3.1 HUMAN RESOURCES RESPONSE – A CONSTRUCT

Human resources (HR) response, as a construct, on the basis of previous research, can be operationalised in terms of following variables:

- Merger induced stress
- Uncertainty as a response to merger
- Interorganizational degree of distrust between merging organizations
- Job satisfaction variation in the merged entity
- Commitment to the merged entity
- Interorganizational attitudinal orientation in the merger process

Existing literature on the subject of study, has indicated the following factors as the determinants of HR responses:

- Cultural differences between merged entities
- Tolerance for multiculturism of the associating organizations
- Extent of integration between the two organizations
- Changes in HR systems
- Degree of HR management (HRM) intervention operationalised as integration strategies which seek to manage differences in culture, systems, and service conditions in the context of merger.
In what follows, we review the related literature to elaborate on each of the identified independent and dependent variable in an attempt to develop conceptual framework for investigation of the phenomenon under investigation.

3.2 DEPENDENT VARIABLES – HUMAN RESOURCE (HR) RESPONSES

Research has pointed to the likely dysfunctional effect of merger on employees (Bastien, 1987, Buono and Bowditch, 1989, Ivancevich, Schweiger and Power, 1987, Marks and Mirvis 1983 and 1985, Napier et al 1989, Larrson and Finkelstein, 1999). The dynamics involved in the merger process gives rise to different kinds of uncertainties in the merger process. Previous research has shown that employees react unfavorably to merger and acquisition, a result often cited to explain why mergers are not successful (Blake and Mouton 1985, Hambrick and Connella, 1993).

There are two conditions that generate deprivation; discrepancy between actual and desired outcomes and discrepancy between actual and deserved outcomes (Crosby, 1982). Thus, one could say that in an organizational transformation process like mergers when changes take place, it could impact the human resource response to the merger and related post merger dynamics, mechanisms and responses. This could result in feeling of deprivation, leading to adverse reactions (Buono and Bowditch, 1989). It has been argued that individual responses in merger and acquisition process are part of fairly predictable syndrome
of merger related stresses and tension (Mark and Mirvis, 1985 and 1986; Pritchett, 1985 and 1987, Buono and Bowditch, 1989). Again human responses arise from three factors:

1. Intense feeling of “we” (towards our firm) versus “they” resulting in distrust towards the other firm (Blake and Mouton, 1985, Larsson and Finkelstein, 1999).

2. Anxiety on account of the effect it has on career plans through transfers, job loss, relocation, loss of individual influence and the uncertainties associated with these changes (Buono and Bowditch, 1989; Greenwood et al, 1994; Larsson and Finkelstein, 1999).

3. Culture changes that arise when dissimilar cultures come into contact with each other. The negative attitudes reduce the commitment of members to successful integration of the organizations and the extent to which they are willing to cooperate with the members of the other organization (Weber et al, 1996, Weber and Schweiger, 1992). The passage of time does not influence the human responses. With the passage of time the employees could get used to the new set up and hence reactions could reduce. The contrary view is that with the passage of time, the differences could manifest themselves and if the expectations are not managed they could lead to negative effects (Pritchett, 1985, Buono and Bowditch, 1996). Hence there is a possibility that the reactions change over time.

A detailed examination of human responses, therefore, is important and it is useful to review factors that can be said to operationalise the concept of HR responses.

3.2.1 Merger Induced Stress

One significant human response in the merger process is the experience of stress induced by the magnitude of structural, cultural changes and role ambiguities (Marks and Mirvis, 1985; Kahn et al, 1964; Schweiger and Ivancevich, 1985). Sinetar (1981) found that employees view acquisition as a major life change that negatively
affects their behaviour. She states that major shifts in our normal lifestyles act as triggers for stress and insecurities. (Marks and Mirvis, 1985; Mirvis and Marks, 1986) have labelled employee and managers' reactions to acquisition as "the merger syndrome." They say that "the merger syndrome is triggered by the often unavoidably unsettled conditions in the earliest days and months following the combination and encompasses the executives' stressful reactions and development of crisis-management orientation" (Marks and Mirvis, 1985).

The merger and acquisition requires members of one organization to interact with members of the other organization with different cultures, behaviours, ideas, working styles creating negative attitudes and responses (Schweiger and DeNisi, 1991, Weber, 1996, Buono and Bowditch, 1989, Larrson and Finkelstein, 1999). The greater these differences the higher could be the level of stress. Cultural differences arising out of mergers takes the employees away from comfort zone of operation, thus resulting in stress. Changes associated with mergers are evolutionary and final outcomes are not known leading to ambiguities, which contribute to formation of stress.

