external growth can be achieved by mergers & acquisitions and are considered to be important for consideration. Basically M&As are aimed at increasing the shareholders’ value or wealth. The results constantly show that predominantly the M&As benefit the wealth of shareholders of target company and not of the acquirer. Chakravorty Jayesh (2012) has categorically mentions that putting two companies together will not automatically end up with success. In mergers, achieving the success is not that easy as integrating together of people with different cultures, attitudes and mindsets. Some of the most important ingredients of success are careful pre-merger planning which includes the conduct of proper due-diligence, effective and healthy communication that reach well, proper and competent leadership and speed at which the process takes place.

Mergers & Acquisitions are intended to growth in terms of cost-saving and competitive advantage. On the basis of review of past research studies Birkman Fink (2009) has indicated that three-quarter of the deals fail to deliver the expected financial returns and operating synergies. One reason is that of conventional due-diligence which is too narrow and mainly throw light on financial, tax considerations and legal issues. Failing to accord importance to human issues may result-in unforeseen expenses, higher operating costs, loss of key talent, decline in the quality of services, loss of market share, and in worst situation a failure of the venture. Retaining the talent of the acquired
entity which made the company attractive and enabling those to perform at the highest
level would pave way for acquisition to work. The author has offered five tips to make
that possible:

1. **Define the parameters:** Define all aspects of performance which can be
measured so as to make it more objective in the perception of employees of both the
entities.

2. **Make an initial assessment:** Make sure that the combined entity has the right-
kind of personnel in the right places and doing right kind of work. The whole exercise
should get over in the first 30 days after closure of acquisition and resort to cuts within
first 90 days.

3. **Establish communication:** Understand the way people prefer to communicate
and interact in team dynamics.

4. **Set reasonable goals:** Show early success so as to make it known to others that
the new organisation can operate in an achievement culture.

Be flexible: Listen to ideas of the acquired company which indicates the integration of
the best of both the cultures and encourages those who are not afraid of change.

Vedantam et al (2011) have studied the pre and post-merger scenario of HR
issues in banking sector. The HR initiatives of the two banks – ING and Vysya Bank
– are studied before merger as well as post-merger period. The observations are……

**Before Merger:**

- Presence of a clear hierarchy and with high degree of accountability to the top
  management.
- Adoption of conventional approach and there was no opportunity of taking risk.
- Creativity and innovations are discouraged.
- Pension scheme was on par with public sector banks.
Job security in terms of retaining the workforce and long term association were observed.

Clear cut working hours.

A strong union and presence of consultation with unions in taking decisions.

A strong bondage is found among employees like a family and a decent remuneration for the job.

**Post-merger:**

- Introduction of new schemes are proved to be successful.
- Employees are advised to be innovative and take well-planned risks.
- Job security is present for older employees – Introduced tenure-based employment with less job security.
- Rules are flexible and implicit rules are followed. No strict observance of rules is noticed.
- Preference is accorded to short-term goals – Achieving priorities are important.

The study indicates that a merger cannot be made successful only by numbers; equally proper and effective management of human resources are important.

The important principles that guide the HR professional in the process of M&A are explained by Varadha (2008). The decisions to be taken are……

a) Take quick decisions and make sure that the decisions are considered the best,

b) Before a deal is finalized, assessment is to be made about the culture of merging entities,

c) Keep the right persons and in the right role during merger and also thereafter,

d) Be truthful to the employees and listen to them with concern and respect,

e) Make people know that the combined entity is of high value,
f) Communicate effectively and consistently with all stakeholders the facts regarding the merger before, during and after the union,

g) Be honest in taking decisions pertaining to human issues,

h) Such of those employees who intend to leave the organisation and those who are willing to remain with the organisation are to be treated with the same respect and by paying full attention.

To fulfill the above actions, the HR executive must be talented and must have tools for effective outcome.

The five ‘C’s which are of importance and which keep the process of M&A to move in the right direction are…..Communication, Counselling, Compliance, Compensation and Culture. A clear demarcation cannot be made between them while dealing with each of the issues and all the five issues are interrelated and interdependent too. The importance of enabling culture and the cultural compatibility is the most frequently quoted issues in the literature.

**Organisation Culture:** The term ‘culture’ refers to many issues from an organisation point of view. The HR expert has to assess the culture issues in both the organisations, their degree of match, differences between the two, and finally facilitate to develop successful characteristics of culture of the new combined organisation.

Frequent restructuring of an organisation is required in the changing environment, and an enabling culture would facilitate to withstand in the changing requirements. Enabling culture refers to creating an environment where employees feel that they are properly motivated to take initiative and risk, and further, they feel inspired to experiment and innovate, and make things happen. The HRD culture is characterized by practices which include openness, confrontation, trust, autonomy, pro-activeness, and collaboration (Bhattacharyya, 2006).
In the chemistry of M&A deals, the important issue that needs to be accorded attention is the **culture**. The term culture is very close to one’s heart and having emotional connotation. Hence, it has received much attention of different professionals. What is culture according to one person is different from what the other person thinks of. Culture includes all soft and hard issues concerned with people which include values, ethics, behaviour, practices and attitude of people. In terms of similarity, there is nothing called culture of equals. However similar the entities are, one has the advantage of having influence over the other.

The management’s perception of culture differs, while some admit that it is the culture that makes or mars the performance of the organisation and hence, it may be given a prominent place in planning the organisational development. There are others who believe that it is the cause for conflict and such differences are viewed as a nuisance with minor irritancies and in extreme cases it is a disaster.

The formation of new culture is the resultant combination of best practices of both the entities. In reality, both the firms will have certain strong points and practices that are attractive for assimilation. Effective integration of both cultures is necessary to move forward and in achieving a partnership that is beneficial to both. The most important point for debate is the new culture for the new workforce in achieving the intended goals.

Organisational culture may exist in the form of dominant culture (core values shared by the majority of the members) and sub-culture (set of values shared by a minority and at micro-level i.e. department or unit). The presence of sub cultures may weaken the organisation if they are in contrast to the dominant culture. The issue which is frequently ignored is that of not paying importance to organisation culture, and the clash between two different cultures in a merger or acquisition can be focused in the
areas of structure, politics, and emotions. Certain aspects of culture are open, visible and certain other important aspects are not open and are hidden. The latter includes beliefs, values, attitudes, assumptions etc. (Magnus School of Business, 2008). Referring ‘safety’ as a factor of new culture, McVeigh and Hoey (2006) asserted that the two different cultures of the entities would be united and a new culture will be built after the merger that would be shaped to support business strategies and build business. The success and effectiveness of an organisation depend not only on the competent employees and management, but also to a greater extent on the organisational culture (Khera and Sharma, 2007).

Like individuals, organisations too bear distinct ways of functioning. These distinct ways may be understood from the perspective of unique cultures which surround them eternally. During the process of M&As, many-a-times, the cultural differences between the acquired and acquirer organisations/merger partners do occur. While comparing the culture compatibility between two companies with that of a marriage, Majed (2012) said that by thorough understanding of the cultures of both the companies that include similarities and differences much before the marriage vows are taken place, a possible divorce in the later part could be avoided. If the compatibility between the two companies is too wide, it is a wise decision to call off the wedding, rather than proceeding with such variations.

Human Resource practices and organisational culture are inseparable and together they largely contribute to the functioning of the organisation. To identify the interrelated attributes of organisational culture and HR practices that are necessary for successful transition in mergers and acquisitions, Horwitz et al (2002) have studied both by using qualitative data. The authors have differentiated between hard and soft HR practices in M&As. The pay differentials, trade union policy and density, differences
in employment benefits such as pension funds, level of in-company training commitment and possible retrenchments are the hard HR practices. Five occasions of mergers and acquisitions which have taken place in the preceding four years have been chosen by adopting convenience sampling method. The five organisations are of the sectors that include Insurance, Financial Services, Pharmaceuticals, Medical Research, and Iron and Steel. Data are qualitative in nature and have been obtained through semi-structured interviews with senior HR executives in each of the five organisations; and interviews with CEOs of each firm; two senior line managers each in three organisations and three executives in each of the other two; focus groups in each of the five firms which comprised of 12-15 employees, and in addition documentary evidence such as company policy statements and HR procedures which are available in written form. The focus group data from employees reveal that communication in four out of five organisations could have been managed much more effectively. Excepting in one, no formal *soft* due-diligence to determine organisational fit was conducted, before the official transaction. Even in one where due-diligence was conducted, it was only of financial and strategic issues. An audit or analysis of organisational culture was done in only one out of five firms prior to merger and acquisition. According to senior executives and employees interviewed in focus groups, building trust and motivation was perceived to be of high priority. There is a direct impact of pre-merger planning on post-merger integration. Only one firm had a detailed integration strategy or full-time integration team in place. The authors suggested that a formal and independent professional appraisal of the organisations is required for understanding the cultural-fit. The findings revealed that the M&As result in a merged entity with cultures not similar to their previous ones. For integration of culture with HRM practices, a model is suggested.
The literature on organisational culture and cultural issues of M&As are mentioned in Part – B and Part - C.

**Communication:** The issue of communication surfaces when once the deal of M&A is through. Mergers/Acquisitions produce uncertainty in the minds of employees and the high probability of change in status and functions create stress. The stress, thus, emanated may affect the perception, judgment and interpersonal relations. To prevent or reduce the degree of stress likely to be experienced by employees as a result of fear and anxiety and equally to prevent the loss of intellectual capital, an honest communication with regular intervals by a responsible person is required.

In a study of the impact of the merger of State Bank of Indore with State Bank of India, Islam et al (2012) have elicited the views of 58 employees of different branches of State Bank of Indore by administering a questionnaire in addition to obtaining the data from secondary sources. Not paying the required attention to HR aspects and resistance of employees are found to be the impediments of merger of two banks and finally the process was delayed. Employees, generally, develop fear of losing the job, stagnation in the job, exposure to new policies and procedure of the organisation acquiring another organisation or one company merging with another company. The authors have recommended the importance of transparent communication regarding the need for M&As and the impact of such ventures on the working and service conditions of employees. Further, the authors have recommended that a pre-merger task force should be proposed to take the feedback from employees and to make them understand the effects and the benefits of mergers and acquisitions both in formal and informal platforms.

