CHAPTER FIVE

DATA ANALYSIS AND INTERPRETATION

5.1 INTRODUCTION

The main research objective of this study is, as discussed earlier, to identify the determinants of HR in the merger context from literature and to examine the effect of the determinants on HR responses. HR response in the context of merger has been operationalised through the following variables:

- 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.

Previous studies on the subject, as reviewed earlier, indicate that the determinants of HR response in the merging entities are:

- Cultural differences
- Tolerance for multiculturism
- Extent of integration
- Changes in HR systems
• Degree of HRM interventions - which are operationalised as intervention strategies which seek to manage differences in culture, systems and service conditions in the context of the merger.

In order to capture the effects of the HR responses with the passage of time, the analysis has been done for the HR responses both during and after the merger. This is achieved by measuring the HR response at the point of merger (POM) and at the point of response (POR).

Results derived from the analysis of data are presented here in two parts. Part One discusses the results from the Questionnaire Survey and Part Two discusses the results from the Case Study.

5.2 PART ONE – RESULTS FROM QUESTIONNAIRE SURVEY

5.2.1 Regression Analysis

The hypotheses formulated in the study were tested using regression analysis. The value of F-statistic has also been examined to determine the posited relationships as formulated are as follows:

1. \( (HR_a) = a_1 \cdot [CDM] + b_1 \cdot [TOL] + c_1 \cdot [EXT] + d_1 \cdot [CHS] + e_1 \cdot [HRI] \)

2. \( (HR_b) = a_2 \cdot [CDM] + b_2 \cdot [TOL] + c_2 \cdot [EXT] + d_2 \cdot [CHS] + e_2 \cdot [HRI] \)

<table>
<thead>
<tr>
<th>Symbols</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>HR(_a)</td>
<td>Human response at the POM</td>
</tr>
<tr>
<td>HR(_b)</td>
<td>Human response at the POR</td>
</tr>
<tr>
<td>CDM</td>
<td>Cultural differences between merged entities</td>
</tr>
<tr>
<td>TOL</td>
<td>Tolerance for multiculturalism of the associating organizations</td>
</tr>
<tr>
<td>EXT</td>
<td>Extent of integration between the organization</td>
</tr>
<tr>
<td>CHS</td>
<td>Changes in HR Systems in the merged entities</td>
</tr>
<tr>
<td>HRI</td>
<td>Degree of HRM interventions</td>
</tr>
</tbody>
</table>
The correlation among the different variables was calculated to examine the possibility of multicollinearity. The correlation matrix indicates that the correlation between the independent variables is not high. The correlation matrix is given in Table A5 (See Appendix).

5.3 DATA ANALYSIS AND INTERPRETATION

The hypotheses formulated in the study were tested using regression analysis. The value of F-statistic has been examined to determine the significance of regression equation. If F-statistic is significant at less than equal to 10% (\( \leq 10\% \)), the particular equation is considered significant.

5.3.1 Dependent Variable: Merger Induced Stress

The analysis of data with respect to the dependent variable, merger induced stress is presented below. The correlation matrix is given in Table A5:

 TABLE 5.2: Summary of Regression Analysis for Merger Induced Stress

<table>
<thead>
<tr>
<th>Part A</th>
<th>Dependent Variable: Merger Induced Stress</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>( R^2 )</td>
</tr>
<tr>
<td>MSa</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
<tr>
<td>MSb</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
</tbody>
</table>
Hypothesis 1:
The regression equation is not significant for merger induced stress at the POM as well as at the POR. Thus, hypothesis one is not supported by the data.

Hypothesis 1a to 1e:
The regression coefficients of Cultural differences between merged entities, Tolerance for multiculturalism of the associating organizations, Extent of integration between the organization, Changes in HR systems and Degree of HRM intervention are not significant with Merger induced stress at POR. Hence the relations as postulated in hypotheses 1a to 1e are not supported in the case of Merger induced stress.

5.3.2 Dependent Variable: Uncertainty as a Response to Merger

The analysis of data with respect to the dependent variable, Uncertainty as a response to merger, is presented below:

**TABLE 5.3: Summary of Regression Analysis for Uncertainty as a Response to Merger**

<table>
<thead>
<tr>
<th>Part B</th>
<th>DEPENDENT VARIABLE: Uncertainty as a response to merger</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R²</td>
</tr>
<tr>
<td>UR₁</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
<tr>
<td>UR₂</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
</tbody>
</table>
Hypothesis 2:
The regression equation is not significant for Uncertainty as a response to merger at the POM. The regression equation is significant for Uncertainty as a response to merger at the POR. Thus, hypothesis two is not supported for Uncertainty as a response to merger at the POM, but, hypothesis two holds good for Uncertainty as a response to merger at the POR.

Hypothesis 2a to 2e:
The regression coefficients of Cultural differences between merged entities, Tolerance for multiculturism of the associating organizations, Extent of integration between the organization are not significant with Uncertainty as a response to merger at the POR. Hence the relations as postulated in hypotheses 2a to 2c are not supported by data.

The regression coefficient of Changes in HR systems in merged entity is positive and significant (at 11.0% level) on Uncertainty as a response to merger at the POM. The regression coefficient of Changes in HR systems in merged entity is positive and significant (at 0.3% level) on Uncertainty as a response to merger at the POR. This indicates that when Changes in HR systems in the merged entity increases, the Uncertainty as a response to merger increases. The coefficient of Changes in HR systems in merged entity is stronger at the POR (0.3%) as compared with Uncertainty as a response to merger at the POM (11%).
Explanation:
This could be attributed to the Changes in HR systems in the merged entity that would take place only after the merger and hence the effects of these would be manifested after the merger. Thus, this finding is in line with the hypothesis 2d which states that Uncertainty as a response to merger at the POM and at the POR will be positively related to degree of Changes in HR systems in the merged entity.

The regression coefficient of degree of HRM interventions is negative and significant (at 11.5% level) on uncertainty as a response to merger at the POM. The regression coefficient of degree of interventions is negative and significant (at 0.2% level) with respect to uncertainty as a response to merger at the POR. This indicates that as HRM interventions increase, the Uncertainty as a response to merger at the POM and at the POR reduce. The magnitude of regression coefficients of degree of HRM interventions is higher in case of Uncertainty as a response to merger at the POR (11.5% level) as compared with Uncertainty as a response to merger at the POM (0.2% level).

Explanation:
This indicates that the effects of interventions are greater after merger as compared to during the merger. Thus, the interventions serve to reduce the levels of Uncertainty as a response to merger POST MERGER as compared to during the merger. This is in line with the hypothesis 2e, which states that the Uncertainty as a response to
merger at the POM and at the POR will be negatively related to the degree of interventions and that the effect of the interventions would be more at the POR as compared to the POM.