Ivancevich et al (1987) have applied stress appraisal model to understand the ways in which organizational members react to various stress tensions, tensions and uncertainties raised by a merger and acquisition, classifying the effects as irrelevant (no effect on individual), benign positive (perceived as favorable by organizational members
because that is seen as a way which increases one's status, a chance to assume new responsibilities, an opportunity to advance one's career) and stressful. Individuals feel threatened by a combination because of the possibility of job loss, loss of organizational status or influence. This poses the greatest cost to the organization and individual.

The stress induced by the combination affects the employee reactions in the organization – their level of job satisfaction, motivation and commitment (Fried, 1998; Folkman and Lazarus, 1986; Nicholson, 1995; Thorell, 1985). Thus stress is one of the ingredients of human responses in the merger process and could impact the effectiveness of the combination process.

3.2.2 Uncertainties as a Response to Merger

Uncertainty is a factor that arises in the context of merger and in turn affects other reactions (Schweiger and DeNisi, 1991, Buono and Bowditch, 1989). Uncertainty is a key factor in decision-making as assumptions would have to be made about a future which appears uncertain to the subjects involved in the merger process (Nicholson, 1995). The environment is itself regarded as a source of uncertainty and the more complex it is, greater the degree of uncertainty. Mergers create uncertainty regarding organizational and personal dimensions. These uncertainties are created because many of the changes associated with merger and acquisitions are evolutionary and final outcomes are not known during the pre merger and through merger

In a case study of behaviour and communication during acquisitions, Bastien (1987) concluded that almost all people in the acquired company perceived some kind of uncertainty during the acquisition process. Sinetar (1981) found that employees view acquisition as a major life change that negatively affects their behaviour. She states that major shifts in our normal lifestyles act as triggers for stress and insecurities. Uncertainty about the future can in turn produce lowered self-esteem, and ambiguity may result in weakening the employee's faith in themselves causes the employees to question their ability to deal with the events. She contends that acquisition, by its very nature, introduces ambiguity into the organisational member's life, and this may reduce that individual's effectiveness.

Often it is the uncertainty associated with the changes rather than the changes themselves that is stressful to employees and uncertainty can lead to dysfunctional outcomes like stress, reduced job satisfaction, low commitment and increased desire to leave the organization (Bastien, 1987; Buono and Bowditch, 1989; Marks and Mirvis, 1983; Schweiger and Ivancevich, 1985; Schweiger and DeNisi, 1991; Gill and Foulder, 1978). Uncertainty in organizations can be understood and defined in terms of the degree of adequacy of information available to the organizational members (Buono and Bowditch, 1989; Kahn et al 1964;
Pearce, 1981). Uncertainty is caused when there is no clear understanding about causal relationships between the actual and potential outcomes of those actions. Uncertainty could be caused in relation to external conditions in relation to formal linkages – prescribed relationships with respect to informal relationships and also concerning the effect of merger on individuals with respect to their role. During the merger process, the norms and rules of social conduct are also not clear. Jemison and Sitkin (1986) suggest that the ambiguities and uncertainties should not be eliminated; rather management should focus them. According to them, the managers should decide which of the ambiguities must be solved and agreed upon and which can be left ambiguous or resolved later. Uncertainty when it arises in context of merger leads to dysfunctional outcomes like stress, lower job satisfaction, distrust and decline in commitment.

3.2.3 Interorganizational degree of distrust between merging organizations

Employees become distrustful of the firms and its management and they become overtly and covertly antagonistic towards the combination. The distrust induced by the changes causes increase in the tensions in the organizational members, affecting how they perceive the other organization (Pritchett, 1985; Weber et al, 1996).

The degree of distrust arises because of members with differences in styles and cultures come together. When members are not able to adjust to differences, distrust towards the members of the other
organization results. The lack of trust results in members having a poor attitude towards the other organization. The poor attitude together with uncertainty affects the degree of cooperation between the firms.

This results in weakening of the feelings about working together and influences the degree to which one organization will be willing to share information and help the other. People begin to increasingly fend for themselves and their own career (Pritchett, 1985; Schweiger et al., 1987; Buono and Bowditch, 1989; Blake and Mouton, 1985; Schweiger and DeNisi, 1991; Larrson et al., 1999; Hambrick and Cannella, 1993; Schweiger and Weber, 1989; Schweiger et al., 1987).

3.2.4 Job Satisfaction Variation in the Merged Entity

Job satisfaction has to do with how one feels about one's job, in contrast with a mere description of the job (Iffaldano, Muchinsky, 1992). Job satisfaction or dissatisfaction is a genuine human response in merger process (Nicholson, 1995; Iffaldano and Muchinsky, 1992; Locke, 1985). Mergers bring about changes in values, culture and also at the individual level in terms of job changes, degree of autonomy, compensation etc. (Schweiger and DeNisi, 1991; Buono and Bowditch, 1989; Weber et al., 1996).