The fact remains that in a merger or acquisition, the employees are likely to be victims of the process. They are more anxious because there are possibilities of a
number of jobs being shifted or even eliminated. The employees of both the acquired
and acquiring firms are expected to perform their duties as usual as if nothing has
happened in spite of wide spread rumors and threat of their jobs. No one is sure of a
job in the newly formed firm and in fact a very little is disseminated to employees. The
employees have the right to information which affects their jobs, their company and
even their career. The employees have the right to participate in decisions that affect
their employment. This refers to right to participate in management decisions. The
important basic rights that are not always respected in the event of M&As are – the
Right to Information, and the Right to Participate in decision-making Process of
Management to Accept or Fight the Merger. Shareholders too have rights to maximize
their earnings or enhanced price of their shares. At the end, one should understand the
responsibilities along with the rights (Werhane, 1988).

Communication as a tool has to be adopted to make things clear to all the
stakeholders so as to prevent rumors and enable them to take right kind of decisions in
their sphere of issues. The proposal and the decision taken thereafter are to be made
public. This announcement is required as soon as the preliminaries are completed.
Communicate the facts with sufficient details in an understandable form and as
frequently as possible especially to the employees with regard to what they are getting,
what they are losing and what changes are in offering in the position and functions in
the employment. The communication must be clear and make sure that the language is
proper and the words are clear; care must be taken in maintaining accuracy of facts and
figures; brevity is important and thereby avoiding the unnecessary information.
Orderliness and coherence make the communication clear. A firm decision has to be
taken, as to how it is to be communicated to the employees. To ease the tensions,
insecurity, uncertainty, fears and dispel rumors after the announcement of M&A, a
prompt, straightforward communication strategy is important. The tools of communication are – Town-Hall type meeting, one-to-one meeting, site presentation, written or web-based questions and answers, explanations and newsletters. Communication including issuing official letters about the end of the deal to the employees and about their new role, responsibilities, change in compensation. Compensation and reward guidelines are informed and are posted on the internet. The pay policy, the compensation package and the way it has been worked out are also to be given (Wells, 2004).

From four case studies, Garrow (2003) has explained vividly the drop in the performance of employees after a merger/acquisition as a result of serious breach of the psychological contract between employees and employers. Communication is the most important link in the performance of employees in a merger. The acquiring organisation normally welcomes the new employees and reassures its employees the promises made in the early meetings on the formation of new psychological contracts. Making promises that are not fulfilled lead to a ground for potential breach of psychological contract. Usually, post-merger workload of employees increases and if they get nothing back in return, the balance of the deal soon looks not attractive. This may result in sometimes employees deliberately putting fewer efforts on the job, spreading rumors, taking sick days and even resorting to theft. In extreme cases, they may leave the organisation or resort to sabotage. The author says that employers must be cautious while making promises. A break down may occur if the contract is a failure. This may have significant negative effect on the performance of companies. Good HR practices can help a lot when employers are negotiating a new deal with the staff.

Sharath Chandra and Anand (2013 b) have studied cases of two employees who held higher position in different firms. The authors have described the difficulties
experienced by them in the organisation as a sequel to M&A. Lotz and Donald (2006) mention that communication during the period of acquisition is very important as it helps in managing the employees’ reaction to acquisition and even provides a healthy climate in the event of uncertainty. The need for communication is high when the uncertainty is high and the employees are stressful. Communication on issues pertaining to lay-off and changes in compensation make the expectations of employees more realistic and those expectations are likely to be fulfilled. There are certain guidelines that need to be followed while communicating especially with the employees. The known information is only to be communicated not to deceive the employees with any motive. The communication should prevent the boundaries that are likely to develop between the acquired and acquiring employees and thereby undermining the effectiveness of the new organisation. Generally, employees receive pessimistic information more quickly regardless of its validity. Both formal and informal channels of communication are to be used to manage the rumors and negative perception. The information which is both factual and realistic provides a base for action. The process of communication symbolizes the concern of the organisation and it should pave way for positive outcome and enhanced commitment on the part of its employees. Effective communication satisfies the individuals both in perception and interpretation.

**Talent Management and Retention:** Any intelligent and sensible buyer undertakes a due-diligence process to understand what it is buying and why it is buying and whether the price is worthy to purchase. Due-diligence is a research process of exploring the business and legal issues. The most crucial part is the assessment of people issues of business – both employment and benefits. A check-list would enable both the buyer and seller to make the process move in the right direction. After the proposal of M&As
is in the pipeline, it would be apt to know whether the talent is in abundance or a scarcity, and measures to be resorted-to, to prevent the loss of intellectual capital.

Without employees, business would cease to exist and business is meant for making profits with governance. Sharma and Soni (2010) mention that the most challenging component of HR practice is the task of hiring, developing and retaining the talent. They emphasized that the first step is to hire the best talent who can fit into the culture of the organisation and this would help in retaining the employees.

Right kind of talent and cultural compatibility are two important things that are looked into by the HR professionals. In an interaction programme with Towers Watson’s McKay, Jim (2011) three senior executives each one of GE Energy, IBM and Boeing has expressed his viewpoint on the best practices of Mergers & Acquisitions. The views are combined for clarity. The outcome of the interaction reveals that the focus has to be on talent and culture. The goal is to retain key talent and integrate the employees of both the companies in a way to enable them feel comfortable and motivate about the whole process of acquisition. The talent has to be assessed over a period of 12, 18, or 24 months. Further, focus must be made on the cultural aspects of acquired company. The review meetings are to be held once in three months from HR and senior-leadership perspective to monitor the progress in the execution of the deal.

The purpose of making an assessment of the proposal of a merger/acquisition is not to make it larger in size but to make sure, from HR perspective, that it is compatible mainly with regard to talent and culture. In case of mergers/acquisitions, certain crucial decisions from HR point of view need to be attended to with care and diligence. Some of the key decisions that are to be taken by HR professionals are clearly mentioned by Tepedino and Muriel (2010). They are – the manpower on the roll and the terms and conditions, the role that the existing and new employees have to play, the compensation
& benefits to be recommended for the employees, responsibility to be taken with regard to liabilities, employment contract and other labour issues, benefits to be offered for the current staff, identification of key performers, the key personnel to be considered for acquisition. In addition to the above, the HR professionals have - to review the existing employment contracts, and compensation commitments for risks and implications; to assess the impact of the loss of key talent; to make recommendations about the compensation to senior executives and key employees, to assess and to make recommendations about the talent; to analyse the job description, performance review and talent management strategies. The due-diligence from HR perspective is more of a detective work and is to gather vital details from different sources to understand the acquiree’s team and its ability to meet new expectations and the special skills it has and the cultural compatibility. The assessment of talent and culture includes leadership style, decision-making process, work-flow practices, values and communication style. The authors say that there should be an integration plan and the performance must be in tune with goals. A new team of integration is to be constituted which should be different from acquisition and due-diligence teams.

Downsizing/rightsizing the manpower is important though not an inevitable step on all the occasions in the process of merger/acquisition. Settles (1988) has considered that both hiring and firing of employees are the issues loaded with emotions in any merger. The AC Transit, a major bus system in North California, had employee strength of 2200. As a step in downsizing the manpower, the managerial positions were eliminated. Alternatives were thought of before a decision to downsize is made. The following measures were taken as an alternate to downsizing the manpower:

a) Reduced the work week with equivalent reduction in compensation,

b) Offered an early retirement programme and the same has been communicated,
c) Offered part-time and/or contract work in place of present full-time workers,
d) Trimmed the waste expenditure,
e) Instituted salary cuts for all employees from 10%, 15% to 25%,
f) Enabled employees to acquire the needed skills and to empower them, and offer needed retraining to all existing employees,
g) Transferred the existing trained employees to fill the needed positions which require skills,
h) Established a select employee groups and got their ideas so as to identify the potential areas of savings as an alternate to lay-offs,
i) The support of union was obtained through talks so as to avoid lay-offs.

The downsizing experience at AC Transit paved way for emotional outbursts of employees, low morale, low productivity and employees spending more time in rumors, and loss of pride. The author concluded that the impacted employees felt that they are not treated properly even though the outplacement programme was designed and implemented for their good.

Employees, however efficient they are, when faced with a situation like Merger or Acquisition experience psychological trauma when the hopes of their continuation in the organisation are dried up. This situation may arise when either employees voluntarily leave the organisation in midst of uncertainties, or the employees be asked by the management to leave as a measure of cost-saving or redundancy. Hence, identifying and retaining the talent becomes inevitable for various reasons and especially for the effective functioning of the combined entity. Drake International states that organisations must evolve strategies for retaining the talent. The retention should commence from the top. It so happens that talented workforce leave the current organisation when the employees face with increased workload, ever stressed boss, lack
of incentives and fear of reductions (www.au.drakeintl.com). The high cost of turnover are recruitment cost, training costs, loss of productivity costs, loss of sales cost, disturbed reputation of the organisation for a long-time. Whether employees leave the organisation on their own or are sent out by the employer – both leave the organisation with bitter taste in their mouth. High turnover creates de-motivation among the present employees. Positions which are vacant make those working having increased workload. There should be a periodical survey of job satisfaction among employees. Their voices are to be heard and they should be valued, and respected. Employers need to differentiate between high performers and low performers and the former are to be properly rewarded. Hiring talent is a knack and retaining the same is an art. The cost of replacing employees is an expensive one which most companies can ill-afford to adopt. No retention strategy is static but it should be constantly evolving to suit the changing needs of workforce.

In terms of manpower, when two companies merge, the net result should be at least the value of manpower of both put together. In fact, this may not happen. Pikula (1999) has revealed that financial and strategic issues are on the prominence during the stages of M&A, and frequently neglect human resource issues. Such negligence continues till serious problems crop up. With regard to the employees, measures are to be taken to avoid inaccurate rumors which are detrimental to organisational morale. The employees are to be informed the facts as soon as the acquisition takes place. Management must continue to listen to employees’ fears and anxieties and communicate the accurate and comprehensive information throughout the process. Turnover of employees is usually very high after a merger or acquisition. It is necessary to conduct a talent audit in the initial stage so as to identify the talent and retain them for future success. Efforts should be made to make sure that the talent is plenty after.
the merger. For successful integration during M&A, certain recommendations are made, though these recommendations are not exhaustive and mandatory. Every M&A venture is a unique one and takes up appropriate initiatives viz.