5.3.3 Dependent Variable: Interorganizational Degree of Distrust between Merging Organizations

The analysis of data with respect to the dependent variable, Interorganizational degree of distrust between merging organizations, is presented below:

TABLE 5.4: Summary of Regression Analysis for Interorganizational Degree of Distrust between Merging Organizations

<table>
<thead>
<tr>
<th>Part C</th>
<th>Dependent Variable: Interorganizational Degree of Distrust between Merging Organizations</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$R^2$</td>
</tr>
<tr>
<td>$ID_a$</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
<tr>
<td>$ID_b$</td>
<td>Coeff.</td>
</tr>
<tr>
<td></td>
<td>Sign.</td>
</tr>
</tbody>
</table>

Hypothesis 3:
The regression equation is significant for Interorganizational degree of distrust between merging organizations at the POM (at 10.2 % level).
The regression equation is significant for Interorganizational degree of distrust between merging organizations at the POR (at 1.3 % level).
Thus, hypothesis three is supported for Interorganizational degree of distrust between merging organizations.

Hypothesis 3a to 3e:
The regression coefficient of cultural differences between merged entities is negative and is not significant at 13.2 % level with
Interorganizational degree of distrust between merging organizations. Since the level of significance is not high it is difficult to draw any conclusions. The regression coefficient of Cultural differences between merged entities with interorganizational degree of distrust between merging organizations is still lower. Hence the hypothesis 3a is not supported.

The regression coefficient of tolerance for multiculturism of the associating organizations are not significant with Interorganizational degree of distrust between merging organizations at the POM and at the POR. Hence the relations as postulated in hypothesis 3b are not supported.

The regression coefficient of extent of integration between the organizations is positive and significant (at 7.1 % level) with Interorganizational degree of distrust between merging organizations at the POM.

Explanation:
The explanation for this is that as the extent of integration between the organizations increases, the members of one organization come in contact with the members of the other organization. This would lead to differences being manifested, leading to a feeling of distrust. This is in line with the hypothesis 3c, which states that Interorganizational degree of distrust between merging organizations at the POM will be positively related to the extent of integration between the organizations. The
regression coefficient of extent of integration between the organizations is not significant with Interorganizational degree of distrust between merging organizations at the POR, due to the fact that post merger people would come in contact with each other and get to know each other. Thus, the feelings of distrust would reduce after the merger.

The regression coefficient of changes in HR systems in merged entity is positive and significant (at 5.1% level) on Interorganizational degree of distrust between merging organizations at the POM. The regression coefficient of changes in HR systems in merged entity is positive and significant (at 0.15% level) on Interorganizational degree of distrust between merging organizations at the POR. This indicates that when the degree of changes in HR systems in the merged entity increases the interorganizational degree of distrust between merging organizations increases. The coefficient of Changes in HR systems in merged entity is stronger at the POR (0.15% level) as compared with Interorganizational degree of distrust between merging organizations at the POM (at 5.1% level).

Explanation:
The effect would be more after the merger as compared with during the merger because the Changes in HR systems in the merged entity would take place only after the merger and hence the effects of these would be manifested after the merger. Thus, this finding is in line with the hypothesis 3d which states that Interorganizational degree of
distrust between merging organizations at the POM and at the POR will be positively related to Changes in HR systems in the merged entity.

The regression coefficient of degree of HRM interventions is negative and significant (at 1.6% level) on Interorganizational degree of distrust between merging organizations at the POM. This indicates that HRM interventions has a positive effect on Interorganizational degree of distrust between merging organizations at the POM.

Explanation:
This indicates that as the degree of HRM interventions increases, the Interorganizational degree of distrust between merging organizations at the POM would reduce. The regression coefficients of degree of HR management interventions increases is negative and significant (at 0.0001% level) with respect to Interorganizational degree of distrust between merging organizations at the POR. This implies that HRM interventions have a positive effect on Interorganizational degree of distrust between merging organizations at the POR.

This also indicates that as HRM interventions increase, the Interorganizational degree of distrust between merging organizations at the POM would reduce. The magnitude of regression coefficients of degree of HRM interventions is higher in case of Interorganizational degree of distrust between merging organizations at the POR as compared with Interorganizational degree of distrust between merging
organizations at the POM. This indicates that the effects of degree of HRM interventions are greater post merger as compared to during the merger.

Thus, the degree of HRM interventions serves to reduce the levels of Interorganizational degree of distrust between merging organizations post merger as compared to during the merger. This happens because the HR measures take time to get established and most of the interventions are done post merger. This is in line with the hypothesis 3e, which states that the Interorganizational degree of distrust between merging organizations at the POM and at the POR will be negatively related to the degree of HRM interventions and that the effect of the degree of HR management interventions would be more at the POR as compared to the POM.

5.3.4 Dependent Variable: Job Satisfaction Variation in the Merged Entity

The analysis of data with respect to the dependent variable, job satisfaction variation in the merged entity, is presented below:

TABLE 5.5: Summary of Regression Analysis for Job Satisfaction Variation in the Merged Entity

<table>
<thead>
<tr>
<th>Part D</th>
<th>Dependent Variable: Job Satisfaction Variation in the Merged Entity</th>
<th>R²</th>
<th>F Value</th>
<th>CDM</th>
<th>TOL</th>
<th>EXT</th>
<th>CHS</th>
<th>HRI</th>
</tr>
</thead>
<tbody>
<tr>
<td>JSa</td>
<td>Coeff. 0.201</td>
<td></td>
<td>1.973</td>
<td>0.002</td>
<td>-0.015</td>
<td>0.202</td>
<td>-0.225</td>
<td>0.357</td>
</tr>
<tr>
<td></td>
<td>Sign. 0.075</td>
<td></td>
<td>0.845</td>
<td>0.927</td>
<td>0.431</td>
<td>0.132</td>
<td>0.006</td>
<td></td>
</tr>
<tr>
<td>JSb</td>
<td>Coeff. 0.308</td>
<td></td>
<td>3.505</td>
<td>0.163</td>
<td>-0.154</td>
<td>-0.085</td>
<td>-0.284</td>
<td>-0.627</td>
</tr>
<tr>
<td></td>
<td>Sign. 0.0038</td>
<td></td>
<td>0.222</td>
<td>0.283</td>
<td>0.912</td>
<td>0.043</td>
<td>0.000</td>
<td></td>
</tr>
</tbody>
</table>
Hypothesis 4:
The regression equation is significant for Job satisfaction variable in the merged entity at the POM (at 7.5% level). The regression equation is also significant for Job satisfaction variation in the merged entity at the POR (at 0.38% level). Thus, hypothesis four is supported for Job satisfaction variable in the merged entity.

