ASSESSMENT OF RELATIONSHIP BETWEEN ORGANIZATIONAL CULTURE, IDENTIFICATION AND COMMITMENT IN THE CONTEXT OF MERGERS

Thesis

Submitted in partial fulfillment of the requirements for the degree of

DOCTOR OF PHILOSOPHY

By

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DECLARATION

I hereby declare that the Research Thesis entitled Assessment of Relationship between Organizational Culture, Identification and Commitment in the Context of Mergers which is being submitted to the National Institute of Technology Karnataka, Surathkal in partial fulfillment of the requirements for the award of the Degree of Doctor of Philosophy in Management is a bonafide report of the research work carried out by me. The material contained in this Research Thesis has not been submitted to any University or Institution for the award of any degree.

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CERTIFICATE

This is to certify that the Research Thesis entitled Assessment of Relationship between Organizational Culture, Identification and Commitment in the Context of Mergers submitted by Ms.Rashmi Uchil (Register Number: HM05P02) as the record of the research work carried out by her, is accepted as the Research Thesis submission in partial fulfillment of the requirements for the award of degree of Doctor of Philosophy.

Research Guide
(Name and Signature with
date and seal)

Chairman - DRPC
(Signature with Date and Seal)

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ABSTRACT

Culture is the glue that binds people across geographical boundaries. Culture provides the unique identification to a group and provides its members a sense making ability to view the world and perceive it in a way distinct from other groups. This dimension of culture permeates into the professional realm and creates an organizational culture that is specific to each organization. All employees of an organization internalize the core values and propagate the organizational culture in their ordinary activities. Organizational culture assumes importance when an organization envisages a change. One such change initiative is through the inorganic route of a merger. A merger involves two almost similar and equal organizations coming together and forming a new entity in order to realize stated gains. But studies have shown contrary results. Most mergers fail to deliver as promised. Studies have also revealed that organizations do not consider the impact of organizational culture and its associated variables as part of their due diligence efforts before the merger. This provided the impetus for the current study. The researcher has made an attempt to assess the relationship between organizational culture, identification and commitment on mergers with specific reference to the Indian manufacturing and service sectors. The researcher framed research questions, research objectives and research hypotheses to serve as a guide for instituting the study. A review of related literature provided the foundation to base the study and helped in the development of a literature map and the conceptual framework. The research design envisaged for the study was a mixed method combining both the qualitative and the quantitative approaches to collect in depth data. The initial research was exploratory with the aid of the grounded theory methodology to crystallize the variables for the study. The identified variables were then tested on the sample identified through the administration of a questionnaire and an interview schedule. A mixed sampling method was adopted for the study in line with the mixed research approach. The sampling method was a combination of the probability and non-probability methods and it was used in an iterative method again in line with the grounded theory methodology. The sampling frame was ascertained from the databases of the CMIE and the Bangalore Stock Exchange. A total number of thirty nine organizations that had taken the merger route formed the basis for

drawing the sample. Each of these organizations was represented by six respondents from the three managerial levels, thus making up a total of two hundred and twenty eight respondents. The data collected was subject to statistical analysis such as the Chi-square test, McNemar Test, Mann Whitney z test, Regression Analysis, Correlation Analysis and Factor Analysis. The results of these analysis and the hypotheses testing opened a new dimension in the study of mergers in the context of Indian manufacturing and service sectors. The results revealed that organizational culture, identification and commitment have a significant relationship with one another and that they do not exist in isolation. The Indian manufacturing sector was more inclined towards accepting and internalizing the changes in organizational culture than the service sector. Both the sectors revealed that organizational identification changed with the merger and did not contribute significantly towards the generation of organizational commitment. The study also looked into the impact of leadership, attrition and gender equality on identification and commitment. The researcher has been able to draw a few important conclusions that may contribute to the existing body of knowledge in the field of organizational identification and commitment. The study has been successful in reiterating the importance of people in organizations and recommends that organizations consider their employees not just as resources and assets but as partners in their business venture.

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LIST OF ABBREVIATIONS

ASEAN	Association of South East Asian Nations
BRICs	Brazil, Russia, India, China and South Africa
CCI	Competition Commission of India
CMIE	Centre for Monitoring Indian Economy
DIPP	Department of Industrial Policy and Promotion
DTC	Direct Taxes Code Bill 2010
ECB	External Commercial Borrowings
FDI	Foreign Direct Investment
FIIs	Foreign Institutional Investors
GAAR	General Anti-Avoidance Regulations
GCF	Gross Capital Formation
GDP	Gross Domestic Product
IIP	Index of Industrial Production
IMF	International Monetary Fund
IT	Information Technology
ITeS	Information Technology enabled Services
M&A	Mergers and Acquisition
MDG3	Millennium Development Goal 3
NSSO	National Sample Survey Organization
NYSE	New York Stock Exchange
PE	Private Equity
R&D	Research & Development
RBI	Reserve Bank of India

RIL	Reliance Industries Limited
RPL	Reliance Petroleum Limited
SEBI	Securities and Exchange Board of India
US	United States
WEF	World Economic Forum
WHO	World Health Organization

CHAPTER ONE
INTRODUCTION

1.1 CHAPTER OVERVIEW

The chapter lays the groundwork for the study by detailing the research problem, the purpose, the research objectives and the research hypotheses. Section 1.2 begins with the introduction and is followed by the global merger scenario in section 1.3 and the Indian merger scenario – past and present in section 1.4. Section 1.5 deals with mergers in India and section 1.6 gives in detail the Indian Takeover Act. The soft issues of mergers are discussed in section 1.7. Section 1.8 deals with the research gap, section 1.9 identifies the research questions, the research objectives form a part of section 1.10 and section 1.11 gives the research hypotheses. Section 1.12 gives the relevance of the study, section 1.13 gives the scope of study and section 1.14 gives the operational definitions. Section 1.15 states the limitations of the study and the chapter ends with the summary in section 1.16.

1.2 INTRODUCTION

Human beings lay claim to that one single property, that of culture. Culture has been a subject of interest for long and it has seen various social science researchers studying it from different approaches. The survey research approach, the analytical descriptive approach and the ethnographic approach are a few. The importance given to the study of culture leads one to examine the reason for the burgeoning interest in this phenomenon. Firstly, culture has been the glue that has provided stability for most societies to continue even in the face of extreme pressures to change and conform. This is all the more evident in certain backward communities, which have still remained untouched by change for centuries. So culture provides stability to a society. Secondly, many ethnographers have noticed that members of a society not only exhibit certain common behaviours, but their perceptions, cognitions and feelings also had a great deal of similarity. This sharing or consensus of ideas, thoughts and beliefs is culture. Thirdly, anthropologists have observed that societies have common underlying patterns and that these patterns were created as a result of the culture subscribed to by the society. The patterns running through a society are perpetual and cross many generations. So culture can be said to be perpetuating the regularities and characterizing it with dynamism and holistic patterning. Culture is also said to be all pervasive since it affects all aspects of daily life.

The importance of culture is further delineated in its definition given by Schein (1991). He defines culture as "a pattern of shared basic assumptions; invented, discovered, or developed by a given group; as it learns to cope with its problems of external adaptation and internal integration; that has worked well enough to be considered valid, and, therefore, is to be taught to new members of the group as the correct way to perceive, think, and feel in relation to those problems." This definition of culture is applicable to any group or society or organization. From this definition of culture, the definition of organizational culture can also be drawn. Schein says that a group's culture is dependent on the learning that has happened in the group and the process involves dealing with two fundamental sets of issues – external adaptation and internal integration (Table 1.1). An analysis of these issues sets the primary stage for the identification of the dimensions of culture.

Table 1.1: The External and Internal Tasks Facing All Groups

External Adaptation Tasks	**Internal Integration Tasks**
Developing consensus on:	Developing consensus on:
1. The core mission, functions and primary tasks of the organization vis-a-vis its environments.	1. The common language and conceptual system to be used, including basic concepts of time and space.
2. The specific goals to be pursued by the organization.	2. The group boundaries and criteria for inclusion.
3. The basic means to be used in accomplishing the goals.	3. The criteria for the allocation of status, power and authority.
4. The criteria to be used for	4. The criteria for intimacy, friendship

measuring results.	and love in different work and family settings.
5. The remedial or repair strategies if goals are not achieved.	5. The criteria for the allocation of rewards and punishments.
	6. Concepts for managing the unmanageable – ideology and religion.

Source: *Schein (1985a) "Organizational Culture and Leadership", Jossey-Bass, San Francisco.*

The breadth of culture is very vast and an analysis of all the things that a group has learned could lead to a full blown study on ethnography. Schein (1985) opines that for a more detailed theory of culture, a higher order set of issues be derived that are a part of all culture research. These higher order set of issues (Table 1.2) have been identified as some underlying dimensions of culture.

Table 1.2: Dimensions of Culture

Dimension	Questions to be answered
1. The organization's relationship to its environment.	Does the organization perceive itself to be dominant, submissive, harmonizing, searching, out of niche?
2. The nature of human activity.	Is the "correct" way for humans to behave to be dominant/pro-active, harmonizing, or passive/fatalistic?
3. The nature of reality and truth.	How do we define what is true and what is not true; and how is truth ultimately determined both in the physical and the social world? By pragmatic test, reliance on

		wisdom, or social consensus?
4.	The nature of time.	What is our basic orientation in terms of past, present and future, and what kinds of time units are most relevant for the conduct of daily affairs?
5.	The nature of human nature.	Are humans basically good, neutral, or evil, and is human nature perfectible or fixed?
6.	The nature of human relationships.	What is the correct way for people to relate to each other, to distribute power and affection? Is life competitive or cooperative? Is the best way to organize society on the basis of individualism or groupism? Is the best authority system autocratic/paternalistic or collegial/participative?
7.	Homogeneity vs. diversity.	Is the group best off if it is highly diverse or if it is highly homogeneous, and should individuals in a group be encouraged to innovate or conform?

Source: *Schein (1985a) "Organizational Culture and Leadership", Jossey-Bass, San Francisco.*

The dimensions of culture pave the way for an understanding of the typologies of organizational culture. Various typologies have been used over the years to distinguish the types of organizations[1]. The most recent ones are given by Goffee and Jones (1998), Blake and Mouton (1964, 1969, 1989), Ancona (1988) and Cameron and Quinn (1999)[2]. These typologies serve to categorize organizations to deal with organizational complexities. Organizational culture is created by the founders through their thoughts, words and actions. They employ the primary and secondary embedding mechanisms (Schein 2004) to transmit culture.

Primary embedding mechanisms:

- What leaders pay attention to, measure and control on a regular basis.
- How leaders react to critical incidents and organizational crises.
- How leaders allocate resources.
- Deliberate role modeling, teaching and coaching.
- How leaders allocate rewards and status.
- How leaders recruit, select, promote and excommunicate.

Secondary articulation and reinforcement mechanisms:

- Organizational design and structure.
- Organizational systems and procedures.
- Rites and rituals of the organization.
- Design of physical space, facades and buildings.
- Stories about important events and people.
- Formal statements of organizational philosophy, creeds and charters.

This insight proves that organizational culture has deep roots and is connected to the overall structure and strategy of the organization. Given such a scenario, effecting an organizational culture change is very difficult to fathom. This requires the organization and the employees to understand:

- Why healthy organizations need to change?
- Why individuals and groups resist change?
- How to analyze forces that facilitate and constrain change?
- How to develop valid change targets for the given time period?

Organizational culture change is necessitated in case of mergers. During mergers, it has been noted that careful checks of the financial strength, market position, management strength and other concrete aspects of both the companies considering the merger are affected. But what is of importance is to comprehend that mergers involve a contact between two managements with their unique culture shaped by its members' shared history and experiences. Many academicians and practitioners acknowledge the importance of cultural fit in mergers, but there are very few empirical studies to prove this point. There are studies to prove that the culture clash may have a drastic effect on the managers (Sales & Mirvis 1984; Jemison & Sitkin 1986; Marks 1994) and may impede successful integration of the two firms (Weber & Schweiger 1992). It has been observed that cultural differences are critical in creating an atmosphere that can support capability transfer and obtaining the participation of people (Haspeslagh & Jemison 1991). This has an effect on the financial performance of the mergers.

1.3 GLOBAL MERGER SCENARIO

Mergers have been the preferred route for inorganic growth for most companies. The twentieth century witnessed five merger waves – one in the beginning, and successive ones in 1920s, 1960s, 1980s and 1990s. Great Britain and the US saw the earlier phases of merger activity happening on its soils, but the latter waves have engulfed all the major industrial countries of the world. The trend of the recent spate of mergers has been cross border in nature. Brazil, Russia, India, China and South Africa (BRICs) nations are the recent entrants into the arena of global mergers. Between 2007 and 2008, the merger activities by firms based in BRICs and in Indonesia increased by 30 percent from $ 96 billion to $ 121 billion. This trend of global mergers started to plummet from the year 2007. There were news of tightening credit, but since credit was available, merger deals continued unabated. The US recession due to sub-prime crisis seemed very distant for the Asia-Pacific region. But this feeling of hope did not last long for the Asia-Pacific region. A series of storms, cyclones and earthquakes started affecting the financial markets of the region. The US recession and the stock market decline finally hit this region. The financial slowdown in the US in the year 2007 started hitting the economies of the Asia-Pacific region. The year 2008 began with economies reporting slow growth and a fall in the stock markets and real estate prices. The nascent stock markets of China and India turned very volatile and fell by 40 percent to 50 percent within six months. The rising commodity prices and the resultant inflation caused untold hardship to the urban poor of Asia. Socio-politically destabilizing protests were seen in Philippines, Malaysia, Indonesia, Thailand, India, Japan and Korea. The central banks in all countries could not reduce their interest rates to stimulate growth because of the inflationary pressures. The economic pressures were supplanted by rising political tensions within these countries, which further added on to the miseries of these nations. The sub-prime crisis fuelled a round of bank failures in the US which led many governments to hand out bailout packages to the ailing firms. This period saw a massive credit crunch, soaring interest rates and stock markets across the globe crashed. This phenomenon sparked off fears of a global systemic crisis, which led many central banks to pump liquidity into their banking systems. During this period, merger deal value and volume fell by 38 percent and 16 percent respectively in the first half of the year 2008 in the Asia-Pacific region. The International Monetary Fund (IMF) warned, "as banks seek to de-leverage and economize on capital, assets are being sold and lending conditions tightened, resulting in slower credit growth in the US and Euro area." The international economic crisis hit the Asia-Pacific region leading to slow and sometimes negative growth, falling stock prices and tightening credit. Merger deal activity was very slow in the year 2008 and carried on to the financial year 2009 (Asia Pacific M&A bulletin 2009).

Asian export sectors suffered the most as demand in the west declined. The economic downturn taught a few well-deserved lessons to the financial world. There was a flight to quality and demand for growth capital declined. Most companies started turning towards achieving cost efficiencies, lean management, sustainable cost restructuring, working capital management, process improvement and upgrading their management information systems. By the beginning of the year 2009, the Asia-Pacific region was on the road to recovery. The stock exchanges in these regions gained by 53 percent. China led the recovery by 61 percent, Indonesia and Taiwan gained by 90 percent and Hong Kong and Singapore gained by 50 percent each. In comparison to these statistics, Australia and Japan gained by a very modest 33 percent and 24 percent respectively. Many other factors contributed to this recovery. Commodity prices increased, the Commodity Research Bureau's CMBT Index, which is a measure of price movements of 22 basic commodities, rose by 35 percent. The International Monetary Fund opined that the quick rebound was due to the improvement in the short term outlook, which had increased the incentives to hold inventories. Prices of crude oil and real estate improved strongly and China, Hong Kong and Singapore had to introduce measures to curb speculations to control price increases. This recovery in Asia was primarily due to the efforts of the central banks and the governments. The recovery seen in Asia was not duplicated in the US and the UK. The countries in the Asia-Pacific region did well, with China and India having a positive growth. The international financial crisis was averted due to the concerted efforts of the central banks and the governments all across the globe that rushed to the aid of the struggling corporations. A host of monetary and fiscal stimuli were flooded into the economies to boost liquidity, governments went in with massive spending and bailed out many corporations that were on the verge of a collapse and thereby prevented a systemic global financial meltdown. Public debt was used as a source of finance to all these activities which would surely contribute to their fiscal deficit in the years to come. Countries would also have to think on the timing of withdrawing these stimuli as there was a risk of asset bubbles and rising inflation and also of falling headlong into a double dip recession. The recession had also thrown light on the utter lack of government controls and measures on the private enterprise and the highly risk-assuming behavior of organizations. The continued payout of huge bonuses to bank executives and the unbridled excesses of financial institutions led to the collapse of the international economy and tighter controls and reforms were needed to prevent the re-occurrence in the future. But the policy makers needed to understand that excessive regulation could hamper innovation and creativity that was responsible for wealth creation. This spate of protectionist moves had also resulted in countries putting-up anti-dumping laws on each other. The examples of US and China levying anti-dumping laws on one another on import and export of different products are a case in point. Such measures have an effect of strengthening domestic industry, but they cannot help the economies in the long run. These measures have also increased the perception that the US is moving away from free trade and also alienating itself from Asia. This is also felt more severely because of the stronghold achieved by China. China has not only grown as an economic powerhouse, but it has tried to make its presence felt in Asia by signing the free trade agreement with Association of South East Asian Nations (ASEAN) in the year 2004. This has come into effect by January 2010 and will be covering 1.9 billion people and $6 trillion worth of trade. This growing importance of China has finally made the US take note of re-engaging with Asia and the US administration signed the ASEAN's Treaty of Unity and Co-operation in November, 2009. Through this Treaty, the US has promised engagement with the Trans-Pacific Partnership, a free trade agreement by Brunei, Chile, New Zealand and Singapore to eliminate regional trade barriers. The recently concluded Copenhagen summit also had its fair share of impact on the economical considerations. The disappointing end to the summit demonstrated the lack of political will to effect a legally-binding agreement to reduce carbon emissions. The organizations have realized the need for their businesses to be environmentally responsible. The merger scenario has also had an impact through these changes in the international economic arena. The merger opportunities would be found in those areas which are into green technology. The global economic crisis hit the merger deal value in the year 2009 which stood at $ 498 billion, which was 3 percent lower than the $ 511 billion in the year 2008 and a fifth lower than $ 593 billion in the year 2007. The number of deals in 2009 at over 12,800, was 1 percent less than that in the year 2008 and 3 percent less than that in the year 2007. But the merger activity in the Asia-Pacific region increased keeping in tune with the economic recovery in that region. The second half of the year 2009 witnessed $ 263 billion worth of deals which was 12 percent higher than $ 235 billion in the first half of the year. The highest deal activity was seen in the last quarter of the year 2009, which exceeded the last quarter of the year 2008 by 36 percent. The global mergers in the Asia-Pacific region increased from 23 percent in the first half of the year 2009 to 28 percent in the second half of the year 2009. This activity was not seen in the US and the European regions due to the intensity of economic recession and also showcasing the recovery of the Asia-Pacific region. The rate would have been higher in the Asia-Pacific region in the first half of the year 2009, if the government bailouts in the US and the European countries were not included in the statistics (Asia Pacific M&A

bulletin, 2009). The scenario of global mergers changed in the second half of the year 2009 due to the recovery of the international economy and the steady growth in the Asia-Pacific region. The first half of the year 2009 saw majority of the deals concluded in the resources and the financial services sector. High technology, industrials and real estate were the other sectors that contributed to the majority of the activity in the global mergers scenario. The merger activity in the second half of the year 2009 saw tremendous speed in the Asia-Pacific region with the exception of Japan. Japan had a slew of domestic merger activity, mainly because the domestic organizations were trying to stay competitive by increasing market share and strengthening their business and financial bases. The trend of mergers in the Asia-Pacific region highlighted the fact that this region was slowly emerging as the new power base of the world. This was possible because this region had remained fairly unscathed by the global economic recession. This has also thrown light on the strength of these economies to balance the fall in their exports through domestic consumption. The western world is hence enthusing for merger deals in this region especially in the financial services, infrastructure, retail, healthcare and retail sectors. The western countries also expect an increase in the outbound deals from this region due to the increasing strength of the currencies and the need for resources and food security. Countries that were capitalistic had put in government controls and had also provided fiscal and monetary stimuli for growth. But they had also realized the danger of taking away these stimuli prematurely, because the risk of asset bubbles and inflation were still present in the economy. The IMF had forecast that the global economy would grow by 4 percent in the year 2010. Analysts all over the globe were optimistic of a good recovery in the year 2010. The Asian countries, excluding Japan, were forecast to be drivers of growth. China had forecast a growth rate of 10 percent and India had forecast a growth rate of 7.7 percent. IMF had predicted a slower growth rate for US, UK and the European countries of 2.7 percent, 1.3 percent and 1 percent respectively. These countries would also have high unemployment rates to contend with. U.S. and the Euro area countries would have a 10 percent unemployment rate in the short run horizon, which was a historic high for these countries. This would have an impact on the household savings rate which was going to be at a high of 4 percent and 12 percent, since 1999 and 1997 respectively. Though the growth rates in China and India were positive, the Asian recovery would not be that imminent, since the consumption levels in the G-3 countries (US, UK and the Euro area) were still the main drivers for the export oriented companies of these Asian countries. About 18 percent of the global GDP was accounted by US consumption alone and most of China's exports served as inputs for production for export into the G-3 countries. The only solution for this predicament was to re-orient these export-oriented economies for domestic consumption. But this change in policy required a structural shift and a paradigm change which was not achievable on a short term basis. So the global recovery may not herald a growth rate that is nearer to the pre-crisis levels in a short span of time.

The first quarter of 2012 did not herald a bright future for global mergers. The total worth of announced deals was only US$ 2,483 billion which was 31.2 percent lesser than the deals announced in the first quarter of 2011. Of the deals, nearly two-fifths of the total flowed into the European region (US$ 164.5 billion). The global mid-market deals also saw a decline in the first quarter of 2012. There were only 234 deals, worth US$ 152.9 billion, which was 18.3 percent lower than the total worth of deals in the first quarter of 2011. The European mid-market deals also declined by 16.2 percent in comparison to the figures of the first quarter 2011. Energy, mining and utilities and the real estate sector saw the greatest activity in the first quarter of 2011. The first half of the year 2012 saw a reversing trend, with a 13.9 percent increase in the number of deals in comparison to the first quarter of 2012. The total worth of deals in the European continent registered an increase of 6.6 percent as against its figures in the first quarter of the year 2012. The deals in Japan accounted for the major increase with an increase of 40 percent in the second quarter of the year 2012, as against the deals in the second quarter of the year 2011. The global mid-market activity saw a decline of 11.9 percent in the second quarter of the year 2012 in comparison to the first quarter of the year 2012. The total worth of merger deals in the emerging markets saw an increase of 8.3 percent in the second quarter of the year 2012 in comparison to the first quarter of the year 2011. But the deal value in

BRICs declined to US$ 56.7 billion, which was its second lowest point since the first quarter of the year 2010. There was an upsurge of 59.3 percent in the other emerging markets in the second quarter of the year 2012. This increase was due to an increase in the inbound cross-border activity (US$ 59.4 billion) and also in the out-bound cross-border activity (US$ 70 billion). The deals in the Asia-Pacific region declined to US$ 19.7 billion in the second quarter of the year 2012 as against the deal value of US$ 25 billion in the first quarter of the year 2012.

1.4 INDIAN MERGER SCENARIO – PAST & PRESENT

Indian corporate scenario was one which was shackled with regulations and restrictive covenants. The 1991 economic reforms have unfettered corporate India, exposing it to market prices and also allowing it to develop long term corporate strategies to enhance competitiveness and sustainability. Companies will have to index internal ability, so as to react to changes in the industry. Indian companies have responded well to the economic reforms and have successfully set sail on the merger route. Indian corporate executives have the advantage over their other counterparts with respect to their abundant talent. The other factor that goes in favor of Indian executives is their knowledge of the English language and their ability to bring multi-culturality into business. Indian companies also have the added experience of working in the West, significantly in the US, post liberalization. They have also had to comply with the laws and norms of competition and therefore are more adept in expanding their reach in the European sector also. The Indian business scene was changing even before liberalization set in. Two trends[3] have emerged in the characteristics of the Indian business leaders. They are: (a) a new generation of leaders trying to find their own space in long established business houses; (b) small, family-owned companies have become forces to reckon with in the country. This has led to some traditional business houses becoming professionalized and the control of family members has been greatly diluted. On the other hand, there have been instances when individual entrepreneurs have succeeded on their own might without any governmental aid and support. Another characteristic of Indian companies is their style of diversification. Companies are not investing their majority stake in only a single type of activity. The Tata Group owns a steel plant, an automobile division and also the largest IT consulting firm in India, the Tata Consultancy Services. The Reliance Group's holdings range from telecommunications to electricity supply.

India's economic growth in the fiscal year 2008 stood at 9 percent which was lower than the growth rate achieved in the previous year which was 9.6 percent. This growth of 9 percent in the year 2007-08 was due to the increased production in the agriculture sector, the services sector and the manufacturing sector. Rising crude oil prices had powered up inflation and the government had taken all measures to control the inflationary tendencies. The government had made changes in its indirect tax structure and had also restricted the export of cement and steel to avoid domestic shortages. But these measures were not sufficient, as the expanding current account deficit and the depreciation of the rupee were also contributing to the high cost regime. This had an adverse impact on infrastructure development and supply creation, which in turn impeded growth. The Indian stock market plummeted to a low of 13,000 points in June 2008. But even with this background, the Indian government was successful in maintaining a positive environment for investors as Foreign Direct Investment (FDI) went up to $ 24.5 billion in the year 2007-08, which was a 55 percent increase over the previous year's figures of $ 15.7 billion. This increase in FDI resulted in the Indian foreign exchange reserves increasing to $ 300 billion in the year 2007-08. The slowdown in the economic activity had been compounded by political uncertainty, where the coalition partners were dithering in their support to the Congress-led Government at the centre. But these indicators still could not dampen the optimism that the growth rate would be in the range of 8 percent and 9 percent for the subsequent year.

The financial year 2009 registered a growth rate of 7 percent which was quite good considering the fact that the entire globe had experienced an economic downfall. The economy was on the turnaround due to the good performance of the industrial and the services sector. The growth in the industrial sector was primarily due to the growth in the manufacturing sector and the key drivers of the service sector were the real estate, business services and financing sector, trade, hotels and the transport and communications sector. The agricultural sector, the backbone of the economy showed a very poor performance with only 1.7 percent growth rate. Inflation had been a point of concern for India and the rising crude oil prices were not helping the situation in any way. The Indian stock markets which had been very volatile, rebounded by 50 percent, which exhibited investor confidence, narrowing spreads and reduced volatility. The Indian economic turnaround has lured back the Foreign Institutional Investors (FIIs) who made a net investment of over $ 16.8 billion in the Indian stock market by the end of the year 2009. This flow of FIIs strengthened the Indian rupee by approximately 5 percent against the dollar. In spite of these positive cues, the FDI decreased by approximately 11 percent in the first nine months of the year 2009. But the total FDI into India crossed the $ 100 billion mark for the first time since the year 2001. The Indian economy is poised for growth and revival in the year 2010. The growth rate is estimated to be at 8 percent taking into consideration the increases resulting from revival in domestic demand and private consumption. This revival is attributed to the stimulus measures adopted by the government at the time of need.

1.5 MERGERS IN INDIA

Mergers have been taken as a surefire strategy by Indian companies for the following reasons: (1) Mergers were taken in their correct sense to enhance shareholder value rather than just to take advantage of bureaucratic loopholes; (2) to consolidate small and fragmented players; (3) necessity of companies to focus on core competencies to compete globally; (4) need to take advantage of relaxed regulations in tune with economic realities. Mergers provide a successful entry route into new geographic and product market, because of the existing infrastructural framework. But there are divergent views, which state that mergers allow redistribution of wealth and do not generate real economic benefits. The real danger lies in the over enthusiastic response of Indian companies towards mergers, which may result in closure of some companies, if due diligence is not exercised. The basic objective of mergers is value creation which can be attained through optimum allocation of scarce and expensive resources to increase productivity. This is possible if the companies understand the correlation between strategy and value creation, which would enable them to index the possible gains from mergers, ensure realistic pricing, counter-anticipate problems, have realistic expectations and finally judge the impact on value. The BRICs are poised to be the next super powers. Indian entrepreneurs and business houses are making their presence felt in the global arena. This trend is due to the size of the companies within India and so they need to expand outside India. They acquire companies that operate in foreign markets that are similar to their own markets, but where they already have experience. Companies operate in those sectors where size matters and where they can take advantage of economies of scale so as to lower their costs. Companies had begun their acquisition spree in the US markets because the legal and bureaucratic matters are conducive. The Indian merger movement has taken an upward surge with the recovery of the recessionary trend world-wide. The merger activity in the first half of the year 2008 was in pace with the previous year's activity, which included the signing of the deal between Tata Motors and Jaguar and Land Rover for $ 2.3 billion. There was a decline in the deal volume and deal value in India. The total number of deals declined from 663 in the first half of the year 2007 to 591 in the first half of the year 2008. The deal value declined by 17 percent from $ 38.4 billion in the first half of the year 2007 to $ 31.8 billion in the first half of the year 2008. Pharmaceuticals, Information Technology and Information Technology enabled Services (IT&ITeS), banking and financial services and the real estate services sector contributed to the investment activity. A total number of 138 outbound deals valuing $ 9.5 billion were made during the first half of the year 2008. Some of the significant deals during this period were:

- Tata Chemicals Limited's acquisition of General Chemical Industrial Products Inc for $ 1 billion.

- India Bulls Real Estate Limited's acquisition of Dev Property Development Plc for $ 274 million.
- Jubilant Organosys Limited's acquisition of Draxis Health Inc for $ 255 million.
- GMR Infrastructure purchased a 50 percent stake in InterGen NV for $ 1.1 billion.

The domestic merger activity was fairly flat during the period. The most notable deal in the first six months of the year 2008 was the merger of the Centurion Bank with the HDFC Bank. Other deals during the period were:

- The acquisition of the mutual fund business of Standard Chartered in India by Infrastructure Development Finance Corporation for $ 205 million.
- Aditya Birla Group's Idea Cellular's acquisition of a 39.2 percent stake in Spice Communications Ltd. for $ 637 million.
- Acquisition of Vikram Ispat, an iron sponge manufacturer from Grasim Industries by Wellspun Power and Steel for $ 240 million.

The global recession had an adverse impact on companies that came into India for acquisition purposes. There was a fall of over 45 percent in the inbound activity during the first half of the year 2008. A total number of 151 deals were announced in the period. Key deals amongst them are:

- Daiichi Sankyo's acquisition of a 43 percent stake in Ranbaxy Laboratories for $ 3.4 billion.
- Telekom Malaysia's investment arm TM International's acquisition of a 15 percent stake in Indian wireless communication service provider, Idea Cellular for $ 1.7 billion.
- Lafarge SA's acquisition of L&T's concrete business for $ 350 million.

The weakening economic cues had affected the merger deal activity in the outbound deals and in the private equity placements also. But the inbound deals were not so severely affected because the recession contributed to decrease in valuation of companies which made them a lucrative target for companies on the acquisition spree. The year

2008 also witnessed a few regulatory changes on the merger scenario. Some of the changes as included in the Mergers and Acquisition (M&A) bulletin for 2008 by Price Waterhouse Coopers Ltd. include:

- Indian companies in the natural resources sector, such as the oil, gas, coal and mineral ores have been permitted to invest overseas in excess of 400 percent of their net worth. Any investment up to 400 percent can get automatic approval, but investment in excess of 400 percent of the net worth would require the prior approval of the Reserve Bank of India.
- The norms on External Commercial Borrowings (ECB) have been relaxed, which now allow companies to undertake borrowings up to $ 50 million (earlier permissible limit was $ 20 million) for rupee expenditure for permissible end uses under the Reserve Bank of India's Approval Route. The limit for the infrastructure sector borrowers has been fixed at $100 million.
- The overall foreign investment of up to 49 percent is permitted in commodity exchanges with prior approval of the government. But investment through FDI is limited to only 26 percent and through FII to 23 percent.