Robino and Demeuse (1985) surveyed personnel managers who had been involved in a corporate M and A. They measured employee job satisfaction before and after the combination on the following criteria: pay levels, employee benefits, job security, communication levels,
participation in the decision-making process, opportunity for professional growth, development of job skills, promotion potential and overall job satisfaction. All eight facets of satisfaction measured in the study decreased in the acquired companies during the course of the combination. Job security, communications and participation in the decision-making process were particularly affected. Likewise, in the acquiring companies the managers felt that job satisfaction decreased in most instances, but not to the extent as in the acquired companies. Satisfaction was reported to have increased in the acquiring companies only in two areas, namely, opportunity for professional growth and promotion potential.

3.2.5 Commitment to the Merged Entity

Organizational commitment can be taken as an attitude and is defined as the "relative strength of an individual's identification with and involvement in an organization" (Porter, Mowday and Steen, 1982). This incorporates beliefs in the values and goals of the organization, willingness to exert effort on behalf of the organization, and the desire to be member of the organization (Mowday and Steen, 1982; Nicholson, 1995). Mergers tend to evoke the human response of an "attitude" towards the "other" organization. This affects the perception and also the degree of commitment with members of the other organization (Weber et al, 1996).

Organizational commitment can also be seen as affective commitment, which emphasizes identification with the organization, and impacts job
performance and "continuous commitment" – which emphasises the exchange component in the concept of commitment wherein the individual would stay in the organization as long as they gain a positive exchange (Meyer and Allen, 1991). Higher organizational commitment results in greater motivation and performance, lower absenteeism and lower turnover (Nicholson, 1995; Meyer and Allen, 1991; Meyer et al., 1982; Mowday, Allen and Gallatly, 1990). When merger takes place it affects the values and goals of the new organization, due to which employees may not be able to identify with the new organization, affecting individual and organizational commitment.

3.3 INDEPENDENT VARIABLES

3.3.1 Cultural Difference between Merging Entities

During the past decade, cultural differences have been increasingly used as explanations of post-merger problems and failures. Researchers have pointed out to the differences in interorganizational culture as major causes of integration problems (Sales and Mirvis, 1984; Buono and Bowditch, 1989; Datta, 1999; Chatterjee et al., 1992; Weber, 1986, Weber and Menipaz, 2003). This literature has concentrated on the cultural integration processes and primarily sought explanations for post-merger problems in cultural clashes (Davies, 1968; Sales and Mirvis, 1984; Buono, Bowditch and Lewis, 1985; Walter, 1985, Weber, 1986; Datta, 1991; Chatterjee et al., 1992; Weber, 1996). While lack of cultural fit has been frequently mentioned as potential factor in a merger (Nahavandi and Malekzadeh, 1988,
Weber and Schweiger, 1992), there have been few attempts to study the relationship between cultural differences and post-merger performance from an empirical perspective.

There is a distinction between 'material or objective' culture and 'ideational or subjective 'culture (Bernouw, 1979; Mitchell, 1973; Buono and Bowditch, 1989). Subjective culture refers to the shared pattern of beliefs, assumptions and expectations held by the organizational members and the group's characteristic ways of perceiving the organizational environment and its norms, roles and values as they exist outside the individual (Triandis et al., 1972; Triandis, 1977). This includes corporate heroes, myths, stories, rites, rituals, symbolic locations etc. (Pettigrew, 1979; Deal and Kennedy, 1982 and 1983; Smircich, 1983). Subjective culture also encompasses the managerial; culture, leadership styles and orientations, mental frameworks, ways of behaviour and solving problems that are in turn influenced by values supported by the organization (Buono and Bowditch, 1989).
Culture

- Culture refers to the shared values, beliefs and customs of a social unit or organization (Walter, 1985).

- Organizational culture can be understood as a series of assumptions that an organization has developed in learning to cope with the external environment and its internal functioning (Nahavandi and Malekzadeh, 1993).

- Culture is the organization’s customary and traditional way of carrying out its task and influences its habits, customs, management styles and the way it does business (Gill and Foulder, 1978).

- Culture provides meaning, direction and coordination and these influence the actions of the firm (Schweiger, Ivancevich and Power, 1987).

- A unified culture is the social glue that holds the organization together, the traditional ways of carrying out the organizational responsibilities, unique patterns of beliefs and expectations that emerge over time and the resultant shared understanding of entity and events at given points of time (Deal and Kennedy, 1982; Buono, Bowditch and Lewis, 1985).