- to carry out culture audit
- to conduct a stress audit
- to encourage and provide avenues to employees to express concerns
- to provide positive feedback
- to recognize that the merger emotions syndrome exists
- to prepare and deliver a realistic merger preview
- to provide individual counselling
- to conduct a talent audit
- to conduct downsizing strategies as soon as possible
- to try and eliminate the them-us syndrome
- to communicate with all stakeholders, and
- to try to establish a common culture.

The problem associated with merger/acquisition is the loss of manpower. This includes the talent which is not certain of continuation of employment or not certain of continuation on the terms and conditions acceptable to the employees. Exit interview would throw light on many of these issues that have paved way for the exit of employees. Mentioning the case study of Digital Equipment India Ltd, (DEIL), Khanna (1996) has narrated the views of the senior personnel. The main purpose of the conduct of an exit interview is to enable people perceive that the organisation is a better place to work with. The interview must not be a mere ceremonial exercise. It has to be conducted by a senior person and must be held in a congenial environment where the persons feel free to talk and express views. The feelings and experiences of employees
who have decided to leave the organisation have to be listened not with the intention of retaining them but to know the issues/areas that caused the problem of dissatisfaction. Confidentiality, as an ethical issue, has be to assured and the interview must ponder around – questions relating to the job that the employee is holding, questions pertaining to the changes that the organisation should think of, and questions pertaining to the benefits or advantages that the new job is offering the person. It is expected that the employee would be frank in his/her feedback as he/she has already decided to leave and hence, not afraid of ventilating his/her inner feelings, and experiences. This interview would throw light on the perception of employees about the working conditions in a frank manner. One should be ready (interviewer) for being criticized also if the employee arrives at that view. The interview has to be conducted prior to and not on the day the employee is leaving and handing over the charge.

The management must be careful when downsizing of manpower is inevitable in the best interest of the firm. Any amount of downsizing of manpower will have adverse impact on other employees for a long-time to come. Alternatives like – changing job description, providing training, reducing the number of working days in week, - are to be thought of instead of resorting to downsizing. There is no provision of life-long employment irrespective of the fortunes of the company. The market conditions would be a factor that would only guarantee employment. When an employee is asked to leave, the management has to think of social and psychological fallout. The same is true with all categories of employees whether they are in shop floor or top executive cadre. The depression, anger, and de-motivation that follow the news of retrenchment of employees require counselling services. Even when it is compelled to adapt a harder approach, organisation can take certain measures viz. providing attractive severance pay-package, offering early retirement scheme with enhanced
benefits, offering outplacement services with organized exit interview, and helping the person to secure alternate employment. Attention has to be paid on those employees who stay back. They need to be reassured and motivated by offering various opportunities of professional growth. On the whole, the challenges are – establish the compulsion of reducing the manpower before the action is taken; managing the downsizing of manpower with no disruption to organisation, involve the employees in the process of downsizing so as to make them understand the circumstances, match the focus of manpower reduction to corporate strategy, evolve an objective approach to downsize the employees, effectively manage the adverse impact of psychological and social fallout as a result of downsizing on the existing employees; continue to relate with the former employees; take up suitable measures to prevent the branding of the firm as anti-people; motivate those employees who stay back with the organisation; and develop a manpower development after the down-sizing of employees (Maitra, 1996).

High attrition is a serious problem in many companies. The HR policies should be such that the retention rates are one of the best in the industries. In a survey on ‘Impactful exists’, undertaken by Market Search IPL for Team-Lease Services, India’s largest composite staffing company (quoted by Avvannavar, 2012) that covers employee data in eight major cities in India viz. Ahmedabad, Bangalore, Chennai, Delhi, Hyderabad, Kolkata, Mumbai and Pune, the respondents, numbering 800, were in the age group of 21-45 years and carrying functions of Sales, Marketing, Business Development, Operations, Finance, Administration/HR, Systems and others. As many as 92% of employees and management took exit policies very seriously with 99% doing the same in Bangalore and Chennai, and 85% in Mumbai. Better Job prospects, and salary hike are the prime reasons for leaving the company and one-third (33%) said that
they would rejoin the organisation, if such an offer is made. It is further observed that the issues of job profile, compensation, work environment, and company policies are found to dominate in the exit interview than factors like support, and guidance from managers, training, timely feedback, clarity of communication. It is mentioned that the HR team at HCL is trained in conducting exit interview on professional manner than making it more emotional. The purpose is to improve further retention.

In a written record of the panel discussion by Das, Indranil (2007) as moderator and with four panelists in the area of contemporary issues of HR consultancy, the outcome of discussion is summarized as follows:

- Both financial and human issues are to be considered as a part of the process of merger/acquisition. As many as three out of five mergers fail as a result of cultural mismatch.

- The first 30 or 60 days in the process of M&A is important as the possibility of losing the top talent is high. Communication gaps or ineffective communication is the cause for rumors to spread easily and speedy implementation of the process is key for success.

- The HR Managers are given due importance and are enabled to play a strategic role in defining the direction of the company. Talent attraction and talent retention are no longer the job of HR Managers only but are considered as the critical issues of business. The HR personnel are more knowledgeable about the entire business and they need to be sure that all key players are retained successfully by the companies.

- The reasons for employees quitting the organisation are inequities in compensation (22%) vis-à-vis their peers as well as the industry. Unfair growth opportunities and role stagnation are other reasons.
Job insecurity is not a major issue in India. Jobs are secure in public sector and in private sector. Such security is there as long as one is able to perform well.

Family-run organisations do not resort to firing because they are family-based.

The aspirations of youth are diverse now. They are not contended with a job which would provide only security but does not give any challenge. Equally, today’s job market is so competitive and volatile that traditional priorities of youth and the traditional methods of hiring the talent have a little place. There is a drastic shift in the choices of youth, and equally the methods of recruiting the staff being adapted by the organisations.

Chaudhury (2014) mentions that employers prefer those aspirants who are right-fit for the job than the best-fit, and equally the employees have accorded job satisfaction on the top of choice than mere pay packet. Job search has become so simple as social networking has become the source of and a tool in recruitment. Now Indian job-seekers look beyond the comforts of a safe job and equally an attractive pay. An average job-seeker looks for attractive pay, work/life balance and a sense of togetherness or community life. The high talent or performers prefer to work in a place where there exists a rich work culture, which includes transparent policies and practices and encouraging work environment, options to concentrate on health issues, and facilities to sharpen one’s hidden talent, and ability to serve the community. Corporates today, hire people with diverse background. This would ultimately create a workforce with varied background. In Godrej industries, person with MA Psychology would be given the same and equal opportunity for a person with an MBA degree in human resources for a position in HR department.

Generally, when people think of any product the first country that comes to the surface is Japan. Japanese products are known for the quality and reliability throughout
the globe. At international level, Japanese firms are known to be more competitive and progressive. Antony (2008) opines that the three pillars of HRM which made Japanese firms to reach the stage are – Life-time/long-term stable employment in the organisation; wages and compensation and promotion on the basis of seniority, indirect autonomy of unions in decision-making process.

With the introduction of liberalization, the boundaries for business have been completely erased which calls for diversity of manpower with different cultural backgrounds. Attracting and retaining the talent has become a challenging task for HR professionals. Today employees are more committed to their profession rather than to the employers with whom they are working. Further, employees’ aspirations are changing and people want quick upward mobility in their career by updating their skills. The workforce of today is different from what it was in the past. Employment means different things to different people. But the right approach is that employment provides not only an earning but also makes people feel that they are contributing to social development. The employees thereby derive satisfaction. People who are happy at work will also feel that they have better marriages and family life. Such happiness at work will have positive psychological consequences and higher self-esteem (Feldman, 1997). A strong, committed and abled workforce is the single most value resource for any organisation to depend on to a greater extent when a venture of merger or acquisition takes place. Equally a weak force of the target company is a liability to the acquirer organisation. A progressive corporate like Infosys opened a green channel to attract the former employees with good performance background and who had left the organisation for better prospects. The rehiring process is minimal by giving importance to the individual (Purkayastha and Chaudhari, 2011). The feelings and emotions of the employees vary and not much research work has been done on these grey areas.
Talent mobility is the order of the day. It is quite unusual to notice that talent, especially at a higher level in the ladder, stay with the organisation for a longer period though the returns which they get are attractive and competitive. Such movement of talent brings varied culture and exchange of ideas. In India, the export and movement of talent to a larger extent is at the higher level and the pioneers in this regard are Hindustan Uniliver, P&G, Coca-Cola, and PepsiCo. The assignments are at the international level which would accelerate growth opportunities for graduates during the early stages of their careers (Sharma and Singh, 2013).

One of the four ‘M’s that make-up an organisation (Money, Machine, Material and Men), it is the fourth M i.e. Men that cannot be replicated. It takes talent to spot talent. For a HR strategist, there is nothing more crucial than to find a right match between job-requirement and the skill set of the job-seeker (Bardia, 2010).

Getting right kind of talent is a challenging task for any progressive company. Das (2012) mentions that even at the best times, finding the best people on the workforce for many small-sized and mid-sized Indian companies, who can fit into the culture of the organisation and contribute to its growth is a challenge. Further, the author mentions that even if the organisation is able to hire highly talented persons, retaining them may be a great struggle.

The very move of merger or acquisition puts employees of acquired firms in tension and worry and more so of the uncertainty of future employment. This may slowly drift in increased absenteeism and reduced efficiency (Fisher et al, 1997). The competitors, taking the advantage of the situation, make attempt to poach the talent. At the end, this would undervalue the worth of acquisition.

**Health, Wellness and Counselling:** In today’s world, we observe young people work for long hours, and an imbalance of work and life has become more a reality in the
present times. Singh (2010 a) mentions that drawing a line between work and life cannot be made and today work has become life. Staying back in work even after the prescribed working hours has become a norm. Those who leave the work on time are looked down upon as work shirkers. What is more alarming is the missing part of work/life balance. Work is important and equally the rest too. The most effective way of dealing with this situation is to set certain rules and follow them properly. They are – not to take work home, not to work on holidays, and not to miss lunch. The empirical evidence indicates that mental health problems like anxiety disorder and depression commence at work place and warrant the intervention of mental health professionals when need arises.