These changes and the macroeconomic indicators set a foundation for the financial year 2009. The year was expected to increase the growth rate and herald the recovery of the economic recession. The year 2009 was a year of slow growth and in fact witnessed a fall in the merger deal activity. Though the total number of deals fell only marginally, the deal value declined significantly by over 50 percent from $ 46.2 billion in the year 2008 to $ 20.4 billion in the year 2009. The key drivers of deal values were oil and gas, real estate, telecommunications, pharmaceutical, healthcare and biotech sectors. There was a fall in both the inbound and outbound merger activity. The domestic merger scenario fared well with significant domestic consolidation deals. The domestic deals accounted for $ 12.5 billion which was about 60 percent of the entire deal activity. Corporate India adopted a cautious approach and focused on synergies and cutting costs to tide over the economic recession. The main domestic deals were:

- The acquisition of 24.6 percent stake in Reliance Petroleum Ltd. by Reliance Industries Ltd. for $ 1.7 billion.
- The acquisition of a 49 percent stake in Wireless TT Info Services Ltd. by Quippo Telecom Infrastructure Ltd. for $ 1.3 billion.
- Jaiprakash Hydro Power Ltd.'s (JHPL) merger with Jaiprakash Power Ventures Ltd., in exchange for a prorated 317.7 million new JHPL shares of approximately $ 556 million in a reverse takeover transaction.

The Indian outbound investments were to a tune of only $ 1.2 billion, which was at least 90 percent less than what happened in the previous financial year. The companies were trying to complete their projects rather than look out for expansion opportunities. The significant deals of the season were:

- The acquisition of Brazil's Vale Do Ivai SA Acucar e Alcool (VDI) by Shree Renuka Sugars Ltd. for $ 240 million.
- GMR Infrastructure Ltd.'s acquisition of Barasentosa Lestari PT (BL) for $ 80 million.
- The acquisition of McCamish Systems LLC by Infosys BPO Ltd. for $ 58 million.

The inbound deal value in the year 2009 saw a decline of 67 percent, because of the economic downturn. The number of deals also fell to about 244. The year saw a different kind of a phenomenon, wherein multinational companies started increasing their stake in the Indian companies that they previously held. This was evidenced in the increase in investments by companies like Pfizer and Novartis who saw this as an opportunity to hedge risk. Some of the notable deals were:

- The acquisition of Shantha Biotechnics Pvt. Ltd. by Sanofi Pasteur SA of France for $ 780 million.
- The acquisition of a 49 percent stake in S Tel Ltd. by an investor group consisting of Bahrain Telecommunications Co. and Millennium Private Equity for $ 225 million.

- 14.76 percent stake in GTL Infrastructure Ltd was acquired by an investor group comprising Technology Infrastructure Ltd. of Mauritius and Global Holding Corp Pvt. Ltd.

The Private Equity (PE) investments also took a downturn with the recession as investors started to look at managing their existing portfolios and also started to apply greater caution in selecting investments. The PE transactions decreased to $ 4 billion in the year 2009 from $ 11 billion in the year 2008. The most targeted sectors of PE investment were real estate IT and IT services and energy. The significant PE transactions were:

- The agreement to acquire a 37.5 percent stake in Sophia Power Company Ltd. by an investor group of FIM Ltd. of Mauritius and LNM India Internet Ventures Ltd. for $ 325 million.
- An intent to acquire a 50 percent interest in the Mohtisham Estates Project, a Mangalore based real estate development firm, for $ 128 million by Oman Investment Fund.
- An acquisition of 18 percent stake in Ind-Bharat Power Infra Pvt. Ltd. for $ 100 million by an investor group of Court Square Capital Partners, Sequoia Capital and Bessemer Venture Partners LP.

The outlook for the year 2010 was very promising and analysts were expecting the merger activity to improve significantly in the year 2010. Investor's confidence and the return of liquidity to the market would ensure heightened deal activity, but it would still take some time to reach the pre-crises deal activity levels. The net profit for companies and investors was bound to increase. But the merger deal activity is likely to be fuelled by quality concerns and increased diligences in selecting opportunities for investments. The strong macroeconomic indicators of India would act as a beacon to attract companies for inbound deals, the target sectors being telecom, oil and gas, banking, healthcare, education and mid-market IT service segments. The Indian outbound activity was also bound to increase as companies would look for acquisitions in new and emerging economies. The consolidations in the US and Europe were likely to attract Indian companies to look for acquisition targets there. The only challenge that Indian companies have to bear in mind was the rising cost of debt. The targets for acquisitions need to be valued in the light of the rising cost of debt which is 200 to 400 basis points higher than what it was in the year 2007. According to mergers advisory firm Grant Thornton's report, June 2010 saw a total worth of $13.74 billion made as against $1.38 billion in June 2009. The total number of mergers and private equity transactions rose to 67 in June 2010 as against 43 in June 2009. This was due to the Reliance Infratel's $10.86 billion merger deal to merge its telecom tower business with GTL Infrastructure. The combined entity would have 80,000 towers, making it the world's largest independent telecom infrastructure company. Merger deals in the second quarter of the year 2010 include Abbott's $3.72 billion buyout of Piramal Healthcare Solutions business and Hinduja Group's acquisition of Luxembourg-based KBL European Private Bankers for $1.67 billion. In terms of value, telecom, healthcare and financial services were the highly targeted sectors and attracted deals worth $12 billion, $3.8 billion and $3.4 billion, respectively, in the second quarter of the year 2010. Information technology, Consumer Discretionary and Industrials witnessed the highest deal volume with 38, 30 and 23 deals respectively in the same period. The Indian merger scenario witnessed a growth in the year 2011 in spite of rising inflation and interest rates, weakening rupee and volatile stock market. The merger deal activity saw a reversing trend in the year 2011, with many inbound deals rather than outbound deals. The volatility of the European region as well as a growing Indian domestic market may have resulted in this heightened activity. The Oil and Gas sector dominated the deal activity, some of the notable deals being – Vedanta Plc's acquisition of Cairn India assets and BP Plc acquisition of Reliance Energy assets. The sector specific merger activity for the year 2011 highlights the fact that most deals happened in the IT and ITeS sector, followed by the pharmaceutical, healthcare and the biotech sectors (Table 1.3).

Table 1.3: Sector Specific Merger Activity for the Year 2011

Sectors	Volume	US$ million	Percent Value
IT and ITeS	61	1,316.85	26.1
Automotive	6	887.52	17.6
Telecom	7	651.85	12.9
Pharma, Healthcare, Biotech	31	328.79	6.5
Real estate and Infrastructure management	25	296.39	5.9
Plastic and chemicals	12	294.55	5.8
Metal and ores	12	258.69	5.1
Manufacturing	29	214.17	4.3
Engineering	8	100.00	2.0
Electricals and Electronics	10	94.72	1.9

***Source**: http://www.ibef.org/download/Grant-Thornton-Dealtracker-Annual-Edition-2011*

The year 2011 also saw some changes effected in the Takeover Norms in India which may have far reaching consequences on the merger activities in the country (Table 1.4).

Table 1.4: Regulatory Aspects to the Takeover Norms and its Impact

Changes in the regulatory aspects	Possible impact in the year 2012
• Notification of merger control provisions by the Competition Commission of India (CCI)	• Possibility of delayed deal closings.
• Government regulations on sector specific mergers and acquisitions such as inbound acquisitions of drugs and pharmaceutical companies requiring approvals.	• Possibility of delayed deal closings.

Securities and Exchange Board of India (SEBI) Takeover Norms –	
• Initial threshold limit for open offer obligations increased from 15 percent to 25 percent of the voting rights of the target company	• More leniencies provided for non-cumbersome and low cost takeovers.
• Increase of creeping acquisition range to increase from 15-55 percent to 25-75 percent. The 5 percent limit for creeping acquisition is still retained.	• To encourage increased promoter holdings
• Equity instruments to non-residents having in-built options to lose their equity character and to comply with ECB guidelines	• This provision has been removed by the Department of Industrial Policy and Promotion (DIPP).

Source*: http://www.ibef.org/download/Grant-Thornton-Dealtracker-Annual-Edition-2011.*

The year 2012 witnessed many deals though the value of the deals dropped from $ 35.4 billion to $ 28.3 billion. The decline in the value of deals can be attributed to the economic upheavals in the European sector, tightening of liquidity in the market and the recent tax regulations for mergers and acquisitions in India. The sectors that were most active in the year 2012 were the IT / ITeS, pharmaceutical and healthcare, auto components, media, telecom and financial services. The first half of the year 2012 saw the internal merger and restructuring deals of Sesa-Sterlite, TechMahindra-Satyam, Sesa Goa-Vedanta and UB-Scottish and New Castle India mergers. The other major deals in 2012 include HSBC's acquisition of RBS, US and Mitsui Sumitomo's Insurance Investment into Max New York Life Insurance and Piramal's acquisition of Decision Resources Group.

1.6 TAKEOVER ACT

The Takeover Act is a code of conduct that stipulates correct means of functioning of those companies in the process of acquisition. The objectives of this Act are to ensure fairness, transparency and equity in the processes. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 embodies this code.

The Securities and Exchange Board of India (SEBI) notified the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1994 Act, for the first time in November, 1994. Before 1994, clauses 40A and 40B of the listing agreements formed the bulk of the regulations. Since they were only clauses, they could not cover all the aspects of a takeover and as such did not have any regulatory force and were for all purposes, in the nature of a contractual obligation. Lacking regulatory force, these clauses were also not binding on any acquirer and as such the penalty for non-compliance was the mere de-listing of the target company. In order to close these lacunae, the 1994 regulations were notified by SEBI, which were more comprehensive and addressed complex issues in the takeover process. The Act was amended in 1998 based on the recommendations of the committee headed by Shri P.N.Bhagwati, former Chief Justice of India. The amended Act was notified by SEBI as the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. This Act has been amended several times in order to keep abreast with the changing situations. The Act is very comprehensive and contains all possible explanations and definitions. Regulation 2, sub-regulation 1 contains definitions of various terms. Some of the important definitions are as follows:

Acquirer [regulation 2 (1) (b)]

Acquirer means a person who, directly or indirectly, acquires or agrees to acquire shares or voting rights in the target company or acquires or agrees to acquire control over the target company, either by himself or with any other person acting in concert with the acquirer.

Control [regulation 2 (1) (c)]

Control shall include the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

Person acting in concert [regulation 2 (1) (e)]

For considering that a person is acting in concert with the acquirer it must be proved that the acquirer and the said person have or had a common objective or purpose of either making substantial acquisitions of shares or voting rights or gaining control over the target company and that there is or was an agreement or understanding (whether formal or informal) between them. It must also be proved that pursuant to this agreement or understanding they have had or cooperated with each other by acquiring or agreeing to acquire shares or voting rights in or in control over the target company. Sub-clause (2) also lists that certain categories of persons or entities, who, if one of them is an acquirer, the others within the category, by virtue of their relation or business relationship would generally be presumed to be acting in concert unless proved to the contrary.

Promoter [regulation 2 (1) (h)]

Promoter means any person who is in control of the target company or who has been named as a promoter either in the offer document or in any shareholding pattern filed within the stock exchange (s) under the listing agreement whichever is later. A promoter also means any person belonging to the 'promoter group' as defined. This is like a deeming provision.

Shares [regulation 2 (1) (k)]

Shares have been defined as shares carrying voting rights or securities which would entitle the holder to receive shares carrying voting rights.

Target Company [regulation 2 (1) (o)]

Target Company means a listed company whose shares or voting rights or control is directly or indirectly acquired or being acquired.

The Act sets out few regulations which define the various triggers of ‘open offer’. The ‘open offer’ is nothing but a public announcement by an acquiring company to acquire shares in accordance with the regulations.

The Act also defines those instances when an acquiring company needs to make such an offer. These are defined in regulations 10, 11and 12 of the Act.

a) According to regulation 10, no acquirer can acquire any shares or voting rights which when taken together with his existing holding and shareholdings of the persons acting in concert with him, would aggregate to 15 percent or more without making public announcement of an open offer.
b) Regulation 11 (1) speaks of a creeping acquisition, wherein, no acquirer who, along with persons acting in concert, is holding 15 percent or more but less than 55 percent of shares or voting rights in a company can acquire, either by himself or through or with persons acting in concert, more than 5 percent of shares or voting rights in any financial year without making a public announcement of an open offer.

The SEBI put in an amendment 11 (2) to the above regulation in October 2008 and permitted the promoters holding between 55 percent and less than 75 percent, to acquire up to 5 percent (in a financial year) without making an open offer provided such an acquisition was made through open market purchase in the normal segment on the stock exchange and not through

a) Bulk deal/block/negotiated deal/preferential allotment or
b) The increase in the shareholding or voting rights of the acquirer pursuant to a buyback of shares by the target company.

The Act specifies modalities of the public announcement. It is mandatory to appoint a category I merchant banker to carry out all the activities. Regulation 14 lays down the timing of the public announcement under differing conditions of negotiated deal, market purchases beyond prescribed limit, disinvestment, acquisitions of shares through conversion of Global Depository Receipts or American Depository Receipts and acquisition of control under regulation 12. The Act clarifies on the acquisition of shares beyond a specified limit after public announcement of an open offer and under what conditions, this holds. Regulation 15 is about the method of making a public announcement to be made in all the editions of one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily. The SEBI requires that a copy of the public announcement be sent/submitted to it, all the stock exchanges where the target company is listed and the registered office of the target company. The date of public announcement shall be deemed to be the date on which it first appears in any of the newspapers. Regulations 16 and 17 list out in detail the contents of the public announcement, brochures and the advertising material. The details relate to share capital, identities of the acquirer, promoters, open offer, pricing, objectives and purposes behind the acquisition, important dates, financial arrangements made, provisions allowed and the statutory approvals required. Regulation 18 specifies 14 days as the outer limit from the public announcement for filing the draft letter of the open offer with the SEBI. The mode of payment is laid out in regulation 20 (2) and it permits the offer price to be paid in cash; by issue, exchange, or transfer of the equity shares of the acquirer company; by issue, exchange or transfer of the secured debt instruments of the acquirer company; by any combination of the above three methods. Regulation 21 (1) lays down the minimum size of an open offer as 20 percent of the voting capital of the company. It also allows for alternate routes in case of any difference. Regulation 22 deals with the general obligations of the acquirer. A set of general obligations of the board of the target company as well as the merchant banker are also laid down. Regulation 25 (1) allows any person other than the (original) acquirer to make a public announcement of an open offer for the acquisition of shares of the target company within twenty one days of the first public announcement of the open offer. Such an offer is termed the competitive bid. The open offer once made can only be revised upward after an announcement in the newspapers, informing the SEBI, the target company, the relevant stock exchanges and after increasing the value of the escrow account. Regulation 28 (1) provides for the creation of an escrow account, which can be funded by cash deposited with a scheduled commercial bank; bank guarantee in favour of the merchant banker; deposit of acceptable securities with the merchant banker or any combination of the above [regulation 28 (4)] except that the cash deposit has to be minimum 1 percent of the total consideration [regulation 28 (10)]. Various sub-regulations of regulations 28 and 29 lay down in detail the points for the utilization and release of the escrow account and also its forfeiture. The Act also gives the provisions for the bailout takeovers in case of substantial acquisition of shares of a financially weak company.

The accounting aspects of amalgamations and demergers are listed out in the Accounting Standard 14 issued by the Institute of Chartered Accountants of India, which classifies different types of amalgamations and stipulates different accounting methods applicable to these respective types of amalgamations. The taxation aspects of amalgamation and demerger are laid down in the various sections of the Income Tax Act, 1961.

The year 2012 saw the implementation of the General Anti-Avoidance Regulations (GAAR), in order to counter tax evasion and avoidance. GAAR is now part of the Income Tax Act from the year 2012. This bill was proposed to be implemented by the Direct Taxes Code Bill 2010 (DTC). This legislation will come into effect from April 1st, 2013. GAAR is likely to have an overarching impact on all cross border deals, inbound investment by foreign institutional investors and PE funds and domestic transactions. If GAAR is not implemented properly, then it may create unnecessary hurdles for businesses looking for the inorganic growth avenue. It requires a closer look into the implementation of the Act and also some subordinate legislation so that GAAR is more aligned with internationally accepted anti-avoidance principles.

1.7 SOFT ISSUES OF MERGERS

Studies on mergers are numerous. The studies focus on the value creation happening through mergers which is the primary objective of mergers. The cover story in Business Today, March 7-21, 1998 threw light on the framework for optimizing merger value, identified the merger drivers and developed the “strategy star” for mergers. The article brought about a relationship between synergy and the premium price paid, which would result in value creation. It also developed the Synergy Matrix, which consisted of 6 factors which would lead to overall synergy generation. The six factors considered are: (a) Managerial synergy (b) Market valuation (c) Company-specific risk (d) Financial synergy (e) Exchange efficiency (f) Operating synergy. The Strategic Star Framework identified six areas for value creation with a simple benchmarking technique ranking within the relevant industry. The six areas considered important by the strategic star are: (a) Market Share (b) Price to Earnings (c) Discount Rate (d) Return on Investment (e) Gross Margins (f) Average Costs. These models help companies review their acquisition related decisions through the corporate strategy lens with a clear focus on the value drivers. Several other studies on mergers have focused on other variables such as sales, profitability and cash flows of companies. Some of these studies have found out that mergers have a positive impact on companies' bottom-line figures and some others have deduced a negative impact. Healy et al (1992) found a significant increase in the pre-tax cash flows of companies involved in the 50 largest mergers between 1979 and 1984, implying that the largest mergers in the US did increase the market power or efficiency of the merging firms. Ravenscraft and Scherer (1987) concluded that the profitability of acquired firms declined after they were acquired. Mueller (1985) observed significant declines in market shares for a sample of 209 manufacturing companies over an average of 11 years following the mergers. Studies have also revealed that about 70 percent to 80 percent of mergers did not create any value for the acquiring company's shareholders. Selden and Colvin (2003) state that a record merger deal volume of $12 billion was reached between 1995 and 2000, but these deals destroyed at least $1 trillion of share-owner wealth. Most financial economists, business policy researchers and consulting firms have arrived at the same conclusion for this phenomenon. One possible reason for the failure of most mergers could be attributed to the fact that companies do not take the same effort in tracking the integration efforts after the deal. Haspeslagh and Jemison (1991) have identified three modes of integration, namely absorption, symbiosis and preservation[4]. A selection of one of the integration modes depends on two variables: the need for strategic interdependence and need for organizational autonomy. Hunt (1990) in his study had illustrated the fallacy of adopting a unitary integration approach and had suggested the adaptation of the acquisition process to the context of the deal. Csiszar and Schweiger (1994) have created a framework to assess the potential sources of value creation and destruction in mergers (Table 1.5).

Table 1.5: Value Creation or Destruction through Integration

The value creation scenario	**The value leakage scenario**
Ability to exploit sources of revenue enhancement	Inability to deliver synergies (time, cost, extent)
And	
Ability to exploit sources of cost reduction	OR
And	
Ability to preserve each firm's intrinsic value	Decrease of one firm's intrinsic value
= Value creation	= No value creation or even value destruction

Source*: Adapted from Csiszar and Schweiger (1994)*

This framework throws light on the factors that affect the generation of synergies. The mismanagement of these may lead to severe consequences such as of loss of key people, productivity or commitment[5]. This phenomenon has been recorded in the banking sector, where departure of well-known investment bankers have prevented revenue growth and also decreased the intrinsic value of the acquired company. An analysis of these studies reveal that the hard factors relating to profitability, sales, growth rates, market shares are focused on to arrive at a conclusion. Most of these studies have ignored the softer aspects of human relations, organizational culture and the behavioral aspects.

1.8 RESEARCH GAP IDENTIFICATION

On an analysis of the existing literature and after the construction of the conceptual framework, it is evident that most of the studies are directed towards the individual concepts of mergers, organizational culture, organizational identification and organizational commitment after mergers. But there is a need to comprehend the role of organizational culture, organizational identification and organizational commitment changes on the employee after the merger. This research gap is more definitely felt in the Indian scenario, since the number of studies in this realm is very minimal.

1.9 RESEARCH QUESTIONS

The research questions for the study were identified based on the extensive related literature review and also after analyzing the research gap.

- What are the components of organizational culture and their interrelationship with one another?
- What are the components of merger?
- Does organizational culture have any impact on success or failure of mergers?
- In case of mergers, do the employees of the merging organizations retain their organizational identity?
- What kind of leadership is best suited to an organization when it is changing from an organization before merger to a merged organization?
- Does organizational culture generate organizational commitment?
- Does organizational identification lead to organizational commitment?

- Does organizational culture have the same impact on merger of organizations in the manufacturing and service sectors?

Investigative Questions

The investigative questions that point the direction of possible actions are:

- What are the components of organizational culture?
- Are the components of organizational culture inter-related?
- What is the genesis of the merger phenomenon?
- What is the rationale of merger?
- What is the environment in which mergers have taken place?
- How did this phenomenon come into India?
- What is the type of influence regulators have had on mergers?
- What factors are given due consideration by organizations before the merger?
- Is organizational culture considered to play a major role during all the stages of merger?
- Do companies take due diligence with reference to organizational culture during the merger process?
- What happens to organizational culture of the two companies after merger?
- What are the components of organizational identification?
- What does the company after the merger do to build organizational identification?
- After the merger, do the employees of the organization have a sense of belongingness with the organization?
- Does leadership have an impact on organizational culture and organizational identification?
- How do leaders promote development of strong organizational culture?
- During merger, what kind of leadership works best?
- How is organizational commitment promoted in the organization?
- Do employees develop organizational commitment after merger?

- Is there any significant difference in the impact that organizational culture has on merger of organizations in the manufacturing and service sectors?

1.10 RESEARCH OBJECTIVES

The study identified a series of research questions based on the available literature and also after analyzing the research gap. The research questions have enabled the researcher to formulate the following research objectives:

1. To explore the components of organizational culture and merger.
2. To identify the relationships between the components of organizational culture and mergers.
3. To evaluate the merged organization's culture in relation to the cultures of the organizations prior to the merger.
4. To assess employees organizational identification during the pre-merger and post-merger process.
5. To determine employees organizational commitment to the organization after merger.
6. To compare the difference in the impact of organizational culture on merger of organizations in the manufacturing and service sectors

1.11 RESEARCH HYPOTHESES

The research questions and the investigative questions formed the basis for the initial study. A set of research objectives were framed from the research questions and the investigative questions. These research objectives helped in the formulation of a few research constructs which were generated using an exploratory approach. The grounded theory methodology was used for this purpose. The pilot study was conducted with an in-depth interview schedule on a group of respondents of two select organizations that had undergone merger. The interview enabled the crystallization of the constructs and the variables for the study. This formed the basis for the formulation of the research hypotheses. The research hypotheses formulated for the study consists of those related to organizational culture, interpersonal communication, organizational identification and commitment as follows:

Organizational Culture

Hypothesis $H_{1:}$ There is a significant relationship between organizational cultures and the success of mergers.

Sub-hypothesis H_{1a}: Organizational identification is dependent on organizational culture.

Sub-hypothesis H_{1b}: Organizational identification leads to organizational commitment.

Sub-hypothesis $H_{1c:}$ Organizational commitment has a significant relationship with organizational culture.

Interpersonal Communication

Hypothesis H_2: There is a significant relationship between interpersonal communication and success of mergers.

Sub-hypothesis H_{2a}: Speed in interpersonal communication is necessary for organizational identification with the merged organization.

Organizational Identification and Commitment

Hypothesis $H_{3:}$ There is a significant relationship between organizational identification and leadership.

Hypothesis H_4: There is a significant relationship between organizational identification and organizational commitment.

1.12 RELEVANCE OF THE STUDY

Post-liberalization era in India has seen an unprecedented growth of mergers, both domestic as well as cross-border deals. Indian organizations have also begun appreciating the inorganic method of growth. The first wave of merger during 1990-1995, heralded the entry of India into the international arena and India has not looked back since. The merger and acquisitions deal value crossed the $ 16 billion mark in the year 2012 according to a report by the newspaper The Economic Times (March 2012). One of the largest deals was by the Vedanta Group and the internal restructuring and merger of Sesa Goa and Sterlite Industries. The overall mergers and acquisition activity in India showed a decline in the year 2011-12, because of weak global cues, but the domestic mergers activity which included internal restructuring showed an upswing. One of the top performers in this arena was the 100 percent stake acquisition of DLF's subsidiary Jwala Real Estate by Lodha Developers for $ 490 million. Other players in this arena included Siel Infrastructure and Estate Developers Pvt Ltd, Providence Educational Academy and CHD Developers (Balisagar 2012). More deals are anticipated due to maturity of PE investments, continuing demand for affordable housing, increasing debt and lowering of demand for corporate spaces. The government is also promoting more economic developments, because of its amendments to the FDI policy allowing for single-brand and multi-brand retail and opening up of the aviation sector. These developments promise a bright future for the merger spree of Indian organizations. But not all mergers have delivered the expected result. A case in point is the merger of Air India and Indian Airlines, where the pilots still identify themselves with their "original" organization rather than with the organization after the merger. This is not a solitary case. The merger of Indian Refineries Ltd. and Indian Oil Company Ltd. in 1964 (Khanna 2012) created the Indian Oil Corporation. But this oil giant is still mired in mutual distrust and different human resource practices and policies. These two cases highlight the importance of paying attention to the soft factors because it is ultimately the people who have to make a success of the merger. This study attempts to draw the attention of the industry towards this neglected aspect and tries to provide suggestions for a successful merger. The study intends to pave the way for the inter-mingling of academics and industry for the betterment of society.

1.13 SCOPE OF STUDY

The wave of mergers in India is currently going strong, in spite of weak global cues. This study attempts to discover the impact of organizational culture on the organizations that have taken the inorganic growth route. As such the study seeks information from all companies that have gone in for mergers. But the current study is limited in its scope to South India. The study covers organizations situated in major cities of India such as Bangalore, Mumbai and Chennai. They represent significant proportions of the total number of organizations which have gone for mergers. The cross section of industries covered are software, banking, manufacturing, pharmaceutical and financial services. The success of a merger depends on the compatibility of the "hard factors" as well as the "soft factors". The hard factors are compatibility with reference to the financial strength, technological strength, operational strength and the marketing strength. The "soft factors" include compatibility of organizational culture, organizational identification, commitment, leadership, stress, anxiety, etc. There are many studies on the hard factors, but not much effort is seen in the area of soft factors. This study looks into the effect of the compatibility of the soft factors for the success of mergers. The scope of the study is limited to the organizational culture aspect and is concerned only with organizational identification and commitment. The hard factors influencing mergers are not considered for this study.

1.14 OPERATIONAL DEFINITIONS

- **Attrition**: Attrition in this study refers to the employees leaving the organization by way of resignation, retrenchment, retirement and death or by any other means.
- **Gender Equality**: Gender Equality in this study refers to provision of equal opportunities of career growth, reward or such other benefits to employees of the organization irrespective of their gender.
- **Interpersonal Communication:** Interpersonal communication in this study refers to person-to-person communication.

- **Knowledge Management**: Knowledge Management in this study refers to the various tools used by organizations to identify, create, represent and distribute knowledge.
- **Mergers**: Mergers in this study refers to two organizations of relatively comparable stature coming together to form a entirely new organization.
- **Organizational Commitment**: Organizational commitment in this study refers to the feeling of responsibility that an employee has towards the organization.
- **Organizational Culture**: Organizational Culture in this study refers to shared meanings, values and beliefs held by the employees of an organization. It is expressed by means of rites, rituals and artifacts in the organization.
- **Organizational Identification**: Organizational Identification in this study refers to how employees of an organization define themselves as a social group and understand themselves to be distinctive from members of other organizations. Organizational Identification comprises Knowledge Management, Structure, Customer Focus and Personal Orientation.
- **Organizational Structure**: Structure of the organization represents the way in which divisions, departments, functions, and people are linked together and interact.
- **Personal Orientation**: Personal Orientation in this study refers to the set of values subscribed to by the organization. Values are beliefs of a person or social group in which they have an emotional investment (either for or against something). Examples of values are honesty, integrity etc.

1.15 LIMITATIONS

The study has the following limitations:

1. A study on organizational culture would benefit from a longitudinal study. But the current study had to adopt a cross section approach due to the constraints of time and resources.

2. The study could not consider a larger sample size because of two important reasons:
    a) The amount of data required to be collected was immense and the respondents were not available to give out such quantity of data.
    b) The respondents were not willing to divulge information due to the sensitive nature of data being collected.
3. The findings and conclusions are case specific. The data collected is qualitative in nature and is thick in description which does not lend itself to standardization.
4. The study investigates the impact of the soft issues on mergers only and does not look into the effects of these soft factors on acquisitions and any other forms of strategic initiatives.

1.16 SUMMARY AND CHAPTERIZATION

The trend of mergers proves that this phenomenon is going to continue in the years to come. The revival of the international economy is sending out positive cues and the business community is gearing up to this challenge with increased zest and caution. This trend of mergers can create wealth for the shareholders provided the company takes due diligence in its partner selection and post-merger integration. The current study highlights the importance of analyzing organizational culture of the merging companies and also providing a platform for its effective post-merger integration. The thesis is organized with the following chapters:

Chapter One – Introduction provides the economic trends in the international arena and also the trends in the international merger scenario. The trends in the Indian economy as well as the merger scenario are detailed. The chapter also deals with soft issues in the mergers and acquisitions scenario and delineates the research questions, investigative questions, research objectives and research hypotheses. The chapter ends with the limitations of the study and chapter summary.

Chapter Two – Literature Review is about an extensive review of literature in relation to the variables identified for the study. The chapter consists of the review of literature on organizational culture, identification and commitment and the intervening variables of leadership, interpersonal communication, attrition and gender equality. A comparison table of the literature reviewed reveals commonalities and distinctions of the variables listed above. The literature review ends with the construction of the conceptual framework and chapter summary.

Chapter Three – Research Methodology gives an insight into the research approaches adopted, the type of research design selected and the methodologies used for conducting the research. The chapter begins with a discussion on the approaches to research and the justification for selection of the pragmatist view to research. The study uses a mixed method of research design. The grounded theory method is used to conduct an exploratory study to crystallize the variables for the study. The methodology then shifts to the quantitative approach to collect data from the selected respondents. The primary, secondary and tertiary data sources were used for the study. The sampling method followed was purposive sampling, given the nature of extensive data to be collected. The construction of the questionnaire and the measurement of its validity and reliability are enumerated. The chapter ends with the tests that will be applied to interpret the data collected and a chapter summary.

Chapter Four – Data Analysis and Interpretation gives the interpretations of the data analyzed. The chapter begins with an application and discussion of the grounded theory for the generation of variables for the study. The respondents profile is generated from the data collected. The variables are tested using descriptive statistics. The testing is done on an electronic platform using the Statistical Package for Social Sciences (SPSS) software. Hypotheses' testing is done using the Chi-Square test, regression analysis and factor analysis. The chapter ends with a chapter summary.