- Strategy formulation, preferred leadership styles, accepted ways of accomplishing tasks are felt to be reflections of organizational culture (Deal and Kennedy, 1992; Smircich, 1983; Sathe, 1985; Schein, 85).

- Culture influences the top management conduct, organizational practices, leadership procedures, and perceptions of environment (Lorsch, 1886; Chatterjee et al., 1992).

Previous studies have pointed out that one of the reasons for negative HR responses is the cultural clash occurring due to the cultural differences between firms. The HR responses faced are ambiguity and uncertainty, giving rise to dysfunctional outcomes like increased stress, reduction in commitment, reduced job satisfaction, which manifests in
active opposition (voluntary exits, sabotage) and passive opposition (absenteeism, disobedience) affecting post-merger performance (Gill and Foulder, 1978; Blake and Mouton, 1985, Walter, 1985; Schweiger, Ivancevich, 1985; Buono et al., 1985; Mark and Mirvis, 1985 and 1986; Siehl et al., 1986; Jemison and Sitkin, 1986; Bastien, 1987; Schweiger et al., 1987; Nahavandi and Malekzadeh, 1988; Chatterjee et al., 1992; Hambrick and Cannella, 1993; Weber et al., 1996; Larsson and Finklestein, 1999).

Differences in culture has been mentioned as one of the main reasons for failure of M&As that otherwise make strategic and financial sense (Gill and Foulder, 1978; Sales and Mirvis, 1984; Mark and Mirvis, 1986; Schweiger, Ivancevich and Power, 1987; Nahavandi and Malekzadeh, 1988 and 1993; Buono and Bowditch, 1989, Chatterjee et al., 1992). In a survey of European CEOs, the ability to integrate the company was ranked as the most important factor in acquisition success, ahead of financial and strategic factors (Cartwright and Cooper, 1993). The cultural differences between merging organizations is a critical factor in creating an atmosphere for capability transfer to take place and for obtaining people participation during the integration process – both of which affect the degree of HR responses and are crucial for successful merger outcomes (Nahavandi and Malekzadeh, 1988; Hespaslagh and Jemison, 1991; Schweiger and Weber, 1992, Calori et al., 1994; Weber et al., 1996).
Cultural differences play an important role in determining the form of negotiation and the integration strategy or the managerial actions in a merger process (Jemison and Sitkin, 1986; Buono, Bowditch and Lewis, 1985; Buono and Bowditch, 1989). Cultural differences also influence the design and form of integration strategy pursued (Nahavandi and Malekzadeh, 1988; Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; Chatterjee et al., 1992).

Chatterjee, Lubatkin, Schweiger and Weber (1992) found strong negative relationship between cultural differences and market performance. They also found that the removal of decision-making autonomy from the acquired management team was dysfunctional and was associated with inferior shareholder returns.

Cultural differences are critical factors in creating an atmosphere that can support change and obtain people's participation. Thus, the degree of cultural differences may determine the effectiveness of the integration process and eventually the financial performance of the merger (Haspeslagh and Jemison, 1991). Cultural differences between the organizations have produced misunderstandings, fuelled emotional reactions, and escalated conflicts. Such conflicts and related negative attitudes of key top managers toward a merger may be a major obstacle to the successful integration of the two firms (Weber and Schweiger, 1992).
One of the main themes of research has been an underlying political setting where the representatives of the previously separate cultures are seen as the two opposing camps. A central finding of these findings is that post-merger change processes are particularly problematic if they create political settings of the type of cultural juxtaposition where the actors identify themselves with particular cultures. Many case studies provide ample illustrations of such processes where the traces of cultural confrontations last for extremely long periods of time (Olie, 1996). The acquired top management turnover is positively associated with the degree of cultural differences between their top management team and that of the acquiring firm. And, cultural differences are negatively associated with shareholder gains (Weber and Menipaz, 2003).

3.3.2 Tolerance for Multiculturism

The term multiculturism refers to the degree to which an organization values cultural diversity. If an organization contains many different cultural groups, it is considered a plural organization. In addition, if it values this diversity it is considered to be multiculturism (Sales and Mirvis, 1984; Nahavandi and Malekzadeh, 1998 and 1993). If an acquirer is uniculural and emphasizes conformity and rewards adherence to unique goals, strategies and organizational practices, it is more likely to impose its own culture and management systems on a new acquisition and the mode of acquisition is likely to be one in which the less dominant firm would have less freedom (Walter, 1985; Buono
and Bowditch, 1989; Chatterjee et al., 1992). In such a case, the policies and procedures could be so established that one firm’s belief systems are made to conform to that of the other firm. If the acquirer is multicultural, it is likely to consider diversity an asset and therefore would allow the acquired firm to retain its own culture and practices.