Hypothesis 4a to 4e:
The regression coefficient of Cultural differences between merged entities, Tolerance for multiculturism of the associating organizations, Extent of integration between the organization are not significant with Job satisfaction variation in the merged entity at the POM. The regression coefficient of Cultural differences between merged entities, Tolerance for multiculturism of the associating organizations, Extent of integration between the organization are not significant with Job satisfaction variation in the merged entity at the POR. Hence the relations as postulated in Hypotheses 4a to 4c are not supported in case of Job satisfaction variation in the merged entity.

The regression coefficient of Changes in HR systems in merged entity is negative and significant (at 4.3% level) on job satisfaction variation in the merged entity at the POR. The regression coefficient of Changes in HR systems in merged entity is negative and significant (at 13.2% level) on Job satisfaction variation in the merged entity at the POM. This indicates that when Changes in HR systems in the merged entity...
increase the Job satisfaction variation in the merged entity reduces. The coefficient of Changes in HR systems in merged entity is stronger at the POR (4.3% level) as compared with job satisfaction variation in the merged entity at the POM (at 13.2 % level).

Explanation:
The effect would be more after the merger as compared with during the merger because the changes in HR systems in the merged entity would take place only after the merger and hence the effects of these would manifest after the merger. Thus, this finding is in line with the hypothesis 4d which states that Job satisfaction variation in the merged entity at the POM and at the POM will be negatively related to changes in HR systems in the merged entity.

The regression coefficient of degree of HRM interventions is positive and significant (at 0.6% level) on Job satisfaction variable in the merged entity at the POM. This indicates that degree of HRM interventions has a positive effect on Job satisfaction variation in the merged entity at the POM. This shows that as HRM interventions increase, the Job satisfaction variation in the merged entity at the POM would increase. The regression coefficients of degree of HRM interventions is positive and significant (at 0.0001% level) with respect to Job satisfaction variation in the merged entity at the POR.
Explanation:

This implies that HRM interventions has a positive effect on Job satisfaction variation in the merged entity at the POR. This indicates that as HRM interventions increase, the Job satisfaction variation in the merged entity at the POM would increase. The magnitude of regression coefficients of degree of HRM interventions is higher in case of Job satisfaction variation in the merged entity at the time of response as compared with Job satisfaction variation in the merged entity at the POM. This indicates that the effects of HRM interventions are greater after merger as compared to during the merger. This is because, the HR measures take time to get established and most of the interventions are done after the merger.

This is in line with the hypothesis 4e, which states that the Job satisfaction variation in the merged entity at the POM and at the POR will be positively related to the degree of HRM interventions and that the effect of the HRM interventions would be more at the POR as compared to that at the POM.

5.3.5 Dependent Variable: Commitment to the Merged Entity

The analysis of data with respect to the dependent variable, commitment to the merged entity, is presented below:
TABLE 5.6: Summary of Regression Analysis for Commitment to the Merged Entity

<table>
<thead>
<tr>
<th>Part E</th>
<th>Dependent Variable: Commitment to the Merged Entity</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R²</td>
</tr>
<tr>
<td>CMₐ</td>
<td>0.325</td>
</tr>
<tr>
<td>Sign.</td>
<td>0.002</td>
</tr>
<tr>
<td>CMₐ</td>
<td>0.340</td>
</tr>
<tr>
<td>Sign.</td>
<td>0.001</td>
</tr>
</tbody>
</table>

Hypothesis 5:

The regression equation is significant for Commitment to the merged entity at the POM (at 0.2% level). The regression equation is also significant for Commitment to the merged entity at the POR. The value of F-statistic is significant at (0.11% level). Thus, hypothesis five is supported for commitment to the merged entity.

Hypothesis 5a to 5e:

The regression coefficient of Cultural differences between merged entities, Tolerance for multiculturism of the associating organizations, Extent of integration between the organization are not significant with Commitment to the merged entity at the POM. The regression coefficient of Cultural differences between merged entities, Tolerance for multiculturism of the associating organizations, Extent of integration between the organization are not significant with Job satisfaction variation in the merged entity at the POR. Hence, the relations as postulated in Hypotheses 5a to 5c are not supported in case of Commitment to the merged entity.
The regression coefficient of Changes in HR systems in merged entity is negative and significant (at 9.8 % level) on Commitment to the merged entity at the POM. The regression coefficient of Changes in HR systems in merged entity is negative and significant (at 2.9 % level) on commitment to the merged entity at the POR.

Explanation:
This indicates that when the Changes in HR systems in the merged entity increase the Commitment to the merged entity reduces. The coefficient of Changes in HR systems in merged entity is stronger at the POR (2.9% level) as compared with Commitment to the merged entity at the POM (at 9.8 % level). The effect would be more after the merger as compared with during the merger because the Changes in HR systems in the merged entity would take place only after the merger and hence the effects of these would be manifested after the merger.

Thus, this finding is in line with the hypothesis 5d which states that Commitment to the merged entity at the POM and at the POR will be negatively related to Changes in HR systems in the merged entity.

The regression coefficient of degree of HRM interventions is positive and significant (at 0.000% level) on Commitment to the merged entity at the POM. This indicates that degree of HRM interventions has a positive effect on Commitment to the merged entity at the POM. This indicates that as HRM interventions increase, Commitment to the
merged entity at the POM would increase. The regression coefficients of degree of HRM interventions is positive and significant (at 0.000% level) with respect to Commitment to the merged entity at the POR.

Explanation:
This implies that HRM interventions has a positive effect on commitment to the merged entity at the POR. This indicates that as HRM interventions increase, the Commitment to the merged entity at the POR would increase. The magnitude of regression coefficients of degree of HRM interventions is lower in case of Commitment to the merged entity at the POR as compared with commitment to the merged entity at the POM but both are significant at 0.000% level. This is in line with the hypothesis 5e, which states that the commitment to the merged entity at the POM and at the POR will be positively related to the degree of HRM interventions.

5.4 PART TWO: CASE DATA ANALYSIS AND INTERPRETATION

5.4.1 Nicholas Piramal Limited

5.4.1.1 Background

Piramal Enterprises is one of India's leading business houses with interests largely in pharmaceuticals, textiles and retailing, and also having a presence in engineering (ferrites, auto components and tools) and glass making. In the year 2000, the group consisted of twenty-six companies (including joint ventures), with aggregate revenues of about Rs 20 billion. The fastest growing company-and the most profitable-
was Nicholas Piramal, a pharmaceutical firm (earlier known as Nicholas Laboratories).

Pharmaceuticals was a relatively new area of business for this third generation descendants of a firm founded in 1933. Until 1987, most of the group's revenues had come from the textiles business, which suffered severely in the late eighties because of strikes and governmental policies. As luck would have it, Piramal group was presented with an opportunity to acquire Nicholas Laboratories, a pharmaceutical company, which had an impressive product portfolio, including Aspro, the popular OTC headache remedy.