Overwork is injurious to all dimensions health. The pertinent question would be whether people work to live or whether people live to work. Krishnam (2010) mentions that overwork kills. To find the extent of risk, a ten question format is prepared and the answers are to be marked as either ‘yes’ or ‘no’. If the answers are affirmative for more than five questions, there are reasons to believe that the risk is real. The issues pertaining to the questions are….

a) Working for long hours
b) Taking work home and work even on holidays
c) Erratic work hours and travel schedule
d) Taking more than two cups of coffee/or tea a day
e) Loss of weight upto 5 kgs in the preceding six months
f) Sleep deprivation/insomnia
g) Either lethargic or too busy to find time to exercise
h) Complaint by friends/family members about the person’s lack of involvement and enthusiasm
i) For distress, consuming alcohol, watch pornograph or smoke

j) Availed vacation long back (over a year).

While work is a factor of stress causation, the same gives relief from stress in other cases. Mcmahon (2014) has explained as how office work provides relief from stress. For the question whether one’s desk is a happy place?, the signs for considering it a good place are – a) feeling good to be back at work after holidays, b) considering and having maternal/paternal feelings for younger colleagues; c) considering the desk is sacred – a little kingdom where no interference will be there from others; d) preferring the work persona – working with persons of liking - keeping the family issues aside for some time; e) feeling of appreciation at work – efforts are noted and appreciated unlike home where everyone takes the person for granted; f) colleagues listen to and receive the views – unlike home where at times spouse and children do not heed to what the person says; and g) spending more time in the work place – this is one way of decompress before facing the family or that empty house. Work gives a reasonable level of satisfaction that one may not get at home with family members. The author says that relatively workplace is less stressed than at home and for many, offices have become an escape from challenges of domestic life.

The modern lifestyle and health issues are inter-related. Employees of today are hardworking, innovative and spend much of their time in work. Agarwal (2008) has mentioned that investment in health is important. The benefits of healthy living include making employees mentally sharper, energetic, healthier and happier. The empirical evidence indicates that 35% of corporate citizens in Bangalore fall under medium health-risk category and they are more prone to be affected by problems like hypertension, diabetes and cardiac problems. This in-turn has affected the productivity of employees. The average decline of productivity as a result of health problems has
been estimated to be about two hours and thirty eight minutes per person, per week, leading to considerable economic loss to the organisations. Positive health and well-being are not the end by itself; this would lead to positive energy and vitality of employees; thereby employees derive higher level of job satisfaction, higher level of pay package, work/life balance, healthy work environment, and healthy relations with co-employees and higher authorities.

Of the four models of organisational behaviour – Autocratic, Custodial, Supportive and Collegial – Collegial is the most ideal one for corporate sector. This refers to developing partnership wherein employees feel that they are useful and needed, and they consider their managers as joint contributors to organisational success. This model is more open, participative, and the approach enhances the results in situations where it is found to be appropriate (Khanka, 2009).

In an exhaustive literature survey of 14 publications made in January 2007 to know the relationship between the occupational psychosocial factors and the development of depression, Netterstrom et al (2008) found that psychological strain at work was associated with future depression. There exists a relationship, at moderate level, between psychological demands imposed by the job and the development of depression. However, the presence of societal support at work place was associated with decreased risk for future depression.

Keeping in view the duration of time that the employees spend at work and to ease their work pressure, companies encourage more of informed relations than professional relations. In spite of the best efforts of employers in making the work atmosphere cordial, people are more anxious about the future and uncertainty about the career and often bond with others against the enemy - boss, the field, new talent hired at higher wages, or even new technology. Research indicates that those who run away
from fear (of not winning) rarely match the performance of those running towards a vision or dream. Highly stratified business culture creates a gap between management and those being supervised. Misunderstanding between the two groups quickly end up with lack of trust, backbiting, high turnover, competing visions and lowered productivity (McGee-Cooper, 2005).

Psychological problems are studied extensively which may also be generalized to employees who had experienced a merger/acquisition in the recent past. Issues concerned with mental well-being of employees are highlighted by Miller (1997). From a postal survey of Associates, members and fellows of the faculty of occupational medicine, the mental health training needs of occupational physicians were brought to light. The study was aimed at understanding from the occupational physicians the extent of mental health problems encountered by employees, the factors which include both of individual and of organisation that contribute to stress related ill-health and the skills which the occupational physicians need to possess in dealing with issues related to mental health. A questionnaire was sent to 824 associates, members and fellows and of which 421 (51%) valid questionnaires were returned. The most frequently encountered problems related to work were – overload of work, unsatisfactory relationship and unhealthy structure/culture of the organisation. The most frequently observed clinical problems were anxiety and depression and the most commonly encountered life events were that of retirement and redundancy. The respondents stated that factors like job insecurity, hours of work and poor management skills such as communication, change management and delegation have contributed to the problems of mental health.

While explaining ‘Stress’ as a major problem in the present day, Verma and Mehta (year not mentioned) state that people react to stress in four ways – not
acknowledging it in the first place, acknowledging it but exhibit actions of denial, dealing with the stress, and letting the stress to control one’s reactions. Stress control does not mean denying its existence. In this context, it is to be made clear that worry is different from stress. Stress refers to change and worry is to be understood as undue anxiety. Stress of people is to be dealt with. Counselling is the most commonly adapted technique for aiding a person who is in distress, provided the person under stress is willing to discuss his/her problems. It is believed that every individual is able to sort out his/her problem on his/her own with some supportive help. Both counsellor and counsellee work together and evolve a strategy and plan of action. Once the decision has been taken, the counsellor supports and facilitates action. The approach is holistic in nature as it takes into consideration all issues and aspects.

Only effective counsellor can provide need-based counselling with a promising outcome. Good counselling brings positive results both in perception and reality, and ineffective counselling sometimes even aggravate the existing problems/difficult conditions with negative outcome. There is nothing termed as no impact of counselling which usually does not happen. This implies that counselling brings either positive or negative impact but not zero impact. In the hands of trained and efficient persons, counselling is a tool for prosperity (Sharath Chandra and Anand, 2013 a).

Referring mergers and acquisitions as threatening and equally the cause for stress and anxiety, Pikula (1999) has suggested counselling services at individual level as one of the measures for the successful integration. There is always a fear and anxiety especially among the employees of target company. This, further, leads to behaviour which is either maladaptive or in most instances a detrimental to the growth of the organisation. Issues that are concerned with work and life can well be dealt with by adopting professional services like counselling, mentoring. In this context, it is very
appropriate to refer Individual counselling services as **success mantra** for managing the change especially in the instances of mergers/acquisitions. Such services are advocated for those who have problems of adjustment and stress problems related to mergers/acquisitions (Samal, 2011).

The process of merger/acquisition does bring uncertainty in the minds of all stake-holders and especially the employees. Loss of talent is a common phenomenon in all attempts of M&As. Retaining such talent is a difficult task for the organisations. Guntnecht and Keys (1993) have specified that one reason for acquisition is the expertise of the target company. But the most talented workforce voluntarily leaves to avoid the unpleasant situation of being fired. Further, there is usual resistance for downsizing the manpower. For management, it means investing money on development and retraining of survivors of a merger or acquisition. The authors mentioned the importance of communication at the levels of pre, during and post organisational change which needs to be planned and executed in order.

In an in-depth review on occupational stress interventions, Reynolds (2000) has attributed two main reasons for organisations to take up measures for reducing distress at work – **a)** wish to provide optimal working conditions as moral, paternalistic and socially responsible motives, and **b)** wide-spread belief that work performance of employees will be enhanced if their well-being is improved. The three interventions considered to reduce stress and to improve employee well-being are – counselling services, stress management training, and organisational interventions. The author has mentioned that counselling and psychotherapy are distinct activities and counselling intervention, unlike psychotherapy, is provided by a therapist who often has no specific professional training, who is more informal and supportive and is being adopted to help people deal with problems of normal life.
Problem-solving approach is a part of organisational development. Pradeep Kumar (2008) mentions that problem-solving tools are normally taught to quality assurance/control personnel mainly to solve quality problems and customer complaints. But other areas concerned with human resources, business issues etc., need attention in this direction. There must be an in-depth analysis to understand the causes and find remedies for problems like attrition, safety, dip in business, drop in market share. Problem-solving and enhancing the quality is the responsibility of every one. In fact Tyco Electronics India has initiated six-sigma training to personnel in different areas so as to help employees resort to problem-solving approach in a much more orderly and meaningful manner.

Ryder and Inman (2002) have mentioned that issues concerned with employees like anxiety, fear, uncertainty, turnover and productivity loss must be addressed during acquisition. This can be achieved with proper communication; training and temporary help so as to enable the process to move without any interruption.

Ravisha et al (2012) have mentioned that not paying enough attention to human factor results-in inadequate integration of two companies. If the company is insensitive to the human resources, there is a possibility of employees experiencing sufferings and there is a possibility of clashes in corporate culture. This may in turn lead to drop in productivity as a result of stress, unhappiness and even lack of cooperation on the part of employees. It would be appropriate if human issues are given importance in addition to legal and financial implication when a decision on M&A is arrived at.

**HR Information System:** The activities of mergers are well planned with regard to issues concerned with finance, product-line and operational decisions, leaving the issues concerned with human resources to the backseat by according less prominence. The vision and mission of an organisation, evolved as a result of merger must have the
best of both the organisations separately. To achieve this, the attention must be on the cultural aspects that are similar to both rather than paying importance to the differences. Employees come to know about the merger/acquisition through the news media rather than from their employers directly. The lack of proper communication erodes trust and loyalty of employees resulting in their higher level of job insecurity and workplace stress. The stages of merger/acquisition must follow a process ranging from Pre-deal, through Due-diligence, Integration planning to Implementation. Technological advances have made the HR professionals to provide the delivery of human resource services on line and thus making them to concentrate on strategic issues. Many areas of services that are being delivered electronically are concerned with recruitment, pay roll, employee benefits, career development. This would save the paper, time and improve the accuracy (Mello, 2011).