Chapter Five –Findings, Recommendations and Conclusions is the final chapter which details the findings on the basis of analyses of data. The chapter also points direction for future research, since the current study is limited only to the soft factors and does not account for changes after acquisitions. The chapter ends with the conclusion to the entire study.

Notes:

[1] The earlier typologies revolved around the individual and the organization. Some of the theories were given by Etzioni (1975), Jones (1983), Shrivastava (1983), Goffman (1961), Bass (1981, 1985), Harbison and Myers (1959), Likert (1967), Vroom and Yetton(1973).

[2]The recent typologies revolve around the concept of corporate culture which was first introduced into the culture literature by Wilkins (1989). He described it as consisting of "shared vision", "motivational faith" and distinctive skills, both overt and tacit.

[3]Sanjay Peters, Professor at the Esade's Economics Department as quoted in the Wharton Knowledge Centre publication has identified the emerging trends in the characteristics of Indian business leaders, which was evident before the onset of liberalization also.

[4]Absorption (strong need for interdependence, low need for autonomy) implies full consolidation of operations and organizations. Preservation (low need for interdependence, strong need for autonomy) implies that the acquirer keeps the target intact and nurtures it. Symbiosis (strong need for interdependence and strong need for autonomy) implies that both organizations first coexist but gradually become increasingly interdependent.

[5]Schweiger, D.M. and Ivancevich, J.M., (1987), "The effects of mergers and acquisitions on organizations and employees: a contingency view", Annual Conference of the Strategic Management Society, Boston.

CHAPTER TWO
LITERATURE REVIEW

2.1 CHAPTER OVERVIEW

The chapter presents the related literature from different sources in the field of organizational culture, identification and commitment. This review is to enable the researcher to identify the relationships that may have a bearing on the study and also to generate a few additional relationships that may have to be investigated. Section 2.2 discusses the construct of organizational culture and section 2.3 deals with organizational identification. Organizational commitment forms the subject matter of section 2.4 and section 2.5 deals with mergers. Section 2.6 discusses leadership, section 2.7 deals with attrition and section 2.8 deals with gender equality. Section 2.9 reviews the Indian manufacturing and service sectors. The literature review paves the way for the creation of the literature map in section 2.10 and also the conceptual framework for the study in section 2.11. The chapter ends with a chapter summary in section 2.12.

2.2 ORGANIZATIONAL CULTURE

Organizational culture has been defined by various authors in different ways. Hofstede (1990) developed a six dimensional model of organizational culture. The six dimensions that were identified were Process oriented vs. Results oriented; Employee oriented vs. Job oriented; Parochial vs. Professional; Open system vs. Closed system; Loose control vs. Tight control and Normative vs. Pragmative. The term Organizational Cultures entered the US academic literature in 1979 with an article by Pettigrew ("On Studying Organizational Cultures"). Thus many writers are of the opinion that the term Organizational Culture is a fairly new term. This term in its singular form had been used by Blake and Mouton (1964) to denote "climate". The term "Corporate Culture" used by Silverzweig and Allen in 1976 gained popularity after the book which carried the same title by Deal and Kennedy appeared in 1982.

It has also been empirically proven that shared perceptions of daily practices are the core of an organization's culture. The term "practices", could also be labeled "conventions", "customs", "habits", "mores", "traditions" or "usages". It is also to be noted that the above terms have already been recognized as part of culture in the last century. Tylor (1924) opines: "Culture is that complex whole which includes knowledge, beliefs, art, morals, law, customs and any other capabilities and habits acquired by man as a member of society".

Hofstede (1990) also concludes that the values of founders and key leaders undoubtedly shape organizational cultures but that the way these cultures affect ordinary members is through shared practices. Weber (1948) had already recognized the process of transfer of the founders' values into the member's practices in organization theory: "…. when the organization of authority becomes permanent, the staff supporting the charismatic ruler becomes routinized."

The literature on organization culture is extensive and has been subject to many critiques and reviews. All these works have been trying to assess the nature of organizational culture. Some studies have treated culture as an independent variable which is imported into the organization through the membership (e.g. Fayerweather 1959; Slocum 1971). They believe that the presence of culture is revealed in the patterns of attitudes and actions of individual organization members. Another school of thought believes that culture and organization are linked and that organizations themselves are culture-producing phenomena (Louis 1980; Siehl and Martin 1981; Deal and Kennedy 1982; Tichy 1982; Martin and Powers 1983). These researchers view organizations as social instruments that produce goods and services, and, as a by-product, they also produce distinctive cultural artifacts such as rituals, legends and ceremonies. This kind of research is generally based on a systems theory framework. This framework is concerned with articulating patterns of contingent relationships among collections of variables that appear to figure in organizational survival.

Culture has been variously defined as the social or normative glue that holds an organization together (Siehl and Martin 1981; Tichy 1982). It expresses the values or social ideals and the beliefs that organization members come to share (Louis 1980; Siehl and Martin 1981). These values or patterns of belief are manifested by symbolic devices such as myths (Boje, Fedor and Rowland 1982), rituals (Deal and Kennedy 1982), stories (Mitroff and Kilmann 1976), legends (Wilkins and Martin 1980), and specialized language (Andrews and Hirsch 1983). This abundance of research on culture has a point of convergence. Culture, when conceived as shared key values and beliefs, fulfills several important functions. First, it conveys a sense of identity for organization members (Deal and Kennedy 1982; Peters and Waterman 1982). Second, it facilitates the generation of commitment to something larger than the self (Schall 1981; Siehl and Martin 1981; Peters and Waterman 1982). Third, culture enhances social system stability (Louis 1980; Kreps 1981). And fourth, culture serves as a sense-making device that can guide and shape behaviour (Louis 1980; Meyer 1981; Pfeffer 1981; Siehl and Martin 1981).

Culture has also been viewed from a cognitive perspective. According to Rossi and O'Higgins (1980)[1], culture is a system of shared cognitions or a system of knowledge and beliefs. They also propound that culture is generated by the human mind "by means of a finite number of rules or means of an unconscious logic". Organizations have been studied from the cognitive perspective by many researchers[2]. Some of the researchers have not used the term culture in their work. But their emphasis on the cognitive perspective has lead them to view organizations networks of subjective meanings or shared frames of reference that organization members share to varying degrees and appear to function in a rule-like or grammar-like manner.

Other researchers such as Hallowell (1955) and Geertz (1973) treat societies, or cultures, as systems of shared symbols or meanings. From a symbolic perspective, culture needs "interpreting" (Manning 1979), "reading" (Turner 1983), or "deciphering" (Van Maanen 1973) to be understood. The themes, expressed in various symbolic modes, represent the heart of a symbolic analysis of an organization as culture (Smircich 1983b).

Researchers have also regarded culture as the expression of unconscious psychological processes. The structural anthropology of Levi-Strauss[3] (1974) relies on this perspective. This theory propagates that organizational forms and practices have to be understood as projections of unconscious processes and have to be analyzed with reference to their dynamic interplay between out-of-awareness processes and their conscious manifestation. So structural analysis attempts to “discover an order of relations that turns a set of bits, which have limited significance of their own, into an intelligible whole. This order may be termed ‘the structure’” (Turner 1977).

All the above view points on culture corroborate the fact that it is the “unifying glue that holds a society, also organization together.” Organizational culture can also be viewed as “it’s the way we do things here” (Deal and Kennedy 1982). Edgar Schein (1985) gave a more comprehensive definition of organizational culture. He divides organizational culture into three levels comprising of:

Artifacts – which are at the surface; are easily seen, but hard to make sense of.

Espoused values – these are conscious goals, strategies and philosophies.

Basic assumptions and values – these are the core and essence of culture. They are not seen and as such are difficult to comprehend. They exist at a largely unconscious level. They are formed around deeper dimensions of human existence such as the nature of humans, human relationships and activity, reality and truth. An adaptation of his model of organizational culture sheds light on the elements and the levels of expression of organizational culture (Figure 2.1).

In his book, Organizational Culture and Leadership, Schein (1985) defines culture of a group as, “A pattern of shared basic assumptions that the group learned as it solved its problems of external adaptation and internal integration, that has worked well enough to be considered valid and, therefore, to be taught to new members as the correct way to perceive, think and feel in relation to those problems.” Schein (1996) also defines organizational culture as, “the basic tacit assumptions about how the world is and ought to be that a group of people share and that determines their perceptions, thoughts, feelings and their overt behaviour.” Schein (1992) opines that statements about elements of culture can be made, but not about culture in its entirety. An analysis of his approach to culture reveals a disciplined approach, more iterative and clinical.

Three Levels of Organization Culture

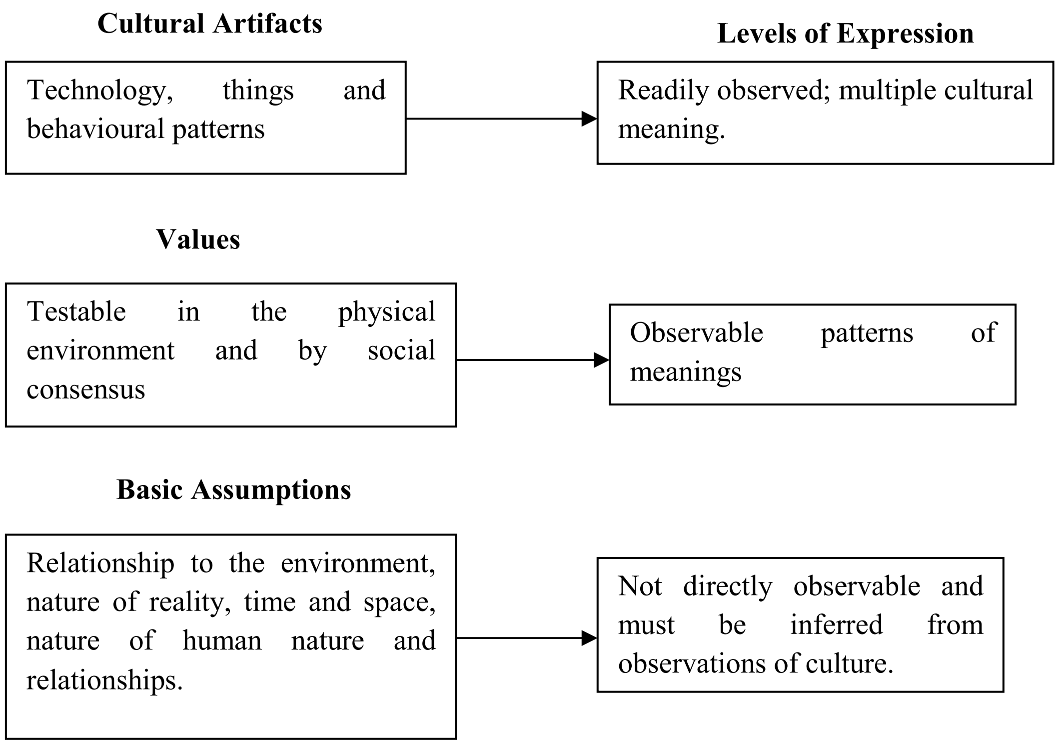

Figure 2.1: Schein's Model of Organizational Culture

***Source**: Adapted from Lawson & Shen (1998). Organizational Psychology. Oxford University Press.*

Trice and Beyer (1993) on the other hand determine organizational culture and its related domains by enlisting phenomena what the organizational culture is not. Different approaches to organizational culture acknowledge the importance of task and relationships. Where Schein (1992) believes that both, task and relationship are important; Detert (2000) makes distinction between eight aspects of organizational culture. Some of those eight aspects relate to work, task and co-workers.

A probe into the older works on culture reveals that culture had been studied with reference to its level of analysis as also on the aspect of controllability. Based on the level of analysis, culture can be looked at from the macro level as well as the micro level with reference to an organization. From an organization's point of view, culture can lead to equitable resource allocation. It can also supersede organizational boundaries and be embedded in the larger societal context. When it is analyzed from a micro level, culture enables group formation and continuity enabling individual participation and problem solving, which may not be possible through formal organizational structures. The controllability aspect deals with the extent of managerial control on culture. Depending on the degree of control by the management, culture can be viewed as either 'energizing' (creating member commitment, strengthening behavior, or otherwise increasing meaningfulness for the individual) or serving as a constraint to behavior (Fryxell and Cleave 1989). Early writers on management have viewed culture from the group or individual level and from the organizational level. Lewin (1947) who is known for his works on group dynamics has given a theory which provides a means for shaping the norms and values of groups and individuals. Writers, who have viewed culture from an organizational level, consider the organization to be a social subsystem which needs individuals to be fit into it. Jacques (1951), who viewed culture from the organizational level, defines organization culture as "the customary and traditional way of thinking and doing things, which is shared to a greater or lesser degree by all its members." The early writers have also written on the means of 'indoctrination' and Mooney (1947) has concluded that "neglect of this indoctrination is one of the grave weaknesses of the industrial organization." The concept of socialization traces its evolution back to concept of indoctrination and writers have emphasized the importance of this phenomenon in developing organization culture. Sathe (1983) has given one of the most established frameworks for socialization. This framework centers on the premise that with socialization, new organizational members are inculcated with the culture of the organization. This is further reinforced with an ongoing continuous interaction. He argues that socialization should focus on the means of culture perpetuation.

Organizational culture needs strong leadership to perpetuate it. Schein (1992) asserts that organizational culture and leadership are intertwined. He asserts, "Culture and leadership, when one examines them closely, are two sides of the same coin, and neither can really be understood by itself. In fact, there is a possibility – under-emphasized in leadership research – that the only thing of real importance that leaders do is to create and manage culture (Schein 1985). He also points out that organizational leadership is concerned not just with creation of change, but goes further to anticipate crises and construction of cultures that can best adapt to manage them. Georgiades and Macdonell (1998) see leadership challenges as "scrutinizing external environment, conceiving vision, articulating strategic implications of vision and developing appropriate management practices that would facilitate the evolution of desired organization culture to meet needs of vision and strategy. Conger and Kanungo (1988), go further and state that a charismatic leader is most suitable because of his 'intolerance of the existing context or status-quo, ability to quickly identify and exaggerate deficiencies in the environment and articulate them for subordinates'.

Organizational culture is also viewed as a function of the symbolic aspects of an organization. Meyer (1981) and Pfeffer (1981) acknowledge the importance of the subjective interpretive processes in influencing the adaptability of the organization. These studies view cultural artifacts as 'corporate saga', 'folklore' as powerful symbols with meanings that aid or promote communication. They can be used to convey a philosophy of management, build organizational commitment, rationalize and legitimize activity, motivate employees and facilitate socialization (Panda and Gupta 2001). Bolman and Deal (1991), conceived the term 'symbolic frame'. This is based on symbols and their interpretation within an organizational context. It is a set of concepts that emphasizes the complexity and ambiguity of organizational phenomena. It also acts as a sense-making device to interpret the organizational events and activities. Bolman and Deal (1991), say "Many organizational events and processes are important more for what they express, than for what they produce: they are secular myths, rituals, ceremonies and sagas that help people find meaning and order in their experience." Organization culture can also be seen as patterns of behavior. Georgiades and Macdonell (1998) observe "both within organizations and individuals, past experiences and behaviours give rise to beliefs, values and norms which are expressed in patterns of behavior". It is the duty of leaders to establish desired pattern of behavior which would help the organization to achieve its desired goal (Wilhelm 1992). Social architecture is necessary to develop consensus with the organization's vision. Bennis and Nanus (1985) define social architecture as the process by which employees align themselves to a vision. This alignment generates commitment to the core values and organizational philosophy, sets and clarifies psychological contracts and acts as a control mechanism for desired behavior. Social architecture generally consists of words or visuals like logos, slogans, rites of passage and ceremonies. Organizational culture can also be viewed through semiotic analysis. Semiotics understands the world of organizations through a 'system of signs' (Rafaeli and Worline 2000). Semiotics includes signs, symbols, artifacts, rituals and organizational stories. Sign is "the relationship between a symbol and the content conveyed by the symbol (Rafaeli and Worline 2000). They contribute to systems of signification or codes. A code consists of a set of symbols, a set of contents conveyed by the symbols, and rules for combining them (Barley 1983). Codes ascribe meanings to symbols within a culture. Symbols are visible, physical manifestations of organizational life (Rafaeli and Worline 2000). They are also called as artifacts. Symbols could be acts, objects, relationships or linguistic formations that stand ambiguously for a multiplicity of meanings (Panda and Gupta 2001). According to Rafaeli and Worline 2000, they serve four functions:

- They reflect underlying aspects of culture, generating emotional responses from organizational members, and representing organizational values and assumptions. Symbols act as a bridge between members' emotional and cognitive reactions.
- They elicit internalized norms of behavior, linking members' emotional responses and interpretations to organizational action.
- They frame experience, allowing organizational members to communicate about vague, controversial or uncomfortable organizational issues.
- They integrate the entire organization in one system of significance.

Rituals are patterns of behavior by which a social group acts out its values and reinforces its world views. They are models of and models for a culture (Panda and Gupta 2001). Ritual action and ritual myth (stories) are two elements of rituals. Any repeated pattern of action is a ritual action. The values, commitments and beliefs of any group are embedded in ritual myths or stories and as such they go deep and give an identity to a group of people or culture. They reflect and express an organizational culture – pattern of beliefs, values, practices and artifacts that define for its members who they are and how they do things (Panda and Gupta 2001). Rituals and celebrations allow people to mingle and share, thereby acting as an adhesive in holding the culture together. Organizational stories as observed by Selzenick (1957) "…are efforts to state, in the language of uplift and idealism, what is distinctive about the aims and methods of the enterprise." Stories make each organization unique and they are events from the organization's history. The heroes and heroines of such stories are organizational members (Clark 1970; Martin 1982). Seven types of common organizational stories have been identified by Martin et al (1983).

Organizational culture in a dynamic sense considers individuals as active agents in their surroundings which is reflected in the style of their decision making (Golden 1992). Four strategies had been identified by Golden (1992), these are: i) unequivocal adherence; ii) strained adherence; iii) secret non-adherence; iv) overt non-adherence. In the first two strategies, individuals conform to cultural guidelines; the last two strategies see individuals departing from these guidelines. Organizational culture has been known to improve performance, improve quality and enhance financial performance of a firm (Fisher and Alford 2000). Many studies have shown the link between a company's culture and financial performance (Barney 1986; Rotemberg and Saloner 1993; Fisher and Alford 2000). Sustained superior financial performance is associated with cultural qualities that foster innovation and flexibility (Barney 1986).

The current study is the assessment of organizational culture in the context of mergers. In this regard, a discourse on the relationship between organizational culture and mergers is imperative. The subsequent section deals with the positive and the negative impact of organizational culture on mergers.

2.2.1 Organizational Culture and Mergers

Organizational culture has seen a lot of studies from the mid-1980s since many writers have begun associating merger failures with the cultural phenomenon. Such studies can be distinguished on two levels: organizational level (Nahavandi and Malekzadeh 1988; Chatterjee et al 1992; Weber 1996) and national-level dynamics (Olie 1994; Gertsen et al 1998). These cultural studies have revealed three central themes. The first theme is that decision makers do not pay enough attention to cultural differences and concentrate more on strategic issues (Jemison and Sitkin 1986; Greenwood, Hinings and Brown 1994). This can result in unrealistic change programmes and non-achievement of synergy. The second theme is the time duration for the cultural integration or acculturation to happen. Shrivastava (1986) argues that cultural integration takes the longest time as opposed to operational integration. The third theme that has been identified relates to conflicts that arise as a result of identification with particular cultures by the employees in the organization. These cultural confrontations last a long time (Olie 1996). Much of the literature concentrates on the cultural differences and its impact on the success of mergers. But there have been studies that show that cultural differences in fact aid top management decision making (Krishnan, Miller and Judge 1997). Studies have also shown that cross-border mergers between culturally distant countries may outperform mergers between culturally closer countries (Morosini, Shane and Singh 1998). But Cartwright and Cooper (1992) argue that it is not just cultural differences that create problems. It is the basic contradiction of beliefs and values of organizational members. This requires a rethinking of the integration strategies or the acculturation processes to be adopted. Nahavandi and Malekzadeh (1988) have delineated four methods of the acculturation process: assimilation, integration, separation and deculturation. Assimilation is replacing one's culture with the new culture; deculturation is giving up one's culture without adopting the new culture; separation is the maintenance of one' own culture and rejection of the other culture, and; integration is maintaining one' own cultural elements while moving towards the new culture. The underlying concept of this model is the organizational member's willingness to preserve one's own culture as well as the perceived attraction of the other culture. Studies by Vaara (2000) on 8 Finnish-Swedish cases have highlighted the notion of sensemaking by the top management to bring about cultural integration. Some of the important findings of this study may have an impact on the current research: a) representatives of a particular culture have significant power in the internal sensemaking processes due to their superior knowledge of the specific circumstances; b) merger failures are attributed to cultural differences but the merger successes are rarely attributed to cultural compatibility, c) emotional identification in post-merger cultural integration; d) "paradox of cultural proximity" - is a key process in the post-merger cultural integration. This explains the concept why cultural differences crop up between close cultures and very problematic than the differences between distant cultures; e) the study highlighted the 'historical inferiority-superiority relation' – wherein a dominant cultural group may take on the role of a superior in comparison to a less dominant cultural group, thereby undermining their beliefs and practices.

Epstein (2005) had conducted a case study of the merger of J.P.Morgan and Chase Manhattan Bank, wherein the author was able to test the 6 evaluators of merger success which pertain towards the organizational culture construct. The 6 evaluators of merger success as identified by the author are: i) strategic vision and fit, ii) deal structure, iii) due diligence, iv) premerger planning, v) postmerger integration and vi) external factors.

Studies also reveal that individuals in the organizations should be considered because their subjective impressions and perceptions (Buono, Bowditch and Lewis 1985) affect the changes. Ivancevich, Schweiger and Power (1987) suggest that an individual's appraisal of the effect of a merger and how it is managed will be in terms of its effects on the individuals themselves, such that i) irrelevant appraisal will lead to the individual being unaffected; ii) positive appraisal will create challenging opportunities for the individual; and iii) negative appraisal will cause the individual to feel threatened and often to suffer harm or damage. Individuals are also bound to feel more stressful during mergers. Panchal and Cartwright (2001) in their study report the escalation of stress levels following mergers and acquisitions that resulted in a series of dysfunctional outcomes. In order to lessen the dysfunctional outcomes of mergers, organizations generally tighten controls in order to bring about a forced change and with immediate effect. This can have an adverse effect, because tightened controls can serve their purpose depending on the type of culture prevalent in the organization. Harrison (1972) talks of four different types of culture: Power, role, task/achievement and person/support. Cartwright and Cooper (1996) have proposed a model that highlights the relationship between the cultural types and the level of constraint or autonomy that is placed on individuals, which is shown as a continuum (Figure 2.2).

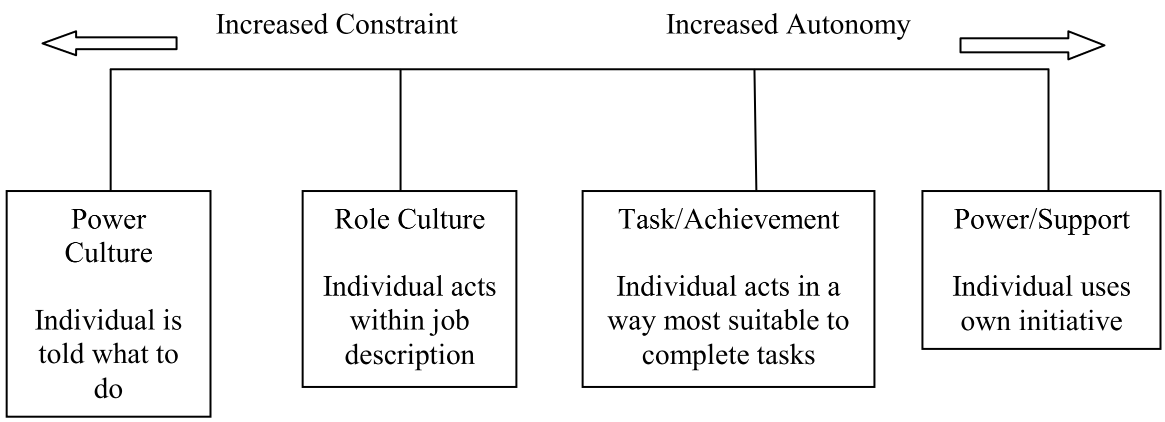

Figure 2.2: Relationship between Culture Types and Individual Consequences in Terms of Constraint/Autonomy

Source: *Cartwright and Cooper (1996)*

Dysfunctional outcomes of mergers are also the result of defensiveness by the employees. They become aware of the changes in the performance appraisal system and the tools for measuring loyalty. This combined with a dip in the trust levels and a feeling of cultural shock make them more defensive to any change measures initiated. This reaction of employees has to be addressed in its entirety, because the reactions range from: i) disbelief and denial, ii) anger, rage and resentment, iii) emotional bargaining beginning in anger and ending in depression and iv) acceptance (Mirvis 1985). Writers also opine that a situational appraisal will influence the cognitive evaluation of a merger situation. This comes into play when organizations of unequal statuses merge; the employees of the low status pre-merger organization may feel more threatened, resulting in more negative responses to the merger than members of the high status organization (Terry and O'Brien 2001). The emotional or affective experience of an individual may impact his/her commitment and the respective behavioural contributions to the change effort (Huy 2002). The commitment of individuals may be garnered if they are involved in the change process and they can verify the validity of the new beliefs and values and ascertain the outcomes personally and also if they can explore how they could contribute to the change effort (Zammuto, Gifford and Goodman 2000).

These studies prove that organizational culture is the force that permeates in an organization and is necessary for its smooth functioning. Some of the important findings on organi9zational culture are listed in Table 2.1

Table 2.1: Key Findings on Organizational Culture

Sl. No.	Author (s) and Year	Main Findings
1.	Pettigrew, A.M. (1979)	Culture as a source of family of concepts. Concepts of culture being symbol, language, ideology, belief, ritual and myth.
2.	Pettigrew, A.M. (1979)	Commitment can looked at through a cultural approach. Culture is communicated through the vision. Vision states beliefs, uses a distinctive language to define roles, activities, challenges and purposes and in doing so helps to create patterns of meanings and consciousness which is defined as organizational culture.
3.	Schein, E. (1992)	Culture is layered, comprising a deep level of unconscious basic assumptions manifested in

		shared values and organizational artifacts. It suggests that the deepest level of basic assumptions constitutes culture, while values, beliefs, behaviours and creations are mere manifestations of such assumptions.
4.	Deal and Kennedy (1982)	Judicious culture management leads to significant performance improvements.
5.	Schein (1992)	Culture and leadership, when one examines them closely, are two sides of the same coin and neither can really be understood by itself.
6.	Denison (1990)	Performance of an organization is dependent on the degree to which the values of the culture are widely shared.
7.	Peters (1978)	Symbolic devices such as stories, legends and others can be used to meet the organizational goal.
8.	Deal and Kennedy (1982)	Mergers affect organizational culture. The impact is seen in three ways – 'the over-your-shoulder effect', 'winners-and-losers effect' and 'cultural isolation effect'.
9.	Karahanna, Evaristo and Srite (2005)	Values and practices are important elements of culture, with values being closer to the core how individuals think, and shared practices being more peripheral.
10.	Robey and Azevedo (1994)	Culture can be studied through (i) visible symbols, artifacts, routines and practices (ii) values and beliefs articulated by informants (iii) patterns of assumptions that are deeply held,

		possibly without conscious awareness.
11.	Barney (1986)	When organizational culture aligns the firm's internal and external environments, it enhances financial performance.
12.	Martin and Powers (1983)	Organizational culture serves important function as generating commitment
13.	Maanen and Barley (1985)	Tasks, roles and interaction patterns change with mergers so that old loyalties vanish and new patterns of commitment and obligation appear.

Source: *Literature Review*

2.3 ORGANIZATIONAL IDENTIFICATION

Organizational identity is a term that is used to broadly refer to what members of an organization perceive, feel and think about their organizations. It is also assumed to be a collective, commonly shared understanding of the organization's distinctive values and characteristics. Albert and Whetten (1985) offered an influential definition of organizational identity as that which is central, enduring and distinctive about an organization's character. Organizational identity is differentiated from corporate identity on the basis of the degree to which it is conceptualized as a function of leadership and by its focus on the visual (Abratt 1986; Olins 1989; Balmer 1995). Balmer (1995) emphasizes on graphic design and management through corporate symbols to focus attention on the strategic and visual aspects of corporate identity. Abratt (1989) explains: "Visual identity is a part of the deeper identity of the group, the outward sign of the inward commitment, serving to remind it of its real purpose."

Hatch & Schultz (1997) view organizational identity as being grounded in local meanings and organizational symbols and thus embedded in organizational culture. So they perceive organizational culture as the internal symbolic context for the development and maintenance of organizational identity. They offer that the symbolic construction of organizational identity is communicated to organizational members by top management, but is interpreted and enacted by organizational members based on the cultural patterns of the organization, work experiences and social influence from external relations with the environment. So they conclude that organizational identity emerges from the on-going interactions between the organizational members (including middle-level managers) as well from top management influence. Dutton et al (1994) opine that two organizational images influence the cognitive connection that members create with their organization. The first image is what the member believes to be distinctive, central and enduring about the organization, which is defined as perceived organizational identity. The second image is what a member believes that outsiders think about the organization, which is defined as construed external image. They argue that when a person's self-concept contains the same attributes as those in the perceived organizational identity, such a cognitive connection is to be defined as organizational identification. They define organizational identification as the degree to which a member defines him or herself by the same attributes that he or she believes define the organization. A person is strongly identified with an organization when: (1) his or her identity as an organization member is more salient than alternative identities, and (2) his or her self-concept has many of the same characteristics he or she believes define the organization as a social group. Some authors have related organizational identity to self-concepts, as value congruence and as a cognitive link. Gecas (1982); Schenkler (1985); Markus and Wurf (1987) talk about self-concept as an interpretive structure that mediates how people behave and feel in a social context. According to Hogg and Abrams (1988), self-concept refers to "the totality of self-descriptions and self-evaluations subjectively available to an individual". A person's self-concept is composed of a variety of identities, each of which evolves from membership in different social groups, such as a social group based on race, gender or tenure (Stryker and Serpe 1982; Breakwell 1986). But Ashforth and Mael (1989) opine that self-concepts are also influenced by memberships in social groups such as work organizations, through which a member may come to identify with an organization. Hall, Schneider and Nygren (1970); Lee (1971); Hall and Schneider (1972) focus on organizational identification as value congruence between a member and his or her organization. Organizational identification is also defined as a cognitive link between organization and the self which is consistent with the attitudinal approaches to commitment (e.g., Porter et al. 1974; Mowday, Porter and Steers 1982). As part of the commitment process, the level of organizational identification indicates the degree to which people come to see the organization as part of themselves. The formation of and change in a member's organizational identification has been described by many researchers. Tajfel and Turner (1985), Ashforth and Mael (1989) have described organizational identification as a process of self-categorization. They have proposed that organizational identification strengthens when members categorize themselves into a social group, which has distinctive, central and enduring attributes.

When organizational identification is strong, the organization based content of a member's self-concept is salient and central (Gergen 1968; Stryker and Serper 1982). This means that the other identities in the self-concept have receded and organizational membership becomes the central and frequently used basis for self-definition (Kramer 1991).