5.4.1.2 The Acquisition of Nicholas Laboratories, 1988

Aspro Nicholas, Nicholas Laboratories' parent company, wanted to quit India for several reasons. Nicholas was performing poorly and could not find its way through the Indian bureaucracy to get approval to launch new drugs. It also had problems dealing with its strongly unionised workforce. In June 1988 the Government cleared the Piramal group's application to purchase an initial 24.5 per cent of Nicholas Laboratories' equity for Rs 16.4 mn. Shortly thereafter, the company's name was changed from Nicholas Laboratories to Nicholas Piramal India Limited (NPIL).

Since Piramal group was new to Pharma business it brought in professionals to run NPIL. Mr. Chandrakant M. Hattangadi was brought in from Parke-Davis India as the company's new M.D. Mr. Hattangadi
had earned a strong reputation in the Indian pharmaceutical industry by virtue of being the president of the Organisation of Pharmaceutical Producers of India (OPPI) - the industry association supported by MNCs and large Indian Pharma companies - during the critical 1987-88 period when the industry was negotiating with the Government of India for a liberal policy.

The new management team decided that its first step was to have clear objectives, and they identified the following three objectives:

1. Be amongst the top five fastest growing pharma companies in India
2. To raise profitability of NPIL to the upper quartile of the industry.
3. To form strategic alliances with the renowned multinational pharmaceutical groups so as to have access to new drugs in the post-GATT era.

To meet these objectives, substantial investments would have to be made in both manufacturing and distribution. Not only would these two areas of competence help NPIL in improving the company's sales, market share and profitability but top management was certain that these would be the two assets that multinational companies would value the most when looking for a local partner in India.

Nicholas had two plants, one at Deonar and another at Ambernath, both small and considerably outdated. NPIL commissioned a new manufacturing plant in Pithampur in central India. The plant cost approximately Rs 100 mn and began operations in 1991. It's central
location facilitated efficient distribution and its modern manufacturing technologies allowed substantial improvement in productivity and cost savings, although its capacity was well above its stated demand at that time. The plant was expanded in December 1996, bringing investment up to approximately Rs 250 mn. The new facility was built to comply with USFDA standards to allow Nicholas to access the enormous American generics market, but more importantly, to increase its credibility with potential partners so that Nicholas could attract post-GATT product licensing agreements.

5.4.1.3 The Acquisition of Roche Products (India) Ltd, 1993

In April 1993, F. Hoffman-La Roche, the Swiss pharmaceutical multinational, sent a team to India seeking potential buyers for Roche Products (India). There were several reasons for this. First, Roche was anxious about operating a chemical plant in India. Three serious accidents had occurred involving Union Carbide and Shriram Chemicals in India, and one involving Roche's own plant in Europe. Roche feared the damage that a similar accident or contamination problem in India could impact on its global brand. Second, and the most important reason was, the Indian subsidiary was a mediocre performer and had not launched any new products for over seventeen years because drug price control order of Government of India had not been favourable to them. Lastly, it was the considered opinion of the corporate that it was spending disproportionate time on its operations with respect to its contribution.
Four years after the Nicholas takeover, the company had been turned around and the Piramal group was hungry for growth and was on the look out for strengthening its position in the Indian Pharma market. Also, NPIL needed critical mass to leverage on marketing and distribution and enhance the capacity utilization of the Pithampur plant.

Piramals considered acquiring Roche with a view that this acquisition would enable them to:

1. Access Roche’s new, post-GATT products.
2. Be the sole manufacturer of Vitamin A in India (of significant importance in human and animal nutrition, prevention of blindness and in combating child mortality).
3. Potential synergies between Roche and Nicholas in the areas of products, field force and manufacturing.

Roche was a closely held company (with a 74% holding and the rest of the equity being with public and financial institutions). Roche were actually looking for a company who would be more like a partner rather than a simple acquirer. They did not want to lose the brand image that they had built in India because they felt it might be useful to them in future. So, the partner had to be able to implement a successful turnaround of the company. Besides, they did not want their partner to compete against them in the international arena via exports of generic products. Roche also wanted a company with a strong sales and distribution network in India that would give a boost to new product launches and consequent royalty revenues.
On 3rd November 1993, Piramal Enterprises (not Nicholas Piramal) took over the entire 74 per cent equity of Roche in Roche Products for Rs 320 mn. After the acquisition, the company retained the right to manufacture and distribute all existing Roche products under the Roche brand name. The company's name was changed from Roche Products to Piramal Healthcare (PHC). It was not merged with NPIL as it would have diverted management attention from business, but Piramals did not want the whole group to be afflicted with the potential adverse reaction that might arise from the planned shutting down of some of Roche's plants.

Roche had two plants and 679 employees. A voluntary retirement scheme (VRS) was implemented at both plants. As the average age and skill of the workforce differed in both plants, the VRS had different implementation plan and impact on each plant. In Tardeo, there was a massive adherence to the scheme and the workforce was reduced from 282 to virtually nil. In Thane, which was a more complex plant that produced vitamins and employed younger and more skilled workers, management rejected most of the employees' applications. The Tardeo plant, which occupied expensive real estate in central Bombay, was shutdown and its plant and machinery was transferred to the Pithampur plant. Combining Roche and Nicholas cultures was not an easy process but was facilitated by the fact that the Pithampur plant was young and benefited considerably from Roche's experienced managers and workforce who were transferred there. The top management was
sensitive to the potential conflicts that could arise and made sure that the tone of the relationships between existing employees and the new arrivals was one of knowledge transference and co-operation, instead of antagonism and rivalry.

After the acquisition, management took steps to reduce inventory, change the product mix and change the distribution agreement. Also changed were the compensation system: reward commensurate with performance. In essence management did not try anything fancy but stuck to basic management tenets in running the business. Those managers who could not take up the challenge that the company presented, ended up leaving the company. Such delicate issues were handled with soft approach. Under the former Roche management, no new products had been introduced for seventeen years. After the takeover, the company introduced sixteen new products over the first four years. Because of these measures both the revenues and profits of the company quadrupled.

5.4.1.4 The Acquisition of Boehringer Mannheim India Ltd, 1997

Another opportunity arose for Piramal group to acquire a prestigious catch: Boehringer Mannheim India (BMIL), the Indian subsidiary of Boehringer Mannheim AG of Germany.

From BMIL's point of view, Nicholas Piramal group was an attractive bidder because of its state-of-the-art Pithampur plant and its large field force. BMIL at the time was not doing too well. Sales had remained flat
for several years, it was making losses and had not launched a single
new product in over a decade. From Nicholas Piramal’s point of view,
BMIL was an attractive acquisition because of its similarity with Roche
Products. Both BMIL and Roche Products could not deal with the
bureaucracy, both were severely under-performing in the market, and
both had not launched a new product for years.

