4.1 INTRODUCTION

The literature review related to research on merger has pointed to the conclusion that human resources responses are as important as macroeconomic, financial and strategic aspects of mergers. It is also evident that if we attempt to operationalize HR responses we need to carefully view the following variables which have been identified in the previous literature study:

- Merger induced stress
- Uncertainty: As a response to merger
- Interorganizational degree of distrust between merging organizations
- Disparity in job satisfaction within the merging entities as a variable
- Commitment to the merged entity

In this chapter the objectives and hypotheses relating to the study are defined. Next, the logic of measurement for these variables and testing them for validity and reliability are discussed. This is followed by a description of the field work carried out and the methods used for collecting data for this study.
4.2 RESEARCH OBJECTIVES

The foremost research objective of this research is to identify the key determinants of HR responses in the merger context from the existing literature and to examine the effects of these determinants on HR response. Previous studies on this topic indicate that the determinants of HR responses are:

- Cultural differences between the merged entities
- Tolerance for multiculturism of the constituent organizations
- Extent of integration between the two organizations in question
- Changes in HR systems in the merged new entity
- Degree of HR management intervention

An area of significance herein would be the variations in response from the participants due to the passage of time: From the pangs of anxiety at pre – to post merger and far more importantly at the time of seeking the response. In order to capture this effect on the determinants with the passage of time, the analysis is carried out for HR responses both during and after the merger separately: By measuring the HR responses at the point of merger (POM) and at the point of response (POR).

The broad canvas of this study includes the examination of the relationships between HR responses and their determinants in the merger context at the POM and at the POR.
The more specific objectives of this study are as follows:

To examine the relationship between MERGER INDUCED STRESS and Cultural differences between merged entities, Tolerance for multiculturism of the constituent organizations & the extent of integration between them, Changes in HR systems, Degree of HRM intervention at the POM and at the POR.

To examine the relationship between UNCERTAINTY AS A RESPONSE TO MERGER and Cultural differences between merged entities, Tolerance for multiculturism of the constituent organizations & the extent of integration between them, Changes in HR systems, Degree of HRM intervention at the POM and at the POR.

To examine the relationship between INTERORGANIZATIONAL DEGREE OF DISTRUST BETWEEN MERGING ORGANIZATIONS and Cultural differences between merged entities, Tolerance for multiculturism of the constituent organizations & the extent of integration between them, Changes in HR systems, Degree of HRM intervention at the POM and at the POR.

To examine the relationship between JOB SATISFACTION VARIATION IN MERGING ENTITIES and Cultural differences between merged entities, Tolerance for multiculturism of the constituent organizations & the extent of integration between them, Changes in HR systems, Degree of HRM intervention at the POM and at the POR.

To examine the relationship between COMMITMENT TO MERGED ENTITY and Cultural differences between merged entities, Tolerance for multiculturism of the constituent organizations & the extent of integration between them, Changes in HR systems, Degree of HRM intervention at the POM and at the POR.
TABLE 4.1: Symbols for Dependent Variable

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Dependent Variable - HR responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>MS&lt;sub&gt;a&lt;/sub&gt;</td>
<td>Merger induced stress - at the point of merger (POM).</td>
</tr>
<tr>
<td>MS&lt;sub&gt;b&lt;/sub&gt;</td>
<td>Merger induced stress - at the point of response (POR).</td>
</tr>
<tr>
<td>UR&lt;sub&gt;a&lt;/sub&gt;</td>
<td>Uncertainty as a response to merger - at the POM.</td>
</tr>
<tr>
<td>UR&lt;sub&gt;b&lt;/sub&gt;</td>
<td>Uncertainty as a response to merger - at the POR.</td>
</tr>
<tr>
<td>ID&lt;sub&gt;a&lt;/sub&gt;</td>
<td>Interorganizational degree of distrust between the merging organizations - at the POM.</td>
</tr>
<tr>
<td>ID&lt;sub&gt;b&lt;/sub&gt;</td>
<td>Interorganizational degree of distrust between the merging organizations - at the POR.</td>
</tr>
<tr>
<td>JS&lt;sub&gt;a&lt;/sub&gt;</td>
<td>Job satisfaction variation in the merging entities - at the POM.</td>
</tr>
<tr>
<td>JS&lt;sub&gt;b&lt;/sub&gt;</td>
<td>Job satisfaction variation in the merging entities - at the POR.</td>
</tr>
<tr>
<td>CM&lt;sub&gt;a&lt;/sub&gt;</td>
<td>Commitment to the merged entity - at the POM.</td>
</tr>
<tr>
<td>CM&lt;sub&gt;b&lt;/sub&gt;</td>
<td>Commitment to the merged entity - at the POR.</td>
</tr>
</tbody>
</table>

TABLE 4.2: Symbols for Independent Variables

<table>
<thead>
<tr>
<th>Symbol</th>
<th>Determinant of HR Responses</th>
</tr>
</thead>
<tbody>
<tr>
<td>CDM</td>
<td>Cultural difference between merging entities</td>
</tr>
<tr>
<td>TOL</td>
<td>Tolerance for multiculturism of constituent organizations</td>
</tr>
<tr>
<td>EXT</td>
<td>Extent of integration</td>
</tr>
<tr>
<td>CHS</td>
<td>Changes in HR systems in the merged entity</td>
</tr>
<tr>
<td>HRI</td>
<td>Degree of HR management interventions in the merged entity - operationalised as the intervention strategies which seek to manage differences in cultures, systems and service conditionals by the context of merger.</td>
</tr>
</tbody>
</table>

4.3 HYPOTHESES

4.3.1 Hypothesis One: Merger Induced Stress

MERGER INDUCED STRESS at the POM and at the POR is a function of the cultural differences between the merged entities, tolerance for multiculturism of the constituent organizations and the extent of interaction between them, changes in HR systems in the merged entity and degree of HRM interventions in the merged entity.
Further,

1. Merger induced stress at the POM and at the POR will be **positively** related to the cultural differences between merging entities.

2. Merger induced stress at the POM and at the POR will be **negatively** related to the tolerance for multiculturism of the constituent organizations.

3. Merger induced stress at the POM and at the POR will be **positively** related to the extent of interaction between the organizations.

4. Merger induced stress at the POM and at the POR will be **positively** related to the changes in HR systems in the merged entity.

5. Merger induced stress at the POM and at the POR will be **negatively** related to the HRM interventions. The effect of HR interventions would be higher at the POR as compared to at the POM.

