CHAPTER SIX

CONCLUSIONS

6.1 SUMMARY OF RESULTS FROM REGRESSION ANALYSIS OF SURVEY DATA

Data analysis and interpretation related to the examination of factors determining HR responses has yielded the results summarized below:

6.1.1 Merger Induced Stress

The regression equation is not significant for merger induced stress at the point of merger (POM) and at the point of response (POR). Thus, the HYPOTHESIS ONE is not supported by the data.

The regression coefficient of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations, changes in HR systems, degree of HRM intervention are not significant with merger induced stress at the time of merger and at the time of response.

These findings are at variance with the findings of earlier studies (Schweiger & DeNisi, 91; Weber et al, 96; Buono & Bowditch, 89, Larson & Finkelstein, 99). This variance could probably be associated with methodological constraints and dilemmas associated with quantitative measurement oriented approach rather than with conceptual validity of the constructs or posited hypothetical
relationships. The methodological constraints in the context of merger induced stress is linked to the time which has elapsed between the point of merger and the point of response to measurement being employed in the study. As the data shows, merger induced stress is at the highest intensity around the POM, just before actual merger and immediately afterwards. The case data shows that although the intensity may vary depending on whether the subject is a part of the acquired company or acquiring company, there exists, nevertheless, stress activated by merger. The degree of stress as experienced by the subject at the POM could be influenced by any of the posited independent variables identified by the study of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations, changes in HR systems, and the degree of HRM interventions.

Methodologically, the most powerful way to capture POM data is to study subjects with the kind of measures used in this study at the POM. Such attempts were made in this study. However, these attempts were confronted by extreme reluctance on the part, especially, of acquiring companies in the merger process. Methodologically, therefore, a second option was tried out – which was to build in two separate response sets from each respondent for each measurement – a response at the POR and another response at the POM.
The explanation for finding the merger induced stress is not borne out as a determinant of HR responses, therefore, could lie in the constraint discussed above. At the point of measurement the intensity of feelings may have been reduced resulting in the kind of response given to the measures. This is definitely the limitations of the “measurement” oriented approach and that is why from the point of view of increasing the utility of this research, an intensive case study was also conducted in which this variable emerges as a determinant of HR responses in the merger process at the POM. It is not this researcher’s argument that attempts should not be made to innovate measurement strategies (like dual response attempt, which has helped to capture realities as evident from the regression analysis with respect to other dependent variables in this study).

Also, a multi-method approach like measurement oriented tool as well as intensive case studies as devised in this study, which leverage on relative complementarities of tools, rather than an either/or qualitative versus quantitative approach, would help in understanding and explaining phenomenon with greater validity and reliability.

6.1.2 Uncertainties as a Response to Merger
The regression equation is not significant for uncertainties as a response to merger at the POM. The regression equation is not significant for uncertainties as a response to merger at the POR. Thus, HYPOTHESIS TWO is not supported for uncertainties as a response to
merger at the POM, but, the regression equation is not significant for Uncertainties as a response to merger at the POR. The regression coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations are not significant with uncertainties as a response to merger at the POM. The relationships as postulated in hypothesis 2a to 2c are not supported in case of uncertainties as a response to merger.

The regression coefficient of changes in HR systems in merged entities is positive and significant in relation to uncertainties as a response to merger at the POM and at the POR. This results in greater uncertainties as a response to merger at the POR. Thus, the relationships as postulated in hypothesis 2d holds true.

The degree of HRM intervention has a negative but significant effect on uncertainties as a response to merger at the POM and at the POR. The magnitude of regression coefficient with reference to degree of uncertainties as a response to merger at the POM and at the POR is higher in case of uncertainties as a response to merger at the POR as compared to uncertainties as a response to merger at the POR. This is in line with the formulation 2e.
As is evident from the dual measurement data analysis, in the case of uncertainties as a response to merger, the regression equation is significant at the POR while it does not seem to be significant at the POM. The inference being that uncertainty as an independent variable is validated more positively at POR in comparison to uncertainty at POM. It is also important to note that, in line with previous studies the analysis indicates that a higher level of changes in HR systems is determinant of uncertainties as a response to merger. The degree of HRM interventions, again in consonance with previous research, is a determinant of uncertainties as a response to merger. It is also important to note that the higher the degree of HRM interventions, the lower is the uncertainty.

The coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations are not significantly related to uncertainties as a response to merger. This is at variance with findings in previous literature related to the phenomenon (Jemison & Sitkin, 86; Schweiger & Weber, 89, Schweiger, Ivancevich & Power, 87, Weber et al, 96)

6.1.3 Inter-organizational degree of distrust between merging organizations.

The regression equation is significant for inter-organizational degree of distrust between merging organizations at the POM and at the POR.
Thus, the HYPOTHESIS THREE holds true for inter-organizational degree of distrust between merging organizations.

The regression coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations are not significant with inter-organizational degree of distrust between merging organizations at the POM and at the POR. The relationships as postulated in hypothesis 3a and 3b are not supported in case of inter-organizational degree of distrust between merging organizations.

The regression coefficients of extent of integration between merging organizations is positive and significant on inter-organizational degree of distrust between merging organizations at the POM. This is in line with hypothesis 3c.

The regression coefficients of changes in HR systems in merged entities is positive and significant on inter-organizational degree of distrust between merging organizations at the POM and at the POR. Actually, the effect is greater on inter-organizational degree of distrust between merging organizations at the POR. This is in line with what is postulated in hypothesis 3d that the inter-organizational degree of distrust between merging organizations at the POM and at the POR will be positively related to changes in HR systems in merged entities.

The degree of HRM interventions has a negative and significant effect on inter-organizational degree of distrust between merging
organizations at the time of merger and at the time of response. The magnitude of regression coefficient of degree of HRM interventions is higher in case of inter-organizational degree of distrust between merging organizations at the POR as compared with inter-organizational degree of distrust between merging organizations at the POM. This is in line with postulation of hypothesis 3e.

The regression coefficient is significant for inter-organizational degree of distrust between merging organizations at the POR validates it as an independent variable and a determinant of inter-organizational degree of distrust between merging organizations. However, the examination of significance of coefficients helps in drawing interesting conclusions:

The regression analysis of this study shows that cultural differences between merged entities, tolerance for multiculturism of the associating organizations are not determinants of inter-organizational degree of distrust between merging organizations. This finding is at variance with previous research (Pritchett, 85; Schweiger et al, 87; Buono & Bowditch, 89; Schweiger & DeNisi, 91; Larson & Finkelstein, 99).

The extent of integrations between organizations is significantly related to inter-organizational degree of distrust between merging organizations at the POM. Greater the efforts towards the integration of the two entities at the POM, the higher the distrust among the integrating subjects. This does not appear to hold good at the POR, probably because after the merger HR responses in the form of distrust
decreases as the merging entities settle down. Or, this finding could also be yet another manifestation of the methodological construct referred to earlier and inter-organizational degree of distrust between merging organizations is greater at the POM than at POR.

The regression coefficients of changes in HR systems in merging entities and degree of HR management interventions are significantly related to inter-organizational degree of distrust between merging organizations as mentioned in the literature. The effect of changes in HR systems is positive in the sense that the more the changes in HR systems in the merging entities, the higher would be the distrust. However, higher the degree of HR management interventions, lower is the degree of inter-organizational distrust between merging organizations. This again points to the key finding of this study that it is not the fact of differences between merging organizations that are material, nor is the quantum of HR systemic changes, but the degree of HRM interventions which plays a critical role as a determinant in facilitating the merger process.

6.1.4 Job Satisfaction Variation in Merging Entities

The regression equation is significant for job satisfaction variation in merging entities at the POM and at the POR. Thus, the HYPOTHESIS FOUR holds true for job satisfaction variation in merging entities.
The regression coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations are not significant with inter-organizational degree of distrust between merging organizations at the POM and at the POR. Hence the relationships as postulated in hypothesis 4a to 4c are not supported in case of job satisfaction variation in merging entities at the POM and at the POR.

The regression coefficients of changes in HR systems in merged entities is negative and significant on job satisfaction variation in merging entities at the POM and at the POR. The effect is greater on job satisfaction variation in merging entities at the POR. This is in line with what is postulated in hypothesis 4d.

The degree of HRM interventions has a positive and significant effect on job satisfaction variable in merging entities at the POM and at the POR. The magnitude of regression coefficient of degree of HR management interventions is higher in case of job satisfaction variable in merging entities at the POR as compared with job satisfaction variable in merging entities at the POR. This is in line with postulation of hypothesis 4e.

All the independent variables together are determinants of job satisfaction variable in merging entities. Contrary to what is reported in previous literature, the regression coefficients show that cultural differences between merged entities, tolerance for multiculturism of the
associating organizations, extent of integration between the two organizations are not significant both at the time of merger and at the time of response. However, in line with existing literature, the pattern of findings show that the changes affected in the HR systems have a significant and negative effect on job satisfaction variable in merging entities at the POR and that the degree of HRM interventions have a positive effect on job satisfaction variable in merging entities.