There was a curious turn of events which brought urgency to NPIL’s
BMIL acquisition plans. On 12th September 1996, two patients died
after consuming Comsat Forte, a vitamin manufactured by BMIL. As a
result of this incident, several directors were issued arrest warrants.
The BM management, both in India and Germany, panicked and
BMIL’s top management fled the country fearing arrest. NPIL seized
this opportunity. It put forward a proposal that BM India be merged with
Nicholas Piramal. Not only would this have prevented Nicholas Piramal
from invoking the takeover code, but it would also reassure the
government and consumer groups that a reputed Indian company was
dealing with the situation. This would limit the potential damage to
BMIL’s name and the paranoia that had emerged against using its
products. By October 1996, the deal was sealed.

Nicholas Piramal was clear about the rationale for the acquisition. It
would get guaranteed access to all BM Germany’s research products
for launch in India. These would be in the areas of pharmaceutical
products, diagnostics (instruments, kits and chemicals) as well as
biotechnology. The merger would add Rs 1 billion to Nicholas' top line and it was expected that BM would be capable of adding a healthy bottom line from the following financial year. The increase in Nicholas' equity would be a minimal Rs 17 mn. The 300 - strong BM field force together with Nicholas' 450 would make the combined field force one of the largest in the country. In addition, if one were to consider Roche's field force the figure would be a mammoth 1,200. The merger would also add new lines of business: BM's diagnostics and patient care divisions. BM Diagnostics was already the No.1 player in India and BM Germany was the second largest worldwide.

Unlike the earlier acquisitions, BM was immediately merged with Nicholas Piramal. Dr.Francis Pinto was inducted into the organisation as a consultant in January 1996 as a kind of prelude to his appointment as CEO.

5.4.2 Rationale for One Company

In the months following the BM acquisition, analyst's scepticism grew at the prospect of having three health care companies controlled by one group. Analysts speculated that the companies would ultimately be used as tools for profit transfer for tax avoidance. NPIL took a real beating in those few months in 1996. Nicholas' market capitalization fell from about Rs 5 billion in October 1996 to Rs 4.1 billion in the next six months. Finally, in April 1997, the three companies announced a triple merger-and share prices promptly rose.
5.4.3 The Integration Process

Once the legal and stock market formalities were through, it was time to come to grips with the nitty-gritty job of integrating the companies. Each company shared some commonality like:

- MNC background
- Lacklustre performance because of low investment and lack of interest from the parent company
- Low morale and interest among managers and workers in the company due to limited vision
- Low profitability because of a product mix tilted towards price-controlled products and overcapitalised plants.

At the same time, there were significant differences in operating styles, culture and organisation.

To truly merge the companies, the first step obviously was:

i. Major overhaul and rationalization of manufacturing facilities

ii. Realigning the product mix

iii. Restructuring the marketing and distribution infrastructure.

Equally important, however, was the issue of how to integrate people from different backgrounds, make them understand what is required of them in the new entity, get their acceptance of the changes and their adaptation to fit in.

For the new entity it was important, therefore, to become something more than its constituent firms and yet be different – a new firm that would be in tune with the 21st century. The new Nicholas Piramal had
to have a fresh identity of its own, with a vision and goals which everyone in the erstwhile companies could identify with. After the triple merger, Piramals also re-constituted the board of directors as a first step in its drive towards professionalisation.

5.4.4 Operational Rationalization and Manufacturing Integration

The most urgent need following the merger was operational rationalization. The plants, the products, sales, marketing and distribution needed immediate action. Many workers were given the ‘golden handshake’ and some plants were shut down. Instead of three head offices, there was only one. The distribution network and marketing organisation were redesigned in addition to the rationalization of the product portfolio. An integration team consisting of senior managers of the three merging companies were entrusted with the task of integration. The team took people into confidence. After that, they planned the integration and how the intellectual capital would be used and valued. In manufacturing, the company did a major overhaul. Nine plants were reduced to five and the headcount was reduced from 2,631 to 1,950 with a saving in excess of Rs 100 mn per annum. Products were re-aligned to fully utilize the capacity of the retained plants. BM’s Thane plant, for example, was shut down at a cost of between Rs 70 and 80 mn and its production moved to Nicholas’s Pithampur plant. Meanwhile, production at BM’s Mahad plant was immediately upgraded to Pithampur standards and within two years, Mahad plant was able to achieve Pithampur's standards.
5.4.5 Marketing Rationalization

The field forces of the three companies were re-focused, re-trained and regionalized. Over 100 representatives were asked to take accelerated retirement, but overall this area saw the least redundancies. Some staff were transferred to joint ventures with Boots, Allergen and others. Still, with more than 1,600 representatives on its payroll, the new Nicholas Piramal had one of the largest field forces in the country. This field force was expected to reach and maintain contact with 200,000 doctors across India.

The field force structure was also changed. It used to have four levels: national sales manager, Zonal manager, the regional manager and the field manager. The new structure was much flatter with eighteen state business managers (SBMs) who looked after their states like entrepreneurs. Also, Nicholas Piramal, Roche Products and BMIL all had separate offices all over India. Post-1997, there were just eighteen state offices and one head office—a new one located inside the Morarjee Mills complex in central Bombay.

The field force was also separated into newly created divisions based along customer lines. NPIL basketed products such that the doctor would not be bothered by more reps than was necessary. The strategic business unit (SBU) concept was introduced at this time. In terms of marketing rationalization, the management divided the field force into five 'specialties' or business units.
With 730 people, the multi-specialty division was the largest and the most unionised with field forces drawn from all three companies, each with its own salary structure which had to be brought in line with the salary structure of Nicholas Piramal. For example, at BM, salaries were higher but there was also a bigger differential between levels than at Nicholas Piramal or Roche Products. In September 1997, the management began harmonizing salaries. Settlements due from October 1996 were taken up to June 2001. NPIL was able to achieve this harmonization relatively easily. What made the difference in this process was the high comfort level: every SBU head could run business units independently. This led to higher confidence because of focussed achievements and as a consequence people felt more secure in their positions.

5.4.6 Two-Way Movement of People

5.4.6.1 Transfers

Between 1997 and 1999, there were a spate of transfers, with people being moved into new positions at Nicholas Piramal. The transfers were done keeping in mind the company's needs and the employee's strengths. For example, in treasury, the BM person was stronger; in sales accounts, the Roche manager was stronger; and in general ledger and MIS, the Nicholas person was stronger. So the head of each function was from those companies but under him, his team was brought together from all companies. People moved into these new groups, and their strengths and cultures were integrated.
A similar exercise was undertaken for all jobs. At every level, the best person was selected, irrespective of their company genealogy. At the same time, an effort was made to redesign jobs so that all the three people working at that level in their old company were given equal importance in the new Nicholas Piramal. The acceptability of the choices was not a problem because Dr Pinto, who was totally new in the company himself, was perceived by employees as an unbiased and fair person.