**Merger Induced Stress (POM)**

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
</table>
| Merger Induced Stress - At the POM | 1. Cultural differences between the merged entities  
2. Tolerance for multiculturism of the constituent organizations  
3. Extent of interaction between the organizations  
4. Changes in HR systems in the merged entity  
5. Degree of HRM interventions in the merged entity. |

\[ MS_a = a_{11}(CDM) + a_{12}(TOL) + a_{13}(EXT) + a_{14}(CHS) + a_{15}(HRI) \]
Merger Induced Stress (POR)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger Induced Stress – At the POR.</td>
<td>1. Cultural differences between the merged entities</td>
</tr>
<tr>
<td></td>
<td>2. Tolerance for multiculturism of the constituent organizations</td>
</tr>
<tr>
<td></td>
<td>3. Extent of interaction between the organizations</td>
</tr>
<tr>
<td></td>
<td>4. Changes in HR systems in the merged entity</td>
</tr>
<tr>
<td></td>
<td>5. Degree of HRM interventions in the merged entity.</td>
</tr>
</tbody>
</table>

\[
MS_b = a'_{11} (CDM) + a'_{12} (TOL) + a'_{13} (EXT) + a'_{14} (CHS) + a'_{15} (HRI)
\]

### 4.3.2 Hypothesis Two: Uncertainty as a Response to Merger

**UNCERTAINTY AS A RESPONSE TO MERGER** at the POM and at the POR is a function of the cultural differences between the merged entities, tolerance for multiculturism of the constituent organizations and the extent of interaction between them, changes in HR systems in the merged entity and degree of HRM interventions in the merged entity.

Further,

1. Uncertainty as a response to merger at the POM and at the POR will be **positively** related to the cultural differences between merging entities.

2. Uncertainty as a response to merger at the POM and at the POR will be **negatively** related to the tolerance for multiculturism of the constituent organizations.

3. Uncertainty as a response to merger at the POM and at the POR will be **positively** related to the extent of interaction between the organizations.

4. Uncertainty as a response to merger at the POM and at the POR will be **positively** related to the changes in HR systems in the merged entity.

5. Uncertainty as a response to merger at the POM and at the POR will be **negatively** related to HRM interventions. The effect of HRM interventions would be higher at the POR as compared at the POM.
### Uncertainty as Response to Merger - (POM)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
</table>
| Uncertainty as response to merger - At the POM | 1. Cultural differences between the merged entities  
2. Tolerance for multiculturism of the constituent organizations  
3. Extent of interaction between the organizations  
4. Changes in HR systems in the merged entity  
5. Degree of HRM interventions in the merged entity. |

Uncertainty as response to merger at the POM:

\[UR_a = b_{11}(CDM) + b_{12}(TOL) + b_{13}(EXT) + b_{14}(CHS) + b_{15}(HRI)\]

### Uncertainty as Response to Merger - POR

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
</table>
| Uncertainty as response to merger - At the POR | 1. Cultural differences between the merged entities  
2. Tolerance for multiculturism of the constituent organizations  
3. Extent of interaction between the organizations  
4. Changes in HR systems in the merged entity  
5. Degree of HRM interventions in the merged entity. |

Uncertainty as response to merger at the POR:

\[UR_b = b'_{11}(CDM) + b'_{12}(TOL) + b'_{13}(EXT) + b'_{14}(CHS) + b'_{15}(HRI)\]
4.3.3 Hypothesis Three: Interorganisational Degree of Distrust between Merging Organisations

INTERORGANISATIONAL DEGREE OF DISTRUST BETWEEN MERGING ORGANIZATIONS at the POM and at the POR is a function of the cultural differences between the merged entities, tolerance for multiculturism of the constituent organizations and the extent of interaction between the organizations, changes in HR systems in the merged entity, and degree of HRM interventions in the merged entity.

Further,

1. Interorganisational degree of distrust between merging organizations at the POM and at the POR will be positively related to the cultural differences between merging entities.

2. Interorganisational degree of distrust between merging organizations at the POM and at the POR will be negatively related to the tolerance for multiculturism of the associating organizations.

3. Interorganisational degree of distrust between merging organizations at the POM and at the POR will be positively related to the extent of interaction between the organizations.

4. Interorganisational degree of distrust between merging organizations at the POM and at the POR will be positively related to the changes in HR systems in the merged entity.

5. Interorganisational degree of distrust between merging organizations at the POM and at the POR will be negatively related to the HRM interventions. The effect of HRM interventions would be higher at the POR as compared at the POM.
Interorganisational degree of distrust between merging organizations (POM)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
</table>
| Interorganisational degree of distrust between the merging organizations - At the POM | 1. Cultural differences between the merged entities
2. Tolerance for multiculturism of the constituent organizations
3. Extent of interaction between the organizations
4. Changes in HR systems in the merged entity
5. Degree of HRM interventions in the merged entity. |

Interorganisational degree of distrust between merging organizations (POM):

\[ ID_a = c_{11} (CDM) + c_{12} (TOL) + c_{13} (EXT) + c_{14} (CHS) + c_{15} (HRI) \]

Interorganisational degree of distrust between merging organizations - (POR)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
</table>
| Interorganisational degree of distrust between the merging organizations - At the POR | 1. Cultural differences between the merged entities
2. Tolerance for multiculturism of the constituent organizations
3. Extent of interaction between the organizations
4. Changes in HR systems in the merged entity
5. Degree of HRM interventions in the merged entity. |

Interorganisational degree of distrust between merging organizations - (POR):

\[ ID_b = c'_{11} (CDM) + c'_{12} (TOL) + c'_{13} (EXT) + c'_{14} (CHS) + c'_{15} (HRI) \]
4.3.4 Hypothesis Four: Job Satisfaction in the Merged Entity

JOB SATISFACTION IN THE MERGED ENTITY at the POM and at the POR is a function of the cultural differences between the merged entities, tolerance for multiculturism of the constituent organizations and the extent of interaction between the organizations, changes in HR systems in the merged entity, and degree of HRM interventions in the merged entity.

Further,

1. Job satisfaction in the merged entity at the POM and at the POR will be negatively related to the cultural differences between merging entities

2. Job satisfaction in the merged entity at the POM and at the POR will be positively related to the tolerance for multiculturism of the constituent organizations

3. Job satisfaction in the merged entity at the POM and at the POR will be negatively related to the extent of interaction between the organizations.