Most writers on organizational identity provide frameworks for understanding of the concept of organizational identity. But not many writers have focused on the key components or dimensions of organizational identity or how it is created. Alvesson and Empson 2006 have identified four major dimensions of organizational identity. These dimensions were constructed as responses to one basic question: 'Who are we as an organization?' A set of subsidiary questions produced the four dimensions: a) Knowledge Work b) Management and membership c) Personal orientation d) External interface. The four dimensions and the associated sub-themes of organizational identity are produced in Table 2.2.

Table 2.2: Dimensions and the Associated Sub-Themes of Organizational Identification

1. **Knowledge Work**: What do we know and how do we work?
    - Content of knowledge
    - Work Processes
2. **Management and membership**: How is the organization managed and how do members relate to management?
    - Formal structure and systems
    - Informal structure and systems
    - Ideals
3. **Personal Orientation**: What kind of people are we in the context of the organization?
    - Morality
    - Mythology
4. **External Interface**: How are we seen and how do we see others?
    - Image
    - Clients and competitors
    - The 'other'

Source: *Alvesson and Empson (2006)*

2.3.1 Knowledge Work

Alvesson and Empson (2006) treat knowledge work as an umbrella term to include knowledge conceptualization, knowledge codification and dissemination. They also look at how people of an organization work and what are the specific practices involved. For them identity is both 'We are what we know' and 'We are what we do'. They emphasize that these questions may not elicit 'objective' answers. They affirm that the answers so obtained should be credible to organizational members and not necessarily to external observers. They also quote Scott and Lane (2000) as 'people's perceptions of organizations are not simply descriptive statements of organizational features, attributes and characteristics, but also evaluations relating to cultural values, definitions and meanings'.

2.3.2 Management and Membership

According to Alvesson and Empson (2006), the focus is on formal and informal systems and structures that support delivery of service to clients as well as the links between organization and its members. It is also concerned with the extent of motivation and control exerted by these systems on members. It is a measure of relationship between the organization and its members in terms of freedom, creativity, performance, status, interpersonal relations, pay, career prospects and doing good things to others. It is also concerned with the importance given to monetary motivation or to the ideals of intellectual change, making a difference etc.

2.3.3 Personal Orientation

Alvesson and Empson (2006), invest this dimension with values and morality, the personal mythologies and fantasies that may support and shape an organizational member's self-concept. This dimension is strongly tuned towards work ideals, but there are other aspects that veer more in the direction of mythology: 'fantasies and non-credible stories of highly unusual and strongly exaggerated ways of being. These are typically not communicated or validated externally, but expressed only within a particular group, functioning in isolation in this specific respect. Another element is the definition of people in the organization as carriers of values/morality'.

2.3.4 External Interface

Organizational identity is not just internal to an organization; it is also a function of how the organization is perceived by outsiders and the society as a whole. Organizational members sometimes selectively emphasize prestigious clients and contacts, so as to proclaim membership to an ‘elite’ niche. The concept of identity therefore is not objective, but very personalized because it is dependent on the members’ self-perception of the society’s collective view. Hatch and Schultz (2002) emphasize that ‘at any moment identity is the immediate result of conversation between organizational (cultural) self-expressions and mirrored stakeholder images’.

The current study uses this framework as a roadmap to explore the dimensions of organizational identity. The four dimensions listed above were used as a reference tool by the researcher in the exploratory research using the Grounded Theory approach. A detailed discussion on the methodology adopted for the Grounded Theory in the study and the dimensions identified are enumerated in the chapter on data analysis and discussion.

2.3.5 Communication and Leadership

Organizational identity is a function of communication. It has been considered to be the principal element in the creation of identity. At the individual level, a person affirms self-identity and confirms or disconfirms other’s identity through communication. Christensen and Cheney 1994, say that an individual can articulate his/her similarity to, and distinctiveness from, the broader social system through communication. It is the foundation of any organization’s structure. Organizational identity develops only through interactions. Tannenbaum and Hanna (1985) assert that identity is established with time, as a system (individual, group or organization) interacts with its environment. When interactions become patterned, they give rise to interpretations that are bracketed (Weick 1979) and sustained. Gray, Bougon and Donnellon (1985) assert, “Social interactions, and communication, in particular, are the primary vehicles by which coincident interpretations of reality are created, transmitted and sustained. Through communication, concepts come to embody similar meanings for two or more individuals, that is they become coincident”. Selzenick (1957) argues that these coincident interpretations are unique to individual organizations and thereby lend an aura of distinctiveness to organizations. This distinctive and central aspect of organizations is organizational identity. When individuals in the organization communicate their identity to 'outsiders', especially when such identity is challenged, that becomes a major contributor to organizational identity. Top management is entrusted with heavy responsibility to develop and sustain such an identity. Many studies corroborate the fact that leaders play an important role in organizational identification (Barnard 1938; Pettigrew 1979; Smircich and Morgan 1982). The contribution of top management is more deeply felt during a transition period. Transition or change constitutes a context of high ambiguity in organizations (Gioia and Chittipeddi 1991; Schweiger and DeNisi 1991). Schweiger and DeNisi (1991) assert that during organizational change, individuals and groups affected by the change, attempt to reduce the experienced ambiguity and become highly attentive to communication from management. During change, top management communication becomes more relevant, since employees' world view changes and the previous conditions do not apply. Pfeffer (1981) indicates that a common set of understandings develops through frequent top management communication. The top management can use any methods of communication and should not ignore the importance of language. According to Pondy (1978), "Language is a major tool of social influence and one of the least visible of influences". He says that a leader who can use language effectively and put into words the group's experiences, the meaning of the group's action becomes a social fact. He is then able to influence the views of different stakeholders to the organization and their relationship to it.

A discourse on organizational identity cannot happen in isolation of organizational culture. Many writers have brought about a clear distinction between organizational culture and organizational identity. But this distinction is dependent on the definition adopted by the writers. For Nizard (1983), culture is a subset of identity and its very powerful expression. Ashforth and Mael (1996) consider identity to be a larger concept than culture. According to Fiol (1991), identity is a link between two aspects of culture – a) culture as unobservable and unspoken rules and b) culture as behavioural manifestation. But Hatch (1993) says that culture is a dynamic interaction between values, assumptions, symbols and artifacts, which are its key components. With this definition, the researcher wants to take on the view that organizational culture leads to the development of organizational identity. This is further substantiated by other writers (Reitter, Chevalier, Laroche, Mendoza and Pulicani 1991) who say that culture and identity constitute two fundamental levels of group life. They say that some cultural phenomena cannot be verbalized; whereas identity is a coherent set of characteristics developed by the group throughout its history and recognizable by group members.

Organizational identification has thus been viewed and reviewed by many writers and in differing contexts. A summary of the main findings (Table 2.3) provides a clear view on this complex construct.

Table 2.3: Key Findings on Organizational Identification

Sl. No.	Author (s) and Year	Main Findings
1.	Albert and Whetten (1985)	Identity is the enduring, distinctive and central characteristics of an organization.
2.	Dutton, Dukerich and Harquail (1994)	When a person's self-concept contains the same attributes as those in the perceived organizational identity, this cognitive connection is defined as organizational identification.
3.	Dutton, Dukerich and Harquail (1994)	Mergers represent changes in organizational structure and culture which may alter members' organizational images. So these strategic changes revise both the boundaries and content of a member's perceived organizational identity.
4.	Gioia and Thomas (1996)	Individuals identify emotionally with the organizational identity and are motivated to take action on issues that threaten or support that

		identity.
5.	Hatch and Schultz (1997)	Organizational identity is a self-reflexive product of the dynamic processes of organizational culture.
6.	Lin, Yueh-Ysen (2004)	Organizational identity influences management and members within an organization in several ways; from organizational leaders' actions and decision making regarding change initiatives, to members' interpretation of organizational events and actions.

Source: *Literature Review*

The consequences of organizational identification are many. Many writers have listed a number of implications such as an object of thought, for the way people think and feel about themselves and others in the organization, and for the actions they take on behalf of the organization and its members (Ashforth and Mael 1989; Dutton et al. 1994). One such consequence is organizational commitment. Studies clearly support a relationship between organizational identification and commitment. Becker (1992) in his study found that organizational identification correlated 0.65 with commitment to top management. Hunt and Morgan (1994) also show that organizational identification had an influence on commitment.

2.4 ORGANIZATIONAL COMMITMENT

Early writers on commitment have used terms that are very broad and sometimes denoting other phenomena; some of which may result in commitment and some may be seen as a result of commitment. One such definition is 'the strength of an individual's identification with and involvement in a particular organization' (Porter, Steers, Mowday and Boulian 1974). The concepts very clearly relate to motivation, intention to remain, acceptance of and overlap with the values and goals of the organization. A more concise definition was given by O'Reilly and Chatman (1986) as 'the psychological attachment felt by the person for the organization'. But again, the dimensions used were:

identification (involvement based on a desire for affiliation), internalization (involvement predicated on congruence between individual and organizational values), and compliance (instrumental involvement for specific, extrinsic rewards). The recent writers Allen and Meyer (1990) developed a three component view of organizational commitment which well represents a member's emotional, moral and behavioural attachment to the organization.

2.4.1 Emotional Commitment

Emotional or affective commitment measures the extent to which a member's organizational commitment is dependent on his 'liking' for the organization. Kanter (1968) defines emotional commitment as 'the attachment of an individual's fund of affectivity and emotion to the group'. This attachment towards the organization happens as a result of the identification of the self with the organization. A positive degree of identification with the organization results in enhancement of the individual's self-worth, sense of coherence and personal integrity (Bergami and Bagozzi 1996). This attachment to the organization is also influenced by assimilation and contrast effects, where the individual selectively exaggerates the positive aspects of the organization and ignores the negative aspects; the same for organizations chosen for comparison also (Lombardi, Higgins and Bargh 1987; Newman and Uleman 1990). A positive liking for the organization is reinforced by working with others who have similar social identities (Bergami and Bagozzi 1996).

2.4.2 Moral Commitment

Moral or normative commitment is a sense of obligation or responsibility felt by the individual to the organization. The individual through a system of action and interaction with the organization shares the organization's values and world views through a process of self-categorization (Turner 1985) and begins identifying with the organization. This makes the individual become a champion for the group values and normative expectations. This is possible because of in-group cohesion and the facilitation of communication and co-operation (Turner 1984).

2.4.3 Behavioural Commitment

Behavioural or continuance commitment reflects the behavior to remain with or leave the organization. It is generally assumed that the individual with a stronger organizational identification would display a greater commitment to the organization. This is because an individual would experience a heightened sense of self-worth, coherence and personal integrity by remaining with the organization. But research has proven that this is not always true, because the intent to remain with the organization is dependent on the availability of better sources of employment in terms of personal gain. This is very clearly indicated by Ashforth and Mael (1989): "… an individual can score high on commitment not because he or she perceives a shared destiny with the organization but because the organization is a convenient vehicle for personal career goals. If another organization proved more convenient, such an individual could transfer to it without sacrificing his or her goals."

These dimensions of organization commitment are considered for the study, since the earlier dimensions have a greater loading of organizational identification and other constructs in them, which may make them inconclusive for the study.

Most studies on commitment concentrate on organizational commitment, but writers now are looking at employee commitment and the different foci and bases. Foci of commitment to employees are the individuals and groups to whom an employee is attached (Reichers 1985), professions (Morrow 1983), unions (Gordon, Beauvais and Ladd 1984), organizations (Mowday et al 1982), as also occupations, top management, supervisors, co-workers and customers (Reichers 1986; Becker 1992; Meyer, Allen and Smith 1993). Becker et al (1996) argue that commitment to supervisors was positively related to performance and was more strongly associated with performance than to organization commitment. Writers have also tried to identify the levels of commitment in public and private organizations. Conventional writers have propagated that employees in the private sector have higher levels of organizational commitment in comparison to their counterparts in the public sector. But with a multidimensional view on employee commitment, this conventional view may not be true. Lee (2000) argues that despite a constant barrage of negative images, superficial criticism, and minimal public support, public sector employees have a strong willingness to improve productivity and a proactive attitude toward their organization's well being. Foci of commitment also vary with organizational culture. For example, Lee (2000b) found that in a study comparing multiple commitments of Korean public managers with their American counterparts, due to cultural differences, Korean public managerial employees were more likely to be committed to their groups (commitment at group level), while American Public managerial employees are likely to be committed to their supervisors (commitment at individual level). This differentiation can be attributed to the national culture of each country which stresses on collectivism and individualism. Writers have also tried to distinguish the variations in the three dimensions of employee commitment according to the organizational culture.

Organizational commitment has been shown to have a positive relationship with job performance and turnover (Farrell and Rusbult 1981; Gregson 1992). It has also been suggested that society as a whole would benefit from employees' organizational commitment due to lower job movement and higher national productivity (Porter et al. 1974; Steers 1977). So it has been perceived that higher levels of commitment would lead to higher performance. It has also been found that organizational commitment is positively related to Return on Assets (ROA). Conchas (2000) found a link that the more committed the employees, the greater the return to shareholders. These studies prove that organizational commitment has an impact on the financial performance of the firm, hence could affect organizational performance.

Organizational commitment is influenced by organizational culture (Geiger 1998; Cohen 2000). Rashid et al (2003) show the integrated relationships between organizational culture, organizational commitment and organizational performance in a developing country. They also advise that commitment has to be generated keeping in mind the different types of organizational culture, because differing motivational techniques may have to be applied. Another important finding of the same study is the impact of organizational culture and commitment on performance. They have been able to prove an integrated relationship between these three constructs, and the same relationship is valid in the settings of a developing country. This has great relevance for the current study, since this study is also conducted in the context of a developing nation.

The review on organizational commitment has provided an insight into the works of the various authors; some of their main findings are encapsulated in Table 2.4.

Table 2.4: Key Findings on Organizational Commitment

Sl. No.	Author (s) and Year	Main Findings
1.	Deutsch (1957)	Individuals commitment to a strategic decision ensures that the mutual and constant choices necessary for coordinated, cooperative effort will be made.
2.	Martin and Powers (1983)	Organizational culture serve important function as generating commitment
3.	Dutton, Dukerich and Harquail (1994)	Mergers represent changes in organizational structure and culture which may alter members' organizational images. So these strategic changes revise both the boundaries and content of a member's perceived organizational identity.
4.	Gioia and Thomas (1996)	Individuals identify emotionally with the organizational identity and are motivated to take action on issues that threaten or support that identity.
5.	Hatch and Schultz (1997)	Organizational identity is a self-reflexive product

		of the dynamic processes of organizational culture.
6.	Lin, Yueh-Ysen (2004)	Organizational identity influences management and members within an organization in several ways; from organizational leaders' actions and decision making regarding change initiatives, to members' interpretation of organizational events and actions.
7.	Meyer and Allen (1990)	Three component model of organizational commitment – Desire (Affective commitment), Need (Continuance commitment), Obligation (Normative commitment).

Source: *Literature Review*

2.5 MERGERS

Mergers are a strategic initiative of corporations to grow inorganically. They have a unique potential to transform firms and to contribute to corporate renewal (Angwin 2001). Hoskisson & Hitt (1994) say that mergers have been a popular strategy. They have also become a well-institutionalized phenomenon strongly influencing organizational structures and behaviours (Hirsch 1986; Pablo 1994). Some organizations also consider mergers to be a superior method of investing corporate resources (Bruton, Oviatt and White 1994; Pablo 1994). Haspeslagh and Jemison (1991) and Harrison (2002), comment that mergers do help a firm in renewing its market position at a speed which may not be achievable through internal development.

A review of literature reveals that writers use the terms mergers and acquisitions synonymously. But for the purpose of this study a clear distinction is necessary. Mergers involve two organizations of relatively comparable stature coming together to form a entirely new organization. The assumption is that they draw the best attributes from each organization and form a new one. One of the notable mergers on the Indian soil is the merger of Reliance Industries Limited (RIL) and Reliance Petroleum Limited (RPL) which created a merged organization that could take on the competition at the national and the international level. Mergers can be classified as:

- Horizontal mergers – it is a combination of two or more organizations involved in similar type of production, distribution or geographical location. The motives for horizontal mergers are achievement of economies of scale, enhancing market concentration and profitability, reduction of investment in working capital and advertising costs and exerting greater control on the market.
- Vertical mergers - it is a combination of two or more organizations involved in different stages of production. The merger can be a backward integration with the supplier or a forward integration with the distributor or customer.
- Conglomerate mergers – it is a combination of organizations involved in unrelated lines of business specifically for the purpose of diversification. This type of merger increases the organization's portfolio of products and processes, thereby increasing its overall stability.
- Circular combinations – it is a combination of organizations producing unrelated products in related industry seeking to enhance economies by sharing common facilities thereby reducing costs of duplication and promoting market enlargement.

Acquisitions involve the simpler process of putting a smaller organization into the framework of a larger, existing organization. Examples of some audacious Indian acquisitions are Tata's acquisitions of Corus in 2007 for $ 12 billion; Hindalco's acquisition of Novelis for $ 6 billion; Tata Motor's acquisition of Ford's Jaguar Land Rover operations for $ 2.3 billion and; Bharti's acquisition of Zain's African assets for $ 10.7 billion.

Mergers have seen an increasing trend from the 1970s when the concept of shareholders' value started assuming significance. This resulted in a struggle for market shares and the need to establish prices for companies' stocks has been taken as one of the dominant motives for mergers (Tichy 2001). Companies with specific type of resources seek the acquisitive growth. This is in conformance with the resource based view of the firm given by Barney (1991). Peteraf (1993) opined that firms attempt to gain economies of scope by merging with businesses in which they can apply their core competence. Mergers can also be used to buffer a company's core competence or to combine with resources from the other firm to make their own core competence less imitable (Harrison, Hitt, Hoskisson and Ireland 1991). Teece (1986) said that mergers may create co-specialized assets. Mergers have been resorted to as a reaction to changes in the environment like introduction of new technology or deregulations in the legal framework; this is termed as the disturbance hypothesis (Tichy 2001). The rationales for mergers are manifold, but a few of the important ones may be summed up here. Some companies opt for mergers to enable their customers to achieve the synergies of cross-selling which is evident from the Traveler's-Citicorp merger. Financial engineering is also cited as one of the best reasons to go for the mergers route, wherein the tax provisions of a different jurisdiction could be tapped. The merger of Hindustan Unilever and Lakme is a case in point for obtaining the distribution network, thereby getting an expanded outlet base for the products. Diversification is a related rationale to distribution, wherein companies hope to achieve better markets for various products. The recent surge of mergers is seen in consolidating industries, which has been justified on the need to build scale. The mergers and consolidation of banks in India is being promoted on this rationale. The post-liberalization period has thrown up significant challenges for the Indian banking industry. The commercial banking sector has almost all its insulations peeled off, thereby making it susceptible to different kinds of exposures. Indian banking has had to adjust itself to a paradigm shift in operational, functional, environmental and technological spheres. Lakshminarayanan, P. (2005) says that the reforms emphasized the "commercial character" of the banking system and helped the banks to stand on a firm footing.

Mergers are also the ongoing phenomenon in the pharmaceutical industry. Big pharmaceutical companies are eyeing India as the next best destination. The Indian pharmaceutical industry is characterized for its generics, cost-effectiveness and competitiveness. The huge Indian market and the varied nature of diseases have been attracting the international companies. The recent advances in the Indian merger scenario have veered towards the acquisition of biotech companies by large pharmaceutical houses. The reason behind this spree is attributed to novel technology, biologics product portfolio and scientific talent. These advantages have been compounded by the fact that the valuation of most of these biotech companies have fallen by more than 30 percent owing to the recent recession. This has made mergers a tempting possibility rather than trying to negotiate complex licensing deals.

2.5.1 Gains of Mergers

On an analysis of literature, the researcher finds that the writers use the terms merger, acquisitions and takeovers synonymously, so the current section of literature review also uses the same terms. It has been perceived that mergers typically happen in waves and that these waves have been observed and reported frequently. But economists were quick to point out that "The paths of economic theory and merger literature have rarely crossed" (Markham 1955). Finance specialists in their research have studied mergers from the point of view of abnormal reaction of share prices around the announcement of an acquisition (Fama et al 1969). This was substantiated by their study, in which they studied the adjustment of share prices to new information, by using a window of 30 months before and after the event and defined "abnormal" in relation to share prices at the New York Stock Exchange (NYSE). Other writers have also substantiated this fact. Jensen and Ruback (1983) reported that targets' shareholders get abnormal returns of 20-30 percent around the time of announcement while bidders more or less break even. But industrial organizational economists who had studied the balance sheets before and after the mergers have found that acquisitions far from creating value, are unprofitable even for the participants – a "disappointing marriage" (Meeks 1977). It has also been proven that the gains from mergers are not evident across a larger time frame. The abnormal returns declined following a pattern. But "glamour bidders", companies with low book-to-market ratio showed high abnormal announcement returns (Lang et al 1989), but bad after takeover performance (Rau and Vermaelen 1998). Other studies also reveal that internal growth results in higher profits than mergers (Dickerson et al 1997). Mueller

(1985) and Baldwin and Gorecki (1990) report market share losses after conglomerate mergers as well as horizontal mergers. But Baldwin (1991) found that in related mergers, there were results of increasing market shares. Tichy (2001) finds no conclusive evidence that supports the fact that mergers enhance productivity in British manufacturing sector. Productivity is enhanced through higher price mark-ups (Borenstein 1990), asset restructuring (Franks and Mayer 1996) and through increasing investments (Kumar 1985). But there are studies that prove that mergers do lead to positive results. Related mergers are more profitable than horizontal, vertical and conglomerate mergers (Ravenscraft and Scherer 1988); pure cash bids for mergers are more profitable than mergers with stock bids (Loughran and Vijh 1997); cross-border mergers fare better than domestic mergers (Conn et al 2001); and merger deals in the service industry fared better than deals in the manufacturing industry (Gugler et al 2000).

2.5.2 Reasons for Merger Failures

Mergers have generated value for firms. Studies have revealed that the shareholders of the merged firm gain an average of 20 percent between the announcement of a proposed merger and its completion (The Economist, September 10, 1994). But there are other studies to prove that the value of mergers is less conclusive (Amihud, Dodd and Weinstein 1986; Lubatkin 1987; Lubatkin and O'Neill 1987; Carper 1990; Datta et al. 1992). Other research shows that mergers with specific types of firms can lead to value generation. Hopkins (1987) found benefits for the merged firm shareholders when there was strategic fit. Singh and Montgomery (1987) found value generation in related mergers. Kusewitt (1985) found financial performance to be higher when firms from a common industry merged. These studies have successfully cast a doubt on the enhancement of value of firm through mergers. Other research (Hitt et al. 1991a, 1991b) has also established a negative effect of mergers on both Research & Development (R&D) intensity (a measure of R&D inputs) and patent intensity (a measure of R&D outputs). Burgelman (1983) says that mergers may lower managers' incentives to develop new products and process ideas. Cassiman and Colombo (2006) emphasizes in his research that in the process of mergers, choosing a partner with a different technology would affect the process of innovation and ultimately, the success or failure of the new company over the long term. He also points out those mergers which involve companies that have overlapping R&D operations, have a negative impact on R&D. Mergers have also been proven to have a negative impact on value creation. Lawrence (2002); Marks and Mirvis (1956) highlight the low success rates associated with mergers. They acknowledge that irrespective of the attractiveness of a business opportunity, if capabilities are not transferred or if people from both organizations do not collaborate to create expected benefits and unpredicted opportunities, then mergers do not create value. Many studies (Cartwright and Cooper 1993) have highlighted the fact that cultural compatibility should be considered as a criterion for evaluating prospective merging partners. This is because two independent firms do not resemble one another identically in any which way. Bijlsma-Frankema (1997a) opine: "Culture plays a major part in the way employees react to the new structure of their work environment, from quick adaptation and commitment to the new expectations, to resistance, withdrawal and other forms of unproductive behavior". Culture frictions arise because of change in structures and the resultant change in interactions between groups and sub-groups. Mergers often result in clash of cultures of the two organizations; this has been compared to two icebergs (Kilmann et al. 1985) on a collision course at one another. If the two icebergs have to mesh into one, it is not sufficient if the tips integrate, they have to mesh and mould from the larger mass that is beneath the surface of the water. Without a proper meshing of cultures, the "them-and-us" feelings linger, which over a period of time can take on gigantic proportions affecting the performance of the firm negatively. Bijlsma-Frankema (2001) provide three explanations oriented in culture to productivity losses occurring as a result of merger: a) the differences in time horizons attached to changes in the structure of the new firm and cultural change, with the latter lagging behind, b) an aversive relation between subcultures of groups of the two firms, which need to work together for maximizing productivity, and c) a lack of unity and quality leadership at the top management level, which is necessary to design and implement changes in structure and culture necessary to make the merged organization successful in coping with its environment. Eisele (1996) identified three general factors that contributed to success of mergers: a) cultural fit, b) cultural potential and c) competent managers.

Cartwright and Cooper (1993) have also highlighted that the human factors are responsible for merger failure. Mergers create a trauma for the employees of the organizations in the merger. This trauma has potential to decrease the success of merger rates to a 50-50 chance (Pritchett 1985). Fairfield (1992) states a few merger myths that managers rely on, rather than facts, while taking the merger decision: a) a quick merger will prevent lost productivity, b) if kept busy, employees will not feel the need to discuss previous uncomfortable company feelings, c) employees of the acquired company will feel good about the future after the acquisition (the author uses the term merger and acquisition synonymously) takes place, d) employees of the acquired company will feel welcome in the new company, and e) a new and improved corporate culture will automatically be established. When organizations enter into a merger deal with the above expectations then it is a forerunner of failure. As Fulmer and Gilkey (1988) indicate 'the courtship and engagement period preceding a corporate marriage creates headlines; the real work, however comes after the marriage has taken place'.

Mergers create attitudinal and productivity problems, as well as result in attrition of key personnel (Sinetar 1981; Walsh 1988). Another major result is employees' loss of identity. This is because employees develop a high level of attachment to their jobs, coworkers, organization structures and systems, performance and career goals. Mergers loosen this attachment, making the employees feel a powerful sense of loss (Schweiger, Ivancevich and Power 1987). For those employees who do not change jobs, mergers bring about a change in role responsibilities and expectations (Bartunek and Franzak 1988). Buono and Bowditch (1989) opine that negative reactions following a merger could significantly reduce job satisfaction levels and bring about unfavourable attitudes towards management. Mergers bring about a lot of confusion and ambiguity and employees counter these circumstances by reducing their commitment levels and instead try to cope with the resultant anxiety and confusion or look about actively for alternate employment situations (Fulmer and Gilkey 1988). This becomes an endemic attitude of the entire organization, fueling the critical atmosphere created by the merger. Marks and Mirvis (1985) suggest that anger is the common emotion that rises to the forefront because of a change in the dominant culture. Employees of the less dominant organization suffer from feelings of worthlessness and may consider themselves inferior because of loss of autonomy and status (Hambrick and Canella 1993). This is further goaded when employees of the dominant organization exhibit their pride in merging with the less dominant organization (Blake and Mouton 1984). In a study of merger of two banks, Napier, Simmons and Stratton (1989) found that changes in attitudes took much longer than expected. Even ten months after the actual merger, employees still spoke of the two banks as “we” and “they”. They suggest that the merger implementation strategy and type of communication should vary according to needs of employees groups, depending on their needs and concerns. This has been substantiated by Covin et al (1996) that employees’ with greater job mobility characteristics (higher levels of education, more years until retirement, work experience in a number of companies) held more favourable attitudes towards merger. Studies have now shown the importance of a need for a post-merger strategy. Schuster and Zingheim (1990) found that in successful mergers there was: a) a pre-merger evaluation of the potential association from the human resources perspective, b) a specific human resource strategy for the merged organization, and c) an effective and accurate employee communications programme conducted both during and after the merger.

Mergers to be successful need a clear-cut programme to be executed. The foremost task for an organization before merger is careful partner analysis. This results in a clear picture of common goals, strategies and expectations of the two organizations and also provides for cultural fit and a realistic judgment of the individual partner’s capacities (Bijlsma-Frankema 2001). This analysis is one best way to understand the cultural differences, which plays a very important role in cultural integration. Partner analysis leads to the stage of designing a strategy based on an environmental opportunities and threats analysis. The strategy to be designed requires the efforts of the managements of both organizations in order to create a synergy. This forms the first stepping stone for mutual collaboration after the merger. The strategy designed requires structures to be put in place. Writers suggest an organic structure to be more relevant than a mechanistic one in case of a dynamic environment (Wilkins and Ouichi 1983; Pfeffer 1994). A strong structure needs support through clear mission and goals, so that employee expectations are clear and defined. This leads to a shared feeling of dependence between the groups to reach the common goals, thereby easing the road for integration (Lewicki and Buncker 1996; Creed and Miles 1996). Cultural integration follows the stage of the definition of a new structure. The basic tenet of cultural integration is the feeling of trust. Trust is embedded in the regime of an organization, by the management philosophy underlying it and the practices it tends to produce (Creed and Miles 1996). Trust is the building block for positive exchanges. Creed and Miles (1996) state: "trust can be influenced by increasing perceived similarities and the number of positive exchanges". Though many writers subscribe to the importance of sharing and interaction, they have not given it much importance. Only a few writers have given it the importance that it deserves. Creed and Miles (1996), Powell (1996) agree that sharing of thoughts and satisfactory exchanges tends to increase in mutual support, or to decrease in the same way. Powell (1996) states that in a process of growing trust, satisfactory exchange experiences lead to a more sharing of worldviews, which in turn has a positive effect on exchange relations in future. Trust is further enhanced through shared norms, dialogue (Argyris 1983) and shared goals. Changes in structure bring about uncertainty and confusion, which leads to resistance to change (Schein 1989; Gilkey 1991, Cartwright and Cooper 1992). This has been well recognized and studies on "Organizational cultures in changing organizations" have identified factors that contribute to successful change practices in contrast to failing ones (Wiezer 1992; Fokkinga 1993). These factors are: a) legitimization of the changes and communicating the positive outcomes that are expected of the new structure, b) clarification of goals and expectations, c) monitoring the process, d) establishing conditions of psychological safety, and e) securing feedback on success and failure outcomes.

These studies do highlight that mergers fail due to the non-consideration of the human factors. Recent studies have also shown how successful mergers can be differentiated from the not successful ones and they have also provided the road-map to reach a successful conclusion. But reality is something different, where organizations still do not devote the necessary time and effort to a cultural integration. An effective cultural integration strategy paves the way for post merger integration.

2.5.3 Post-merger Integration

Successful integration of the two companies after the merger is the key to value creation. Buono and Bowditch (1989) opine that culturally diversified companies can attempt a successful integration. But studies have shown that top management complementarity is required in order to promote organizational learning. But this is severely restricted because of the turnover of key top management personnel (Pennings et al. 1994). So a successful post-merger strategy would look at maximizing organizational learning and limiting the attrition of key personnel. Epstein (2004) has identified five main drivers of successful post-merger integration, they are: a) coherent integration strategy, b) strong integration team, c) communication, d) speed in implementation, and e) aligned measurements. Epstein (2004) also applies the same five drivers of successful post-merger integration to two different case studies and substantiates with the results. Angwin (2004) concludes that the perceptions of success of mergers changes if the volumes of changes initiated in the first 100 days of merger are large. This emphasis on speed suggests that the top management cannot relax back once the deal is signed, but has to put in the integration measures to ensure that they capitalize on the merger.