6.1.5 Commitment to the Merged Entity

The regression equation is significant for commitment to the merged entity at the time of merger and at the POR. Thus HYPOTHESIS FIVE holds true for commitment to the merged entity.

The regression coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations are not significant with commitment to the merged entity at the POM and at the POR. Thus the relations as postulated in hypotheses 5a to 5c are not supported in case of commitment to the merged entity.

The regression coefficients of changes in HR systems in merged entities is negative and significant on commitment to the merged entity at the POM and at the POR. The effect is greater on commitment to the merged entity at the time of response. This is in line with what is postulated in hypothesis 5d.
The degree of HRM interventions has a positive and significant effect on commitment to the merged entity at the POM and at the POR. The magnitude of regression coefficient of degree of HRM interventions is higher in case of commitment to the merged entity at the POR as compared with commitment to the merged entity at the POM. This is in line with postulation of hypothesis 5e.

The regression coefficients of cultural differences between merged entities, tolerance for multiculturism of the associating organizations, extent of integration between the two organizations are not significant with commitment to the merged entity at the POM and at the POR. This is contrary to what is reported in previous studies (Buono & Bowditch, 89; Schweiger & DeNisi, 91; Levinson, 70, Weber et al, 96)

The regression coefficients of changes in HR systems is significant and negative in commitment to merged entities. The degree of HRM interventions is significant and positively related to commitment to merged entities at the POM and at the POR as reported in the literature.

6.2 INTEGRATING SURVEY AND CASE DATA RESULTS

The finding from the survey brings to light some important effect of the degree of changes in the HR systems in the merged entity. The regression coefficient of HR Systems in the merged entity is negative and significant with job satisfaction variable in merged entity, commitment to merged entity. In all these cases, the magnitude of
Coefficient is higher post merger compared with during merger. The regression coefficient of changes in HR systems in merged entities is positive and significant with interorganizational attitudinal orientation among merged constituencies. This finding is in line with what has been seen in the literature survey (J&S, 1986; B&B 1989; Napier 1989; Schweiger et al. 1987). The case also highlights the important effect the changes in HR systems have on the HR responses.

Insights from the case also draw attention to both the inevitability of changes in formal HR systems that occur in merger situations and also the possible consequences of such changes. The case data, for instance, points to the differences in the performance appraisal systems between NPIL and BMIL. The performance appraisal systems is one of the main processes by which executives evaluate an organization. It defines the exchange component between industry and the organization. BMIL was seen as having structured performance appraisal systems when compared with NPIL. Secondly, the time schedule in performance appraisal systems in BMIL and NPIL were different. In BMIL all appraisal would get over by January 31st of subsequent year. There was a Self Appraisal Form and deadlines were adhered to. The forms would be appraised by 1st week of February and rewards would be known by 1st week of April. Roche Products Ltd had a similar system wherein by 1st week of April increment were given. This was not the case with NPIL. The extent to which this
caused disturbance was reflected in the comments by the respondents, which are quoted from the earlier analysis.

❖ "Promotions and increments do not take place at the right time here (NPIL). BMIL had a better appraisal system."

❖ "In NPIL appraisal took place in July of the year and increments were given in September/October with arrears."

❖ "Because of the delay there are feelings of anguish and concern."

❖ "A feeling that while work deadlines were sacrosanct, the deadlines for rewards are not."

❖ In BMIL in the appraisal process "persons were frank, not secretive, even about bad or uncomfortable facts." In NPIL "appraisals are not given the importance it deserves." Ratings are given in secretive manner.

❖ "In the case of performance appraisal (which were different in BMIL and NPIL) and MIS there were problems in the short term and effectiveness was hampered till peace was attained."

❖ There were changes in performance systems. "BMIL had a concrete instrument and a better system."

These illustrations and the interview statements from the case study reinforce the findings from the regression analysis that changes in HR systems do have a bearing on the HR responses in the merger process. The findings also show that more often than not, the impacts of changes in the HR systems have the distinct possibility of creating a none too conducive atmosphere in the post merger process.

It is in this context of the reality of functional changes, which in any case appear to be inevitable, that the other most salient findings from the regression analysis based on survey data of the role of degree of
HRM interventions becomes important. Changes in HR systems are inevitable and such changes have a negative impact on the post merger HR responses, but effective HRM interventions can help in offsetting the negative consequences of HR system changes.