5.4.6.2 Redesigning Work

NPIL eliminated top levels of management without firing many people. But, in many cases, a person's job underwent a major overhaul. In April 1999, the state business manager (SBM) concept was introduced. Majority of the eighteen SBMs had been formerly working as regional managers. However, three junior managers were given the opportunity to be SBMs. So, the situation and feeling was created that wherever you may be, you can rise quickly through the ranks if you perform. Nonetheless, it was a traumatic period for everyone.

5.4.7 Changing Behaviour

Each of the erstwhile organizations had its own culture. MNCs pay their people more and expect of them a certain dress code. Nicholas was formerly a branch of Schering, so an MNC culture existed in it. It was driven from the top, and there were rules and regulations to follow. However, it was not as professional in that its reps did not wear ties,
etc, Roche had a Swiss culture. It was hierarchical and also driven from the top. Here, there were even more rules and regulations to follow. Reps were meant to dress in a certain way when going to see the doctor. In Roche (and BMIL), if a rep did not wear a tie, he felt like he had no clothes on! BM had a German culture. It was more decentralized than the other two. It was similar to Roche in that it also had an MNC culture where reps had to follow dress code etc., but their pattern of making calls to the doctor was very different since they sold diagnostics, too.

In all three companies, the bottom line was pretty average. NPIL implemented change without changing people. For example, the change in Roche was immediate. They used to take four to five months to have accounts audited. NPIL achieved the same in seventeen days.

5.5 CASE DATA ANALYSIS AND INTERPRETATION

This part deals with the results derived from analysis of the data from the case study. The interview transcripts were analysed and the responses were grouped into five broad categories: Top management, Human resource Professionals, Senior Executives, Executives of the acquired companies; Executives who belonged to the acquiring company.
5.5.1 Differences between organizations

Of the executives of erstwhile BMIL and Roche Products Limited (RPL) firms considered NPIL as having flexible system as opposed to their earlier respective firms.

A few major areas where the differences were manifest through a sample of comments made by participants are mentioned below:

- "RPL and BMIL were companies with emphasis on systems."
- "There exists system differences between RPL and NPIL. RPL was a very systematic and disciplined company. NPIL is almost devoid of any systems."
- BMIL executives felt that they had an effective performance appraisal system which was not the case at NPIL.
- "Promotions and increments do not take place at the right time here (NPIL), BMIL had a better appraisal system."
- "Due to the delay in performance appraisal, there are feelings of anguish and concern."
- "In the case of performance appraisal system (which were different in BMIL and NPIL), there were problems in the short term and effectiveness was hampered till peace was attained."
- In BMIL, in the appraisal process, "... persons were frank even about bad and uncomfortable facts". In NPIL, "... appraisals are not given the importance they deserve. Ratings are given in a closed manner with employees being kept in the dark."

There were differences in the salary structure between the two companies.
"The reward system was different in BMIL and NPIL. The increment patterns were different. It was not given from the departmental perspective in NPIL. In BMIL, the departmental perspective was taken into account."

"The (three) companies had 3 different settlements: the pay, perks and payroll system were different in the three companies."

The executives felt that there is a difference in the degree to which information is shared.

In Roche Products Ltd., "Every week management committee meeting was held and there used to be analysis & rectification following the feedbacks." – a practice alien to NPIL.

Executives in the organizations felt differences in the way budgeting was done, the conditions for leave and the canteen norms, with respect to their constituent firms.

5.5.2 Role of HR Interventions

HR at NPIL was involved at the post merger stage in formulating the action plan but not at the pre merger or point of merger stage. This included harmonising salary and compensation, managing cultural differences and addressing dysfunctional reactions. HR adopted a structured approach to managing the transition. While harmonising salary and compensation, enough care was exercised to see that nobody lost out, although the degree of gains to the respective individual may have varied.

The executives felt that a number of interventions were initiated after the merger, because of which the negative human reactions reduced.
Some of these were:

5.5.2.1 **Interactions**: Attempts were made to foster interactions so that executives get to know each other through formal and informal meetings across the company.

5.5.2.2 **Pay Harmonisation**: The principle on which this was based was that no employee should lose out due to restructuring process.

5.5.2.3 **Communication**: Continuous communication was handled personally by senior management of the firm with the primary focus on allaying fears related to the HR changes which were taking place or were envisaged. Meetings were also organized to aid this process.

5.5.2.4 **Bringing People Together**: One of the focal points herein was the attempt in establishing a common code of conduct.

5.5.2.5 **Establishment of Systems**: After the merger, initiatives were launched to improve management practices and controls through which performance was rewarded and non-performance was penalized. The process of restructuring was gradual and transparent like pay for performance reward system because of which the acceptability of the changes was smooth. In order to have a performance-oriented company, people who made contributions were rewarded amply. These steps made organizational priorities clear to the executives and over the years, there would be no ambiguity in organizational standards.
5.5.2.6 Harmonization of Terms And Conditions: Terms and conditions refer to the service conditions, the legal agreements between intra employee relations, concerns related to superannuation benefits and scope of union activities.

5.5.2.6.1 Different terms and conditions at different plants: The pharmaceutical operations of PHL were amalgamated in NPIL by the order of the Bombay High Court. As a matter of strategy the terms and conditions of the Thane unit of erstwhile PHL subsequently amalgamated with NPIL, were kept different from that of the Deonar unit that belonged to NPIL (even at the pre-merger time). The BMIL also was amalgamated into NPIL by order of the Bombay High Court. The terms and conditions of the workmen of the Mahad factory are different from those of the Deonar, the Thane and Pithampur factories.

5.5.2.6.2 Uniform terms and condition of management staff: After about 6 months of amalgamation, the terms and conditions of management staff of NPIL (other than that of Pithampur management staff) were made uniform.

5.5.2.6.3 Harmonization of terms and conditions of Medical Representatives (MRs): As far as medical representatives of erstwhile PHL and BMIL were concerned, their terms and conditions were brought in line with the NPIL terms w.e.f. October 1998. This was done by creating a model whereby each MR was absorbed into NPIL' terms and thereafter projections on their DA were made, both under the
erstwhile PHL and erstwhile BMIL DA scheme as applicable to individual MRs and compared with NPIL DA scheme after the fitment, till the retirement date of each MR. By giving to each MR the sheets of individual workings of these calculations on a year to year basis, it was shown that none of the MRs will lose even a single rupee by this fitment. The same conditions were applicable across the board, ensuring that there would be no differential treatment in the organization and this would serve to reduce the 'Us - versus - Them' attitude. Further the system designed was not a replica of any one constituent organizations and as such that did not lead to 'Acquiring – Acquired' feeling and dynamics.