According to Ryder and Inman (2002) due-diligence is a critical phase that looks into the issues of acquired firms and to arrive at a decision whether the deal is worthy of acquisition. This includes financial, operational, marketing and people issues. The HR Information System includes developing an integrated strategy, the HR programmes and services that the new company delivers, the category of employees and the benefits covered, estimated costs involved and obtaining budget approval for the same. The services include pay-roll, benefits, regulatory compliance, and productivity. At the end it is to be assessed whether the personnel have the required skills to convert, integrate and maintain the system that will be required.
3.1.2 PART – B: ORGANISATIONAL CULTURE

Organisational Culture: Its Importance

The term organisation culture is in popular use by researcher, practitioners and academicians from 1980s. Organisational climate is synonymous with the term organisational culture, but the latter term is a preferred one by professionals and very few authors differentiate the two.

Many professionals including Management have made attempts to study organisational culture from their own perspective. The term organisation culture has been explained in different contexts by the authors, though the core issues that constitute organisation culture remain the same. In the following pages, efforts are made to elaborate what the authors say about organisation culture in addition to other issues related to it. Ali and Patnaik (2014) have expressed that organisational culture is a combination of shared beliefs, and norms that affect the perception and behaviour of employees at workplace. The authors have studied organisational culture and organisational climate as two different entities, though they have agreed to the fact that the two entities do not differ and are being used synonymously.

Every organisation will possess a culture of its own which is either facilitative in yielding positive outcome in terms of better financial performance, attracting and retaining the talent, and energizing the efforts of employees in reaching the goals prescribed or negative outcome in terms of dismal performance in all fronts and in worst cases even the closure of its functioning. An organisation which adapts positive culture and which maintain the same for a longer time is said to be a healthy organisation. The process of attaining it is known as ‘organisational health’.

Healthy culture contributes to the optimum level of positive functioning of the organisation and presence of such culture is a driving force that influences every issue
of functioning of the organisation. A proactive culture makes the organisation a compact one and further, it guides the behaviour of every stakeholder. It even provides ways and means of handling diversity at workplace, thereby creating an atmosphere wherein people feel cared, and share their ideas and attitudes with no hesitation. The functions of culture are manifold but broadly it gives an identity, and creates an image in the eyes of all stakeholders. It, further, adapts to the requirement and hence, culture is not rigid, and flexibility is the order. Culture prescribes the right kind of behaviour and action, and enables members to have similar kind of understanding of work-life and share the dominant assumptions and beliefs. From this perspective, culture works as a strong adhesive that keeps the unit or firm as one and together.

In their vivid elaboration on organisational culture, Bhalla and Nazneen (2013) have compared culture as the strong glue that keeps the things together and intact, and holds the organisation as one unit. Almost every aspect of work-life is affected by culture. The culture influences – the way people think, act and relate to one another and it reflects every aspect of way of life of people. Traditions, heritage and design for living are part of culture. The organisational culture includes the ethics, values, beliefs, attitudes, norms, environment and climate. The spirit or fundamental character of culture can be referred to as the ethos and such ethos are the core values. The values of organisational ethos are suggested as OCTAPACE. The authors have made an attempt to understand the OCTAPACE culture profile which includes ethos in eight values in retail sector. The major findings on OCTAPACE culture profile, developed by Pareek and Rao, on data from 350 employees drawn from different retail organisations reveal that the most dominant components of culture are Confrontation, Openness, Experimentation, and Pro-action. The authors have concluded that by
creating a healthy culture for employees, retail would be the best option of destination for persons of interest.

The essential elements of work culture are work ethos and work ethics. Culture does not prevail in a social vacuum, and it is the people who make it and nurture the same to greater heights. Culture, thus formed, continues to influence people and it either enhances/promotes the employees’ commitment to the organisational objectives or it may even tarnish its image, and incompatible culture may end up with developing conflict of interests between the work practices of employees and the objectives of the management. Culture is a liaison between individuals, and between individuals and organisation. Individuals develop the culture and are equally being influenced by it continuously. If the culture is proactive, it guides employees towards a well-defined destination. It may create an identity to every employee and enhances his/her status in the society. In a way, every employee is considered to be an ambassador of the organisational culture. When the preference lies between healthy culture or attractive compensation, the employees most frequently franchise in favour of the former. Culture is the strength of the organisation that will attract the best talent. It has dysfunctional aspects too when the shared values are in conflict with organisational growth.

In other words, positive or negative impact of culture will remain for longer period. In this context, one needs to find an answer to the question i.e., Does the culture pass from one generation to another? Many crucial aspects and long cherished ones will not be altered over a period of time, in spite of the technological advances, and preferences and way of life of people. This would give a brand image to the organisation. Many other things including beliefs, values, norms, traditions may likely
change over a period of time. But developing a new culture altogether takes more time and at the same time receives a lot of resistance too from many quarters.

The differences in the perception of Board of Directors and other members of organisations are studied with regard to the culture of the organisation by Sridhar et al (2004). It is believed that corporate culture will have impact on the economic performance of the firm for a long-time and it may even decide the success or failure of the firm in the next decade. An organisational culture questionnaire that comprises of 38 items was prepared and the same was administered on 232 employees and on 25 Members of the Board. It is observed that the perceptions with regard to organisational culture held by Board of Directors are different from those of Employees on six out of nine dimensions of the culture. The Members of the Board, compared to the employees, have perceived that organisations are more people-oriented, long-term oriented, and having a low aversion to risk, but on the other hand when the Employees are compared with Board Members, the former have perceived a greater degree of bureaucratic orientation in their culture. The results support the hypothesis that perceptions of organisational culture held by the Board of Directors will differ from the perceptions of organisational members with regard to the organisational culture.

In an extensive review of the empirical work made on the issues and activities of M&As, Schuler and Jackson (2001) have stated that there is enough evidence that plenty of attention is being paid to legal, financial and operational elements in the whole exercise of M&As. But it is to be admitted that the prominent issues concerned with human resources for a successful integration of M&A are – Employee communication; Retention of key talent; and Cultural integration. Communication in these situations needs to be sincere, pro-active; and factual. To avoid confusion, a clear communication is to be sent whether the deal is a merger or an acquisition. Lack of needed and
dependable communication leads to decreased productivity. The most crucial reason for the failure of merger or acquisition is the cultural clashes of two entities which also include issues like wide culture gaps, culture incompatibility, and even loss of key talent. These issues are either not noticed or go unchecked. When culture is being assessed, it should be of both the entities and encompass both description and evaluation of philosophy and values of both companies.

Cultural clashes need to be identified at the earliest in the integration stage and resolve amicably so as to make the integration a smooth event. Ruquet (2002) endorsed the views of many experts who agree that work ethics, business philosophy, cultural and operational issues, and technological sophistication need to be assessed closely in a M&amp;A deal, failing which the success cannot be expected. There is a need for sound integration with culture-fit, but many acquisitions which are sound on paper fail in reality mainly because of poor integration and the resultant outcome is the creation of headache for everyone.

Organisational Culture and Performance

The performance of any organisation, to a large extent, depends on the culture of the organisation. Such performance, as a result of healthy culture, cannot be quantified in terms of profits or reputation. Abu-Jarad et al (2010) have examined the relation between organisational performance and organisational culture. Organisational culture has been referred to as the way things are being carried out in an organisation. Sometimes this being referred to as corporate culture. But the term corporate culture has limited scope as it has a commercialized meaning. The term organisational culture refers to the total life style of people which include values, ideas, knowledge, behaviour and material objects people share. It is further mentioned that organisations have
definite objectives – financial and non-financial. So, organisational performance can be classified as **financial performance** that includes profit-margin, returns-on-assets, returns-on-investment, returns-on-sales – and **non-financial** performance that includes job satisfaction of employees, employees’ commitment to organisation, and employee turnover.

In a review of relevant literature on performance management and impact of culture and cultural dimensions on managing performance of organisations, Anuradha Reddy (2011) has asserted that it is the culture that determines the long-term sustainability of an organisation. The author has mentioned that culture refers to common and shared patterns of beliefs, values, norms of behaviour and assumptions. It is the culture that is an asset and at times it may be a liability when it creates barriers of change that includes barriers to mergers and acquisitions, barriers to diversity etc. It is necessary to have an in-depth analysis of the organisational culture to know why change does not take place or why a project fails? Similar views are expressed by Indubhai Patel (2014) in explaining the impact of organisational culture on business performance. The author has mentioned that organisational culture is the sum total of attitudes, beliefs, behaviour and traditions of an organisation. Such a culture is acquired and it changes from time to time. Good culture promotes performance, creativity and problem-solving ability of employees and other factors that make the organisation a compact one. Sometimes, it may even be a barrier in the process of mergers and acquisitions, wherein there are chances that the cultural issues of two entities are not compatible and do not support each other. This situation may ultimately make the business not a fruitful attempt.

The impact of M&As in telecom sector has been explained by Ghosh and Dutta (2014). The authors have made an attempt to understand whether M&As in telecom
sector have shown improvement in performance, or has the performance deteriorated after merged entity was formed. Data have been collected for 10 years’ time (2000-2010) from Business and Economic data base and Research Company (secondary source of data). It could not be ascertained from the data available, whether a broad based, rigorous due-diligence procedure was done covering financial and employee related issues. As a result, the merged entities have experienced problem of culture during the integration period.

One of the factors that strongly influence the organisational performance is its culture. Kashyap et al (2012) say that organisational culture is an important determinant of organisational performance. It is the soul of the organisation which promotes the employee retention. Employees are the stakeholders of the culture and their retention depends to a greater extent on the existence of proactive culture. The author has made an attempt to describe the organisational culture of IT industry. Four organisations have been chosen and a sample of 25 employees from each of the four organisations (N=100) and a Scale, development by Pareek has been administered to assess the culture. It is observed that the organisational culture differed on some parameters and probably the organisations are not uniform in their functions.