2.6 LEADERSHIP

Another important aspect of studies relates to the impact of leadership on development of organizational culture after mergers. Leaders play a very important role in managing change and bringing about an acceptance of cultural change. Kouzes and Posner (1987) opine that in times of significant change, 'leadership is the art of mobilizing others to want to struggle for shared aspirations'. Bass (1985) suggests that leaders must promote change by creating vision. But studies also mention that this is a very difficult task. Michaela and Burke (2000) say that a wide range of factors affect organizational change as produced during a merger, and that those leaders hoping to initiate organizational change and generate follower acceptance face a daunting task. Studies reveal that transformational leaders are best suited to bring about organizational change, they can ensure a change in organizational culture by their actions and behaviours. Schein (1992) says that leaders are a key source of influence on organizational culture. Social identity theorists argue that a shift from the personal to the relational (group) level of identity is appropriate in an analysis of leadership in organizational contexts particularly after a merger (van Knippenberg and van Leeuwen 2001). For an effective cultural change to occur, Nadler,Thies and Nadler (2001) suggest that the Chief Executive Officer (CEO) and the executive team must be actively involved. But the involvement of the top management alone does not help; the entire organization has to come together as one entity for a substantial change to take place. Ashkanasy and Holmes (1995) highlight the need for management to take account of human and cultural factors in mergers and for management to adopt a proactive approach to reintegration following mergers. Jung (2001) says managers play key roles in developing, transforming and institutionalizing organizational culture. Pondy and Huff (1988) go further and warn that implementation of change processes flounder if it is improperly framed by the top management. These studies highlight the importance of top management's role in times of organizational culture change. The findings of Whitely (1995) is of more relevance during mergers, because the writer says that managers need to be skilled in relinquishing and helping others relinquish past values that are not in tune with the current, shared vision of future organizational arrangements. The cultural studies have highlighted the problems of executive turnover. It has been recognized that mergers result in attrition of key personnel, but the current spate of studies clearly attributes this attrition to cultural differences (Krug and Hegarty 1997). This assumes more importance because the top management is regarded as the catalyst of change and their influence is most pronounced when change has to be managed, so as to make the merger a success. Sometimes leaders make the mistake of thinking that they can change individual behavior in an organization by changing its culture (Nadler,Thies and Nadler 2001). This is a wrong notion and many change initiatives are resisted because the leaders have not fully understood the motivational requirements of their followers to accept change. Valikangas and Okumura (1997) argue that the strongest motivations and sources of power for leadership is internalization. i.e. the acceptance of leadership influence that is congruent with the behavioural motives of followers. In such a scenario, one of the greatest challenges to a leader is to move an organization's culture to new values or beliefs or to new temporal dimension of culture (Bluedorn 2000). It has to be noted that leaders themselves have to adapt to changes and then act as change agents, which puts an additional burden on them. Champy (1995) notes that successful re-engineering requires that managers 'discard the fantasy of a corporate culture of reflexive obedience and undertake the hard work of creating a culture of willingness and accountability'. A transactional leader who can generate a consensus can be successful at integrating cultures (Trice and Beyer 1993). Consensus generation is a function of communication and communication is the key tool within any change process and the failure to communicate generally results in individuals feeling uncertain and anxious about their future (Kanter, Stein and Jick 1992). Many writers have advocated the importance of communication. Amabile (1998) suggests a 'constant, constructive, less formal exchange of information about a project's progress on the part of all team members and management'. Zammuto, Gifford and Goodman (2000), emphasize the importance of horizontal flow of information, which needs to be brought about as part of organizational change processes in order to empower employees in the decision making process. Fishman and Kavanaugh (1989) talk about certain behaviours like listening fully, giving recognition and being positive about employees' attempts will influence the outcomes of the change processes. These behavioural attributes are suggestive of transformational leadership styles. Avolio and Bass (2002) acknowledge that employees' affective reactions to change are significantly related to transformational leadership behavior such as inspiring others and creating and communicating a vision and direction. Reasons that substantiate this finding are: i) transformational leaders go beyond exchanging contractual agreements for desired performance by actively engaging followers' personal value systems (Gardner and Avolio 1998); ii) transformational leaders serve as role models to stimulate followers to think about existing methods in new ways and encouraging them to challenge their own values, traditions and beliefs (Hater and Bass 1988). Studies have thus pointed out the importance of leaders as change agents during mergers and as such they have to be competent and trained to bring about a transformation in the organization especially during turbulent times of a merger.

2.7 ATTRITION

Attrition in any form is a way of professional life and it has been accepted that an individual's work life in any given organization may cease to exist, and any given industry may shrink through a process of cutbacks and mergers (Herriot and Pemberton 1995; Peiperl and Baruch 1997). Increased management turnover has been associated with acquisitions. A study by Martin and McConnell (1991) reveals that in hostile deals, 42 percent of the target's top management changes in the first year, while it is 21 percent in the second year. This is in comparison to 41 percent and 17 percent in friendly deals. The CEO resigns from the post in about 58 percent of takeovers (Kini et al 1997). Attrition, particularly during a change effort, has an adverse effect on the individuals who remain in the organization (Brockner 1992; Astrachan 1995). These employees have been called the 'survivors' and they may become demotivated, cynical, insecure and demoralized. This is due to many factors such as stress, anxiety, fear, diminishing trust between employees and management or a combination of all the factors. They exhibit a pattern of behaviors that may have a negative impact on performance and productivity. So the term "survivor syndrome" has been coined to describe the set of shared reactions and behaviours of people who have survived an adverse event (Baruch and Hind 2000).

Brockner (1992) borrowed the term from the Holocaust situation and introduced it to management studies. He defines the survivors as those who remain within an organization after a significant cut in the workforce. They generally experience low morale, lower job and organizational satisfaction, lowered levels of commitment, loss of trust and faith in the employer and feeling of guilt. The surviving employees are also affected by the manner in which the workforce is down sized (Schweiger and Ivancevich 1985). A study by Baruch and Hind (2000) gives contradicting results and some of the reasons attributable are: a) good practice adopted while conducting redundancy, b) differing time horizons when temporariness is accepted, c) downsizing of the "dead wood", not the productive employees, d) open communication, e) surviving employees were made to feel privileged to remain in the organization, and f) strong leadership during the attrition process.

2.8 GENDER EQUALITY

The World Health Organization (WHO) defines gender as "socially constructed roles, behaviour, activities and attributes that a particular society considers appropriate for men and women". These roles and behaviours may be the root cause for gender inequality, because the differences between two gender groups generally favour one. This favouritism may lead to gender inequities in both health status and access to health care. The same organization also defines gender equality as "fairness and justice in the distribution of benefits and responsibilities between women and men". This definition can indeed be treated as a definition of social justice. Gender equality is often defined as the umbrella term comprising equal rights and opportunities without gender discrimination (CEDAW 1979) in all aspects of human activity. The United Nations Millennium Task Force on Millennium Development Goal 3 (MDG3) defines gender equality by identifying three main domains as part of its operational framework: a) capabilities – basic human abilities measured by education, health and nutrition; b) access to resources and opportunities – concerning both political and economic; and c) security and vulnerability of women and girls to violence. Gender equity is another term associated with lack of gender discrimination. But analyses of definitions show that gender equity is narrow and has a more economic implication. Sometimes gender equity may be taken as a stepping stone to achieve gender equality. The World Bank in its report Equality for Women (2008), uses the term equity to connote numeric indicators of equality such as the Gender Equity Index which covers the sub indicators of education (social dimension), income and share of job market (economic dimension), and share of members of parliament and high-paid jobs (political dimension).

A report by the World Economic Forum (WEF 2012) has revealed that India is in the lower order of rankings with reference to gender equality. Gender equality was studied on four parameters, which are: a) economic participation and opportunity b) educational attainment c) health and survival and d) political empowerment. The report says that India has the lowest score among the BRICs nations, though it has performed considerably better in the field of political empowerment. The report cautions that these low scores may be “detrimental to India’s growth”. The increasing number of women elected representatives show that women fare much better in decision making in local government bodies, though they may have been deprived of education and labour market experience. The levels of gender discrimination in the employment market have resulted in poor economic participation by women. But there has been an encouraging change in women participation in the fields of manufacturing, financial services and personal services due to improved access to education, technological advancement, and increased employment opportunities for women (ILO 2011). It has also been acknowledged that women employees are less “troublesome” than their male counterparts and hence are more employable. The Confederation of Indian Industries (CII) National Committee on Women’s Empowerment studied gender equality and reported in 2005 that women formed a small percent of the labour force in Indian organizations. Women constituted only six percent in the medium and large scale industries. The study highlighted that 16 percent were women in the junior managerial level and 4 percent at the middle and senior managerial levels and almost none at the top management levels.

Work in an organizational setting is an important shaper of power and status for both genders. Because of this importance, gender inequalities are a characteristic of professional life. Many strategies have been devised to counter this problem of gender discrimination in the professional sphere, but it still remains a persistent problem and sometimes becomes very acute. This is evident in the report filed by the WEF (2012). India ranks 105 in its Gender Development Index (GDI). Though this has been an improvement over the previous year's ranking (113th place), India still has a long way to go. A study conducted by the Tata Consultancy Services in 2012 lists a few barriers to women in their career that is very gender specific. Women continue to be under-represented in senior management roles and on corporate boards. Though organizations understand that retention measures have to be implemented to deal with these situations, many do not take such measures, nor do they allocate any resources in their financial plans for the same.

In the light of this situation, the variable of gender equality was considered for this study to see the extent of gender representation in the respondents' profile. It is to be seen if the variables of organizational identity and organizational commitment may be influenced by this inclusion. The researcher intended to measure the perceived gender equality in organizations across both the genders.

2.9 MANUFACTURING AND SERVICE SECTORS IN INDIA

2.9.1 Indian Manufacturing Sector

Indian growth rates have increased, aided by the economic reforms that have characterized the Indian economy in the last two decades. An analysis of this growth trend reveals that the manufacturing sector has not contributed robustly to the development of the economy like the service sector. According to the circulars issued by the Reserve Bank of India (RBI) in 2007, the manufacturing sector is defined as enterprises engaged in manufacture or production, processing or preservation of goods. The definition of Micro, Small and Medium Enterprises under the manufacturing sector is: i) A micro enterprise is an enterprise where investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006) does not exceed Rs. 25 lakhs; ii) A small enterprise is an enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006) is more than Rs.25 lakhs but does not exceed Rs.5 crores; and iii) A medium enterprise is an enterprise where the investment in plant and machinery (original cost excluding land and building and the items specified by the Ministry of Small Scale Industries vide its notification No. S.O. 1722(E) dated October 5, 2006) is more than Rs.5 crores but does not exceed Rs.10 crores. The contribution of the manufacturing sector towards India's Gross Domestic Product (GDP) is 16 percent, which has resulted in India contributing to the world's manufacturing share by only 1.8 percent (The Manufacturing Plan of the Planning Commission). This is in direct contrast to the contribution of China to world's manufacturing (13.7 percent). This clearly proves that manufacturing sector in India has to show accelerated growth. The sector has been showing a stable contribution to the Indian GDP and sometimes there has even been a decline, which can be attributed to an open international trade environment and rapid technological change. This needs a very innovative and competitive mindset. The Index of Industrial Production (IIP) shows an industrial growth rate of 8.2 percent for the year 2010-11. The overall growth rate was also very low because of the weak global economic cues. The rate of Gross Capital Formation (GCF) was also weak for the year 2010-11 at 7.1 percent. The sector also employs only 21.9 percent (Indian Economic Survey 2011-12) of the employable population of India, which is very low, because manufacturing sector can contribute to economic alleviation through higher rates of employment. It had been anticipated that the manufacturing sector would create higher levels of employment, but the rate has been boosted up because of the contribution of the construction industry by about 9.6 percent. But the overall results for the manufacturing sector show a decline in the employment rates for the year 2009-10.

The dismal results of the manufacturing sector can be attributed to poor focus on R&D. The Planning Commission has taken cognizance of this fact in its Twelfth Plan and has suggested for the creation of a conducive environment for improvements in R&D and also to allow for a paradigm shift for promoting interactions between the government and the producers. Some of the other reasons for the poor performance of the manufacturing sector can be traced to structural distortions such as reallocation of labour across sectors, very small scale of firms, low firm turnover, poor market integration, high concentration and the persistence of state ownership (Dougherty et al 2009). The other reasons identified are the existence of regulations and restrictive exit policies which have hampered investment and employment creation. This has been the major cause for the low economic performance of the Indian economy.

The low performance by the manufacturing sector though has not hampered the development of a few key trends over the years. One of these trends is the increasing number of merger deals, both domestic and cross-border that have been taking place in the manufacturing sector. In the year 2010, there were around 240 merger deals, of which around 123 were domestic deals, 81 were outbound deals and 38 were inbound deals ("Manufacturing Sector" 2011). The industries that witnessed majority of the deals were the pharmaceutical, automobile and the textile industry. This has in fact helped the manufacturing sector to recover some of its attraction back, since the global perception has taken a favourable turn and many players are considering other forms of strategic alliances with the Indian manufacturing industries.

2.9.2 Indian Services Sector

According to the RBI (2007) services sector refers to enterprises engaged in providing or rendering of services. These will include small road & water transport operators (owning a fleet of vehicles not exceeding ten vehicles), small business (whose original cost price of the equipment used for the purpose of business does not exceed Rs.20 lakhs) and professional & self employed persons (whose borrowing limits do not exceed Rs.10 lakhs of which not more than Rs.2 lakhs should be for working capital requirements except in case of professionally qualified medical practitioners setting up of practice in semi-urban and rural areas, the borrowing limits should not exceed Rs.15 lakhs with a sub-ceiling of Rs.3 lakhs for working capital requirements). The definition of Micro, Small and Medium Enterprises under the services sector is: i) A micro enterprise is an enterprise where the investment in equipment does not exceed Rs.10 lakhs; ii) A small enterprise is an enterprise where the investment in equipment is more than Rs.10 lakhs but does not exceed Rs.2 crores; and iii) A medium enterprise is an enterprise where the investment in equipment is more than Rs.2 crores but does not exceed Rs.5 crores.

The services sector is India is the major contributor for the robust health of the economy. This has progressed in line with the expectations of the economy analysts. Indian services sector's contribution to the world GDP is 57 percent and so India ranks eighth amongst the top 11 developed countries of the world (Indian Economic Survey 2011-12). India also ranked seventh in 2010 in the world in both exports and imports of services. The Indian GDP has a contribution of 56.3 percent from the services sector in the year 2011-12 as compared to 55.1 percent in the year 2010-11. A major chunk of this contribution has been from the group comprising trade, hotels and restaurants (16.9 percent), followed by financing, business services, insurance and real estate (16.4 percent). This boom in the services sector has been pushing the growth rates of the economy. The dynamic growth of the services sector was not realized fully in the FDI to the services sector. The FDI was hit because of dampening economic cues and also because some industries had completed their restructuring deals before the economic crisis. But there have been five sectors which have seen high FDI inflows, they are: a) services sector (financial & non-financial); b) telecommunications (radio paging, cellular mobile, basic telephone services); c) computer software & hardware; d) housing & real estate; e) construction activities (including roads & highways). Services sector has also been able to generate good employment rates for the Indian working population. The National Sample Survey Organization's (NSSO) report on Employment and Unemployment Situation in India for the year 2009-10, reveals that for every 1000 people employed in rural and urban India, 241 and 683 people are employed in the services sector. It is also shown that urban India has a large number of people working in the services sector across all the states.

The buoyancy of the services sector is reflected in its merger activities also. There have been a number of merger deals in the banking and financial sector as well as in the IT sector. The numbers of deals have declined but the value of these deals has increased significantly.

A look into the Indian manufacturing and service sectors reveals a clear distinction in terms of employment, GDP creation and the impetus to push the economic growth rate. This had prompted the researcher to look at these two sectors separately while trying to analyze the impact of organizational culture, identification and commitment on mergers. The researcher intended to verify if the sectors worked differently in adapting to change and internalizing the changes after mergers. The assumptions that the researcher worked on were that the manufacturing sector would adapt to the overarching changes at a sedate pace, in fact sometimes, resist or not adapt to change in comparison to the services sector. It was also assumed by the researcher that the services sector comprised of more knowledge workers and that they would be more receptive to change. This was strengthened by another assumption that the services sector was more open to the global influence in comparison to its manufacturing counterpart.

2.10 LITERATURE MAP

The extensive literature review on the variables identified for the study enabled the researcher to draw a literature map that highlights the relationship between the variables and also reveals the research gap. The literature map shows that a research gap exists in analyzing the effects of organizational culture, identification and commitment on mergers in the Indian manufacturing and service sectors (Figure 2.3).

2.11 CONCEPTUAL FRAMEWORK

The researcher has attempted to draw a conceptual framework on the basis of the literature review conducted and the subsequent generation of the literature map. The conceptual framework highlights the relationship between the independent and dependent variables. A few intervening variables are also considered to verify if they have any bearing on the independent and dependent variables of the study. It also delineates the relationship that needs to be investigated as part of the current study. The independent variables for the study are: i) type of industry sector – manufacturing and service sector.

The dependent variables are: i) organizational culture, ii) organizational identification and iii) organizational commitment

The intervening variables are: i) interpersonal communication, ii) leadership, iii) attrition and iv) gender equality.

An in depth analysis of the variables has enabled the construction of the conceptual framework (Figure 2.4) that serves as a framework for the study.

2.12 SUMMARY

This chapter is an extensive review of available literature in the field of organizational culture, organizational identification, organizational commitment and mergers. In addition to the variables listed, an elaborate literature review was also conducted on certain other variables, which were thought to have a bearing on the main variables. The literature review enabled the researcher to draw a literature map, that highlighted the important studies that were conducted and also to identify the research gap. Three research gaps have been identified which have been termed as need for study in the literature map. The conceptual framework has also been constructed on the basis of the literature review and the literature map. The literature review enabled the researcher to conceptualize the research design and methodology required for the study which is detailed in the subsequent chapter.

Notes:

[1]Rossi and O'Higgins also quote Goodenough (1980): Culture is seen as "a unique system for perceiving and organizing material phenomena, things, events, behaviour and emotions."

[2]Argyris and Schon, (1978); Bougon, Weick, and Binkhorst (1977); Harris and Cronen (1979); Weick (1979a, 1979b); Litterer and Young (1981); Wacker (1981); Ritti (1982); Shrivastava and Mitroff (1982); Bougon (1983).

[3]Structuralism by Levi-Strauss (1974) assumes that the human mind has built-in constraints by which it structures psychic and physical content.

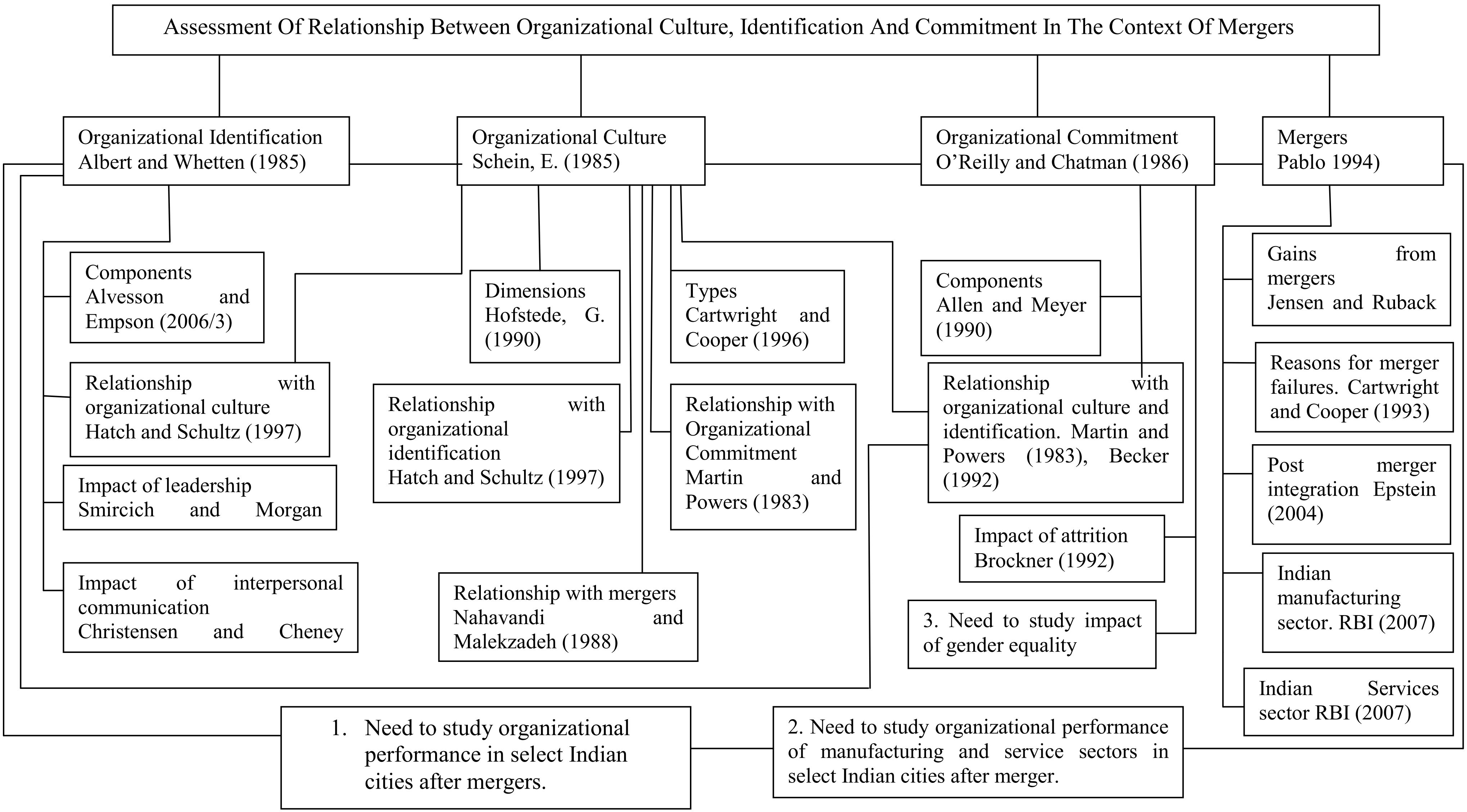

Figure 2.3: Literature Map

Source: Literature Review

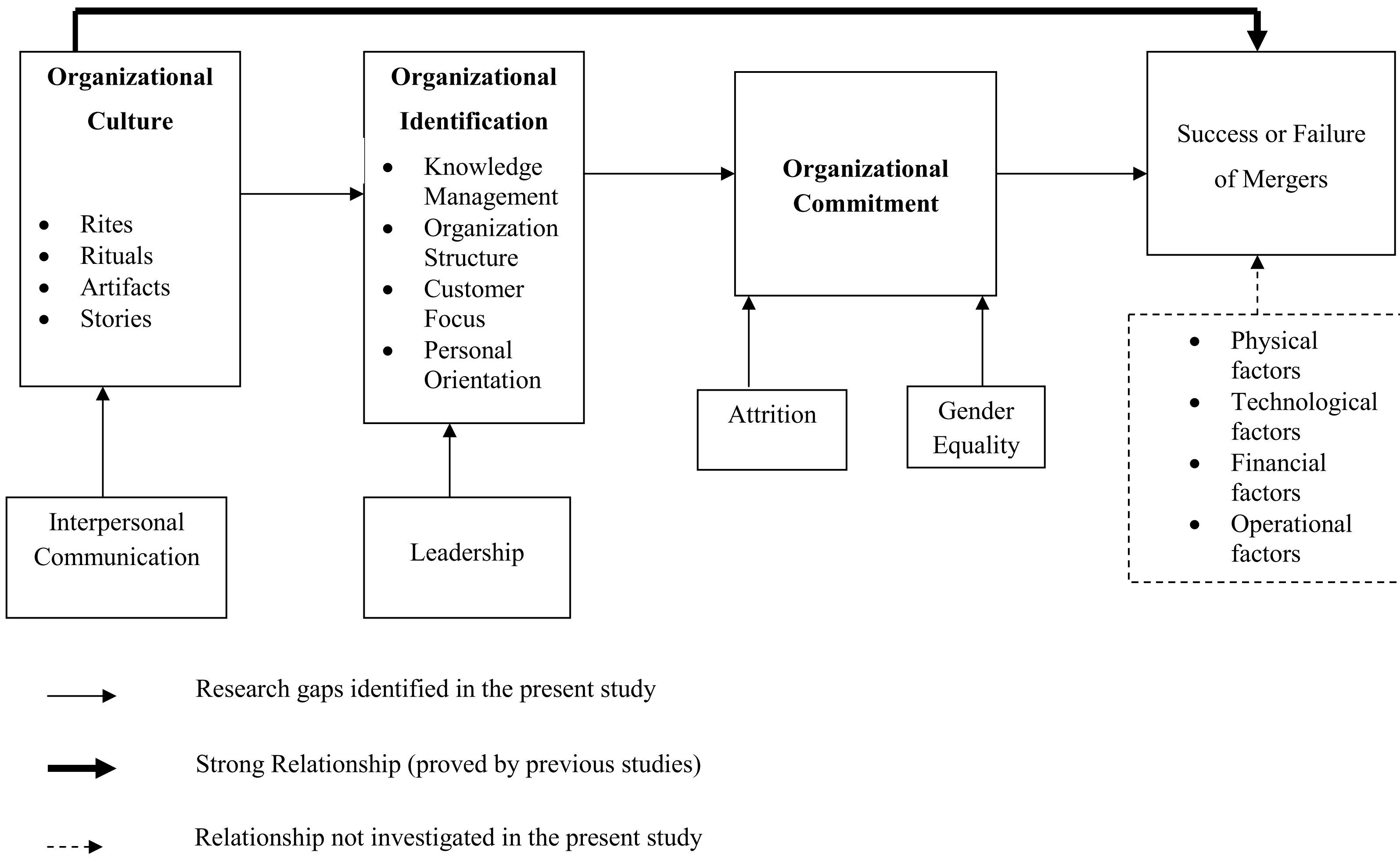

Figure 2.3: Conceptual Framework for Assessment of Relationship between Organizational Culture, Identification and Commitment in the Context of Mergers

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 CHAPTER OVERVIEW

The chapter discusses in detail the research methodology adopted for the study and is organized into the following sections. Section 3.2 gives a brief introduction and is followed by section 3.3 which outlines the purpose of the study. Section 3.4 highlights the significance of the study and section 3.5 gives a detailed discussion of the research approach adopted. Section 3.6 gives the reasoning and section 3.7 discusses the validity. Section 3.8 outlines the sources of data and section 3.9 gives the sampling approach. Section 3.10 discusses the sample size and section 3.11 presents the data collection tools used. Section 3.12 mentions the pilot study undertaken and section 3.13 gives a detailed picture of the final study. Section 3.14 captures the data analysis methods and the chapter ends with the section 3.15 which gives the summary.

3.2 INTRODUCTION

The research design is a link between the objectives established and the conduct of the study. A well formulated research design provides a clear cut path to the achievement of the objectives set, the data to be collected and in the analysis and interpretation of the data. The current study is about impact of organizational culture on mergers and the research design is elaborated in the subsequent paragraphs of the chapter.

3.3 PURPOSE OF STUDY

The purpose of this study is to better understand the research problem by converging both quantitative and qualitative data. Mergers are a time of great upheaval for any organization. They involve a lot of change and ambiguity. The organizations involved in the merger have to adapt to changes in their physical, financial and technological capabilities as well as adjust to changes in the methods of operations and styles of working. This entails a lot of stress and strain for the structure, system and the employees of the organizations. Any incompatibility in these factors will result in a decline in the value for the organization and thereby organizations lose out on the merger process. The study aims to look into the area of adaptation to change after mergers with specific reference to the human issues. The human issues are dominated by the organizational culture, organizational identification and organizational commitment after merger. The study uses a mixed method of research to study this phenomenon. The qualitative and quantitative research methods are used for the study. Grounded theory is used to explore the various variables and dimensions of the main variables under consideration. A detailed questionnaire is then prepared to probe into the variables ascertained. The data collected will then be tested using descriptive statistics and multi-variate techniques of data analysis.

3.4 SIGNIFICANCE OF STUDY

Globalization and liberalization has made India see an unprecedented growth in the corporate sector. Indian corporate sector is witnessing a large number of mergers, both domestic and cross border. This has enhanced India's global presence. Mergers bring in a promise of riches and resources. But studies have shown that a significant percentage of mergers fail. These studies further reveal that organizations execute utmost care while selecting the organizations that are financially, technically and physically compatible. But the very same organizations do not execute the same diligence when it is the matter of the 'softer issues'. These soft issues are the employees of the organization, the existing culture of the organization, the workplace values and the organizational commitment. Organizations that do not give due importance to these issues do not capitalize on the synergies of mergers. This study is relevant today because it addresses the issues of organizational culture, identification and commitment during mergers. Mergers are times of transition and the organization needs to devote maximum time and effort to smoothen the transition process. If the organization were to address these issues at the onset, then it can be ensured of a committed workforce, which will contribute to maximum organizational performance, which in turn can lead to financial value creation.

3.5 RESEARCH APPROACH

Research in Social Sciences is a mixture of research approaches. It cannot be limited to either the quantitative or just the qualitative approach. Abundance of philosophical assumptions such as critical perspectives, advocacy/participatory perspectives and pragmatic ideas (Tashakkori & Teddlie 1998; Lincoln & Guba 2000) are found in literature. The research practices today lie on a continuum between quantitative and qualitative, leaning more towards the qualitative approach. Research consists of not only philosophical assumptions but also broad approaches to research (strategies), to be implemented with specific procedures (methods). Crotty (1998) has developed a framework which combines the philosophical ideas, strategies and methods. The model consists of epistemology, theoretical perspective, methodology and methods. This model was further refined by Creswell (2003) to highlight how different knowledge claim positions can affect the choice of research approach (Table 3.1).

Table 3.1: Alternative Knowledge Claim Positions

Post positivism	**Constructivism**
Determination	Understanding
Reductionism	Multiple participant meanings
Empirical Observation and measurement	Social and historical construction
Theory verification	Theory generation
Advocacy/Participatory	**Pragmatism**
Political	Consequence of actions
Empowerment issue-oriented	Problem-centered
Collaborative	Pluralistic
Change-oriented	Real-world practice oriented

Source: Creswell, J. (2003): Research Design Qualitative, Quantitative, and Mixed Methods Approaches. Sage Publications, Thousand Oaks, London, 2nd Edition, p 6.

On an analysis of knowledge claims, pragmatism is best suited for the current study. These knowledge claims enables the researcher to draw from both the qualitative and quantitative assumptions, gives a freedom of choice about the methods, techniques and procedures of research and sometimes include a postmodern turn, a theoretical lens that is reflexive of social justice and political aims (Murphy 1990; Cherryholmes 1992; Creswell 2003). The current study deals with the softer issues of mergers and as such needs a theoretical lens that can sustain the changes of time.