Cultural differences would be less of a problem when the acquiring firm values diversity and is willing to tolerate and encourage it (Nahavandi and Malekzadeh, 1988). So, the more the acquiring firm tolerates multiculturism, the less likely will the acquiring firm expect the acquired firm to conform to its goals, strategies and practices. The modes of acculturation which define the way in which the firms interact with each other when they come together in a merger process depends on the extent to which the firms are multicultural (Nahavandi and Malekzadeh, 1993). This implies that the degree of multiculturism of dominant firm would influence the merger design and the extent of integration (Nahavandi and Malekzadeh, 1988).

Tolerance for multiculturism, would, therefore influence the HR responses evoked.

3.3.3 Extent of Integration between the Two Organizations

The extent of integration refers to the degree to which the organizations involved in the merger are integrated i.e. the extent to which systems and ways of working are uniformly harmonized. The extent of integration should be chosen after taking into consideration
the objectives to be realized through a merger and the resource constraints (Buono and Bowditch, 1989; Haspeslagh and Jemison, 1991; and Hubbard, 1999). The essential task in any acquisition is to create value, which would not be possible if the two firms exist separately. Transferring strategic capabilities creates value (DeNoble, 84; Haspeslagh and Jemison, 1991) and this requires creating and managing interdependencies between the two organizations. Since the interdependencies disturb the boundaries of the firms, they would be resisted and resented by the managers of the firms, as they would like to retain their identities or autonomies. Thus, the task of integration is to manage the nature of interdependencies between the two firms (Haspeslagh and Jemison, 1991).

The integration of systems and procedures of the firms at the operational, planning and strategic levels serves to standardize work procedures facilitating communication between the two firms (Srivastava, 1986). The first level of such integration consists of integrating the legal and accounting aspects of the two firms. The choice of procedures and process to be adopted is guided by the motives of the merger, terms of merger, and the nature of purchasing arrangement. The second level in the integration consists of functional integration, where, in addition to the accounting systems, other management control systems and procedures in functional areas can also be transferred from one firm to another.
3.3.4 Changes in HR Systems

This refers to changes in HR systems and service conditions. The HR systems define the terms of exchange, communication and linkage between the individuals and the factors like the market or industry characteristics and the strategy the firm wishes to adopt (Balkin and Gomez-Mejia, 1990). The various systems would be a reflection of the inherent assumptions the firm makes and the value systems it wishes to follow (Buono and Bowditch, 1989; Datta, 1991; Napier, 1989). Systems are a reflection of organizational culture and also play an important role in reinforcing organizational culture (Kerr and Slocum, 1987) and as such, any changes made to it might elicit strong reactions. The members in the organization may not accept the system or the members may not be skilled enough for the system. (Srivastava, 1986). Hence, the degree of attention and care in managing the differences in the HR systems would have its effect on the responses evoked (Schweiger et al., 1987; Jemison and Sitkin, 1986, Datta, 1991; Haspeslagh and Jemison, 1991; Srivastava, 1986).

Changes in the human resources practices would be in the areas of human resources planning, selection, development, compensation, performance appraisal and employee relations (Bradley and Korn, 1984: Pritchett, 1985; Napier, 1989). There is no uniformity on the standards which determine which human resource practices should change and the conditions which lead to a decision to change. Another important issue with respect to changes in the human resource
systems is the timing of the changes and the point of time the changes should be introduced. It is here, that due importance should be given to the cultural aspects of both the firms (Steele and Osborne, 1983; Buono et al, 1985).

The extent of influence of the system differences would depend on the degree of integration (Napier, 1989). The greater the degree of integration, the greater would be the need for a uniform system. Hence in case of differences in the HR policies, systems and procedures of the merging firms, the greater the degree of integration, the greater would be the changes in them.

Jemison and Sitkin (1986) address the issues of dysfunctional imposition of acquiring firm's systems over the acquired firm's systems and attributes it to two factors – defensiveness or arrogance. The outcome can be detrimental because a system that has worked in one firm need not work in another.

Service conditions refer to the norms followed in workplace with respect to dress, canteen, timings etc. In the context of mergers when these change and it could result in unpleasant reactions. The service conditions in a firm are part of the work culture in a firm and they are based on the values and assumptions of the firm (Nahavandi and Malekzadeh, 1988, 1993; Buono and Bowditch, 1989; Sales and Mirvis, 1984; Walter, 1985). When a merger takes place, the firms involved would have different service conditions. Attempts at unifying
service conditions run into problems because employees will have a
great degree of attachment to these conditions and secondly, they
would have got habituated to their service conditions. This develops
resistance to changes, affecting post merger responses.