The corporate sector all over the world is facing challenges and experiencing the threat of being labeled redundant, if measures are not taken either locally, nationally or globally or at the unit level and opt the restructuring to suit the needs of the day. Pratap Singh (2012) mentions that one such shift is resorting to mergers and acquisitions, and such attempts are on the rise from the year 2000 and onwards. Mergers & Acquisitions are treated as the main forms of growth strategies and such attempts are beneficial in terms of growth in size and market share. The author, based on review of literature, expressed that predominantly the variation in corporate culture
and HR issues like poor communication and loss of talent are some of the reasons attributed to the failure of M&As.

**Characteristics of Work Culture**

Every individual reacts differently to the psycho-social milieu of the organisation. The reason would be that no two individuals are similar in all respects and individual differences are bound to occur. The person enters into the organisation with a unique personality and behaviour, and his interaction with others affects his behaviour, the behaviour of others, and even affecting the organisational climate. The result would be the creation of a culture that would be conducive to the development of employees or in other cases even the down fall movement of employees.

Singh (2001) has studied work values and work culture as two distinct concepts and explored the relationship between the two. A sample of 282 employees representing five automobile organisations has been chosen and the employees include the different categories of employment - Managers, Executives and Supervisors. An Acquired Work Value Scale, developed by Oliver and Nick was used. The scale includes three factors and the same are assembled as three scales – Instrumental values (include factors like job security, income and working conditions), Participatory values (include the participation in decision-making, having good relations with management, work for the benefit of both self and others); Task-centered values (include variety and interest of work). Work culture has been studied by administering a questionnaire that covers six paradigm shifts. This would reveal the shift changes in thinking and behaviour. The eight shifts have been studied as eight dimensions of work culture – 1) Control Management to Commitment Management, 2) Task Focus to Process and Customer Focus, 3) Command to Consensus Decision-Making, 4) Individual Work to
Team Work, 5) One Right Way to Continuous Improvement, 6) Unstructured Values to Shared and Stated Values, 7) Tough on People to Tough on Competition, and 8) Wealth Consumption to Wealth Creation. Either a negative or insignificant relationship between work values and dimensions of work culture is found. If the organisations are not able to evolve a fit between the individual work value system and norms of the organisations, there is a possibility that the contribution of employees to the organisation becomes negative and ultimately the work culture is dysfunctional.

There is nothing termed as the best culture for any organisation. Harrison (1972) has outlined the typology of organisation culture. His proposals of the types of organisation culture are – Power, Role, Task/Achievement, and Person/support. The main characteristics that refer to the types of organisational culture are as follows:

a. **Power**: It is more of power-centered where-in least opportunities are provided to employees to participate and to consult. Employees are expected to obey instructions without questioning the same. The highly commanding style of management is coupled with members work as a token of loyalty to the boss and fear of being punished.

b. **Role**: The organisation is more of role-oriented to bureaucratic and hierarchical systems. It is more of impersonal and highly procedure oriented and, boundaries of authority are defined. The role one performs is more important than the individual who occupies the role.

c. **Task/Achievement**: Emphasis is more on Team-commitment. Task-requirement decides the way work is to be organized. There is flexibility and high level of worker autonomy. The environment is satisfying in perception.

d. **Person/Support**: Emphasis is on personal growth and development of members with employees having equal rights. This type is not commonly found in commercial profit-making organisations.
Culture similarity does not mean the success of traditional organisation marriage; and in case of combination of two power cultures the resultant is an impediment.

Organisational Culture and Commitment

The issues of compliance with business ethics have gained prominence in M&A process. According to Lin and Wei (2006), M&A ethics is represented by the perception of employees in terms of employment security (refers to issues concerned with livelihood), Justice (refers to the way employees are being treated with no discrimination), and caring practices (refers to the existence of caring culture and system). The authors have explored job performance and mergers and acquisitions from an ethical perspective and collected data on the above issues from 264 employees of acquired companies in financial services industry of Taiwan which include banks, insurance, and security companies by administering a questionnaire. The employees are assured of confidentiality and anonymity. The study has identified relationship between ethical behaviour and organisational commitment. Further, it is found that higher degree of employment security lead to higher organisational commitment; more caring practices induce higher organisational commitment, and organisational commitments positively influence job performance. The hypothesis of Justice leading to organisational commitment has been rejected. The authors have asserted that effective integration of human resources of both the acquiring and acquired firms is vital.

Elangovan and Mala Jayashree (2013) have mentioned that employees’ commitment to work is possible, if there is a strong organisational culture that ensures higher levels of employees’ loyalty, good organisational citizenship and more
productivity. A strong organisational culture is the indication when the employees show loyalty, work commitment and greater degree of involvement in enhancing the quality and quantity of work. The authors have studied the components of organisational culture and have identified six variables of organisational culture – **Knowledge about the organisational policy; Work environment; Values and beliefs; Attitude towards work; Work involvement; and Interpersonal relationship.** To know the working of the components of organisational culture, a sample of 539 employees of Steel Authority of India Ltd., Salem have been chosen. A tool comprising of 72 statements, covering all the six components stated above, has been administered on all the employees by adopting interview method to measure the organisational culture. The results indicate that all the six factors have the ability to build the culture of the organisation.

An exploratory study is made by Hassan Jafri (2012) to understand the influence of OCTAPACE culture on organisational commitment. The latter refers to the bondage the employees have with the organisation. It mainly connotes a psychological state of attachment. The author has mentioned that shared system of values, beliefs and attitudes are common among individuals and these influence their judgments. The culture affects every activity of the organisation including the financial performance and talent acquisition and talent retention. A study undertaken by Hassan Jafri (2012) is aimed at understanding the relationship between organisational culture and commitment. The subjects of the study are 210 employees of four public sector organisations in Bhutan. A questionnaire, that covers issues of the study as well the scales adopted in the study such as – Organisational Commitment Questionnaire that covers the areas of affective, normative and continuance commitment, developed by Allen and Meyer and OCTAPACE Culture scale, developed by Pareek has been
administered. The results indicate that OCTAPACE culture is positively and significantly related to organisational commitment.

Messner (2013) has elaborated the concept of healthy organisational culture. It refers to a good system, and a pleasant and suitable place for people who would positively contribute to corporate business, and such culture is the nucleus to any activity in the organisation. The author has made a study on the influence of organisational culture on employee commitment. The required data are acquired from 291 IT executives and managers working in two IT services sourcing provider organisations based at Pune and Bangalore. It is found that organisational culture is the key to influence organisational commitment of employees.

In terms of employee retention, Neelam et al (2015) have mentioned that culture lays down standards of ethics, values, norms and organisational climate that would enable the new hires and the existing manpower to remain in the job. Further, the culture governs the behaviour of employees including their commitment to the organisation through the means of prescribing standards and norms. The authors have examined the link between organisational culture and organisational commitment. Data have been obtained from 218 IT professionals working in Hinjewadi (Pune) IT Park of India by administering the OCTAPACE instrument, developed by Pareek which measures eight dimensions of organisational culture, and the Organisational Commitment Scale, developed by Meyer and Allen which measures affective, continuance, and normative dimensions of organisational commitment. The results reveal that elements of Pro-action, Trust, Openness and Experimentation, are the most valued elements. Perceived Autonomy, Experimentation, and Collaboration have positively influenced affective commitment; confrontation, and
experimentation are found to be the positive indicators of normative commitment. Authenticity is found to be linked with continuance commitment.

Aryasri and Aijaz (2013) have examined the relationship between talent and organisational culture. The culture is being referred as the values, norms, rules, practices and rituals through which the organisation runs its business. The reputed companies or high performing organisations resort to measures to retain the best talent and accord priority for the same over other issues. It is not suffice if handsome compensation is offered to attract the talent. People look for proactive culture that exists in the organisation which refers to recognizing the sincere efforts, employees’ involvement in decision-making process, empowerment activities, and access to career and skill development. People believe that positive culture empowers them in terms of knowledge, thereby add value to the organisation. The authors have made an empirical investigation wherein one of the objectives is to know the influence of organisational culture and HR practices on High Performing Organisations (HPOs). Data have been obtained by administering a questionnaire on 97 employees of IT companies of Hyderabad that have been rated as the top performers by the Fortune 500 India. It is observed that there existed a culture that fostered employee satisfaction. The employees have enjoyed freedom of time and utilized resources by all levels of employees at an optimum level. A culture of this kind has made employees to contribute more to the organisations in achieving their goals. There existed a feeling of empowerment among themselves and they have exercised autonomy that enabled self-expression and learning. It is the culture that prevailed in the organisations that has gradually converted the organisation into high performing organisation. Issues like imparting freedom of time, and resources to employees, reduction of stress, adapting new technology, autonomy at work place, and unity of command have enabled in
creating a culture of its own, and that culture shapes the performance of organisations and gradually makes them high performing organisations.

**Organisational Culture and HR Factors**

The ranking of HR factors responsible for the failure of M&A have been investigated by Bahl (2012). Data have been gathered both from primary and secondary sources. Questionnaire method has been adopted mainly and the same has been administered on 100 academicians. Divergence in working culture, non-integration of human resources, and miscommunication regarding the strategies are found to be some of the reasons for the failure. Among the reasons, *Divergence of Working Culture* is rated as the top most reason with highest score. *Non-integration of human resources* is the fourth important reason, and *miscommunication regarding the strategies* has been given the last weightage by academicians.

A strong and effective leadership improves the work environment, and further, enables to introduce and implement policies and programmes for the well-being of employees and for the development of the organisation. The relation between organisational culture and the leadership in an organisation is vital to know from the perspective of Human Resource Management. From this point of view, Sharma and Sharma (2010) have mentioned that organisational culture is reflected in the form of shared values and norms that would facilitate and guide the employees’ behaviour and decision-making ability. The authors have studied the relationship between organisational culture and leadership styles in Textile Industry in Himachal Pradesh and Punjab. OCTAPACE culture Inventory and Leadership Behaviour Description Questionnaire have been administered on 300 permanent employees representing different departments. A strong association is noticed between cultural variable and
leadership styles. The relationship between cultural values and charismatic leadership styles is positive; and strong culture improved employees’ and organisational effectiveness.

The importance of organisational culture is such that failure of M&A can be attributed to either not paying adequate attention to cultural issues at different levels in the process or ignoring people-related issues completely. Gupta (2012) has mentioned that mergers and acquisitions are the most powerful forms of external growth of organisations in today’s world in terms of the speed at which the M&As are taking place, and the money involved in terms of their value. In such an attempt, the work environment and prevailing culture of the target organisation are to be examined when plans are initiated. This would make the employees feel to a greater extent that they are not left out and thus, they are prevented from becoming demoralized. In addition, they are to be communicated with the facts and be encouraged to provide feedback.