The softer issues of mergers deal with the changing identities of employees, their expectations, their fears and their attitudes. These variables are qualitative in nature. The study therefore veers more towards the qualitative assumptions rather than describing the pre-defined variables. The qualitative research paradigm has its roots in cultural anthropology and American sociology (Kirk and Miller 1986). Strauss and Corbin (1990) define qualitative research as “any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification.” Locke, Spirduso and Silverman (1987) say that the intent of qualitative research is to understand a particular social situation, event, role, group or interaction. It is an investigative process where the researcher gradually makes sense of a social phenomenon by contrasting, comparing, replicating, cataloguing and classifying the object of study (Miles and Huberman 1984). The researcher enters the informants’ world and through ongoing interaction, seeks the informants’ perspectives and meanings (Marshall and Rossman 1989). Rossman and Rallis (1998) have put forth certain characteristics of qualitative research that holds good for the current study. Qualitative research involves the researcher going to the site of the participant to conduct the research, which provides a realistic “feel” to the research. Multiple methods of data collection that are interactive and humanistic can be used so as to enhance the active participation of participants. Qualitative research lends itself to be emergent during the study, so that more inquiries can be made, rather than follow the configured design. This also holds well with the interpretive nature of qualitative research and lends itself to inductive as well as deductive reasoning. Qualitative data has the ability to describe a phenomenon to a greater extent, both from the researcher’s as well as the reader's perspective. Lincoln and Guba (1985) state, "If you want people to understand better than they otherwise might, provide them information in the form in which they usually experience it." Qualitative research is therefore richer with detail and insights into the participants' experiences of the world and so "may be epistemologically in harmony with the readers' experience" (Stake 1978) and hence may be very meaningful. The qualitative research design is gaining predominance in social research and Hoepfl, M. (1997) has given a synthesis of various authors' descriptions of qualitative research in her paper.

The quantitative research approach primarily is post positivist in view. They include the true experiments and the less rigorous experiments called the quasi-experiments and correlational studies (Campbell and Stanley 1963) and specific single-subject experiments (Cooper, Heron and Heward 1987; Neuman and McCormick 1995). Quantitative research seeks causal determination, prediction and generalization of findings.

The quantitative aspect of the current study is related to the descriptions of organizational culture. Numerous studies on the topic have highlighted the components of organizational culture (eg. Schein 1985). Studies have also proven the relationship between organizational culture and commitment, which have provided the independent variables for the study.

3.5.1 Mixed Method Research Approach

The study on organizational culture and its impact on mergers can therefore not be limited to only the qualitative or the quantitative research assumptions. As such, a mixed method of research has been undertaken for the study. The mixed method of research uses both the quantitative and the qualitative research paradigms. This method of research enables the use of variety of methods to study the same phenomenon, so that the data and the results could be triangulated. In fact, the exponents of triangulation (Denzin 1970) claim that qualitative and quantitative research methods need to be treated as broadly complementary, though not necessarily as compatible, rather than as adding up to some rounded reality. Bryman (2001) discusses the combination of qualitative and quantitative data in terms of the 'strategies' researchers develop towards managing the research process. He also discusses a classification created by Morgan (1988), which applies two criteria in distinguishing the ways in which qualitative and quantitative research are combined: (a) the importance given to qualitative and quantitative approaches in the research investigation, and (b) the time ordering or sequencing of the approaches. Though, he also suggests that such distinctions are always not possible in practice because they rely on being able to identify the dominance of one approach (Bryman 2001).

Keeping in mind the above arguments for mixed research approach, the researcher has adopted such an approach for the study. The study begins with a descriptive approach, but later on had to incorporate a very large aspect of the exploratory approach. The descriptive approach helped the researcher develop variables for the study. These variables formed the basis for the exploratory research. The Grounded Theory approach was used to gain a deeper insight into the variables. An interview schedule was prepared and was administered on 18 respondents selected randomly from three organizations. These organizations had been through the merger process and belonged to the financial services and the software sectors. The merger phenomena was happening at a rapid pace across all the industrial sectors but the financial services and the software sector had many instances of merger, according to the Centre for Monitoring Indian Economy (CMIE) report of 2004 and hence organizations from these sectors were considered for the initial study. The researcher took an approach of the passive listener during the interview and did not interfere during the interview. After every fourth response, the researcher took time off to reflect on the opinions collected and also to ensure that the study was going along the pre-determined route. The responses were then subjected to open coding, axial coding and selective coding. This helped the researcher to freeze the dimensions of the variables to be studied. The variables were used to generate the research hypotheses. A questionnaire was developed using the variables determined and was validated through a pilot study conducted on two organizations that had taken the mergers route. This pilot study enabled the researcher to explore a few untouched areas relating to organizational identity for the study. The concept of organizational identity of employees in the course of mergers required extensive inquiries, which sometimes had to touch the hidden feelings of employees. This probing was possible because of the exploratory nature of the study and also the open ended questions that were a part of the interview schedule. Hence the research design for the study had an equal mixture of the descriptive as well as the exploratory methods. The data so obtained were mostly qualitative in nature, being very "thick" in descriptions.

3.6 REASONING

The reasoning followed in a particular study depends on the use of and placement of theory. According to Kerlinger (1979), theory is defined as "a set of interrelated constructs (variables), definitions, and propositions that presents a systematic view of phenomena by specifying relations among variables, with the purpose of explaining natural phenomena." The theoretical rationale has been defined by Labovitz and Hagedorn (1971) as "specifying how and why the variables and relational statements are interrelated." Theories develop as explanations to advance knowledge in particular fields (Thomas, G. 1997). The use of theory at the beginning or at the end of the plan of study, determines the reasoning adopted for the study. A deductive approach uses theory in the beginning for the purpose of verifying it. The deductive approach is used in quantitative studies, where it becomes the framework for the entire study. The qualitative inquiry generally uses theory as the end point of the study. This inductive process is the building of the model or theory from the data. Mixed method studies may include both the deductive and inductive logical reasoning in the study. Theory in mixed method research could also be used as a *theoretical lens or perspective*.

The current study uses both the deductive as well as the inductive reasoning approach. The researcher has made use of the theory to serve as a guiding framework. The deductive reasoning has been used with a broad theory base of organizational culture and organizational identity. These theories serve as the framework from which nested variables have been drawn and tested. The data collected may serve as a base for the development of certain theories which may have some bearing on the existing literature on organizational culture, organizational identity, and commitment.

The identification of the type of reasoning led the researcher to identify the strategy of inquiry for the research. The six major strategies for inquirers in a research proposal, adapted from Creswell et al (2003) are: (a) Sequential Explanatory Strategy (b) Sequential Exploratory Strategy (c) Sequential Transformative Strategy (d) Concurrent Triangulation Strategy (e) Concurrent Nested Strategy (f) Concurrent Transformative Strategy. Of the six strategies, the Concurrent Nested Strategy is well suited for the current study. This strategy allows for the collection of both quantitative and qualitative data simultaneously during the data collection phase. Nesting allows the quantitative or the qualitative method to be embedded with the predominant qualitative or quantitative method. Morse (1991) noted that a primarily qualitative design could embed some quantitative data to enrich the description of the sample participants. The data collection tool for the current study was set out on a predominantly quantitative design. But the necessity of gaining in depth response on some of the questions led the researcher to incorporate the qualitative aspect through the design of the interview schedule.

The schematic representation of the research methodology (Figure 3.1) used for the current study portrays the three stages used.

3.7 VALIDITY

Internal validity is the extent to which findings accurately describe reality (Hoepfl, M. 1997). Internal validity is of utmost importance for a conventional researcher, but in case of the naturalistic researcher, internal validity does not hold ground because of the existence of multiple realities and the attempts to present these multiple realities in their true essence. So for the naturalistic researcher, credibility holds good.

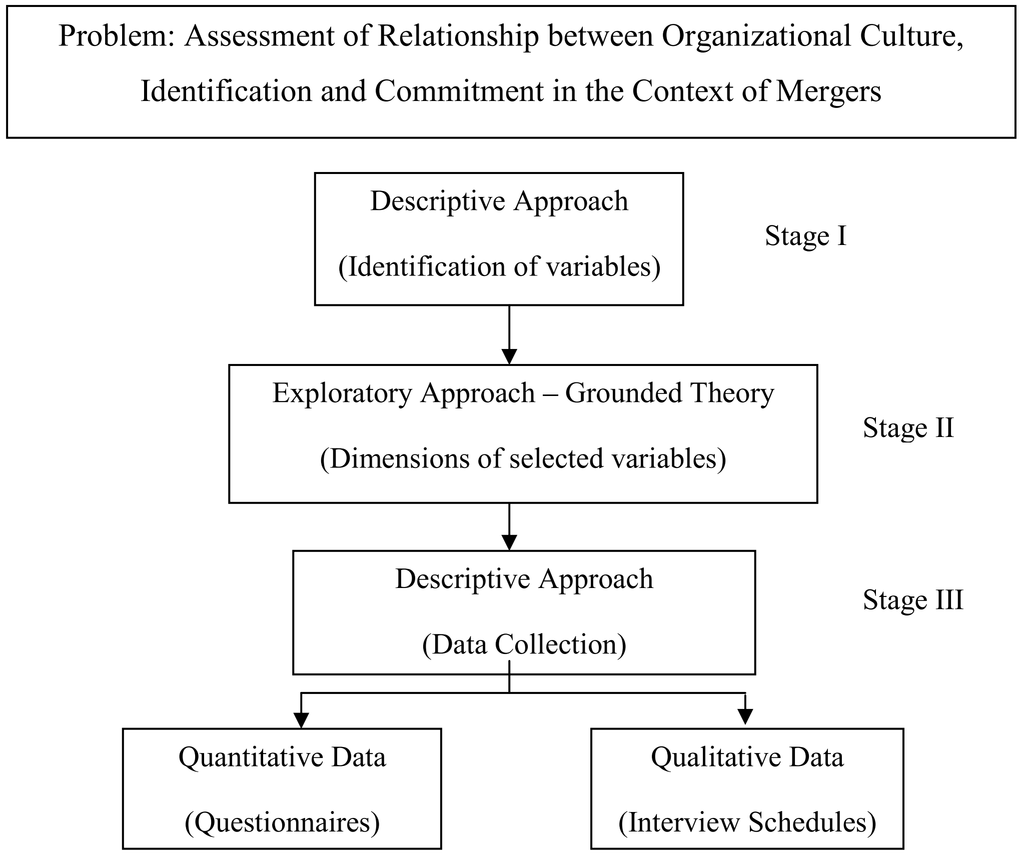

Figure 3.1: Schematic representation of research methodology

Source: *Research Methodology*

Patton (1990) opines that credibility depends less on the sample size than on the richness of the information gathered and on the analytical abilities of the researcher. He also says that triangulation[1] of data helps in enhancing its credibility. Lincoln and Guba (1985) talk of other methods of assessing credibility[2].

The current study is predominantly qualitative in nature and as such the issue of validity is difficult to uphold. The study makes use of two research designs and an iterative sampling approach. This does not lend itself to accurate checks on validity. The data collection relies on the ability of the individual participant and is also dependent on the situation and circumstance when the data was collected. This is the essence of a naturalistic approach, where real people are studied in natural settings than in artificial isolation (Marshall 1996). In order to overcome this weakness, the study made use of the quantitative research design that could lend itself to checks on validity and reliability. The structured questionnaire was subject to tests of internal validity using the inter-rater tests. The reliability analysis was done using the Cronbach Alpha. A Cronbach Alpha of 0.83 revealed a high degree of internal consistency for the items in the questionnaire. A Cronbach Alpha of 0.7 is considered to be adequate to ensure reliability (Cronbach 1951; Nunnally 1978).

Conventional research uses three types of reliability: (a) the degree to which a measurement, given repeatedly, remains the same (b) the stability of a measurement over time (c) the similarity of measurements within a given period (Kirk and Miller 1986). But qualitative research does not focus much on reliability, but relies on validity to a greater extent. Lincoln and Guba (1985) state that, "since there can be no validity without reliability (and thus no credibility without dependability), a demonstration of the former is sufficient to establish the latter." They further suggest that an "inquiry audit" be used in which reviewers examine the process and product of the research for consistency.

Quantitative research is objective because it uses quantitative measures and as such is value-free. But qualitative research relies on interpretations, is value-bound and as such is subjective. Patton (1990) believes that the terms objectivity and subjectivity are "ideological ammunitions in the paradigms debate." He instead prefers to use the term "empathic neutrality" wherein he says that when a researcher is neutral and non-judgmental, he would report what is found in a balanced way. Lincoln and Guba (1985) suggest a "confirmability audit[3]" to demonstrate the neutrality of the research interpretations.

External validity is another important factor in conventional research. It is the ability to generalize findings across different settings. Lincoln and Guba (1985) reaffirm that being able to generalize is "an appealing concept" as it allows the researcher to have some amount of prediction and control over situations. But they also talk about certain local conditions that "make it impossible to generalize". Cronbach (1975) further states that "when we give proper weight to local conditions, any generalization is a working hypothesis, not a conclusion". According to Hoepfl (1997), transferability of a working hypothesis, in a naturalistic paradigm, to other situations depends on the degree of similarity between the original situation and the situation to which it is transferred. She also cites Lincoln and Guba (1985) who state that the researcher cannot specify the transferability of findings; he or she can only provide sufficient information that can be used by the reader to determine whether the findings are applicable to the new situation. Transferability has been described by other researchers[4] also, but they use various terms to describe it.

The findings of the current study may not be generalizable, because of the research design used to collect it. The data is situation and circumstance specific and may not reveal the same results when applied in a different setting. The findings therefore lack external validity that forms the crux of conventional quantitative research. But the findings may be transferable (Hoepfl 1997) to another situation, if the situation and circumstance could very closely replicate the situation and circumstance of the current study.

3.8 SOURCES OF DATA

The study used both primary as well as secondary sources of data (Figure 3.3). The primary sources of data provided the major sources of information. All information pertaining to organizational culture, organizational identification, and commitment of employees from the merged organizations formed the bulk of the primary data. The organizations that had taken the merger route formed the population for the study. Employees of such organizations belonging to the top, middle and the junior cadre were the participants for the study.

Secondary data was collected from sources such as the company annual reports and websites, the CMIE database and the database from the Bangalore Stock Exchange. Various journal articles, books and websites provided the literary background for the study.

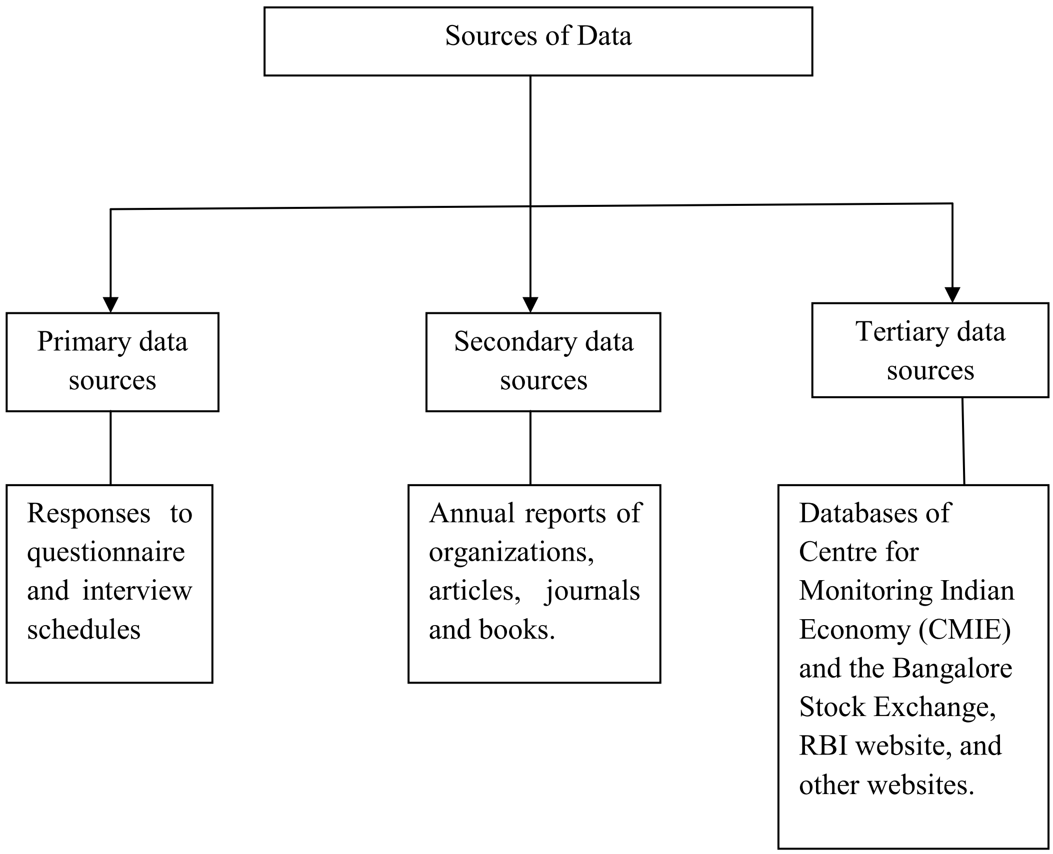

Figure 3.2: Schematic representation of sources of data

Source: *Research Methodology*

3.9 SAMPLING APPROACH

The study used a mixed method (Kaul 2005) of sampling approach. This study was conducted using the combination of the probability and non-probability methods at different stages. So the study also used a multi-stage sampling (Wilkinson 2009) method. This method was used since the study had a qualitative and quantitative aspect in it. The organizations selected belonged to the industries that had seen the majority of mergers happening. The industries selected through the simple random sampling method for the study included the software, financial services, pharmaceutical, banking and manufacturing sectors. The organizations from this cross section of industries were selected through the stratified random sampling method so as to ensure that they were in the geographical region selected for the study. Once the organizations were selected, the participant employees from these organizations were selected using the judgmental sampling approach which is a part of the purposive sampling method[5]. This sampling method was chosen to select participants from the three strata of the organization – the top management, the middle management and the junior management. The judgmental sampling method was chosen because this allows the researcher to actively select the most productive sample to answer the research question (Marshall 1996). Marshall (1996) further states that the judgmental sampling approach was a more intellectual strategy than the simple demographic stratification of epidemiological studies, though age, gender and social class might be important variables. He further states that if the researcher knew the respondents, then they could be stratified according to known public attitudes or beliefs. This method is more suitable than probability sampling because of the nature of the research problem. If the research problem demands a qualitative study, then Marshall (1996) states that non-probability methods of sampling are most suitable. Qualitative research seeks information that is 'richer' with more insight and understanding of human behavior. This kind of information is generally not possible through a random sampling approach, because sociologists (Jackson 1970) recognize that all people are not equally good at observing, understanding and interpreting their own and other people's behavior.

For the study, the participants in some organization were selected using the snowball sampling technique also (Goodman 1961). In this method, the participants are drawn randomly from the population and they provide researchers with the names and contact information of other potential subjects. The researcher then selected a fixed number of names from each list till the desired number of participants is reached. This is suitable when members of the target population know one another and are densely interconnected. The sampling method was iterative, depending on the needs of each stage of study. This iterative process is more theory driven and necessitates building interpretative theories from the emerging data and selecting a new sample to examine and elaborate on this theory (Marshall 1996). This has been referred to as the principal strategy for the grounded theoretical approach (Glaser and Strauss 1968).

3.10 SAMPLE SIZE

Practitioners of qualitative research argue that a small sample size is required. This is an area of confusion for researchers experienced in the hypothetico-deductive model. This stems from the basic difference in aims of the two categories of research. Qualitative approach aims at getting an improved understanding of complex human issues, than generalizability of results. A large sample size is not needed for qualitative research. A sample size that adequately answers the research question is more appropriate (Marshall 1996). A sample size in single figures may be sufficient for simple questions or detailed studies. Large samples and a variety of sampling techniques may be used for complex questions. Marshall (1996) states that as the study progresses and as new categories, themes or explanations stop emerging from the data (data saturation), an iterative, cyclical approach to sampling, data collection, analysis and interpretation is required. This is possible only with a very flexible research design.

Hoepfl, M. (1997) in her paper also, cites Patton (1990) to affirm that there are no strict criteria for sample size. She further quotes, "Qualitative studies typically employ multiple forms of evidence…[and] there is no statistical test of significance to determine if results 'count'" (Eisner 1991). She further states that judgments about usefulness and credibility must be left to the researcher and the reader.

3.10.1 Mixed Method of Sampling

The mixed method of sampling approach was considered relevant for the study.The initial sampling approach consisted of the probability methods (simple random sampling and the stratified random sampling method) and the later stage used the non-probability (judgmental sampling and snowball sampling) methods (Kaul 2005). The study also used a multi-stage sampling method (Wilkinson 2009) in order to derive a sample that would give a deeper understanding of the problem. The study uses both the quantitative and qualitative research paradigms. The study aims at capturing the values, beliefs and attitudes of the participants in order to get a richer and deeper understanding of the merger phenomenon. This required that a smaller sample size be considered so that the research could do justice to the research problem and probe deeper. Hence the sample size for the study was calculated using the thumb rule, by taking 10 percent of the population as the sample. The population for the current study is the organizations that have merged in India since 2004. The total number of companies as ascertained from the CMIE Database and the database of the Bangalore Stock Exchange are 413. The sample size was 41 organizations. In the first stage of sampling, organizations for the study were selected through the simple random sampling method in order to increase the chances of generalization of results. For the second stage of sampling, 41 organizations were drawn on a random basis from different zones of the country. They represented the north zone, the south zone, the east zone and the west zone. The organizations belonged to the large scale, the medium scale and the small scale industrial sector. This method of strata sampling was done in order to give representation to all the strata in the industrial sector and also to verify if the organizations in the different strata responded in any significantly different manner to the merger phenomenon. The sample included a cross section of industries like software, banking, pharmaceutical, manufacturing and financial services. Of the total 41 organizations, 2 organizations denied permission to the researcher to conduct the study. A total of 39 organizations were considered for the study. The list of organizations that formed the sample is enclosed in Appendix I. The final stage of sampling consisted of drawing 6 employees from each organization. These 6 employees belonged to the top, middle and junior management level. Each level was represented by 2 employees. The 6 employees from each organization were drawn using the snowball sampling technique. The Department of Human Resources of each organization provided the initial contacts and the respondents, who subsequently provided the researcher with other contacts, thereby making up the required number of 6 respondents from each organization. But the researcher took care to ensure that the 6 respondents belonged to the three levels of management as had been originally envisaged. The survey covered a total of 234 employees of these organizations. The total 234 respondents collectively represented organizations at the rate of 6 each from the 39 organizations. Among the 234 respondents, 6 respondents had not completed the questionnaire and so the 6 questionnaires had to be treated as invalid. This reduced the total number of respondents to 228. A sample size of 228 respondents considered for the study gave the researcher a response rate of more than 95 percent with which the final study commenced.

The participants to the study were chosen on the basis of the following inclusion criteria with aid from the personnel in the Human Resources Department of the respective organizations: (a) Three levels of management (b) Minimum work experience of 1 year (c) Must have worked in the organization before merger and continued employment in same organization after the merger (d) Willing to participate.

The ethics of research were maintained by getting a formal consent from the participants to the study and by giving an undertaking that the information so collected would be used for academic purposes only. The sampling approaches used for the study is represented in Figure 3.3.

3.11 DATA COLLECTION TOOLS

The study is designed on the mixed method approach, which has a combination of both quantitative and qualitative approaches. In order to proceed with the study, the researcher identified the broad variables which would be studied from the literature review. They are: i) Organizational Culture ii) Organizational Identification iii) Organizational Commitment iv) Mergers. The review of literature also provided some additional variables which would explain the development and sustenance of the main variables. These are: a) Interpersonal Communication b) Leadership c) Attrition. A further analysis of literature also provided some dimensions of the variables identified.

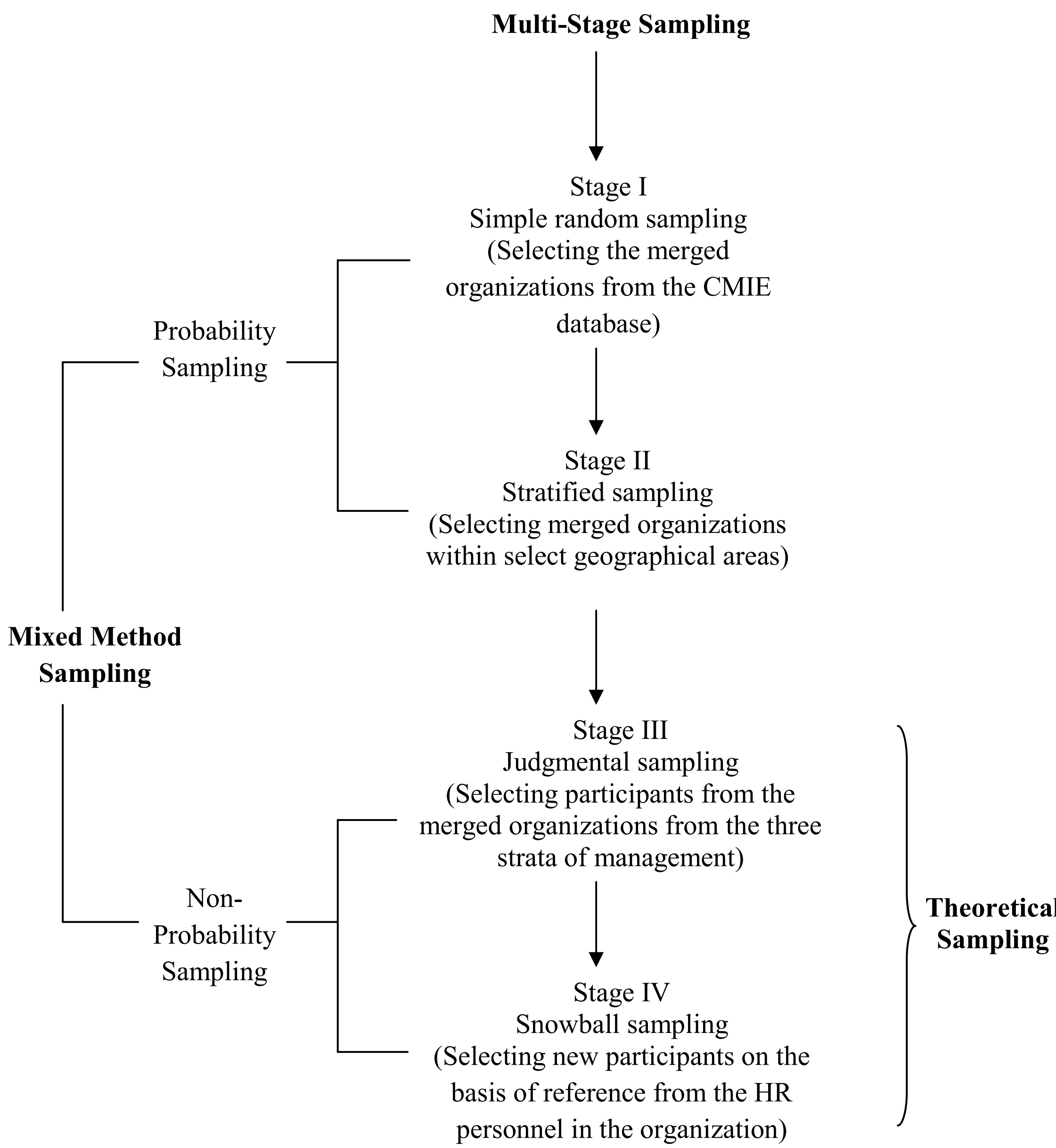

Figure 3.3: Schematic representation of sampling approaches adopted

Source: *Research Methodology*

The researcher then proceeded to use these variables to explore and get a deeper insight from people who had a real-time experience. On the basis of these variables, a interview schedule was prepared which contained 20 open-ended questions. This formed the basis for the grounded theory approach to the study. The grounded theory approach has been acknowledged as “being systematic with qualitative data” (Partington 2002). The researcher selected three organizations that had merged and administered the interview schedule on 6 employees from each of the organizations. The researcher at this stage donned the role of a passive listener and allowed the respondents to express their opinions. The responses were captured as written notes and not on any electronic platform. Each interview lasted for about 20-25 minutes. The responses were open-coded to arrive at the core categories, then in the second stage, they were subject to axial coding to arrive at sub-core categories and subsequently they were subjected to selective coding to arrive at the specific behaviours for the categories identified. This enabled the researcher to crystallize the variables for the study and develop the research hypotheses. The researcher then developed the research tools for the main study. A structured questionnaire comprising closed ended questions was developed using the Likert Scale, Rating Scale, Multiple Choice Single Response Scale and Multiple Choice Multiple Response Scale. Dichotomous questions were also used. The questionnaire had 79 items for the variables identified and they are represented in Table 3.2

Table 3.2: Variables captured in the questionnaire used for the study

Variables	Number of items	Scales used
Demographic variables	17	Closed ended, Multiple Choice Single Response Scale, Dichotomous.
Interpersonal Communication	11	Multiple Choice Single Response Scale, 3 point Likert Scale, open-ended questions.

Organizational Culture	3	Multiple Choice Single Response Scale, Multiple Choice Multiple Response Scale, 5 point Likert Scale, open-ended questions.
Organizational Identification	20	Multiple Choice Single Response Scale, Multiple Choice Multiple Response Scale, 3 and 5 point Likert Scale, Rating Scale, open-ended questions.
Organizational Commitment	18	5 point Likert Scale
Leadership	4	Rating Scale, Multiple Choice Single Response Scale, 5 point Likert Scale, open-ended questions.
Attrition	2	3 and 5 point Likert Scale, open-ended questions
Gender Equality	1	5 point Likert Scale
Overall attitude towards merger	3	Rating Scale
Total	**79**	

3.12 PILOT STUDY

A pilot study was conducted to validate the research instruments. The pilot study was undertaken in 2 select organizations in Mangalore. A focus group study was conducted to understand the merger process in the organization. The results of the focus group study were subject to content analysis to analyze if any new themes or sub themes emerged from the discussion. The focus group studies did not reveal any new themes that needed to be added on to the questionnaire. The questionnaire was then administered on a group of participants to check if any modifications were required on the questionnaire for the final study. A content analysis was performed on the responses of the pilot study. The study did not reveal any major shortcomings, so the research tools were considered to be the final instruments and the actual study commenced.

3.13 FINAL STUDY

The researcher administered the questionnaire to 234 participants. Of the 234, responses to 228 questionnaires were complete and clear, giving a response rate of 97 percent.

An interview schedule was also constructed to probe the emotions, attitudes and feelings of participants. The interview schedule consisted of 16 main questions along with sub-questions to get a richer response from the participants. The interview is referred to as a standard method for collecting data for research that is primarily qualitative. Bogdan and Biklen (1982) state that qualitative interviews may be used either as the primary strategy for data collection, or in conjunction with observation, document analysis or other techniques. Patton (1990) talks about three types of qualitative interviewing: (1) informal, conversational interviews; (2) semi-structured interviews; and (3) standardized open-ended interviews. Lofland and Lofland (1984) write that interview schedules can be modified over time to focus attention on areas of particular importance, or to exclude questions the researcher has found to be unproductive for the goals of the research. The interview can be recorded either through written notes or with the aid of a tape recorder. Patton (1990) says that a tape recorder is "indispensable", but Lincoln and Guba (1985) do not recommend recording except for unusual reasons. They defend their recommendations on the intrusiveness of recording devices and the possibility of technical failures. In the current study, the researcher used the interview schedule to substantiate the responses obtained for the questionnaire and they also served as sense-making devices for the opinions and attitudes of the respondents on various topics. The researcher had carried a tape recorder to the interview sites, but was not granted access to record the interviews. The respondents objected to the interviews being recorded because of fear of reprisal. The researcher had made use of field notes to record the observations about the interview sites. Lofland and Lofland (1984) acknowledge the difficulty of writing extensive field notes during the study and recommend jotting down notes that will serve as memory aid when field notes are constructed. The researcher spent about 35-40 minutes with each participant for the interview. During the interview, the researcher also kept track of the following: a) the ambience of the place of the interview; b) the time of the interview; c) the general mood of the respondent and d) the approximate amount of disturbances during the interview. These points may have a bearing on the data collected which needs to be factored into when the data is analysed. This is important in the context of a qualitative study, because the respondents are real people in natural settings (Marshall 1996). The researcher donned the role of an active listener, so as to probe further and point the conversation in the direction of the research problem.