Therefore proper management of differences in service conditions is an
important variable affecting human resource responses.

3.3.5 Degree of Human Resource Management Interventions

The degree of human resource management (HRM) interventions is
one of the main factors influencing the merger outcome affecting the
process of value creation in the merger. It is not only important as to
"What" is done to manage human resources in cases of mergers and
acquisitions, but also "how" these are done (Haspeslagh and Jemison,
1991; Buono and Bowditch, 1989; Schweiger et al, 1987; Srivastava,
1986; Jemison and Sitkin, 1986).

The HRM interventions pertain to the following areas. One, this
cconcerns the management of human responses evoked in mergers
and acquisitions (Napier, 1989; Buono and Bowditch 1989; Schweiger
and DeNisi, 1991: Larrson and Finkelstein, 1999). Two, it concerns
with the management of HR systems in the merging firms (Napier,
Three, degree of HRM interventions includes managing the differences
in service conditions between the two firms. This includes the work
atmosphere, rules and procedures governing the work relations and
modus of information sharing in the different firms. Four, this concerns with the way cultural differences in a merger are managed.

The degree of HRM interventions is operationalised through the different intervention strategies which would influence how the differences in culture, systems and service conditions are managed and the human responses are dealt with (Haspeslagh and Jemison, 1991; Shrivastava, 1986; Nahavandi and Malekzadeh, 1993; Schweiger et al., 1987; Siehl, Ledford and Siehl, 1986; Buono and Bowditch, 1989; Blake and Mouton, 1985; Gordon, 1987; Haspeslagh and Jemison, 1987; Pritchett, 1987; Hayes, 1979; Birch, 1983; 1983; Gill and Foulder, 1978).

Below, a brief description of management of HR responses and the management of differences in culture, systems and service conditions are given. After that the different intervention strategies through which these are managed are mentioned.

The management of human resource responses should be so directed that the managers must be able to handle these and also help peers and subordinates to deal with them (Buono and Bowditch, 1989). For bringing about change, adequate ground work is very important for reduced resistance. This includes interactive data collection efforts (polling and sensing sessions, survey feedback): multichannelled distribution of information about why change is necessary (memos, meetings, coaching); and participation and involvement in bringing
about change (Bowditch and Buono, 1982; French and Bell, 1984). The way in which terminations and reductions are handled are interpreted by organizational members as signals about the new management's values, affecting the human responses. Lewin (1947,1951) proposes a model for organizational change which consists of, "unfreezing" the present sets of relevant attitudes, values and beliefs; implementing the changes; and "refreezing" them at a later stage (Buono and Bowditch, 1989). Research has shown that employees provided with realistic merger previews- accurate and honest information about the merger and its implications- maintain much more stable levels of commitment, satisfaction, trust, performance than do those who receive less information about the combination (Schweiger and DeNisi, 1987).

The different levels and types of ambiguity requires proper managerial interventions so as to ensure that organizational members are able to adjust to changing organizational situations before, during and after the actual physical combination (Buono and Bowditch, 1989; Schweiger et al., 1987; Blake and Mouton, 1985; Hambrick and Cannella, 1993). Literature has suggested that the implementation effectiveness is significantly influenced by choice of systems (Govindrajan and Gupta, 1985). Similarities in the systems allow for easier integration of systems while differences- which can exist along the form, content and the line of the administration - can be an impediment to the acquisitions implementation ( Diven, 1984; Datta, 1991).
Changes in the HR practices would be in the areas of HR planning, selection, development, compensation, performance appraisal and employee relations (Bradley and Korn, 1984; Pritchett, 1985; Napier, 1989). There is no uniformity on the standards which determine which HR practices should change and the conditions which lead to a decision to change. Another important issue with respect to changes in the HR systems is the timing of the changes and the point of time the changes should be introduced. It is here, that due importance should be given to the cultural aspects of both the firms (Steele and Osborne, 1983; Buono et al., 1985). The service conditions in a firm are part of the work culture in a firm and they are based on the values and assumptions of the firm (Nahavandi and Malekzadeh, 1988, 1993; Buono and Bowditch, 1989; Sales and Mirvis, 1984; Walter, 1985). When a merger takes place, the firms involved would have different service conditions. Attempts at unifying service conditions run into problems because employees will have a great degree of attachment to these conditions and secondly, they would have got habituated to their service conditions. This develops resistance to changes, affecting post merger responses. Therefore proper management of differences in service conditions is an important variable affecting HR responses.