4. Job satisfaction in the merged entity at the POM and at the POR will be negatively related to the changes in HR systems in the merged entity

5. Job satisfaction in the merged entity at the time of merger and at the time of response will be positively related to the HRM interventions. The effect of degree of HRM interventions would be higher at the POR as compared at the POM.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Job satisfaction in the merged entity - At the POM</td>
<td>1. Cultural differences between the merged entities</td>
</tr>
<tr>
<td></td>
<td>2. Tolerance for multiculturism of the constituent organizations</td>
</tr>
<tr>
<td></td>
<td>3. Extent of interaction between the organizations</td>
</tr>
<tr>
<td></td>
<td>4. Changes in HR systems in the merged entity</td>
</tr>
<tr>
<td></td>
<td>5. Degree of HRM interventions in the merged entity</td>
</tr>
</tbody>
</table>
Job satisfaction in the merged entity (POM):

\[ JS_a = d_{11} (CDM) + d_{12} (TOL) + d_{13} (EXT) + d_{14} (CHS) + d_{15} (HRI) \]

Job satisfaction in the merged entity (POR)

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent variable</th>
</tr>
</thead>
</table>
| Job satisfaction in the merged entity - At the POR | 1. Cultural differences between the merged entities  
2. Tolerance for multiculturalism of the constituent organizations  
3. Extent of interaction between the organizations  
4. Changes in HR systems in the merged entity  
5. Degree of HRM interventions in the merged entity. |

Job satisfaction in the merged entity (POR):

\[ JS_b = d'_{11} (CDM) + d'_{12} (TOL) + d'_{13} (EXT) + d'_{14} (CHS) + d'_{15} (HRI) \]

4.3.5 Hypothesis Five: Commitment to the Merged Entity

COMMITMENT TO THE MERGED ENTITY at the POM and at the POR is a function of the cultural differences between the merged entities, tolerance for multiculturalism of the constituent organizations and the extent of interaction between the organizations, changes in HR systems in the merged entity, degree of HRM interventions in the merged entity.

Further,

1. Commitment to the merged entity at the POM and at the POR will be negatively related to the cultural differences between merging entities
2. Commitment to the merged entity at the POM and at the POR will be positively related to the tolerance for multiculturalism of the constituent organizations
3. Commitment to the merged entity at the POM and at the POR will be negatively related to the extent of interaction between the organizations.
4. Commitment to the merged entity at the POM and at the POR will be \textit{negatively} related to the HR systems in the merged entity.

5. Commitment to the merged entity at the POM and at the POR will be \textit{positively} related to the HR management interventions. The effect of degree of HRM interventions would be higher at the time of response as compared at the time of merger.

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to the merged entity - At the POM.</td>
<td>1. Cultural differences between the merged entities</td>
</tr>
<tr>
<td></td>
<td>2. Tolerance for multiculturism of the constituent organizations</td>
</tr>
<tr>
<td></td>
<td>3. Extent of interaction between the organizations</td>
</tr>
<tr>
<td></td>
<td>4. Changes in HR systems in the merged entity</td>
</tr>
<tr>
<td></td>
<td>5. Degree of HRM interventions in the merged entity.</td>
</tr>
</tbody>
</table>

Commitment to the merged entity (POM):

\[ \text{CM}_a = \epsilon_{11} (\text{CDM}) + \epsilon_{12} (\text{TOL}) + \epsilon_{13} (\text{EXT}) + \epsilon_{14} (\text{CHS}) + \epsilon_{15} (\text{HRI}) \]

Commitment to the merged entity (POR):

<table>
<thead>
<tr>
<th>Dependent Variable</th>
<th>Independent Variable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment to the merged entity - At the POR.</td>
<td>1. Cultural differences between the merged entities</td>
</tr>
<tr>
<td></td>
<td>2. Tolerance for multiculturism of the constituent organizations</td>
</tr>
<tr>
<td></td>
<td>3. Extent of interaction between the organizations</td>
</tr>
<tr>
<td></td>
<td>4. Changes in HR systems in the merged entity</td>
</tr>
<tr>
<td></td>
<td>5. Degree of HRM interventions in the merged entity.</td>
</tr>
</tbody>
</table>

Commitment to the merged entity (POR):

\[ \text{CM}_b = \epsilon'_{11} (\text{CDM}) + \epsilon'_{12} (\text{TOL}) + \epsilon'_{13} (\text{EXT}) + \epsilon'_{14} (\text{CHS}) + \epsilon'_{15} (\text{HRI}) \]
4.4 INSTRUMENT DEVELOPMENT

4.4.1 Dependent Variable
The HR responses are captured by the modified versions of the measures used by Schweiger & DeNisi (1991) and Weber et al (1996). To capture the effect of the elapsed time the reactions at two time intervals are taken: At the time of merger and At the time of response. This would account for the variations in human reactions - during the merger process and after the merger process.

Following are the variables and the corresponding measures:

4.4.1.1 Merger Induced Stress
This is measured using a 14-item scale (Cohen, Kamarck and Mermelstein, 1983) in which feelings and reactions after the merger are measured. This instrument was employed by Schweiger & DeNisi (1991) in their research.

4.4.1.2 Uncertainty as a Response to Merger
Uncertainty is measured by a 21 item scale which is a modified version of the measure employed by Schweiger & DeNisi (1991) to capture the extent of uncertainty felt by the respondent about the job requirements and the organization.
4.4.1.3. Interorganisational Degree of Distrust between Merging Organizations

Here modified version of the Weber et al (1996) study is employed. This measure was developed from Carwin (1969) and Walton (1966). The respondents were asked to assess the degree of distrust between merging organizations taking into account the overt behaviour and subjective feeling of distrust towards each other.

4.4.1.4 Job Satisfaction Variation in the Merged Entity

Job satisfaction was measured using a modified version of the 5-item scale (House, Mcmichel, J.A. Wells, Kaplan and Landermann,1979). Even Schweiger & DeNisi (1991) have used this measure in their research.

4.4.1.5 Commitment to Merged Entity

A modified version of 15 - items Organizational Commitment Questionnaire' developed by Porter and Smith (1970) was used. The Porter Scale was used by Weber et al. (1996) and had 11 items after their modification. The questionnaire elicits the employees' pride in working with the organization, perceived value congruence with the organization and willingness to exert extra level on behalf of the organization kind of responses.
4.4.2 Independent Variable

4.4.2.1 Cultural Differences between the Merging Entities

While the artefacts and manifestations in an organization provide a qualitative assessment of its culture, more relevant and important are perceptions of cultural differences between the merging organizations. A perceived threat to one (or both) of the cultures of the merging firms can heighten the polarization between the employee groups and increase the tendency to be evaluative with respect to what "Our" company and "Their" company are attempting to accomplish (Sales and Mirvis, 1984).