The HR professional has to look for those trouble makers in the firm who have a proven record of dubious character and those who even oppose the attempts of Mergers and Acquisitions only with selfish motives. In this context, Klein (2006) has suggested that the corporate culture of acquired and acquirer must match in terms of internal control in monitoring the activities of the employees so that all frauds can be prevented and also the same can be dealt with properly. The unhealthy combination is that of employees with a deviant conduct as well as their bitterness of merger that may end up with losing the job. The author says that combination of two companies sometimes create a potential environment for employees getting into fraud. It is also mentioned that effective hiring practices including the background verification of the applicants would be a better option for the prevention and management of all frauds.
Many researchers have studied organisational culture from different perspectives. The use of the abbreviation OCTAPACE referring broadly organisation culture is prominent in the scientific efforts. The personal and occupational factors in relation to culture and other components of HRD climate have been presented hereunder, as each attempt made is a distinguished one.

The perceptions of 539 employees with regard to HRD climate and the interrelation between demographic factors and HRD climate in civil service organisations of Ethiopia have been studied by Babushe and Narendranath (2013). The HRD Climate Questionnaire, developed by Rao and Abraham, which includes General Climate, the OCTAPACE culture and HRD mechanisms, has been administered. It is found that the climate is not favourable which comprises of poor HRD climate, poor OCTAPACE culture, and poor HRD mechanisms. The perceptions of employees in terms of gender, age, marital status, education and work experience did not differ except the designation of employees. Executives compared to non-executives have expressed positive view of HRD climate.

Dubey et al (2014) have studied organisational climate as perceived by one hundred employees of Power Plant in Government sector undertaking in India. The HRD Climate Questionnaire, developed by Rao and Abraham has been administered on all the subjects. The results indicate that employees belonging to different age groups, and male and female employees did not show difference in the perception of OCTAPACE culture, HRD Mechanism and implementation, and General Climate and overall HRD climate. Executives compared to workmen have better perception on all dimensions of HRD climate. Unmarried have higher mean value than married with regard to OCTAPACE culture.
3.1.3 PART - C: CULTURAL ISSUES IN MERGERS AND ACQUISITIONS

The term ‘Culture’ has wider meaning in general parlance and from professional context. From sociological perspective, it refers to beliefs, skills involved in doing or making something, way of life, and customs that are being accepted and shared among people of a community or of an organisation. Pareek (2002) has stated that the term ‘culture’ is difficult to explain in objective terms. Values, ethics, climate, environment, and culture are different terms used in the context of organisational culture.

Every business organisation has its own culture which attracts the talent, retains it for a longer-time, develops it, and further derives maximum input for its growth; and that culture, generally, passes from one generation to another. Now-a-days every firm is proud of having its own work-culture and work practices to retain the best talent and to convey to all stakeholders that the firm is a reliable one and is committed to the well-being of all stakeholders.

ADP- a fortune 500 company talks about its own culture to attract the best talent. It says proudly that it treats employees as members of a well-knitted family and encouragement is given to all to grow to the fullest possible potential both professionally and personally. This is the factor that made 52% of their associates join them from their associates’ referral programme. This high percentage is the highest rate in the industry (Deccan Herald, date 30-11-2011).

Culture broadly refers to a shared way of life. It includes language, laws, customs and traditions, values, knowledge, beliefs. Culture prescribes behaviour patterns that are approved and disapproved. This includes Folkways (customary patterns not vividly defined, and formulated and enforced but are important e.g. wearing a tie to work); Mores (customary patterns of behaviour that are prescribed explicitly and are enforced); Taboos are the prohibited form of behaviour that can be referred to
as negative more. This behaviour patterns are explicitly formulated and prohibits any such form of behaviour). So culture prescribes not only the accepted behaviour but also those behaviour patterns that are not accepted (Storrow, 1969).

Every organisation will have its own culture with regard to every arena of organisational structure, functioning and more prominently in human relations and performance. Ahmed (1998) has vividly elaborated the concept of organisational culture which comprises both visible and invisible issues. According to the author, organisational culture defines what is right, what is wrong, what is acceptable and what is not. Some cultures accept change, encourage innovation and risk taking while others would not resort to the same. Some aspects of culture are known, readily noticeable, yet certain other aspects which are less apparent, and less visible aspect of culture. For e.g. the dress code is an apparent aspect, while beliefs are non-visible. On the surface, some are overt or open to others – expressing organisation vision, goal, policies and procedure and financial resources. Beneath the surface lies the covert or hidden aspects – the informal aspects of an organisational life e.g. shared perceptions, attitudes, feelings, shared set of values about human nature and human relationships. The visible aspects which reflect behaviour patterns and style of employees are easier to change. The invisible level, which consists of the shared values, and assumptions which are held over a period of time are difficult to change.

How does the culture influence especially, when the differences are cross-cultural in nature? In this context, Khanna (2009) mentions that along with capital, talent is an important factor of production. Compared to Chinese firms, Indian firms have advantages. In Indian firms, there is a vibrant private sector market for talent persons especially in urban areas. Executive-search firms and a large number of business schools providing quality education for many decades have made this possible.
The diversity of Indian population on ethnic, linguistic and religious lines has equipped the labour force when they cross Indian borders. Further, the business education is more of a recent phenomenon in China and its population is more of homogenous in nature. These differences and especially of cross-cultural issues might have played their part in the more frequent failure of Chinese’s cross-border acquisition compared to similar attempts made by Indian companies.

The Merger Market in association with Intralinks (2011) has made a survey analysis on one-hundred and sixty M&A practitioners across the globe representing corporate, financial, legal advisory, and private equity communities with regard to their insights on a number of issues concerned with mergers and acquisitions. Nearly 60% of the practitioners opine that corporate culture is the most important factor that would influence the success of the deal. They emphasized the need to have a unified corporate culture.

Miller (2000) has highlighted the observations of a study of Harvard Business School on corporate culture. The observations are that firms which managed the corporate culture – have realized a 682% increase in revenue (as against a 166% increase of revenue for firms that did not manage culture); have obtained a net increase of income up to 757% (as against 4% of increase of income for firms that did not manage culture); have witnessed stock prices going up to 901% (as against 74% rise for firms that did not manage culture). The findings indicate that creating a cohesive culture is necessary and cultural issues are to be taken as seriously as that of financial one, and attention to culture has been proved to be the difference between success and failure. Without paying due attention to culture, the urge for M&A may prove to be a futile and costly impulse.
Sharath Chandra and Anand (2013) in their study aimed at understanding the priority of focus of attention, the top management in general and the HR professionals in particular have to pay, in the event of mergers & acquisitions. A questionnaire covering the areas concerned with the issues of importance for HR professionals to attend to in the event of M&A has been administered on faculty members and HR professionals. The researchers have received filled-in questionnaires in complete form from 75 faculty members representing Management, Commerce, Psychology, Social Work, and Economics streams of 10 Universities and three colleges/institutions affiliated to a State University, and 59 HR professionals from leading firms of one public and five MNCs holding positions like Executives, Assistant Manager, Deputy Manager, Manager, Assistant General Manager, Deputy General Manager, General Manager, Vice-President in positional and functional hierarchy. The results indicate that communication, assessment of the value of the deal, assessment of culture, and talent retention are the frequently preferred HR issues according to both faculty members and practitioners. The study emphasized the need for involving HR professionals in the whole process and further, to liaison with the top management and initiate such measures so as to make sure that the deal is fruitful. In this study, the term ‘Organisational Culture’ has broadly been referred to as issue like perception of employees about the organisation, Methods of working together; Delegation of work; Means of communication and channels to be involved; Decisions being taken; Human relations amongst employees; Employee interaction; Team work and Collective responsibility; Employee being treated as partners or paid workers. The functions of HR professionals are to assess the cultural aspects of the acquired and acquiring firms and to evolve measures for a healthy integration and operations between the two
companies, and by avoiding ‘We-They’ or ‘Us-Them’ attitude as well as cultural clashes and domination of one culture over the other.

Even minor issues in M&A, which initially appear to be, may flare up into larger problem that warrant major intervention. Arkin (2003) has narrated some instances which complicated the M&A venture. A new name of the company after its takeover has created problem in the form of employees resorting to strike, and further, some employees leaving the organisation, and the result is that it took many years for the company to bring the issue to stable and to function normally. Similarly, the location of head office, especially in international mergers and acquisitions, mar the success of the deal. Dress code which may look minor at the surface level can cause friction, wherein companies impose their own way of doing things on a newly acquired business. People and cultural issues, especially when companies come together, have different national traditions. One reason for the neglect of people issues and especially retention of talent is not involving HR professionals in the process of the deal. Companies with the history of successfully managing M&As often involve HR in the initial stage of the process.

The subject of organisational culture and integration in M&A has been studied by different researchers from different viewpoints. Daniel (2009) has made an exhaustive review of 58 papers, appeared in 20 highly cited journals (on the basis of h-index) on the theme ‘Integration and Culture in Mergers and Acquisitions’ during the period 1999 - 2009. Almost two-thirds of papers referred to integration which includes levels, forms and timing of integration. About 50% referred to organisational culture, and most of them are concerned with organisational and national culture and their differences on M&A outcome. While some studies reveal compatibility of national and organisational culture in the success, other studies reveal that organisational culture has
strong impact on M&A outcome. However, it is to be noted that these papers focused on acquirer and neglected the effects resulting from the characteristics of the target firm.

Organisational culture is a powerful and dominating issue in the smooth transaction of the process of M&A. Especially, the employees and employer look for a culture that is beneficial to both the parties concerned. Chatterjee (1996) has rightly mentioned that corporate culture is a powerful tool that motivate, retain, and getting the best output from the people. When company’s employees have internalized the culture, they will always work in the company’s interest and well-being irrespective of their job requirements. There must be mutually beneficial relations between company and each employee. The company wants every employee to add value to the organisation and the employees’ actions are in the same line of that of organisation. Employees want the right to interesting and challenging work, freedom and resources to perform it well, suitable training and self-development opportunities and fair appraisal and rewards. It is with this equation that corporates will have to evolve a culture that motivates and equips its employees to deliver quality. Corporate vision, mission statement, values, and targets, are clearly communicated to the employees and employee satisfaction surveys are to be conducted to find out people requirements.