The variable, degree of HRM interventions, has tried to capture the employment of various process interventions – interventions to manage differences in culture, systems, service conditions and systematic efforts at addressing fears and concerns of the individual. The degree of HRM interventions or the intervention strategies relate to the following process steps:

- steps taken for communicating, managing the differences in culture
- steps for enhancing the involvement in decision making, employee counselling and steps for managing human emotions
- steps to ensure operational smoothness, aligning system differences
- steps for building teams and setting up of transition teams

As the analysis presented earlier shows, the regression coefficients of degree of HRM interventions is positive and significant with cooperation orientation among the merging entities, job satisfaction variable in the merged entity. The regression coefficient of degree of HRM interventions is negative and significant with interorganizational degree of distrust between merging organizations, uncertainty as a response to merger.
Incidentally, the regression findings are in line with previous research findings, which also points to the importance of degree of HRM interventions in relation to HR responses (Buono and Bowditch, 1989, Schweiger, 1987; Jemison & Sitkin, 1986; Napier, 1989; Larsson & Finkelstein, 1999).

The importance of this factor becomes evident from the case study data, too. One of the reasons why NPIL could manage the transition without any major disruption was because of the existence of a road map for interventions in the organization pre-merger, through merger and post-merger phases.

In the pre-merger phase, HR department was involved and executives were told how benefits would accrue from the merger, what would be the size of the market etc. The problem of executive staff was anticipated and a plan was made to reduce staff through creation of joint ventures. HR was mandated to ensure that all efforts should be extended to reduce the "victor-vanquished," "we-they" feeling to avoid interfering with the way people are used to work, communicate mutual gains for both, minimise employee turnover and consequent bad blood, reduce the feeling of a person lost out and get the people to appreciate the need for people to be supportive. HR department was also to devise processes and mechanisms to build a true congenial climate by creating and communicating transparency, actually building trust and
confidence, facilitating change, adding value through training and development etc.

The organizations worked independently in the initial period (From October 1996 to October 1997 the merged organizations worked independently) so that there was a cushion for the operations to attain synergy before the legal changes could take effect. After the merger, the actions were directed at addressing the concerns, fears and anxieties of executives, especially, of the acquired firm. There were no major changes introduced in this stage. Thus, the executives continued to operate like they did before the merger. People were given ample time to adjust, no major changes in systems were made, rumors were quelled through timely information for the people to understand the logic of merger.

After this phase, efforts to integrate the two organizations were initiated. Changes were brought about in systems, processes and structure. Rationalization of facilities and manpower was done. Manpower was redeployed based on a systematic analysis. Thus, in this stage, there were changes brought in the ways of working. The following steps were taken:

❖ Efforts to develop and communicate the image of the company
❖ Steps to create and communicate the cherished values of the company
HR systems and processes designed to be sensitive to regional differences combined with an integrated approach which has a uniform culture across the company

Resolution of conflicts by working out power sharing arrangements in advance

Common distribution and common sales force.

Harmonization of systems, service conditions, salaries, industrial relations, training, rationalization of manpower etc.

In spite of all these efforts, the general view was that such initiatives should have been planned in pre-merger and through merger phases. Respondents felt that the absence of HR intervention at the POM and felt that had HR played a more proactive role, integration would have been smoother. Their comments quoted below, indicate the feeling that enough was not done:

• "Had HR intervention been there at the POM instead of after sometime, the positive responses perhaps would have emerged much earlier."

• "Nothing good was done" referring to lack of HR intervention at the time of merger.

• "Feels HR Department / function to be very vague."

• "Feels that they did not do any work." There was nothing done at the time of merger."

• Executives expected support during the transition, but the HR department did not render support : The "People were left for themselves for adjusting to the new set up."

The above comments reflect that a properly planned and implemented HR intervention could have been of greater use in addressing the reactions evoked at the POM. While later interventions did help in
stabilizing the situation, a well crafted and orchestrated plan implemented from the POM could have helped in managing the HR responses.

In essence, the analysis of data helps us observe those variables which have been supported by findings from both case study and questionnaire survey and also those variables which have emerged from the case study, but have either not been supported by the findings from the questionnaire survey or have not been explained in the framework considered from the questionnaire survey. Hence, this not only substantiates the findings of the questionnaire survey, regarding the importance of the variable thrown up, but also helps us realise the importance of other factors. The fact that these factors do not emerge significant or have not been included in the determinants, indicates a potential area for future research.

The discussions in this chapter points to a great deal of congruence in the regression analysis and case findings. The integration of findings also throws up interesting possibilities both for the corporate world as well as for scholastic world which will be highlighted in the next chapter.