Research (as mentioned above) has mentioned the role of cultural differences and its effect on human resource responses (Schweiger et al., 1987; Gill and Foulder, 1978; Buono and Bowditch, 1989; Nahavandi and Malekzadeh, 1988, 1993). Employees perceive culture
by considering the following three points. These are; firstly, the expectations of performance in the organization, secondly, the relationship between the kind of behaviour and rewards and thirdly, the rules of social conduct (do's and don'ts) within the firm (Schweiger et al., 1987).

One of the requirements for the smooth management of cultural differences is monitoring and learning about the other firm's culture. This would facilitate the consideration of the type of managerial actions, which are required to adapt the culture of that firm to the new culture. A culture profile can be generated by understanding from the employees- the activity the company does best; the work atmosphere in the company; the expectations for good performance; role and personality of the founder/leader of the company (Schweiger et al. 1987). Management of cultural differences does not mean that there should be attempts to have a "single" culture after the merger. There are different modes through which cultural differences can be managed (Haspeslagh and Jemison, 1991; Nahavandi and Malekzadeh, 1988, 1993; Srivastava, 1986; Napier, 1989; Buono and Bowditch, 1989). The way in which cultural differences are managed are (Nahavandi and Malekzadeh, 1988, 1993; Sales and Mirvis, 1984; Berry, 1983; Haspeslagh and Jemison, 1991; American Bankers Association and Ernst and Whitney, 1985, 59-68; Buono and Bowditch, 1989):
• Both the firms preserve / retain their identity and organisational elements. At the same time, both the firms change some of their cultural elements and adopt elements from the other culture.

• One firm willingly gives up its culture or is forced to relinquish its culture and original practices, systems and philosophy and adopt the identity and culture of the other firm.

• The firm exists as a separate entity and remains and operates independently from each other. Hence they preserve their culture, identity and systems.

Depending on the motive of the merger and degree of relatedness between the firms, the implementation strategy will decide the extent to which the various systems of the two firms will be combined and the degree to which the employees of the two firms would interface.

Management of HR responses, as opposed to mere understanding of what the merger induced response might be, involves the design and implementation of well orchestrated intervention strategies. Intervention strategies refer to the managerial actions through the myriad differences expressed in the form of differences in culture, systems and conditions operationalised and human resources response are addressed. The success of the combination is guided by the underlying development strategy that is used to guide the process (Haspeslagh and Jemison, 1991; Buono and Bowditch, 1989). Integration strategies would depend on the design of the merger and on the integration strategies adopted. The firms that appear to approach the merger with a series of well planned strategy are more likely to minimise the tensions and trauma inherent in the process (Buono and Bowditch,
1989; Haspeslagh and Jemison, 1991; Srivastava, 1986; Schweiger et al. 1987; Siehl and Siehl, 1986). Some of the elements of the integration strategies based on previous studies are discussed below:

**Communication channels:** Mergers and acquisitions place new demands and pressures on the communication process because of insecurity and uncertainty associated with the combination process. Research has identified the beneficial effects of well planned communication strategy and conversely the negative effects of communication strategies (Buono and Bowditch, 1989; Hayes, 1979; Bastien, 1987; Mark and Mirvis, 1985, 1986; Schweiger and DeNisi, 1991; Schweiger, Ivancevich and Power, 1987).

There are also two basic types of communications that should be included – first to keep the organizational members informed about the merger, its implications and implementation and secondly to facilitate the work getting done (American Bankers association and Ernst and Whitney, 1985). Employees are more likely to react positively when they are well informed about the positive aspects as well as the negative aspects than when they are forced to rely on hearsay and speculation (Marks, 1982; Pritchett, 1987). The information should be released in an honest, open and timely manner and there should not be attempts to distort the truth and manipulate people. Hence a need for managing information arises.
Realistic merger previews: Accurate information helps the employees to plan for the future effectively (Ivancevich, 1987, Buono and Bowditch, 1989; Schweiger and DeNisi, 1991). Among the issues that should be addressed by early communication efforts are: reasons underlying the merger and the implications of it both for the organizations and the members and general facts and orientations to the other companies involved in the merger.

Establishing interface management: The interface between the two organizations should be directed and controlled and this is done by establishing interface management.

Combination related workshops and counselling: If realistic information is communicated to employees, the experiences of conflicting emotions ranging from shock, anger, disbelief, excitement and higher expectations would be felt (Buono and Bowditch, 1987; Mark and Mirvis, 1985; Schweiger et al. 1987) and to overcome these they would require some help; as such an important part of post-combination process is how the companies manage the grieving period (Buono and Bowditch, 1989). The workshops could focus on personal adjustments, educational counselling (attempting to clarify the issues relating to career and roles) (Schweiger and Ivancevich, 1985).