Though perceptions may be based on real differences, they may also be based on imagined differences, which occur due to selective distortions of reality (Gill and Foulde, 1978). Hence, the perceptions of threat to the existing cultures would lead to resistance to seemingly rational requirements for effecting merger related changes (Buono and Bowditch, 1989). A negative perception about the other firm would lead to misunderstanding, doubts and reservations about the motives and intentions and these are the impediments for a successful and effective merger (Gill and Foulde, 1978 and Weber et al., 1996).

The advantage of using perceptions, instead of objective measures that reflect the culture, is that perceptions may be better predictors of behaviours (Hillriegal and Slocum, 1974; Chatterjee et al., 1992 and Weber et al. 1996). Perceptions of cultural differences influence how
members define and interpret situations of organizational life and prescribe the behavioural patterns. While the more tangible aspects of culture are surface manifestation of organizational life (Dennison, 1990). A person's behaviour and attitude are determined by his/her perceptions rather than "actual, objective" situational analysis (Weber et al., 1996). This method of analysing cultural differences finds support in previous research in this field (Chatterjee et al., 1992 and Weber et al, 1996). The perceptions would influence the behaviour and the kind of interaction after the merger. The proposed questionnaire is the one used by Chatterjee et al., 1992 and Weber et al, 1996. It has seven dimensions:

1. Innovation and action orientation
2. Risk taking
3. Lateral integration
4. Top Management contact
5. Autonomy and decision making
6. Performance Orientation
7. Reward Orientation

(Dennison, 1990; Wiener, 1988; Gordan & Cummins, 1979)

The number of items indexed is 29. The responses to queries on regarding perceptions of cultural differences of each item are obtained on a scale (ranging from very similar to very different) giving the perceptions of cultural differences.
4.4.2.2 Tolerances for Multiculturism of the Associating Organizations

This would be assessed using a structured questionnaire administered to both the firms. Here, questions assess the extent to which the acquired firm's managers felt that the buying firms imposed their goals and decision on them. The measure of tolerance of multiculturism is derived from literature about management decision-making and control (Gray, 1984; Vancil, 1979). The questionnaire consists of 23 items. Tolerance for multiculturism is taken as a control variable by Chatterjee et al (1992) and Weber et al (1996) and their methodology finds a wide support in literature.

4.4.2.3 Extent of Integration between the Organizations

This is captured by a 12-item questionnaire used by Weber et al (1996) in which the respondents were asked to indicate the extent to which linkages were sought to be established in different organizations.

4.4.2.4 Changes in HR Systems in the Merged Entity

The degree of change in the systems is measured by a questionnaire, which has been specifically developed for this purpose. Respondents were asked to indicate the degree of changes in each of the named systems and service conditions.

4.4.2.5 Degree of HRM Interventions

The degree of HR management interventions is measured by a questionnaire, which has been particularly developed for this purpose.
The table detailing the sections and parts in the questionnaire, which capture the data, is presented below.

**TABLE: 4.3 Description of Sections and Parts of Questionnaire and Variables**

<table>
<thead>
<tr>
<th>Description</th>
<th>Section</th>
<th>Part</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cultural differences between merged entities</td>
<td>A</td>
<td></td>
</tr>
<tr>
<td>Tolerance for multiculturalism of the associating organizations</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Uncertainty as a response to merger</td>
<td>C</td>
<td>I</td>
</tr>
<tr>
<td>Commitment to the merged entity</td>
<td>C</td>
<td>II</td>
</tr>
<tr>
<td>Merger induced stress</td>
<td>C</td>
<td>IIIa</td>
</tr>
<tr>
<td>Interorganizational degree of distrust between merging organizations</td>
<td>C</td>
<td>IIIb</td>
</tr>
<tr>
<td>Job satisfaction variation in the merged entity</td>
<td>C</td>
<td>IV</td>
</tr>
<tr>
<td>Extent of integration between the organization</td>
<td>D</td>
<td>I</td>
</tr>
<tr>
<td>Changes in HR systems in the merged entities</td>
<td>D</td>
<td>II</td>
</tr>
<tr>
<td>Degree of HRM intervention – HR Interventions</td>
<td>D</td>
<td>III</td>
</tr>
<tr>
<td>Degree of HRM intervention – Reactions to interventions</td>
<td>D</td>
<td>IV</td>
</tr>
<tr>
<td>Expectations of performance - Expectations</td>
<td>E</td>
<td>I</td>
</tr>
<tr>
<td>Expectations of performance – Perceptions of synergy achieved</td>
<td>E</td>
<td>II</td>
</tr>
</tbody>
</table>

**4.4.3 Tests of Validity and Reliability**

**4.4.3.1 Tests of validity**

The questionnaires were pretested by administering them to key respondents (researchers working in the field and practitioners, who were involved in mergers and acquisition). Face validity was sought to be established in the first instance by visual check of the response of the first 20 respondents. These responses were analysed for response
aberrations and also for classificatory response. A visual check was also carried out to determine the discriminatory power of each measurement item. Further, item analysis was carried out along the stipulated standard procedure for Likert type scales – wherein item scores were correlated with index scores for each measurement index for the chosen sample. High correlations indicate validity of the item and also indicate that individual items “hang together” in constituting the index for measuring the concerned variable. The item analysis showed high correlation of individual item scores with total score in all cases.

4.4.3.1.1 Dependent Variable

4.4.3.1.1.1 Merger Induced Stress

All the items except one had significant correlation with total score for the index. One item had a correlation that was significant at 0.05 level (2 - tailed). Considering that as quite high, we could say that all items have significant correlation with total index, which validates item validity and internal consistency of the instrument (Table - A1 – See Appendix).

4.4.3.1.1.2 Uncertainty as Response to Merger

Each item was found to have a high correlation which was significant (at 0.001 level – 2 tailed) with the total index for the instrument, demonstrating item validity and internal consistency of the instrument. (Table – A1).
4.4.3.1.3 Interorganizational Degree of Distrust between Merging Organizations

Each item was found to have a high correlation which was significant (at 0.001 level – 2 tailed) with the total index for the instrument, demonstrating item validity and internal consistency of the instrument. (Table – A1).

4.4.3.1.4 Job Satisfaction Variation in Merging Entities

Each item was found to have a high correlation which was significant (at 0.001 level – 2 tailed) with the total index for the instrument, demonstrating item validity and internal consistency of the instrument. (Table – A1).