The term organisational climate is used by many authors in the context of organisational culture. Susila and Mathivanan (2012) have mentioned that studying organisational climate is the process of quantifying the culture of the organisation. To know the organisational climate, the authors have studied the perception of the employees of three cement industries in Tamil Nadu – Tancem, Birla and Ramco. Data have been obtained from 600 (200 each from the three cement industries) employees. The study reveals that different factors influence organisational climate. In Tancem, the employees know their role, do the work that is assigned, and stick to their role
clearly. In case of Birla and Ramco, it is noticed that employees pay greater attention to the quality of in-services and the product. It is observed that the employee’s value enhances if he identifies his own role, expresses freely, takes own-decisions, maintains cordial relations with peers, has commitment to his own job, has innovative ideas, has the ability to manage conflicts, works as a team, and gives respect to other employees. This study is focused on organisational climate from employees’ perspective.

Every company will have its own culture that makes it unique from others. While some companies have proactive culture, some others have reactive culture and majority will have culture with the combination of both proactive and reactive issues of culture. From the initiatives and contribution of Managers, Ahmed (1998) has explained culture which is both adaptive and un-adaptive in nature. The managers are more concerned about the stack-holders which include employees, customers and stockholders of an adaptive culture. They value both people and the process that can create a welcome change. In the other type, un-adaptive culture, managers are more concerned about them; behave differently with their own groups and at times bureaucratically too. They do oppose change and go to the extent of resisting change, even in times of necessity. Hence, culture can be either strength or a weakness.

The involvement of HR professional in the process of M&A from the pre-deal to integration promotes the changes of success of such ventures. But in reality such involvement is not frequently found. In a survey conducted by Towers Perrin and sponsored by Society for Human Resource Management Foundation (quoted by Schmidt, 2001) a positive relationship was found between the participation of HR professional in the process of M&A and its success. The survey is conducted on 447 senior HR executives with two-third of them represent companies with a minimum workforce of 1000 and are mostly from North America and few represent Europe, Latin
America and Asia. As many as two-thirds of executives in the past were involved in three or more mergers/acquisitions/joint ventures. In addition to exploring the best HR practices in M&A, the survey has focused on the extent of which synergies during mergers/acquisitions have been achieved, major restrictions (road-blocks) in the achievement, the ideal level of HR involvement at different stages of the process, and required competencies for the ideal involvement. In the above survey, as many as 43% and 24% respondents have reported success and failure respectively. The success is identified on the basis of the achievement of desired synergies. The expected outcome is growth in market share (82%), leadership in industry consolidation (68%), higher brand strength and reputation (55%), and reduction in overhead/operating costs (46%).

With regard to the aspirations and achievements and the analysis of gap, it is noticed that 82% expected an increased market share and achieved 49%; and similarly the gap is 21% with regard to leadership and 22% points in case of enhanced brand strength. The obstacles in achieving the intended objective are – inability to sustain financial performance (64%), loss of productivity (62%), incompatibility of culture (56%), loss of key talent (53%), and clash in management styles (53%). With regard to involvement in the process of M&A, there is a little involvement of respondents in the pre-deal activities. However, where the involvement is greater, the firms are found to be successful than unsuccessful. As many as 65% considered the ideal role of a strategic partner in M&A and to perform the ideal role. The five capabilities are – the ability to quickly assess the other company (89%); M&A literacy and integration know-how (87%); providing advice to the sensitivities and attitudes of employees (86%); identify, motivate and retain the talent (83%); planning and leading complex interaction project (82%).
But in reality, the involvement of HR is limited to integration planning and implementation. The respondents feel that they should be involved from the inception of the process. The survey supported the need for the involvement of HR personnel in M&A covering all phases and they should find a place in the whole exercise and more so in bringing a compatible culture. M&A provide an excellent occasion for HR professionals to exhibit their unique set of skills and ultimately they make the difference between success and failure. For firms, M&A is a major gamble and sometimes the future of company will be in danger.

Organisational change is inevitable in the present times so as to improve its functional level and earn greater returns on investment. Sah (2011) says that Indian industries for a long-time was not exposed to domestic as well as global competition and suddenly with the introduction of economic reforms in 1991, the competition is high and unprecedented too. Organisational transformation has become necessary to adopt itself to the new challenges. In the process, the importance of managing human resources and especially culture management should not be sidelined.

It is not the change in structure that is suffice to yield the intended outcome, nor the change be left to the natural conditions. According to Sahoo (2011) organisational change is a deliberate attempt of the management to improve the overall functioning of the organisation by adapting changes at structural, behavioural and technological levels. The change has a target which may include the culture and the process of decision-making or even the communication.

The case study of LIC of India indicates as to how transformation has taken place in culture of the organisation with variety of proactive initiatives of OD/HRD. To withstand in the competitive market, LIC of India has taken initiatives of country-wide OD/HRD exercise, covering all employees every year starting from 2005-06. As
a part of OD/HRD exercise, training was given on variety of themes related to their job functions. As many as 2,27,230 employees were trained till 2009-10. Speedy delivery of service was an example of transformation in view of many private players in the insurance sector. The outcome indicates that decentralization of power lead to cultural changes – branches become more profit centers, employees experienced greater freedom and sense of responsibility; and increased levels of customers’ service and business performance. This transformation in culture was supported by increased investment in training, technology, and improvement in process (Dolai and Mohanty, 2011).

Sound interpersonal relations are the indication of the existence of proactive organisational culture. This is the culture prevailing in the organisation which motivate employee to stay on the job for a longer period. Ravi Shankar (2010) has equated work culture with the behaviour of the Boss. Many management experts emphasize the importance of treating employees with dignity. According to them, motivating the employees is the best way of enabling the subordinates to perform well and a mild warning will suffice if employees do not perform well or make mistakes; and subsequent uncorrected behaviour deserves stricter action. The negative points of employees are to be discussed in privacy and in a person-to-person session. The purpose behind this approach is to make the person understand his/her own mistakes and prevent the recurrence of the same in future. Any harsh reaction or treatment on the part of the supervisor indicates that the company does not have good work culture. The success of the organisation and its work culture of the brand are closely related though there may be a dichotomy at the ground level.

For a fresher, adjusting with organisational culture would take considerable time; and the organisations have to make earnest efforts to make sure that all fall in line
with the prevailing climate and culture. Prasad Rao (2008) mentions that two powerful tools – organisational climate and organisational culture are associated and will have serious impact on the morale, performance, and job satisfaction of employees. The organisational culture refers to the perceptions, prevailing notions and behaviours of the members that employees share in common and make the organisation a unified one. Employees have their own values even before becoming a part of the organisation. Such values are so deep-seated that any change would be resisted. Culture of people ‘Off-the-job’ will have impact on the ‘On-the-job’ performance of employees. Usually new employees are not completely adaptive with the organisational culture. They are not familiar with a culture of that kind. There are chances that the new employees are potential enough to disturb the existing customs and beliefs of the organisation. They need to be sensitive to adapt to its culture. This process of adaptation to the culture can be referred to as socialization. It has three stages – Pre-arrival metamorphosis encounters (refers to all learning that occur before joining the organisation), the new employees are likely to confront with the difference in reality of the organisation and their expectations; relatively long-lasting change that occurs. One can learn the culture and even unlearn too through behaviour modification techniques. The author concludes that both organisational culture and climate are important for organisation to achieve the desired goals.

The factors that necessitate going for merger/acquisition are many and varied, but the most desirable ways for cutting the costs and to achieve financial gain is through merger and acquisition. Riesenmy and Carr (2008), while explaining the concerns for the HRD practitioners in M&A have mentioned that one way of measuring the success of M&A is profits, but other driving force behind the success or failure rests is the human resources of the companies. Reports suggest that 50% to 80% of mergers fail
in achieving the desired results mainly because of the inability in integrating people into a cohesive new entity. The most crucial and equally difficult task of merger is the integration of culture of both the entities. Every day activities contain symbolic manifestations of the collective values and beliefs of the culture. People are the respected citizens of the firm. Cultural clashes become a real danger which the organisations have to overcome. Efforts are to be made as soon as the deal is signed and environment is created, the leadership must make efforts to integrate the two organisational cultures into one new culture. This has to be made visible at every level in the organisation and through every day events. The cultural aspects of the merger must be defined and communicated to all concerned with due importance as that of financial and strategic objectives underlying the merger. A proper dialogue, as a powerful tool, with all concerned is necessary to build the trust and to make the merger successful.

A study of organisational culture would indicate how far the cultural issues are compatible and how a new culture can be evolved which will make the employees fit to culture. Arockia Sahayamary Sweety and Thandeeswaran (2012) have mentioned that culture is in the form of values, beliefs, and norms that hold the organisation intact. The culture persists for a long time and passed from one generation to another. Three elements are specific to culture: 1. Culture is not person-specific and it is shared by all, 2. Culture is not period-related. This passes from time to time, and 3. Culture has normative value. The behaviour is prescribed viz. dress, interaction with others, and communication and every employee is expected to fall in line.

Culture is the most talked about topic in the ventures of M&A. But not enough empirical work has been undertaken either by management or by allied professionals. One reason could be that of a little or no involvement of HR professionals in the process
of M&A. Different authors have defined culture in different ways, but such definitions are rarely objective in nature for direct quantification. Every organisation will have its own culture. While certain issues of culture are covert and others are overt.

3.2 Research Gap

The literature survey has shown that not much empirical work has been done on people issues of M&As though much theoretical input is available. The scanty literature has highlighted certain issues concerned with organisation culture and HR practices in piece-meal manner. Further, the interest in the empirical work on M&As has attracted professionals of diverse fields viz. Management, Economics, Law, Commerce, Health and Wellness. Further, most of the issues are of borderline in nature and are relatively untouched by researchers considering them as domains belonging to ‘No-man’s land’. Hence, the study on organisational culture and related influencing HRD practices in a comprehensive way is chosen.