Survey feedback: Diagnostic survey is used as a source of information with which to build and implement appropriate intervention strategies to facilitate integration and develop post-combination plans.
Transition teams: The inter firm transition teams can serve as a conduit of accurate information and be identified as sources that employees can turn to. They help the members to know each other, as such this association can resolve much of the “we – they” attitude that inhibits the integration strategies (Buono and Bowditch, 1989; Gordon, 1987).

Team building: A process which attempts to bring to surface the root cause of conflict between the groups and create conditions in which mutual problem solving can occur, followed by a team building exercises. The greater the number of shared experiences that can be produced early on in the process, the faster a set of symbols and shared meaning will develop with which organizations begin to identify (Buono and Bowditch, 1989).

Parallel organizational structures: Parallel organizational structures can be created for focusing on the employees concerns, data gathering, diagnosis and problem solving, organizational interventions and strategic planning and implementations (Buono and Bowditch, 1989).

Employee retention and dismissal: The type of merger and strategic relation between the firms would influence the employee retention and dismissal policies (Buono and Bowditch, 1989; Hayes, 1979; Haspeslagh and Jemison, 1991; Walsh, 1988). Research suggests that it is not the staff reductions that generate dissatisfaction and bitterness,
but the way in which such termination are handled (Schweiger, Ivancevich and Power, 1987; Buono and Bowditch, 1989; Perry, 1986).

Termination should be objectively handled and there should be fairness and honesty in the means adopted. The way terminations are handled have an impact on those directly affected and also on those who stay behind in the organization (Perry, 1986; Schweiger, 1987). It is important to handle the reductions with dignity and respect.

**Enticing participation and involvement:** There is a need to provide opportunity for the people to take part in the merger process, rather than the process being strictly controlled by the top management. The employees should not be forced in to situations (Buono et al., 1985; Buono and Bowditch, 1989; Sales and Mirvis, 1984).

**Putting operations on an even keel:** As the immediate post-acquisition period is one of vulnerability and uncertainty, explicit attention should be focused on getting the firm to operate on a normal basis by concentrating the employee attention on the details of the daily business (Hespelag and Jemison, 1991; Mark and Mirvis, 1985; Srivastava, 1986).

**Installing a sense of purpose:** In order to create a much needed driving force, there should be a new and shared vision for the merged company. Mission statements must be credible if they are to motivate the organization and to reenlist the participation of managers and
employees (Haspeslagh and Jemison, 1991; Perry, 1986; Buono and Bowditch, 1989).

**Strengthening the acquired company:** The weaknesses and shortcomings in the acquired firm must be remedied as early as possible. This requires the combined effort of a management that communicates early, professional staff and willingness to be humane and generous (Haspeslagh and Jemison, 1991).

**Developing understanding:** The development of reciprocal understanding between both the organizational members is a key element in creating an atmosphere for capability transfer between the two firms (Haspeslagh and Jemison, 1991).

**Sending the right signals:** Problems which arise due to merging of two dissimilar corporate cultures can be overcome if managers of the acquiring company send the right signals through their initial actions. Right signals, which appeal to common values of fairness, respect, care and reciprocity serve to breakdown the cultural barriers and lead to mutual development and implementation of the organizational purpose (Perry, 1986; Haspeslagh and Jemison, 1991; Buono and Bowditch, 1989; Gill and Foulder, 1978; Jemison and Sitkin, 1986). The four right signals that should be given are (Perry, 1986):

- The company is fair (reflected in actions like honest communications about the situation, equitable treatment of employees)
• We respect you (respect for skills, knowledge asset of the firm)
• We care about you (sensitivity and care in taking decisions)
• We are together (enticing cooperation between the two firms, identification of a common purpose, getting support of both the firm's employees)

The different HRM interventions decide how the differences in cultures, systems, service conditions are managed and human resources response are taken care of. This affects the level and degree of member participation in the combination process, the speed at which integration is handled and responses evoked.

The foregoing discussion of the determinants of HR responses has resulted in the identification of a set of dependent and independent variables used in the study which can now be brought together in a conceptual framework which will form the basis of empirical investigation of determinants of HR responses in merger context. (Figure 1).
Fig. 3.1 Conceptual Framework

Changes in HR systems in the merged entity

HUMAN RESOURCES RESPONSES
- Merger induced stress
- Uncertainties as a response to merger
- Interorganizational degree of distrust between merging organizations
- Job satisfaction variation in the merged entity
- Commitment to the merged entity

Degree of HR management interventions

Cultural Differences between merging organisations

Tolerance for multiculturalism of the associating organizations

Extent of integration between the organizations