4.4.3.1.5 Commitment to Merged Entity

Each item was found to have a high correlation which was significant (at 0.001 level – 2 tailed) with the total index for the instrument, demonstrating item validity and internal consistency of the instrument. (Table – A1).

4.4.3.1.2 Independent Variable

4.4.3.1.2.1 Cultural Differences between Merged Entities

All the items had high correlation with the total score (Table-A1) and these are significant at 0.01 level (2-tailed), which showed that items are measuring a single and same construct, demonstrating item validity and internal consistency of the instrument.
4.4.3.1.2.2 Tolerance for Multiculturism of the Associating Organizations

For the combined index of 23 items, each item’s correlations with the total scores was carried out. These correlations (as shown in Table - A1) are high and significant at 0.01 level (2-tailed), demonstrating item validity and internal consistency of the instrument.

4.4.3.1.2.3 Extent of Integration between the Two Organizations

Each item was found to have a high and significant [at 0.01 level (2-tailed)] correlation with the total score for the instrument, confirming item validity and internal consistency of the instrument (Table – A1).

4.4.3.1.2.4 Changes in HR Systems

Each item was found to have a high and significant [at 0.01 level (2-tailed)] correlation with the total summated score for the instrument (Table – A1).

4.4.3.1.2.5 Degree of HRM Interventions

The degree of HR management interventions were divided into two parts. One part dealt with different management actions / interventions that were taken and the second part dealt with individual’s feeling towards the way merger is managed.

HR interventions [ HR (A)]

Each item was found to have a high and significant [at 0.01 level (2-tailed)] correlation with the total summated score for the instrument (Table – A1)
HR interventions [ HR (B)]

Each item was found to have a high and significant [at 0.01 level (2 tailed)] correlation with the total summated score for the instrument (Table – A1)

Combining [HR(A) & HR(B)] to form one index

Each item was found to have a high and significant [at 0.01 level (2 tailed)] correlation with total summated score for the instrument demonstrating item validity and internal consistency of the instrument.

4.4.3.2 Reliability Tests

Two tests were carried out to check the reliability of the validated instruments:

1. Cornbach Alpha test
2. Split Half test

The summary of the results is presented in Table – A1.

4.4.3.2.1 Dependent Variable

4.4.3.2.1.1 Merger Induced Stress

This variable was measured using an instrument with a 14 item scale used by Schweiger and DeNisi (1991). The Cornbach Alpha at the time of merger and at the time of response was found to be high (0.8025 and 0.7875). The Split Half reliability scores were 0.5560 & 0.5780 respectively.
4.4.3.2.1.2 Uncertainty as a Response to Merger

This variable was measured using an instrument with a 21 item scale used by Schweiger and DeNisi (1991). The Cornbach Alpha at the time of merger and at the time of response was high (0.9487 and 0.9289). The Split Half reliability scores were 0.8645 & 0.8035 respectively.

4.4.3.2.1.3 Interorganizational Degree of Distrust between Merging Organizations

This variable was measured using an instrument with a 3 item scale used by Weber et al (1996). The Cornbach Alpha at the time of merger and at the time of response was found to be high (0.8375 and 0.8965). The Split Half reliability scores were found to be 0.7245 & 0.8234 at different time intervals.

4.4.3.2.1.4 Job Satisfaction Variation in Merging Entities

This variable was measured using an instrument with a 5 item scale used by Schweiger and DeNisi (1991). The Cornbach Alpha at the time of merger and at the time of response was found to be high (0.9065 and 0.9245). The Split Half reliability scores were 0.7780 & 0.8755 at different time intervals.

4.4.3.2.1.5 Commitment to Merged Entity

This variable was measured using a modified version of Porter Commitment Scale (Porter, 1974). The modified version contains 14 items where as their original scale had 15 items. The item dropped was "I am extremely glad that I chose this organization to work for over..."
others I was considering at the time I joined". It was thought that in the context of merger the respondent with one of the organization had no choice to accept the merged organization. His choice was restricted to exiting from the organization. The Combach Alpha at the time of merger and at the time of response was found to be high (0.7845 and 0.7895). The Split Half reliability scores were 0.6628 & 0.7142 at different time intervals.

4.4.3.2.2 Independent Variables

4.4.3.2.2.1 Cultural Differences between Merged Entities

This variable was measured using a structured instrument used by Chatterjee et al (1992) and Weber et al (1996). The Combach Alpha at 0.9376 shows high degree of internal consistency. The Split Half reliability scores was found to be 0.8935.

4.4.3.2.2.2 Tolerance for Multiculturism of the Associating Organizations

This variable was measured using a structured instrument used by Chatterjee et al (1992) and Weber et al (1996). Two dimensions of this variable showed high degree of internal consistency with the Cornbach Alpha 0.9325 for goal and 0.9614 for making decisions. The correlation between them were high at 0.872 and significant at 0.01 level (2-tailed). The two dimensions collapsed into a single index. The Cornbach Alpha for the combined index was 0.9705. (Table – A2, See Appendix)
4.4.3.2.2.3 Extent of Integration between the Two Organizations

This variable was measured using a 12 item index which was used by Weber et al (1996). The Cornbach Alpha was found to be high at 0.9108. The split half score was 0.9112.

4.4.3.2.2.4 Changes in HR Systems

The questionnaire was designed to measure degree of changes in HR system that took place in firm after the merger. The Cornbach Alpha was found to be high at 0.9035. The split half score was 0.8175.

4.4.3.2.2.5 Degree of HRM Intervention

The degree of HR management interventions were divided into two parts: one part dealt with the different managerial actions / instrument that were taken and the second dealt with individual feelings towards the way the merger is managed.

**HR Interventions [HR(A)]**

The first part of questionnaire is extended form of the one used by Weber et al, 1996. The Cornbach Alpha was found to be high at 0.9609. The split half score was 0.8655.

**Reactions to HR Interventions [HR(B)]**

The reactions of respondents to different interventions were captured through a questionnaire. The Cornbach Alpha was found to be high at 0.9685. The split half score was 0.9083.
Combining [HR(A)] & [HR(B)] to form one index

The two items were combined into one index - the degree of HR management interventions. It had 59 items. The inter correlation between them is high at 0.6875 [significant at 0.01 level (2 – tailed)]. They also display a high degree of internal consistency. The Cornbach Alpha was found to be high at 0.9609 for interventions [HR (A)] and Cornbach Alpha was found to be high at 0.9685 for reactions to steps / interventions [HR(B)]. Thus, each of these captured an aspect of degree of HRM interventions thereby demonstrating discriminant values. However, when the two items were combined, the resultant Cornbach Alpha for the 59 items index was 0.9765. This is a strong evidence of convergence of values suggesting that the items measured the same general construct. The Split half value was 0.8278. (See Table A3)

4.5 FIELDWORK AND DATA COLLECTION

This section will describe how data collection was carried out. A multi-method approach to data collection has been adopted comprising of interviews, a questionnaire survey and a case study. Accordingly, this section has three parts. The first part has focus on interviews, the second portion on questionnaire survey and the third part on case study.