5.5.2.6.4 Union Agreement: Three unions operate representing MRs of NPIL, erstwhile PHL and erstwhile BMIL. Settlements were signed with all the three unions. Obviously, even though negotiations in the future may be held with all three unions, benefit which will be granted thereafter would be the same and the agreement terms will be same. This was to ensure, like in previous cases, that there is no preferential treatment and the agreement is accepted by all. Organisational working would not get affected and by having standard agreements and uniform conditions in the field, negative reactions would be reduced. There would be more acceptability of the decisions which would ensure that the organization performance is not affected.
5.5.2.6.5 Point of Merger versus Post Merger HR: Respondents felt the absence of HR interventions at the POM and felt that had HR played a more proactive role, integration would have been far more smoother. These comments indicate the feeling that significant HR interventions were not done at the POM although several effective interventions resulted in positive effects:

- "Had HR interventions been there, the negative responses could have been reduced much earlier."
- "Nothing good was done" referring to the lack of HR interventions during the time of merger.
- "HR Department function was very vague." Respondent felt that HR was a bystander. There was "... nothing done at the merger time."
- Executives expected support during the transition, but the HR department did not render, "... people were left to themselves for adjusting to the new set up."

5.5.3 Changes in the Style of Working

The factor which evoked severe reaction from most of the respondents was the changes in the job description/content that took place after the merger—like the changes in the job profiles, the systems and the processes. That the system was a newly developed one or it was of the 'other' firm, also influenced the responses.

Some of the reactions due to the changes that took place in tangible and visible areas are given below:
• The systems/practices/directions were "different". "Was at a loss to understand" which system/procedure to "follow".

• "In the case of Performance appraisal system and MIS [which were different in BMIL and NPIL], there were problems in the short term and effectiveness was hampered till "peace" was attained".

• Regarding the office space, "the office at NPIL was smaller as compared to the office at the BMIL. Felt cramped up and initially felt uncomfortable".

• "Was unhappy at the deterioration of the canteen quality. Was used to spic and span conditions as existed in BMIL canteen"

• "Was not happy with the leave rationalization. Felt (BMIL) lost out on leave privileges: BMIL allowed Cumulated Sick Leave. Felt Roche Products Ltd got a better deal on this, and BMIL lost out."

• "In Roche Products Ltd, meetings were planned well in advance whereas in NPIL the meetings were unscheduled and they were conducted haphazardly."

• There are "no systems" here (in NPIL); some persons are aware of the rules, while others are not; "everyone was confused."

• There were "clear cut differences in the work culture" between BMIL and NPIL; "Differences in culture affected the way of working."

• There were differences in the way of looking at the job i.e. there were differences in the 'expectations' associated with the work."

There were changes taking place in the job profile, after the merger, which could affect the human responses.

• The "purchasing activity increased." "Earlier, it was only Thane and Mahad and Pithampur." "There was increase in work", "Quite some work was pending" at that time. Therefore, "settling down was a problem."
• "Job content and job responsibility have deteriorated. The respondent felt that the scope in terms of learning and dealing with people is not important."

• No time was given for learning and for adjusting to the new system: no training was given. Felt that "because of insufficient inputs and less time given for adjusting to the new job, performance was affected and this got reflected in the performance review."

5.5.4 Prior Performance of the Firm

The problems faced by BMIL employees was more than that faced by Roche Products Ltd employees at the time of merger and because of this, the integration of BMIL was less of a problem than that of Roche Products Ltd. This was demonstrated in the executives' view that BMIL executives could adjust easily within the new organization, while Roche Products Ltd executives found it difficult. BMIL was not only performing badly, but was having trouble because of its low profitability. Executives of BMIL thought that their management had "made a mess of the situation". In such a situation, any change would have been perceived as positive. Therefore, executives saw the takeover by NPIL as something positive which would give them greater scope for their own personal development. Hence prior performance / condition of the firm is an important variable which governs the outlook of the executives towards the firm.

One of the reasons why the integration of BMIL was less of a problem than the integration of Roche Products Ltd was the difference in the condition of the firms at the time of merger. BMIL's condition (overall
with respect to profitability) was worse than that of the condition of Roche Products Ltd. Hence, the executives of BMIL were better disposed towards merger as compared to the executives in Roche Products Ltd. For executives in BMIL, the merger meant "something for the better" whereas such feeling was not so strong in the case of Roche Products Ltd.

5.5.5 Image of the Acquiring/Acquired Firm
The kind of reactions evoked depends on the perceptions about the acquiring company i.e. PIL. For a firm to be seen as capable, either they should have handled the contentious issues earlier (in some other setting) or they should have immediately addressed the contentious issues in the present context. The image of 'well intentioned' could result from whether they are seen as an organization that knows what it is doing, or seen as having a strategy for acquisition, or known for the degree of large-scale changes introduced and upheavals caused in the organizations they have been involved in the past. If the acquiring firm is seen as capable and well intentioned, then, the negative reactions would be subdued to a great extent and executives of the acquired organization would welcome the merger.

After NPIL was successful in turning around Nicholas Labs, NPIL was seen as a company that could take over a firm and turn it around. Because of this image of NPIL, the executives of other organizations saw NPIL as being capable. NPIL had an image as a company that did
not make drastic changes, caused no large upheaval in organizations they took over and also as an organization which knew what they were doing. Hence, it was seen as well intentioned. This image of NPIL would have reduced the negative feelings the acquired company executives. After the merger with BMIL, NPIL managed the profitability issue well.

Except when it was essential to improve performance NPIL continued with the existing system but under supervision, control and guidance of the Piramal management. NPIL also communicated their vision for the future so that the executives know that there is a plan for the future and that the future was not bleak. They also introduced new products after the BMIL merger to assure them that they have the capability to do so. All this created an image that NPIL management has the capability and the good intentions and hence earned a good image among the acquired members.

The relative perception about one's own company and about the 'Other' company (with which the merger is taking place / which is acquiring your company) is a factor which determines executive's feelings. If the 'other' firm is seen as having 'better scope for personal development', then the executives might be favourably inclined towards the merger. This could result in executives seeing the merger as a positive development, the negative reactions (evoked due to uncertainties, differences and changes taking place) would not arise or would be
reduced considerably. The executives focus their attention on two aspects of the acquiring firm:

- **Approach to Growth:** Executives perceived BMIL as a steady company and saw limited growth potential. In contrast, NPIL was seen as a fast growing company and one in which there was better scope for personal development. Hence the executives were positively inclined towards the merger.

- **Management style:** Executives perceived NPIL as having a different culture and a different way of looking at things. This, they felt could change (for the better) the approach of BMIL. Thus, executives were positive about the change.

The perception of the acquired firm among the executives of the acquiring firm would be governed by the circumstances of the firm at the time of merger and would influence the behaviour pattern of the executives. This would also influence the kind of actions that would be directed. NPIL executives had different perceptions towards RPL and BMIL.