The survey questionnaire and the in depth interview schedule is attached in Appendix II.

3.14 METHODS OF DATA ANALYSIS

Qualitative data analysis as defined by Bogdan and Biklen (1982) is "working with data, organizing it, breaking it into manageable units, synthesizing it, searching for patterns, discovering what is important and what is to be learned, and deciding what you will tell others". Patton (1990) says that qualitative research mostly uses inductive analysis of data, to capture critical themes of it. According to Strauss and Corbin (1990), analysis begins with open coding, which is the identification of themes emerging from raw data. The observed phenomena would be identified and tentatively grouped into categories. This would create a foundation which is descriptive and multi-dimensional, which would be useful for further analysis. The researcher simultaneously would create an audit trail which would help in identifying the data according to their speaker and the context. The particular identifiers may or may not be used in the research report, but speakers are typically referred to in a manner that provides a sense of context (Brown 1996; Duffee and Aikenhead 1992; and Sours 1997). Hoepfl (1997) says that qualitative research reports are characterized by the use of voice in the text; that is, participant quotes that illustrate the themes being described. Strauss and Corbin (1990), state that axial coding is the next step in the data analysis. In this process, the researcher builds a conceptual model and determines whether sufficient data exists to support the interpretations. The conceptual model is then translated into the story line. The research report would be a rich, tightly woven account that "closely approximates the reality it represents" (Strauss and Corbin 1990). The current study begins with a qualitative approach. The exploratory research has been conducted using the grounded theory approach. This helped in the formulation of research hypotheses and the research tools. The research tools consisted of the structured questionnaire and the interview schedule. The structured questionnaire enabled the collection of quantitative data. The quantitative data would be analyzed with the help of multi-variate data analysis technique. The data would be analyzed using the Statistical Package for Social Sciences (SPSS) Version. Factor Analysis would be used to extract the principal factors and to identify the leading factors that would have an impact on mergers. Regression analysis will be used to determine the explanatory power of variables and descriptive statistics to test the hypotheses. The qualitative data available from the interview schedule will be subject to content analysis and will help the study by contributing more description and making the study richer with the participants' feelings and attitudes.

3.15 SUMMARY

The research design for the current study is a combination of both the qualitative and quantitative research paradigms. This chapter focuses on the research design used for such a study, detailing the research philosophy to be pragmatic in nature and also asserting it to be naturalistic. The research design suited for such an approach is spelt out and a discussion on the validity and reliability is also given. The reasoning used is both inductive and deductive and the three sources of data – primary, secondary and tertiary are outlined. The sampling approach is theoretical and iterative, making use of different sampling approaches in order to get richer data. The sample size calculation is made using the thumb rule method. The data collection tools include a grounded theory approach and the structured questionnaire and an in depth interview schedule. The methods of data analysis for both the qualitative and quantitative data are mentioned, where both descriptive and inferential statistics will be used for data analysis. The analysis and interpretations of the data is presented in the following chapter.

Notes:

[1]Patton has identified 4 types of triangulation: (a) Methods triangulation (b) Data triangulation (c) Triangulation through multiple analysts (d) Theory Triangulation.

[2]Other methods for credibility assessment include making segments of raw data available for others to analyze, and the use of "member checks", where respondents are asked to corroborate findings.

[3]Lincoln and Guba (1985) suggest an audit trail consisting of the following steps: (a) raw data; (b) analysis notes; (c) reconstruction and synthesis products; (d) process notes; (e) personal notes and; (f) preliminary developmental information

[4]Stake (1978) terms it "naturalistic generalization"; Patton uses the term "extrapolation"; Eisner (1991) says it is a form of "retrospective generalization".

[5]The most advocated type of sampling for qualitative research designs is purposive sampling. Purposive sampling seeks information-rich cases which can be studied in depth (Patton 1990). 16 types of purposive sampling have been identified by Patton (1990) such as extreme or deviant case sampling, typical case sampling, snowball or chain sampling, convenience sampling, politically important case sampling and others. Purposive sampling is ideally suited for a study that has a predominantly qualitative research design. But Hoepfl, M. (1997) cautions researchers about the three types of sampling errors that may arise: (a) distortions caused by insufficient breadth in sampling; (b) distortions introduced by changes over time; (c) distortions caused by lack of depth in data collection at each site (Patton 1990).

CHAPTER FOUR
DATA ANALYSIS, RESULTS AND INTERPRETATIONS

4.1 CHAPTER OVERVIEW

The primary data collected by the administration of the questionnaire and the interview schedule is analyzed and the results are presented in this chapter. Section 4.2 deals with the demographic information of the respondents. The distinction between organizations selected for the study, as well as their nature of activities, number of employees and their individual experiences in number of years is also presented in the tables. Section 4.3 deals with interpersonal communication. Section 4.4 analyses data on organizational culture and section 4.5 deals with organizational identification. Organizational commitment is analyzed in section 4.6 and section 4.7 deals with leadership. Section 4.8 covers the data on attrition and section 4.9 analyses gender equality. The overall attitude of respondents towards merger is discussed in section 4.10 and section 4.11 tests the research hypotheses. The chapter ends with a summary in section 4.12.

4.2 PART I - DEMOGRAPHIC DATA

An analysis of the demographic data reveals that the respondents are distributed across organizations on the basis of their age, gender, qualification and experience. A distinction is made between the distribution of respondents in the manufacturing and the service sector industries. This distinction is maintained consistently throughout the analysis, in order to verify Research Objective 6 which seeks to compare the differences in the impact of organizational culture on merger of organizations in the manufacturing and service sectors (see Chapter on Introduction).

Table 4.1: Distribution of Type of Company Before Merger

Type of company	Percent
Public	10.5
Private	89.5
Total	100.0

Source: Survey data

Of the 38 organizations considered for the study, 89.5 percent were in the private sector. This skewness towards the private sector was due to the nature of activities of the organizations. The sample was drawn from the software, financial services and the private banking sectors. This contributed to the higher incidence of private organizations.

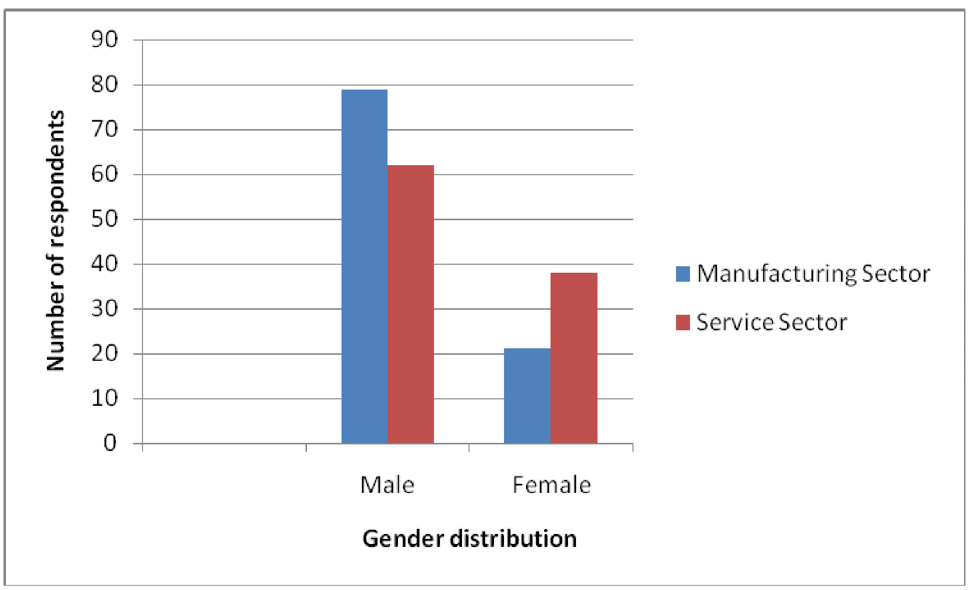

Figure 4.1: Distribution of Gender Across Respondents

Source: Survey data
Note: All figures are in percentages

Gender Composition	χ2 value	df	p	Sig.
	7.406	1	.007	Highly significant

Source: Survey data

In the sample of 228 respondents, women account for 38 percent in the service industries sector and 21.2 percent in the manufacturing industries sector. The χ^2 value at df = 1 is 7.406 and $p < 0.007$ shows that there is a highly significant difference in the gender composition between manufacturing and service industries. Women constitute 61 percent of the workforce in the service industries.

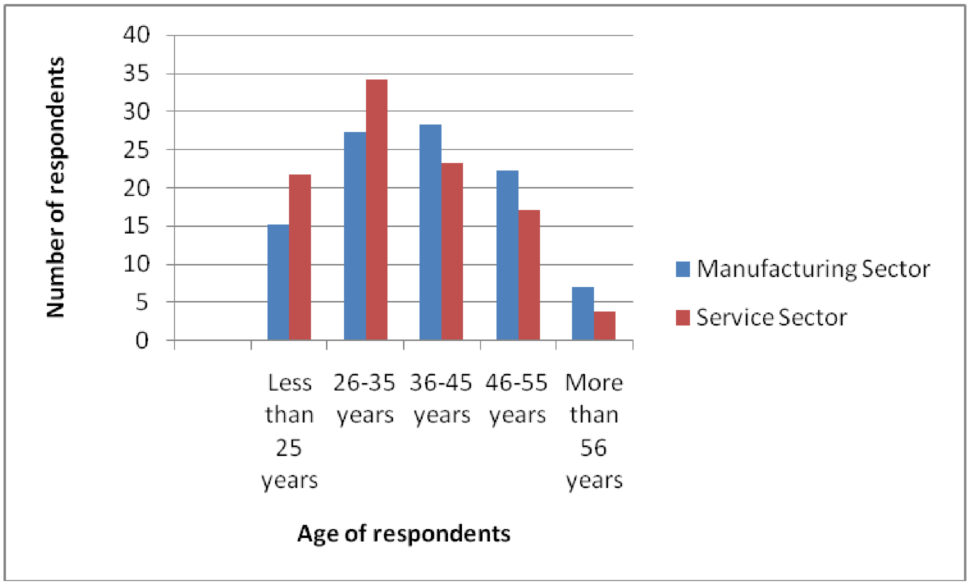

Figure 4.2: Distribution of Age of Respondents

Source: Survey data
Note: All figures are in percentages

Age of respondents	χ^2 value	df	p	Sig.
	4.534	4	.339	Not significant

Source: Survey data

The results show that there is no significant difference in the age of respondents in the manufacturing and service industries. The χ^2 value at df = 4 is 4.534 which is higher than p = 0.339, shows that the difference is not significant. The study targeted respondents across all age groups; hence there is no significant difference. But there is a greater incidence of respondents (31.1 percent) in the age group of 26 years to 35 years.

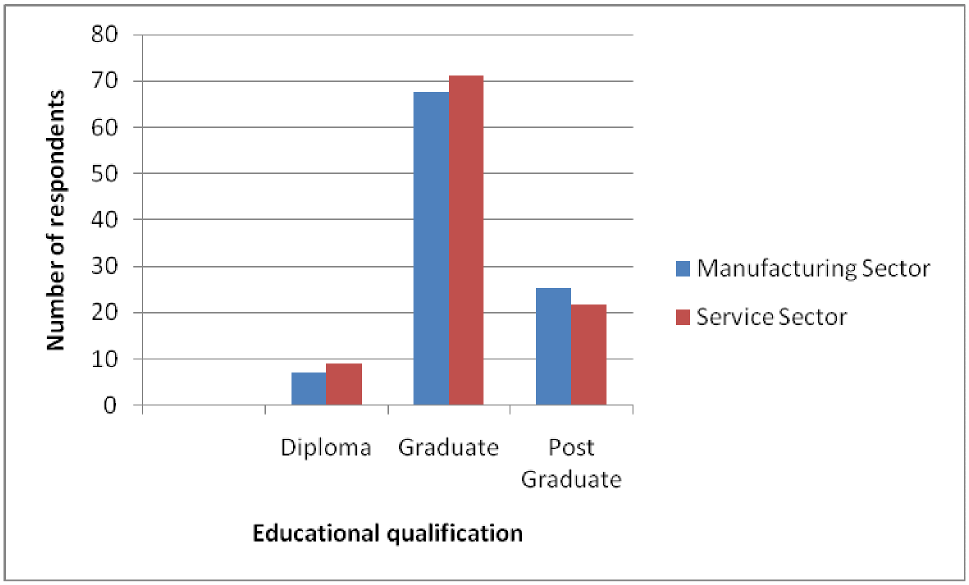

Figure 4.3: Distribution of Educational Qualification of Respondents

Source: Survey data
Note: All figures are in percentages

Qualification	χ^2value	df	p	Sig.
	0.410	2	0.814	Not significant

Source: Survey data

The results reveal that there is no significant difference in the educational qualification of respondents in the manufacturing sector as well as the service sector (χ^2 = 0.410, df = 2 and p < 0.814). This shows that both the sectors have an almost equal representation of qualified employees.

Table 4.2: Distribution of Respondents on Basis of Marital Status

Marital status	Manufacturing Sector	Service Sector	Total
Married	67.7	62.0	64.5
Not Married	32.3	38.0	35.5
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Marital status	χ^2 value	df	p	Sig.
	0.784	1	0.376	Not significant

Source: Survey data

There is a higher incidence of married respondents in both the sectors. This shows that both the manufacturing and service sectors have an almost equal number of married respondents (χ^2 = 0.784, df = 1 and p < 0.376). This analysis of marital status assumes importance when organizational commitment and intention to leave the organization is studied. This has a bearing on the risk taking ability of the respondent.

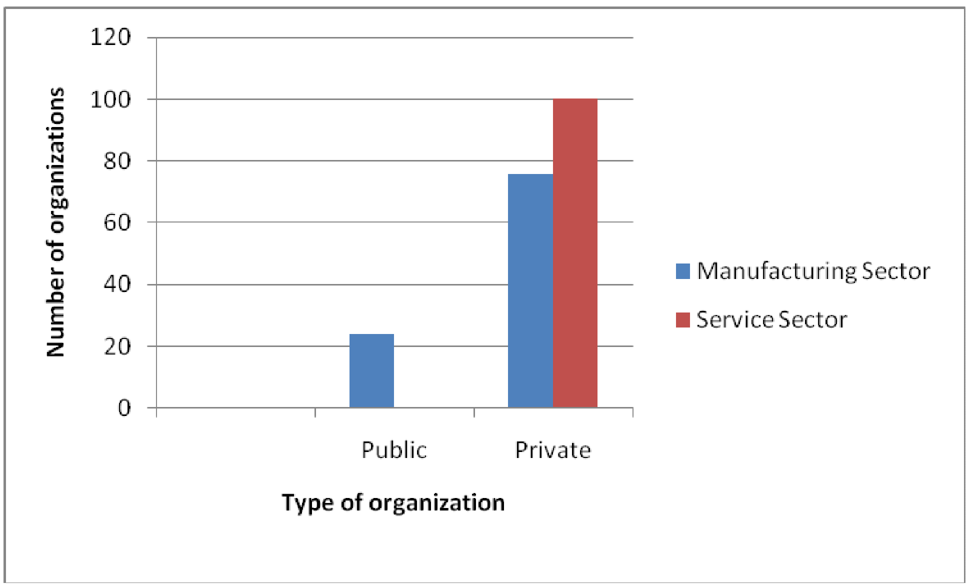

Figure 4.4: Distribution of Type of Organization Before Merger

Source: Survey data
Note: All figures are in percentages

Type of organization before merger	χ^2 value	df	p	Sig.
	34.952	1	0.000	Highly significant

Source: Survey data

At df = 1, p = 0.000 and χ^2 is 34.952. This shows that there is significant difference in the type of organization before merger. In the service sector, all organizations were in the private sector, but the manufacturing sector consisted of 24.2 percent of the organizations in the public sector.

Table 4.3: Distribution of Type of Organization After Merger

Type of organization after merger	Manufacturing Sector	Service Sector	Total
Public	45.5	0.0	19.7
Private	54.5	100.0	80.3
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Type of organization after merger	χ^2 value	df	p	Sig.
	73.055	1	0.000	Highly significant

Source: Survey data

The results show that the difference between the manufacturing and service sector is significant with reference to the organizations in the public and private sectors (χ^2 = 73.05, df = 1 and p = 0.000). In the manufacturing sector, the organizations in the public sector increased from 24.2 percent to 45.5 percent. This shows that a large number of private organizations merged with public organizations in the manufacturing sector in comparison to the private sector.

Table 4.4: Distribution of Total Number of Employees Across Management Levels

Description	Nature of activities	N	Min	Max	Mean	SD	Med	Z Value	Sig.
i)Junior management level employees	Manufacturing	99	20	204	102.85	52.97	91.00	9.868	
	Service	129	9	164	38.42	28.61	29.00		HS
	Total	228	9	204	66.39	51.94	54.00		
ii)Middle management level employees	Manufacturing	99	11	89	43.24	23.55	38.00	9.728	
	Service	129	3	69	16.77	12.09	15.00		HS
	Total	228	3	89	28.26	22.24	21.00		
iii)Senior management level employees	Manufacturing	99	4	29	12.76	7.20	11.00	9.839	
	Service	129	1	15	4.53	2.88	4.00		HS
	Total	228	1	29	8.11	6.61	6.00		

Source: Survey data
Note: N = Number of respondents, Min = Minimum, Max = Maximum, SD = Standard Deviation, Med = Median, Z value = Mann Whitney Test Z value, HS = Highly Significant and Sig. = Significance

The difference in the number of employees across the three management levels in the industries belonging to the manufacturing and service sector is highly significant. The Mann Whitney test z value is 9.868 at the junior management level, 9.728 at the middle management level and 9.839 at the senior management level. The value of $p = 0.000$ was observed for all the levels. The reason for the high significance is the manufacturing sector employs more people in comparison to the service sector.

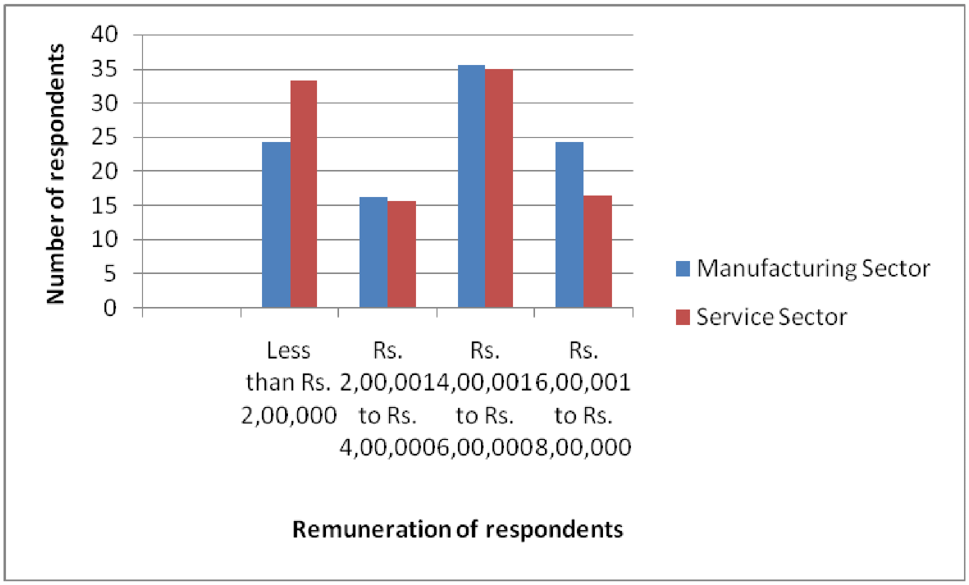

Figure 4.5: Distribution of Respondents According to Remuneration

Source: Survey data
Notes: 1. All figures are in percentages
2. Remuneration figures expressed as per annum

Remuneration of respondents	χ^2 value	df	p	Sig.
	3.394	3	0.335	Not significant

Source: Survey data

The results reveal that there is no significant difference in the remuneration levels of employees in the manufacturing and service sectors. The χ^2 value is 3.394 at 3 degrees of freedom and the p value is 0.335. This shows no significant difference and proves that the manufacturing sector is as good as the service sector in terms of employee remuneration.

Table 4.5: Analysis of Total Experience of Respondents

Description	Nature of activities	N	Min	Max	Mean	SD	Med	Z Value	p value
Total Experience (in years)	Manufacturing	99	2	36	15.11	10.112	13.00	1.533	.125
	Service	129	2	35	12.98	9.537	10.00		NS
	Total	228	2	36	13.90	9.826	12.50		
In the merged company	Manufacturing	99	1	5	3.21	1.264	4.00	1.888	.059
	Service	129	1	5	2.89	1.264	3.00		NS
	Total	228	1	5	3.03	1.271	4.00		

Source: Survey data
Note: N = Number of respondents, Min = Minimum, Max = Maximum, SD = Standard Deviation,
Z value = Mann Whitney Test Z value, NS = Not Significant

The Mann Whitney test z value does not show a significant difference in the total years of experience of respondents across the manufacturing and service sectors. The z value is 1.533 and the p value is 0.125 which shows that the difference is not significant. Both the sectors have employees with the minimum experience of 2 years and a maximum experience of 36 years. The z value also does not reveal any significant difference in the years of experience of the respondents in the organization after merger. The Mann Whitney z value is 1.888 and the p value is 0.059 for the total experience in the organization after merger.

4.3 PART II – INTERPERSONAL COMMUNICATION

This section analyses the levels of interpersonal communication in organizations before and after the merger. It also looks into the aspect of speed of dissemination of information about the merger announcement and the source of merger announcement. It also reveals the reasons respondents have attached to the time and source of news of merger announcement. This is important because the levels of interpersonal communication enable the creation of a new organizational culture and the subsequent formation of organizational identification and commitment.

Table 4.6: Distribution of Time of Learning about Merger Announcement

Time of learning about merger announcement	Manufacturing Sector	Service Sector	Total
One month later	1.0	0.0	0.4
One week later	32.3	51.9	43.4
Same day of merger announcement	8.1	7.0	7.5
Before the merger announcement	58.6	41.1	48.7
Total	100	100	100

Source: Survey data
Notes: 1. All figures are in percentages
2. Fisher's exact test p value = 0.011, significant.

The Fisher's exact test gives a value of p = 0.011 which is significant. About 48.7 percent of the respondents had learnt about the merger announcement in advance, nearly 7.5 percent of the respondents learnt about the announcement on the day of merger and 43.4 percent of respondents learnt about the announcement, a week after the merger. Only 1 percent of the respondents in the manufacturing sector learnt about the announcement a month after the merger. This shows that the respondents in the manufacturing sector were more aware of news about their organization than their counterparts in the service sector.

Table 4.7: Distribution of Time Preference to Learn about Merger Announcement

Preference to learn about merger before announcement	Manufacturing Sector	Service Sector	Total
Don't know	20.2	26.4	23.7
No	7.1	7.0	7.0
Yes	72.7	66.7	69.3
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Preference to learn about merger before announcement	χ^2 value	df	p	Sig.
	1.193	2	0.551	Not significant

Source: Survey data

Around 69.3 percent of the respondents preferred to learn about the merger in advance, in comparison to 23.7 percent who were not sure and 7 percent of respondents who did not want to learn about the merger in advance. The χ^2 value of 1.193 at df = 2 and p = 0.551 shows that the difference is not significant in the manufacturing and service sectors. The 7 percent respondents who did not prefer to learn about the merger in advance were of the view that they could not make use of such information to their benefit and that their tenure in the organization would not be affected by any such news.

About 21.9 percent of the respondents said that they preferred to learn about the merger announcement in advance so that they would not be surprised. 12.7 percent of the employees said that it is possible to educate others and 10.5 percent of employees said that it leads to inclusion, and that they could communicate to their subordinates better. But 11 percent of respondents were not sure if the advance news would make any difference.

Table 4.8: Reasons for Time Preference to Learn about Merger Announcement

Reasons	Manufacturing Sector	Service Sector	Total
Possible to educate others	15.2	10.9	12.7
Don't know if it makes any difference	21.2	22.5	21.9
Won't be surprised	9.1	12.4	11.0
Not needed	7.1	7.8	7.5
Inclusion, can communicate to subordinates	15.2	7.0	10.5
Can counsel subordinates better	7.1	5.4	6.1
Can prepare for coming events	11.1	7.0	8.8
My company news, I should be getting first	4.0	5.4	4.8
Everyone knew, I didn't	1.0	7.8	4.8
I can be more prepared	4.0	7.8	6.1
Better than hearing from somebody else	1.0	0.0	0.4
Information is power, can contribute to better integration.	4.0	6.2	5.3
Total	**100**	**100**	**100**

Source: Survey data
Note: All figures are in percentages

Table 4.9: Source of News of Merger Announcement

Source of news of merger announcement	Manufacturing Sector	Service Sector	Total
Media	10.1	14.0	12.3
Colleagues	26.3	34.1	30.7
Superiors	4.0	8.5	6.6
Top management	59.6	43.4	50.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Source of news of merger announcement	χ^2 value	df	p	Sig.
	6.423	3	0.093	Not significant

Source: Survey data

Around 50.4 percent of the respondents learnt about merger announcement from the top management, in comparison to 30.7 percent who heard it from their colleagues. The difference is not significant across the manufacturing and service sectors (χ^2 = 6.423, df = 3 and p = 0.093).

Table 4.10: Preferred Source of News of Merger Announcement

Preferred source of news of merger announcement	Manufacturing Sector	Service Sector	Total
Colleagues	4.0	3.1	3.5
Superiors	29.3	46.5	39.0
Top management	66.7	50.4	57.5
Total	100	100	100

Source: Survey data
Notes: 1. All figures are in percentages
2. Fisher's exact test p value = 0.031, highly significant

Nearly 57.5 percent of respondents preferred to hear about merger announcement from top management in comparison to 39 percent from superiors and 3.5 percent from colleagues. The Fisher's exact test gives a p value of 0.031 which shows that the difference between the manufacturing and service sectors is highly significant. 46.5 percent of respondents in the service sector prefer to hear from their superiors as against 29.3 percent of their counterparts in the manufacturing sector. This shows that there is a close association between respondents and their immediate superiors in the service sector.

Table 4.11: Reasons for Preferred Source of News of Merger Announcement

Reasons	Manufacturing Sector	Service Sector	Total
Sense of belongingness	11.1	7.0	8.8
Authentic and timely	32.3	34.1	33.3
Policy makers should be giving information	12.1	19.4	16.2
Their duty	7.1	7.0	7.0
Looking for reliability, can get it from them, they should be giving important news	6.1	7.0	6.6
Inclusion, belongingness, timely	11.1	9.3	10.1
I think they give right answers, superiors try to cover up	4.0	3.1	3.5
Can get true picture, accuracy rather than rumours	13.1	5.4	8.8
Felt happy if they told me	1.0	7.8	4.8
Sense of value	1.0	0.0	0.4
Deal directly with him, could have taken me into confidence	1.0	0.0	0.4
Total	**100**	**100**	**100**

Source: Survey data
Note: All figures are in percentages

Approximately 33.3 percent of the respondents gave authentic and timely as their reason for their preferred source of merger announcement. Nearly 16.2 percent of respondents feel that the policy makers should be giving information. About 10.1 percent of respondents feel that getting information from top management and their superiors gives them a sense of belongingness, inclusion and timely information. Again 8.8 percent of respondents feel that they get the true picture and accuracy rather than rumours from top management. This shows that respondents trust the top management and their superiors to give them a true and fair account.

Table 4.12: Effectiveness of Interpersonal Communication

Effectiveness of Interpersonal communication	Manufacturing Sector	Service Sector	Total
Below Average	38.4	56.6	48.7
Above Average	61.6	43.4	51.3
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of Interpersonal communication	χ^2 value	df	p	Sig.
	7.431	1	0.006	Highly significant

Source: Survey data

The scores of interpersonal communication were summated and standardized. If standard score <=0 then effectiveness of interpersonal communication was considered to be below average. If standard score >0 then effectiveness of interpersonal communication was considered to be above average. Nearly 51.3 percent of the respondents rated interpersonal communication to be above average. The χ^2 of 7.431 at df = 1 is greater than the p value of 0.006, which shows that the difference is highly significant in a comparison between the manufacturing and service sectors. About 61.6 percent respondents in the manufacturing sector consider that interpersonal communication has been above average after merger. It is evident that merger had a positive change on one aspect of functioning of the organization. But 56.6 percent of respondents in the service sector consider effectiveness of interpersonal communication to be below average. This signifies that the service sector had good interpersonal communication before merger and that there has not been any change in it since the merger. Epstein (2004) emphasizes interpersonal communication to be one of the five drivers of successful post merger integration

4.4 PART III – ORGANIZATIONAL CULTURE

This section consists of an analysis of organizational culture in the organization before and after the merger. The components for the analysis of organizational culture were derived from the literature review (Chapter Two) and they were also substantiated from the respondents. The Grounded Theory methodology of exploratory research was used to substantiate the components and an analysis using the Grounded Theory methodology is given in the first part of this section.

4.4.1 Grounded Theory on Organizational Culture.

The first part of the research design used an exploratory approach. The Grounded Theory methodology was used to concretize the variables to be used for the study. An interview schedule was used on a group of respondents in select cities. The researcher was part of the interview procedure and took on a passive role of a listener. The interviews were conducted in batches of fours. The researcher took down notes in a field journal and also made a note of the ambience of the surrounding, the general mood of the respondent and the place, the time of the interview and the approximate amount of disturbances during the interview. The researcher took time off in between four interviews in order to retrospect on the findings of the study and also to check if the study was proceeding along the required path. This interval between interviews enabled the researcher to recapitulate and also to arrive at a few categories. Once all the interviews were complete, the researcher then began the process of coding of the responses. An in-depth study of the interview transcripts yielded the first level category. The three major categories of organizational culture were open-coded as ‘socialization’, ‘mentoring’ and ‘team composition’ (Table 4.13).

Research Objective 1 i.e. to explore the components of organizational culture and merger, is substantiated through this analysis.

Table 4.13: Open Coding - Organizational Culture

Interview Transcript	Core Category
‘We had meetings with people from other organization, we also had some informal get-togethers, it was good’	Socialization
‘Talks and seminars were scheduled’	Socialization
‘Nothing… we were told to work… no introductions, nothing	Socialization
‘I have mentored two people’	Mentoring
‘There is no system of mentoring’	Mentoring
‘I have not taught anything to anyone here’	Mentoring
‘My team includes members of my old organization as well as new organization’	Team composition
‘There is no difference….we have the same team’	Team composition
‘I don’t like working in this team,….. they do not accept me… make me feel an outsider..’	Team composition

Source: Survey data

4.4.2 Axial Coding

The axial coding is the second level of coding of responses. It was done for the core categories based on the respondents’ view of the three major variables. The respondents’ feelings towards the major variables were recorded as good, satisfactory and unsatisfactory (Table 4.14, Table 4.15 and Table 4.16).

Table 4.14: Axial Coding-Socialization

Socialization	Sub-Core Category
‘We had meetings with people from other organization, we also had some informal get-togethers, it was good’	Good
‘Talks and seminars were scheduled’	Satisfactory
‘Nothing… we were told to work… no introductions, nothing	Unsatisfactory

Source: Survey data

Table 4.15: Axial Coding-Mentoring

Mentoring	Sub-Core Category
'I have mentored two people'	Good
'There is no system of mentoring'	Satisfactory
'I have not taught anything to anyone here'	Unsatisfactory

Source: Survey data

Table 4.16: Axial Coding-Team Composition

Team Composition	Sub-Core Category
'My team includes members of my old organization as well as new organization'	Good
'There is no difference….we have the same team'	Satisfactory
'I don't like working in this team,….. they do not accept me… make me feel an outsider..'	Unsatisfactory

Source: Survey data

4.4.3 Selective Coding

Selective coding is the third level of categorization. This identifies the specific attributes of socialization, mentoring and team composition after merger (Figure 4.6).