The process through which the data for different variables in the study is obtained is described below.
There are two kinds of data which were gathered – primary and secondary. While the primary data was collected from the respondents, the secondary data was gathered from public domain like company documents, publications of CMIE and various business journals.

4.5.1 Selection of Firm
Any firm involved in the mergers and acquisitions in the period 1992-2002 was a source of data.

4.5.2 Part A – Personal Interviews
Interviews were conducted with key respondents and HR staff. The purpose of these interviews was to gain insights into the various issues regarding mergers and acquisitions – from strategic considerations to its effects on the employees. The criteria for choosing an individual for interview was that he/she must have been a part of the M & A at the time of response (either involved in or a participant observer or should have been affected by the merger process). The interviews revealed the level of involvement of HR function had in M&A which is a reflection of importance given to HR in M & A context. The questionnaire’ that was used in questionnaire survey was designed with the help of these individuals for the purposes of face validity check and their suggestions.

4.5.3 Part B - Questionnaire Survey
Questionnaire survey was also one method adopted for the thesis. This part will mention the process adopted for questionnaire survey.
4.5.3.1 Process Adopted

The unit of analysis for the questionnaire’s survey was the individual respondents, from the firms which were involved in the mergers in the period 1992-2002. About 300 questionnaires were mailed to such individuals during 2002-2003, the period of survey.

4.5.3.2 Respondents Selection Criteria

The respondents were selected using the non-probability sampling technique given the sensitive nature of respondents context and attendant constraint in accessing the respondents. The respondents were expected to be part of the firms at the time of response - either actively involved in, as a participant observer or as a person affected in some way in the merger process. Two approaches were used for eliciting responses:

(i) Questionnaires were routed through HR department who in turn forwarded them to the individual respondents. The completed questionnaires were sent back to the researcher.

(ii) In the other case, HR personnel suggested the names of the persons to whom the questionnaire could be directly sent to. The respondents who after completing them sent them back to the researcher.

The number of final respondents was 97. It was desired that there be equal proportion of employees from acquiring and acquired firms. However, 34 were from acquiring and 63 were from acquired firms. The final tally of respondents spanned 22 cases of M & A and a few (3) were part of on-going M & As.
4.5.3.3 Data for the Variables Used in the Study

The measures for the variables include both primary and secondary data. Primary data was captured for the cultural differences between merged entities, tolerance for multiculturism of the constituent organizations and the extent of integration between the two organizations, changes in HR systems, degree of HRM intervention. For measuring the perceptions of cultural differences between merged entities, retrospective data was used as it has been found that attitudinal and behavioural data do not become aged or less accurate over time (even for periods of 10-15 years).

A retrospective approach involves asking persons to recall and assess a prior state of affairs at the same time they also assess their current state. Such approach has been used for both verifiable variables such as life events or behaviours and for subjective assessments such as perceptions and attitudes. This is especially true in events like mergers which bring forth cultural differences between organizations and make them salient (Finkelstein, 1992; Gutek, 1978; Larsson et al, 1996). Data on HR responses were collected at two time intervals "as it existed at the time of merger" and also "at the time of response."

Shown below is the table of variables used in the study and sources of data for each of the variable in the summary form.
### TABLE 4.4 Variables Used in the Study and the Sources of Data

<table>
<thead>
<tr>
<th>Variable</th>
<th>Mode of measurement</th>
<th>Respondents/ Source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Merger induced stress</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Uncertainty as a response to merger</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Interorganizational degree of distrust between merging organizations</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Job satisfaction variation in merging entities</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Commitment to merged entity</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Interorganizational attitudinal variation in the merger process</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Cooperative orientation among merging constituents</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Cultural differences between merged entities</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Tolerance for multiculturism of the associating organizations</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Extent of integration between the two organizations</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Degree of strategic relatedness</td>
<td>Secondary data</td>
<td>CMIE database</td>
</tr>
<tr>
<td>Changes in HR systems</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
<tr>
<td>Acquired and acquiring company relationship dynamics</td>
<td>Secondary data</td>
<td>CMIE database</td>
</tr>
<tr>
<td>Degree of HR management intervention</td>
<td>Primary data</td>
<td>Executives in merged entity (*)</td>
</tr>
</tbody>
</table>
4.5.4 Part C – Case Study

The third element in the multi-method approach is the case study of an organization involved in the merger. This is expected to enhance the interpretation of the dynamics underlying the process and learn the facts about the pre-, through- and post-merger process. The focal points in the case study were:

- Strategy behind the merger – included is the objective / motives of merger, degree of relatedness between the firms involved in the merger, process adopted for the merger
- Managerial intervention - Activities pursued, difficulties and challenges faced and how they were managed, structure of the firm after the merger and kind of strategy adopted.
- Role of HR - Level of involvement of HR
- Differences between the organizations: Actual and Perceived
- Reactions of employees, their feelings in the context of merger (both at the time of merger and at the time of response)
- Post-merger scenario : Performance appraisal and benefits to employees

In addition to the interviews, extensive use was made of secondary data related to the case subject in order to construct and have a better understanding of the merger process.

4.5.4.1 Selection of firms

Though the broad criteria for the selection of firms remains unchanged (i.e. the firms should have been involved in a merger in the period 1992-2002), in order to better understand the dynamics in the context of merger, some more criteria were added to gain a holistic idea of
strategic formulation / implementation and its effect on the merger process. It was decided to base the case in an organization from where insights about the above could be obtained. It is for this reason that *fait accompli* mergers (mergers which have happened because of a worldwide mergers were avoided). The second criteria was that the merger should have affected significant number of people, which would help to have a richer data regarding employee responses. The next criteria was that the firm is in the list of first 500 companies in India as published by Business Today (BT-500), to ensure that the firm is an important player in the industry and hence the effect of its M&A would be significant.

Nicholas Piramal India Limited (NPIL) met all these criteria.

4.5.4.2 Nicholas Piramal India Limited

The Nicholas Piramal India Limited (NPIL) belongs to Piramal group that has an extremely strong presence in India. Over the last two decades the group has made strategic investments in health care.[Group turnover: Rs. 16640 million (2000)]. NPIL’s turnover in 2000 was Rs. 4860 million. The case study was done during 2000.