While RPL was perceived to be a firm with good systems and processes in place and from whom, there could be possibilities of some organizational learning, BMIL was perceived to be a firm which had poor management systems and processes. This was evident from the interview transcripts of comments indicating the attitude towards RPL:

- "We respect systems of RPL. We are keen to know more ..".
- "RPL is a good company with ethics, good products, good management, excellent salary and perks. Good canteen". "Earlier perceptions were reinforced when we started interacting."
- "Good systems in RPL (e.g. the filing system), We could adopt these. There were no good systems at BMIL."
Some comments from the transcripts which illustrate the attitude towards BMIL:

- "Not much knowledge about BMIL. Only knew it was a sick unit. An FDA case because of profitability and that's a reason for it to be taken over."
- "Was influenced by the profitability issue...", there "... was a question mark on it...", they "...did not know much about it."

5.5.6 Initial Uncertainty

The prospect of facing an unknown future is the factor that causes negative emotions. Uncertainty was felt with respect to the changes in the job, the type of superiors, the kind of formal and informal relationships, the kind of organization and the future scenario.

- "Things are uncertain, I do not know what will happen and do not know what the merger has in store for me."
- "There was no clarity on what will happen and how things will be worked out."
- There were uncertainties regarding "... how the new employers would be."
- "Worried about who will be the new boss, what will be the new ideas and how will the new environment be."
- Worried about "... other people, colleagues and also people from other departments," so there was a feeling of uncertainty.
- Uncertainty about "...what the new style of management will be."
- "Felt uncertainty about career growth, because of new management and the fear of proving oneself all over again."
- "There was fear of the unknown and also concern about the role for oneself."
5.5.7 Extent of contact between the members of the organisations

It is reported that in mergers, the greater the contact between members of the organizations, the greater would be the manifestation of differences, and hence dysfunctional reactions would be higher. As a corollary, isolated units would be less affected by the changes.

There were divisions that saw considerable changes and had high degree of contact between the members of the different organizations. Even in such cases, there were greater negative reactions about changes and differences initially. However, it is observed that if the same team is retained, then the working style does not change. If the superior continues to be same, there is no adaptation required to the 'new' style.

- "The entire division (patient care) was retained as it is. The team continued as usual. There were no RPL/NPL persons in that team. So the working style did not change and no adaptation to the 'new' boss's style was required."

- "The division, since it was unique, functioned almost independently of the main organization and stayed that way even after the merger" (and thus, there were very little reactions evoked).

5.5.8 Presence of 'We-They' Feeling

The members of one organization thought themselves to be belonging to "one set" and time and again the 'We-They' feeling was evident in the discussions and comments. This could have an adverse effect on formal and informal work interactions. This was evident in the
employee reactions in both the acquiring and acquired organizations.

Some of the views as expressed by the executives of the acquired organizations from the interview transcripts are given below:

- "Felt more attached to the old organization."
- Feels "nostalgic" about the old company. The 'good' feeling about the old company was felt more when seen in a different context and different way of working.
- "People from the Roche Products Ltd. were the first to come in; they did have to interact with persons from BMIL and NPIL, except for a few of them."

This translates into both formal and informal interaction variations.

- "... going to lunch with colleagues from the erstwhile organization."
- This affected issues like the degree to which one shared news with colleagues

Some comments made by the members of the acquiring organization, as recorded, are given below:

- "RPL me utna milta tha, Ab humko itna hi milta hai."
- "There is a tendency to help their own people."
- A feeling of 'We versus They' was there. "Now also such feeling exists slightly."
- "They (RPL) would have to change, but we (NPIL) do not have to change."

5.5.9 Presence of 'Victor-Vanquished' and 'Superior-Inferior' Feelings

While the acquired firm members seemed to complain that the acquiring firm members looked down upon them, the acquiring firm members felt that it is quite natural to have this sort of behaviour. This
was evident in the executives of both the acquiring and the acquired organizations as recorded in the interviews:

- Feeling "... as part of acquired organizations."

- Felt that "... superior – inferior partially exists even now with reference to the organizations. NPIL people are still considered differently in comparison with the Roche Products Ltd or BMIL executives. NPIL people have a superiority complex over executives of Roche Products Ltd and BMIL. And they are given better deals."

- "Felt inferior because our company was bought."

- Heard comments like "... Tumhara BMIL main aisa nahin tha, isi liye bikh gaya hai."

Some comments made by the members of the acquiring organization on the same issues are given below.

- "When we came to know that NPIL has taken over RPL we felt proud of the company."
- "Felt that NPIL helped BMIL persons to survive."
- "Felt that RPL and BMIL were coming into the system, whereas I belong to the system."
- "NPIL mission / vision and core values were better. Therefore it was clear that people from RPL and BMIL who were coming in had to fall in line with these values."
- "One would have to change one’s way of working, report or work with some one else, but there is no fear since we were in the driver’s seat."
- "Competency at NPIL was better than RPL and BMIL. We found people at NPIL are better than people of the same level at RPL and BMIL, as far as killer instinct and level of confidence are concerned"
5.5.10 Comparison of Perceptions of Executives

Given below is an analysis of factors considered important by managers at different levels in the acquired and acquiring organizations respectively.

**TABLE 5.7: Factors Considered Important**

<table>
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<th>Acquired Middle Management</th>
<th>Acquired Top Management</th>
<th>Acquiring Executives</th>
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<td>Pre Merger Condition</td>
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<td>Time spent with the organisation</td>
<td>Degree of contact</td>
<td>Differences between companies</td>
</tr>
<tr>
<td>Related changes and clarity, (concerning work and location)</td>
<td>'We-they' attitude, 'victor-vanquished' feeling</td>
<td>Perceptions of attitude of acquired members</td>
</tr>
<tr>
<td>Related changes (with respect to members)</td>
<td>Presence of rumour</td>
<td>Set syndrome</td>
</tr>
<tr>
<td>Attitude of boss</td>
<td>Kind of interaction with people of other firm (unbiased, cooperation and negative feelings)</td>
<td>We-They attitude</td>
</tr>
<tr>
<td>Degree of perceived differences</td>
<td>Differences between the organizations</td>
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</tr>
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<td>Degree of actual differences</td>
<td>Changes in job. (Content/autonomy/relationship with boss)</td>
<td>The role of boss</td>
</tr>
<tr>
<td>Set syndrome</td>
<td>Changes in ways of functioning (organizational)</td>
<td>Degree of contact</td>
</tr>
<tr>
<td>Victor-vanquished/superior-inferior feeling</td>
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</table>
The regression as well as data analysis and interpretation presented in this chapter provides an insight into the modalities of human responses to mergers and also provide a window into the factors that determine the nature and complexity of such responses in the pre merger, through merger and post merger phases. It will be useful now to extract the key results from the analysis and interpretation of the survey and case data and to see if any discernible pattern can be deciphered from the emerging picture.