NPIL is a pharmaceutical company built by the process of M&A. Its revenue grew 5 times between 1994 and 1998. It is amongst the largest pharmaceutical companies in India. NPIL’s growth strategy has ensured that it has presence in manufacturing and / or marketing of bulk drug, formulation in various segments such as cardiovascular, biotech, diagnostics, eye and skin care products, anti-AIDS, anti-
malarial drugs, foot care drugs and OTC products. The emergence of NPIL has been largely due to its strategy of takeover of Pharma companies and that of forming strategic alliances.

The group's foray into pharma sector began with its acquisition of Nicholas Lab in 1988 when Aspro Nicholas decided to divest its entire holding in the Indian affiliate. The company was then renamed NPIL. In 1993, a Swiss drug multinational divested its Indian business. Piramals bought 74% stake of the Swiss company - Roche Products Ltd, which was named Piramal Healthcare Limited. By this acquisition, the company aimed at an entry into anti-malaria and anti-AIDS drug segments. The bulk divisions of Sumitra Pharmaceuticals and Chemicals Limited came under the Piramal umbrella in 1995. This acquisition brought to NPIL the capability of exporting bulk drugs and intermediates on a global scale.

In a significant development in 1996, the group acquired Boehringer Mannheim India Limited (BMIL), one of the world leaders in diagnostics and biotechnology. The German based group sold out its 64% stake to the Piramals. This strategic acquisition provided NPIL opportunity to introduce a host of new products from BMIL's product line.

In 1997, the group integrated three of its health care companies under a three-way merger plan to create a single and consolidated pharma entity.
The strategy of forming mergers and alliances has given NPIL access to experienced pool of technologists, proven manufacturing processes and infrastructure and space needed for future expansions. Its large field force has enabled NPIL to form joint ventures for marketing products made by other companies.

One of the strengths of NPIL is building partnership relations. This involves identifying partners, working out partnership and plans for sustaining the partnership. There are two types of partnership formed - one, outright acquisition of the company and the other, a form of alliance where the two companies are linked together in one or more areas (like manufacturing, product development and marketing).

**TABLE: 4.5 Milestones in NPIL with respect to M&A**

<table>
<thead>
<tr>
<th>Year</th>
<th>Description of Mergers/Acquisition/Joint ventures</th>
</tr>
</thead>
<tbody>
<tr>
<td>1988</td>
<td>Piramal group acquires Nicholas Laboratories from Aspro Nicholas Group, UK</td>
</tr>
<tr>
<td>1993</td>
<td>Acquisition of Roche Products (India) Limited - bought 74% stake of Swiss Drug MNC, Roche Products Limited</td>
</tr>
<tr>
<td>1996</td>
<td>Acquisition of Boehringer Mannheim India Limited</td>
</tr>
<tr>
<td>1997</td>
<td>NPIL merges with Piramal Health Care &amp; Boehringer Mannheim India Limited</td>
</tr>
</tbody>
</table>

A brief description of mergers studied for the case is given below:

**4.5.4.2.1 Roche Products Limited (RPL)**

Roche Products Limited (RPL) is recognised as world leader in health care research. Besides pharma and diagnostics, the activities of the group also span Vitamins and fine chemicals. The acquisition of RPL was carried out in October 1993. RPL was strong internationally but
had poor growth rate and low profitability in India. Hence RPL was not merged with NPIL immediately (it was merged later in 1996).

Planning for the deal: The product portfolio of RPL was studied and the possibility of getting some of its products out of price control was considered. There was a strategic alliance formed whereby the then existing product portfolio was to be with Piramal's for 10 years (with an option of further renewal for another 10 years). Roche Products Limited agreed not to operate in India for these 10 years directly or through other parties. All new introductions of Roche were to be done through Piramal's for these 10 years on right of first refusal basis.

Prior condition: The main problem identified in case of RPL was low profits. The manufacturing plant was located at Tardeo and no expansion was possible there due to zoning rules. FERA regulation constrained the introduction of new products. The cost of manufacturing was escalating every year. The Vitamins plant at Thane also could not be expanded due to zoning rules. In effect both the RPL units were stymied for growth. Until a solution was found no merger could take place. It was clear that if the two units were to continue as they did, the situation might not improve and workforce at both the places would get affected. It was important to relocate these units and some change made in their operations. Otherwise, closure was the only alternative.
Turnaround: NPIL reduced the working capital and price increases were obtained from the governments, the profits increased.

4.5.4.2.2 Boehringer Mannheim India Limited

Boehringer Mannheim was a world leader in diagnostics and patient care, having a quality range of cardiovascular, anti-diabetic and cholesterol reducing agents. NPIL acquired the Indian arm of Boehringer Mannheim in December 1996. Consequent to that new products were introduced, which have ensured market leadership in diagnostic segment.

Planning for the deal: The parent had a portfolio of products which was synergetic with pre merger (with BMIL) products portfolio of NPIL. It was a sound strategic alliance with a foreign company. The then existing pharmaceutical products have been licensed to perpetuity and other products like diagnostics instruments are licensed to Piramal's for commissions based on sales performance.

Prior condition: BMIL had a similar problem as Roche Products Ltd, but NPIL did not wish to postpone the merger and wanted it to be done at one go. BMIL had suffered losses over a long period of time and had lost a number of cases against the worker's unions. The company had introduced four Voluntary Retirement Schemes but was still not able to close the Thane-Kolshet plant. It had a good formulation plant at Mahad that was under-utilized as the Thane-Kolshet plant was still operating and there were not enough workers to operate both the
plants. On top of this, sales and profitability was a problem. To sum up, at the time of acquiring BMIL was not doing well.

4.5.4.3 Selection of Case Study Respondents

The NPIL’s HR department selected the respondents for interviewing. The selection was based on the criteria mentioned below:

Criteria for selection: The respondents should be part of one of the constituent firms at the time of merger - either actively involved, participant observers or should have been individually affected in the M&A process. The respondents were to be chosen from three tiers - Top management, HR professionals and Executives from the middle management (hereafter referred to as executives - in the scope of the study).

Logic of three - tier selection: The respondents from top management were taken in order to know about the strategic reasons and the thinking behind the strategy of merger. In order to know the HR perspectives on the mergers and role played by HR, the interviews were conducted with HR professionals. The executives were required to get insight into their reactions / feelings and responses both at the time of merger and at the time of response.
TABLE 4.6: Details of Respondents

<table>
<thead>
<tr>
<th></th>
<th>Top Management</th>
<th>Middle management</th>
<th>HR Professionals</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquiring</td>
<td>3</td>
<td>8</td>
<td>7</td>
<td>18</td>
</tr>
<tr>
<td>Acquired</td>
<td>3</td>
<td>10</td>
<td>9</td>
<td>22</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>18</td>
<td>16</td>
<td>40</td>
</tr>
</tbody>
</table>

4.5.4.4 Structure of Interviews

The objectives of interviews conducted and the areas covered differed according to the group interviewed. As far as the top management was concerned, the focus of the interviews was to know the strategic reasons behind the merger and the thinking behind the strategy adopted. They were asked about the degree of relationships intended between the firms involved in the merger and how this fitted in with the strategic objectives of the firm. They were asked about challenges and difficulties faced in the merger and how these were tackled. Their view on differences between the organizations, and its effects and also the way it was managed were taken. In these interviews, the context of the merger was probed. Top managements were also asked about the post-merger performance of the combined firm, whether the merger achieved the objectives/goals envisaged and the degree to which the expectations about the performance were realised.

The focus of the interviews with HR professionals was to know the kind of interventions done, the HR’s role in the context of the merger and the process through which HR gets aligned with the strategic considerations. They were asked about the difficulties and challenges
faced in the merger, with specific reference to human and organizational issues and how these were managed.

Unstructured interviews were conducted with the executives in the middle management levels. This was done as explained above, with the objective of knowing their reactions, feelings as existing at the time of merger and at the time of response. The executives interviewed gave their perspectives as how things were handled and about the benefits accruing to them in the post merger set up. Thus, this brought about insights into the feelings of the executives at the middle management level. Since the executives were from acquired and acquiring firms, this helped develop a perspective on the feelings of executives in both acquired and acquiring firms.

Structured interviews were not preferred in order not to constrain the thought process of respondents. The attempt was to get as much insight as possible from the respondents. For this, the idea was to create a situation for the respondents to open up so that the feelings regarding the merger was expressed. But, this was done under some overall parameters to serve the research process.

To do so, guiding questions were put forth. (See Table below). To assess the feelings of respondents prevalent at the time of merger, they were asked to go back in time and explore, focusing their thought processes on these parameters. They were encouraged to articulate their feelings/reactions of the bygone era. They were asked about their
perceptions about the differences between the companies, the effect the differences had on them and their perceptions about the way those differences were managed. The executives were also asked about their perceptions about the post-merger performance, the degree to which their expectations about the performance was realized and the benefits accruing to them because of merger.

In case of respondents who were from the acquired firm, but presently were in the top management cadres, the structure of interviews followed was a combination of one used for top management and the one used for executives in the middle management level. For eliciting responses on strategic reasons and for developing a holistic perspective, the interviews were designed in a way similar to that of the top management. To know their personal feelings and reactions, the interview structure adopted for middle management was adopted.
TABLE 4.7: Guiding Questions Put Forth to Executives

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>How did you come to know of the merger?</td>
</tr>
<tr>
<td>2.</td>
<td>What were the reactions when you came to know about?</td>
</tr>
<tr>
<td>3.</td>
<td>What were the concerns, feelings, fears you had / experienced at that time? (some of the feelings the respondents were asked to explore were the extent of “victor-vanquished” feeling, “we” vs. “they” feelings)</td>
</tr>
<tr>
<td>4.</td>
<td>How did you perceive the other firm?</td>
</tr>
<tr>
<td>5.</td>
<td>What was the perception regarding the extent of differences between the organization, its effects and the way it was tackled?</td>
</tr>
<tr>
<td>6.</td>
<td>What was the perception about the future of the combined organization?</td>
</tr>
<tr>
<td>7.</td>
<td>After the physical combination took place, what were the difficulties, challenges faced and how did you adjust?</td>
</tr>
<tr>
<td>8.</td>
<td>What were the things you think helped in making the transition?</td>
</tr>
<tr>
<td>9.</td>
<td>What was the role of the HR department? What are the things they did which made the transition smoother? What did you think they could have done in order to make this transition still smoother?</td>
</tr>
<tr>
<td>10.</td>
<td>What is the perception about the post-merger performance? What benefits accrued because of merger?</td>
</tr>
<tr>
<td>11.</td>
<td>What is the role of the top management before, during and after the merger?</td>
</tr>
<tr>
<td>12.</td>
<td>If a merger were to happen all over again, what are the steps that you would recommend in order to make it more effective?</td>
</tr>
</tbody>
</table>
## TABLE 4.8: Case Study Questions Matrix

<table>
<thead>
<tr>
<th>Issues to be discussed</th>
<th>Source of data</th>
<th>Respondent profile</th>
</tr>
</thead>
<tbody>
<tr>
<td>The history of the firm</td>
<td>S</td>
<td></td>
</tr>
<tr>
<td>The details about the firm</td>
<td>P/S</td>
<td>SM</td>
</tr>
<tr>
<td>STRATEGY OF MERGER – Context / Motive / Objectives</td>
<td>P</td>
<td>TM</td>
</tr>
<tr>
<td>MERGER PROCESS – activities/ kinds of interaction/ degree of interactions with the other firm</td>
<td>S/P</td>
<td>SM/HR/ER</td>
</tr>
<tr>
<td>DIFFERENCES BETWEEN THE ORGANIZATIONS – Cultural, Systems</td>
<td>P</td>
<td>SM/HR/ER</td>
</tr>
<tr>
<td>REACTIONS EVOLED – At the Time of Merger and as at the Time of Response</td>
<td>P</td>
<td>SM/HR/ER</td>
</tr>
<tr>
<td>MANAGING MERGER – Extent of Linkages / Integration Strategies / Harmonization of Culture, Systems – Degree of Changes</td>
<td>P</td>
<td>SM/HR/ER</td>
</tr>
<tr>
<td>PERCEPTIONS – Regarding how Merger was Managed / Effect of the Integration Strategies</td>
<td>S/P</td>
<td>EM</td>
</tr>
<tr>
<td>PERFORMANCE – Realizations of Objectives for which Pursued, Degree to which Expectations Realized</td>
<td>S/P</td>
<td>SM</td>
</tr>
<tr>
<td>Performance – Benefits Accruing to Employees</td>
<td>P</td>
<td>EM</td>
</tr>
</tbody>
</table>

S: Secondary Source  
P: Primary Source  
TM: Top Management  
SM: Senior Management  
EM: Executives at the Middle Management  
HR: HR Professionals