Grounded Theory provided three constituents of organizational culture. These constituents were later used in the final questionnaire to find out if organizations did look at them. All the three constituents enable the creation and sustenance of a new and strong organizational culture. The data collected on these constituents is presented in Table 4.17, Table 4.18, Table 4.19, Table 4.20, Table 4.21 and Table 4.22.

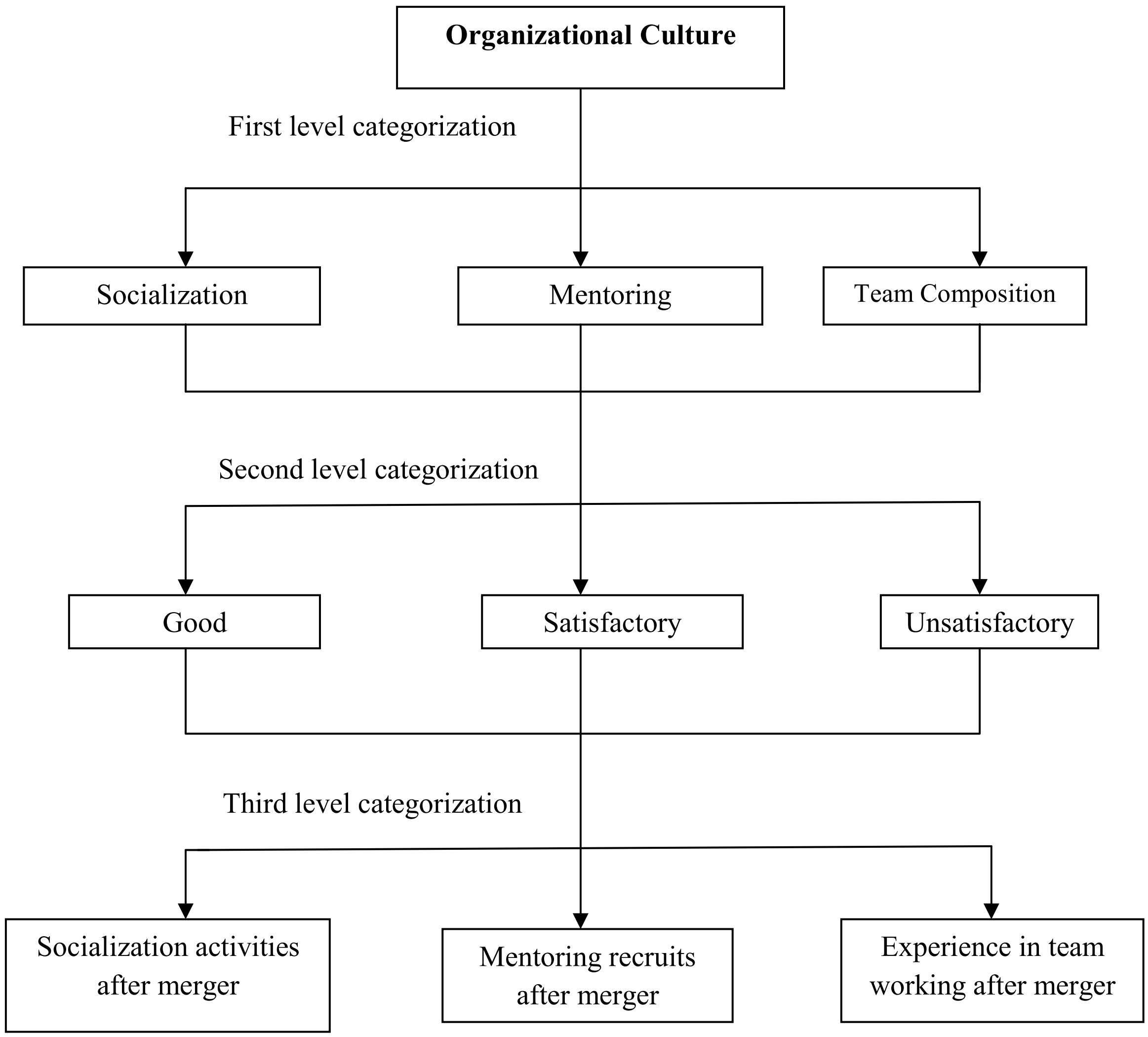

Figure 4.6: Grounded Theory for Organizational Culture

Table 4.17: Socialization and Orientation for New Recruits

Socialization and orientation for new recruits	Manufacturing Sector	Service Sector	Total
Superior helped me in understanding the job	14.1	16.3	15.4
I was given manuals to read.	19.2	33.3	27.2
I was given small jobs to do	4.0	17.1	11.4
I was put on the job immediately.	19.2	33.3	27.2
Formal training was provided	14.1	16.3	15.4
All of the above	80.8	66.7	72.8

Source: Survey data
Note: All figures are in percentages

Organizations in both the manufacturing and service sectors use all the methods of orientation for their new recruits. About 80.8 percent respondents in the manufacturing sector and 66.7 percent respondents in the service sector agree that all methods of orientation were used. This is significant because new recruits inculcate the organizational culture during the process of socialization. Sathe (1983) argues that a culture is perpetuated during the socialization processes and rituals.

Table 4.18: Socialization Activities after Merger

Socialization activities after merger	Manufacturing Sector	Service Sector	Total
No	35.4	43.4	39.9
Some	39.4	37.2	38.2
Yes	25.3	19.4	21.9
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Socialization activities after merger	χ^2 value	df	p	Sig.
	1.862	2	0.394	Not significant

Source: Survey data

Around 91 percent of respondents agree that socialization activities after merger have not been taken up by the organization. This is true for both the manufacturing and service sectors. It is substantiated (χ^2 = 1.862, df = 2 and p = 0.394) that the difference is not significant across manufacturing and service sectors. Sathe (1983) established a framework, wherein he says that as new organizational members are socialized, they are inculcated with the organization's culture, which is further reinforced as dynamic interaction occurs. But organizations have not realized the importance of acculturation after merger.

Table 4.19: Mentoring New Recruits in Organization After Merger

Mentoring new recruits in organization after merger	Manufacturing Sector	Service Sector	Total
No	62.6	76.0	70.2
Yes	37.4	34.0	29.8
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Mentoring new recruits in organization after merger	χ^2 value	df	p	Sig.
	4.765	1	0.029	Significant

Source: Survey data

Nearly 29.8 percent of respondents have mentored new recruits in the organization after merger. About 37.4 percent have mentored in the manufacturing sector in comparison to

24 percent in the service sector. Mentoring also provides for close and dynamic interaction which helps in the formation of organizational culture. The value of χ^2 4.765 at df = 1 and p = 0.029 shows that the difference is significant between the manufacturing and service sectors. Mentoring is more prevalent in the manufacturing sector when compared against the service sector.

Table 4.20: Team Composition After Merger

Team composition includes employees from other organization	Manufacturing Sector	Service Sector	Total
No	31.3	38.8	35.5
Yes	68.7	61.2	64.5
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Team composition includes employees from other organization	χ^2 value	df	p	Sig.
	1.356	1	0.244	Not Significant

Source: Survey data

Team composes of employees from both organizations after merger. The χ^2 value = 1.356 at df = 1 and p = 0.244 shows that the difference is not significant with reference to team composition in the manufacturing and service sectors.

Table 4.21: Experience in Working as Team Before Merger

Experience in working as team before merger	Manufacturing Sector	Service Sector	Total
Satisfactory	37.4	51.2	45.2
Good	62.6	48.8	54.8
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Experience in working as team before merger	χ^2 value	df	p	Sig.
	4.300	1	0.038	Significant

Source: Survey data

About 54.8 percent of respondents had a positive affect towards working as a team before merger. This was similar to both the manufacturing and service sectors. The χ^2 value of 4.300 at df = 1 and p = 0.038 shows that the difference is not significant.

Table 4.22: Experience in Working as Team After Merger

Experience in working as team after merger	Manufacturing Sector	Service Sector	Total
Unsatisfactory	1.5	12.7	7.5
Satisfactory	7.4	15.2	11.6
Good	91.2	72.2	81.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Experience in working as team after merger	χ^2 value	df	p	Sig.
	9.687	2	0.008	Highly Significant

Source: Survey data

Nearly 81 percent of respondents had a positive affect towards working as a team after merger. Of this 91.2 percent of respondents were from the manufacturing sector. Only 12.7 percent of respondents in the service sector did not have a positive affect towards working as a team after merger. This is substantiated by the χ^2 value of 9.687 at df = 2 and p = 0.008 which shows that the difference is highly significant. The respondents in the service sector had lesser acculturation with the new team members in comparison to their counterparts in the manufacturing sector.

Table 4.23: Strength of Organizational Culture

Strength of organizational culture	Manufacturing Sector	Service Sector	Total
Below average	36.4	55.8	47.4
Above average	63.6	44.2	52.6
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Strength of organizational culture	χ^2 value	df	p	Sig.
	8.500	1	0.004	Highly Significant

Source: Survey data

The scores of organizational culture were summated and standardized. If standard score <=0 then strength of organizational culture was considered to be below average. If standard score >0 then strength of organizational culture was considered to be above average. Nearly 52.6 percent of the respondents rated strength of organizational culture to be above average. The χ^2 value of 8.500 at df = 1 and p = 0.004 shows that the difference is highly significant between manufacturing and service sectors. The merged organization would be positively affected if it were to promote a strong organizational culture. Research Objective 2 and Research Objective 3 (to identify the relationships between the components of organizational culture and mergers; to evaluate the merged organization's culture in relation to the cultures of the organizations prior to the merger) are substantiated by this analysis.

It has been accepted that there is a significant link between organizational culture and performance (Fey et al 1999; Ogbonna and Harris 1998a). The sustenance of a strong organizational culture forms the context for identification with the organization after merger (Hatch and Schultz 1997; 2002).

4.5 PART IV – ORGANIZATIONAL IDENTIFICATION

The analysis for organizational identification also began using the Grounded Theory methodology for exploratory research. Alvesson and Empson (2006) have identified four major components of organizational identification. The researcher used these as the framework for analyzing organizational identification. The Grounded Theory methodology was used and the researcher administered the interview schedules and undertook the process of open coding. The methodology has been explained in the section on Organizational Culture (Part III) in the current chapter. The four major categories of organizational identification were open-coded as 'knowledge management', 'organization structure', ' customer focus' and 'personal orientation' (Table 4.24).

Table 4.24: Open Coding - Organizational Identification

Interview Transcript	Core Category
'All documents are freely accessible'	Knowledge Management
'Everything is documented…'	Knowledge Management
'Not all of us have access to documents'	Knowledge Management
'I was happy with my earlier superior.. things happened fast, I could speak to him directly.'	Organization Structure
'There are lesser people to report to…. lesser protocol'	Organization Structure
'My ideas have been appreciated and implemented'	Organization Structure
' There are so many rules… no scope for innovation for customers… very traditional'	Customer Focus
'We need many improvements for satisfying our customers.	Customer Focus
'Our customers have to be happy before anything….'	Customer Focus
'We have been provided value training…. No conflict'	Personal Orientation
'Of course… whatever we do, quality is what we hope to achieve'	Personal Orientation
'Our values have not changed, we have the same management'	Personal Orientation

Source: Survey data

4.5.1 – Axial Coding

The axial coding for organizational identification variables recorded the respondents' feelings as good, satisfactory and unsatisfactory (Table 4.25, Table 4.26, Table 4.27 and Table 4.28)

Table 4.25: Axial Coding-Knowledge Management

Knowledge Management	Sub-Core Category
'All documents are freely accessible'	Good
'Everything is documented…'	Satisfactory
'Not all of us have access to documents'	Unsatisfactory

Source: Survey data

Table 4.26: Axial Coding-Organization Structure

Organization Structure	Core Category
'I was happy with my earlier superior.. things happened fast, I could speak to him directly.'	Unsatisfactory
'There are lesser people to report to…. lesser protocol'	Satisfactory
'My ideas have been appreciated and implemented'	Good

Source: Survey data

Table 4.27: Axial Coding-Customer Focus

Customer Focus	Sub-Core Category
' There are so many rules… no scope for innovation for customers… very traditional'	Unsatisfactory
'We need many improvements for satisfying our customers.	Satisfactory
'Our customers have to be happy before anything….'	Good

Source: Survey data

Table 4.28: Axial Coding-Personal Orientation

Personal Orientation	Sub-Core Category
'We have been provided value training…. No conflict'	Satisfactory
'Of course… whatever we do, quality is what we hope to achieve'	Good
'Our values have not changed, we have the same management'	Satisfactory

Source: Survey data

4.5.2 Selective Coding

Selective coding is the third level of categorization. This identifies the specific attributes of knowledge management, organization structure, customer focus and personal orientation in organizations after the merger (Figure 4.7).

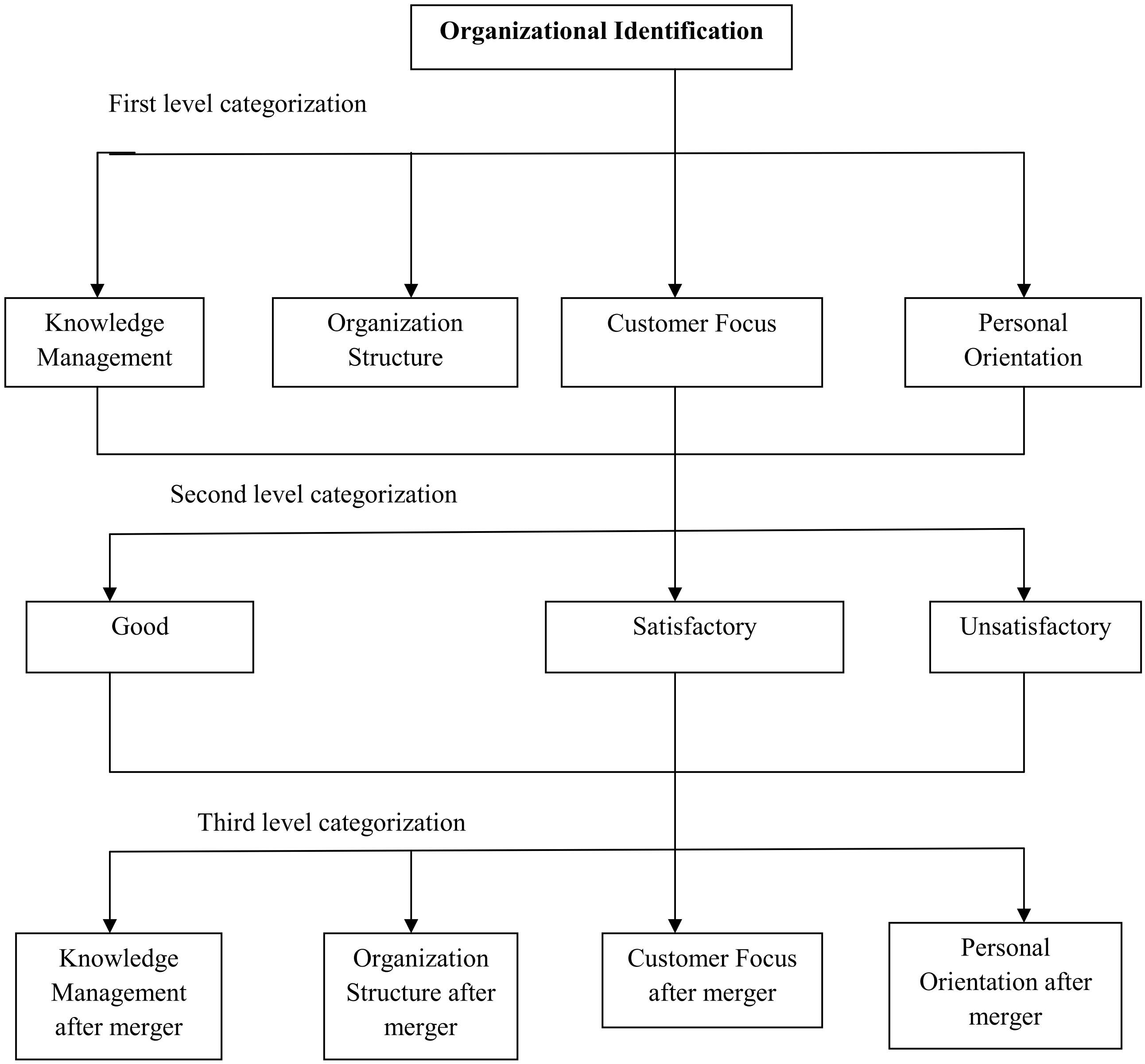

Figure 4.7: Grounded Theory for Organizational Identification

Grounded Theory provided four constituents of organizational identification. These constituents were later used in the final questionnaire to find out if organizations did look at them and the data collected is analyzed and presented.

Table 4.29: Change in Organization Name After Merger

Change in organization name after merger	Manufacturing Sector	Service Sector	Total
No	27.3	23.3	25.0
Yes	72.7	76.7	75.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Change in organization name after merger	χ^2 value	df	p	Sig.
	0.482	1	0.488	Not Significant

Source: Survey data

The majority of respondents belong to organizations whose names have changed after the merger (72.7 percent and 76.7 percent) across manufacturing and service sector industries. The χ^2 value 0.482 at df = 1 and p = 0.488 shows that the difference is not significant between the manufacturing and service sectors.

Table 4.30: Change in Organization Logo After Merger

Change in organization logo after merger	Manufacturing Sector	Service Sector	Total
No	27.3	23.3	25.0
Yes	72.7	76.7	75.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Change in organization logo after merger	**χ^2 value**	**df**	**p**	**Sig.**
	0.482	1	0.488	Not Significant

Source: Survey data

Organization logos have also changed after the merger across the manufacturing and service sectors (72.7 percent and 76.7 percent). The χ^2 value 0.482 at df = 1 and p = 0.488 shows that the difference is not significant between the manufacturing and service sectors.

Table 4.31: Change in Organization Vision Statement After Merger

Change in organization vision statement after merger	**Manufacturing Sector**	**Service Sector**	**Total**
No	15.2	20.2	18.0
Yes	84.8	79.8	82.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Change in organization vision statement after merger	**χ^2 value**	**df**	**p**	**Sig.**
	0.951	1	0.330	Not Significant

Source: Survey data

Around 84.8 percent of respondents in the manufacturing sector agree that there have been changes in the organization vision statement after the merger. This is also the same with the service sector. This is substantiated by the χ^2 value 0.951 at df = 1 and p = 0.330 which shows that the difference between the two sectors is not significant.

Table 4.32: Change in Organization Mission Statement After Merger

Change in organization mission statement after merger	Manufacturing Sector	Service Sector	Total
No	15.2	20.2	18.0
Yes	84.8	79.8	82.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Change in organization mission statement after merger	χ^2 value	df	p	Sig.
	0.951	1	0.330	Not Significant

Source: Survey data

The organization mission statement also reflects a change after merger in a majority of organizations, both in the manufacturing (84.8 percent) and in the service sector (79.8 percent). This difference is not significant (χ^2 = 0.951, df = 1 and p = 0.330) between the manufacturing and service sectors.

The changes in organization name, logo, vision and mission statement (Table 4.29, Table 4.30, Table 4.31 and Table 4.32) is important because it measures the changes in organizational imagery, which is one of the constituents of organizational identification (Rafaeli and Worline 2000). Any change in the organizational imagery affects the perception of the stakeholders and may have far reaching implications.

Table 4.33: Mode of Communication of Changes

Mode of communication of changes	Manufacturing Sector	Service Sector	Total
Changed manuals provided	71.7	61.2	65.8
Office memo	61.6	50.4	55.3
Emails	61.6	48.8	54.4
Revised display boards	70.7	63.6	66.7
None	0.0	0.0	0.0

Source: Survey data
Note: All figures are in percentages

The preferred mode of communication in the manufacturing sector was changed manuals (71.7 percent) whereas it was revised display boards (63.6 percent) in the service sector. The manufacturing sector was also more technologically oriented, since emails have been used for communication (61.6 percent). All the organizations had realized the importance of communicating the changes and had used at least one of the modes of communication.

Table 4.34: Change in Policies After Merger

Description	Nature of activities	N	Mean	SD	Median	Z value	Sig.	p value
i) After the merger, promotion policies have been changed	Manufacturing	99	3.62	1.218	4.00	1.507		0.132
	Service	129	3.36	1.311	4.00		NS	
	Total	228	3.47	1.275	4.00			
ii)After the merger, reward policies have been changed	Manufacturing	99	3.62	1.218	4.00	1.507		0.132
	Service	129	3.36	1.311	4.00		NS	
	Total	228	3.47	1.275	4.00			

Source: Survey data
Note: N = Number of respondents, SD = Standard Deviation, Z value = Mann Whitney Test Z value, Sig. = Significance NS = Not Significant

The Mann Whitney test z value is 1.507 for p = 0.132 which shows that the difference in the changes in the promotion and reward policies across manufacturing and service sectors is not significant. There have been changes in both the policies to the extent that both have more of merit pay included in them.

Table 4.35: Strength of Organizational Identification with Reference to Imagery and Changed Policies

Strength of organizational identification	Manufacturing Sector	Service Sector	Total
Below average	29.3	36.4	33.3
Above average	70.7	63.6	66.7
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Strength of organizational identification	χ^2 value	df	p	Sig.
	1.285	1	0.257	Not Significant

Source: Survey data

The scores of organizational identification were summated and standardized. If standard score <=0 then strength of organizational identification was considered to be below average. If standard score >0 then strength of organizational identification was considered to be above average. About 66.7 percent of the respondents rated strength of organizational identification to be above average. This strength of organizational identification is reflected in both the sectors. The χ^2 value = 1.285 at df = 1 and p = 0.257 shows that the difference is not significant between manufacturing and service sectors. Stronger organizational identification leads to stronger organizational commitment (Ashforth and Mael 1989; Dutton et al 1994).

4.5.3 Part IV (A) – Knowledge Management

The section measures the extent of knowledge management in organizations and compares the effectiveness of knowledge management before and after management. This analysis is done after cumulating the data obtained for queries on different aspects of knowledge management. The questions on knowledge management are indicated in the questionnaire (Appendix II).

Table 4.36: Knowledge Management in Organization Before Merger

Knowledge management before merger	Manufacturing Sector	Service Sector	Total
Below average	37.4	51.2	45.2
Above average	62.6	48.8	54.8
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Knowledge management before merger	χ^2 value	df	p	Sig.
	4.300	1	.038	Significant

Source: Survey data
Note: McNemar's test p value = 0.001, Highly significant

Around 62 percent of respondents in the manufacturing sector rated knowledge management in their organization as above average. But 66 percent of respondents in the service sector rated knowledge management in their organization as below average. The χ^2 value = 4.300, df = 1 and p = 0.038 substantiates that the difference is significant between manufacturing and service sectors. The McNemar test also shows that the difference is significant (p = 0.001) between manufacturing and service sectors. There is a need for better knowledge management practices in the service sector.

Table 4.37: Knowledge Management in Organization After Merger

Knowledge management after merger	Manufacturing Sector	Service Sector	Total
Below average	41.4	58.9	51.3
Above average	58.6	41.1	48.7
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Knowledge management after merger	χ^2 value	df	p	Sig.
	6.867	1	0.009	Highly Significant

Source: Survey data

There has been a decline in the ratings given to knowledge management by respondents in organization after merger. Only 58.6 percent of respondents in the manufacturing sector have rated as above average. The reason may be the inaccessibility of knowledge or the hindrances to sharing knowledge. The χ^2 value 6.867, df = 1 and p = 0.009 substantiates that the difference is significant between manufacturing and service sectors. Nearly 58.9 percent of respondents in the service sector have rated knowledge management as below average.

4.5.4 Part IV (B) – Organization Structure

This section deals with the analysis of hierarchical levels in the organizations before and after merger. This facilitates the researcher to understand the type of organization that promotes faster decision making and thereby leads to effectiveness.

Table 4.38: Levels of Hierarchy Before Merger

Levels of hierarchy before merger	Manufacturing Sector	Service Sector	Total
5 levels	27.3	21.7	24.1
3 levels	62.6	62.0	62.3
2 levels	10.1	16.3	13.6
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Levels of hierarchy before merger	χ^2 value	df	p	Sig.
	2.295	2	0.317	Not Significant

Source: Survey data

Around 62.3 percent of respondents belonged to organization with 3 levels of hierarchy before merger. The results are the same across manufacturing and service sectors. The χ^2 value 2.295, df = 1 and p = 0.317 substantiates that the difference is not significant between manufacturing and service sectors. The lower number of levels of hierarchy facilitates communication and decision making as is indicated by the results of the subsequent tables.

Table 4.39: Decision Making Facilitated Before Merger

Decision making facilitated before merger	Manufacturing Sector	Service Sector	Total
Moderately	52.5	62.8	58.3
Very well	47.5	37.2	41.7
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Decision making facilitated before merger	χ^2 value	df	p	Sig.
	2.429	1	0.119	Not Significant

Source: Survey data

Nearly 58.3 percent of respondents feel that decision making was facilitated moderately in organization before merger. This result is consistent across the manufacturing and service sectors. The χ^2 value = 2.429, df = 1 and p = 0.119 substantiates that the difference is not significant between manufacturing and service sectors.

Table 4.40: Levels of Hierarchy After Merger

Levels of hierarchy after merger	Manufacturing Sector	Service Sector	Total
5 levels	40.4	38.0	39.0
3 levels	49.5	45.7	47.4
2 levels	10.1	16.3	13.6
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Decision making facilitated before merger	χ^2 value	df	p	Sig.
	1.823	2	0.402	Not Significant

Source: Survey data

There has been a change in the number of levels of hierarchy in organizations after merger. The percentage of respondents belonging to organizations with 3 levels of hierarchy before merger (62.3 percent) had decreased to 47.4 percent after merger. There had been an increase (39 percent) in the percentage of respondents belonging to organizations with 5 levels of hierarchy after merger. This change is consistent across both the manufacturing and service sectors. The χ^2 value = 1.823, df = 2 and p = 0.402 substantiates that the difference is not significant between manufacturing and service sectors. This establishes that organizations had become more tall rather than more flat after merger.

Table 4.41: Hierarchy Facilitating Decision Making

Hierarchy facilitating decision making	Manufacturing Sector	Service Sector	Total
Hierarchy before merger	32.3	48.1	41.2
Hierarchy after merger	67.7	51.9	58.8
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Hierarchy facilitating decision making	χ^2 value	df	p	Sig.
	5.726	1	0.017	Significant

Source: Survey data

Approximately 58.8 percent respondents consider hierarchical levels after merger facilitate decision making. Among these, 67.7 percent of respondents from the manufacturing sector consider hierarchical levels after merger facilitate decision making. This is because of the improved communication levels in the organization after merger.

Table 4.42: Effectiveness of Organizational Structure Before Merger

Effectiveness of organizational structure before merger	Manufacturing Sector	Service Sector	Total
Below average	71.7	71.3	71.5
Above average	28.3	28.7	28.5
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of organizational structure before merger	χ^2 value	df	p	Sig.
	0.004	1	0.947	Not Significant

Source: Survey data

Table 4.43: Effectiveness of Organizational Structure After Merger

Effectiveness of organizational structure after merger	Manufacturing Sector	Service Sector	Total
Below average	37.4	48.1	43.4
Above average	62.6	51.9	56.6
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of organizational structure after merger	χ^2 value	df	p	Sig.
	2.605	1	0.107	Not Significant

Source: Survey data

The results of table 4.42 and table 4.43 reflect effectiveness of organizational structure before and after merger. The scores of organizational structure were summated and standardized. If standard score <=0 then effectiveness of organizational structure was considered to be below average. If standard score >0 then effectiveness of organizational structure was considered to be above average. Nearly 71.5 percent of the respondents rated effectiveness of organizational structure to be below average before merger. But only 43.4 percent of respondents rated effectiveness of organizational structure to be below average after merger. This effectiveness of organizational structure is reflected in both the sectors. The χ^2 value = 0.004, df = 1 and p = 0.947 (before merger) and χ^2 value = 2.605, df = 1 and p = 0.107 (after merger) shows that the difference is not significant between manufacturing and service sectors.

4.5.5 Part IV(C) – Customer Focus

This section analyses the customer focus with reference to both internal and external customers. This analysis reveals how respondents view themselves and their self perception can affect their organizational identity.

Table 4.44: Description of Organization in Relation to Competitors Before Merger

Description of organization before merger	**Manufacturing Sector**	**Service Sector**	**Total**
Traditional	49.5	49.6	49.6
Innovative	50.5	50.4	50.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Description of organization before merger	**χ^2 value**	**df**	**p**	**Sig.**
	0.000	1	0.986	Not Significant

Source: Survey data

Table 4.45: Description of Organization in Relation to Competitors After Merger

Description of organization after merger	Manufacturing Sector	Service Sector	Total
Traditional	31.3	48.8	41.2
Innovative	68.7	51.2	58.8
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Description of organization after merger	χ^2 value	df	p	Sig.
	7.099	1	0.008	Highly Significant

Source: Survey data

The results (Table 4.44 and Table 4.45) provide description of organization in comparison to competitors, before and after merger. About 50.4 percent of respondents viewed their organization as innovative before merger, whereas 58.8 percent of respondents viewed their organization as innovative after merger. There is a significant difference (χ^2 = 7.099, df = 1 and p = 0.008) in the ratings given by the respondents in the manufacturing and service sectors.

The results in table 4.46 show customer focus of organizations before merger in the manufacturing sector. The Kaiser-Meyer-Olkin measure of sampling adequacy is 0.823. The Bartlett's Test of Sphericity gives a χ^2 value = 374.269 which is highly significant (p = 0.000). Factor Analysis reveals that two components have Eigen values more than one (component 1 = 3.766, component 2 = 1.134). The Rotated Component Matrix gives the factor loadings for the two components. The two components are Internal Customer Focus and External Customer Focus. Internal customers are departments, divisions, other branches, subsidiaries and sister concerns. Internal customer focus has factor loadings from three factors, which are: (i) organization understood the needs of the internal customers (0.914) (ii) organization did not respond effectively to the needs of the internal customers (0.831) and (iii) organization did not respond effectively to the needs of the external customers (0.569). It is seen that organizations had not responded adequately to the needs of the internal customers. External customers are other organizations, government agencies, non-profit organizations, foreign companies and others. External customer focus has factor loadings from three factors, which are: (i) organization understood the needs of the external customers (0.791) (ii) the policies of organization facilitated providing good service to external customers (0.784) (iii) improvements were needed to meet external customer requirements (0.704). Organizations were effectively focused towards their external customers, but needed some improvements.

Table 4.46: Customer Focus Before Merger

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.823
Bartlett's Test of Sphericity	Approx. Chi-Square	374.269
	df	6
	Sig.	.000

Note: Nature of activities = Manufacturing

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.766	62.775	62.775	3.766	62.775	62.775	2.532	42.207	42.207
2	1.134	18.905	81.680	1.134	18.905	81.680	2.368	39.473	81.680
3	.818	13.641	95.320						
4	.207	3.442	98.762						
5	.074	1.238	100.000						
6	5.53E-016	9.22E-015	100.000						

Note: Extraction Method - Principal Component Analysis.

Rotated Component Matrix[a]

Statements	Component	
	1	2
Organization understood the needs of the internal customers	.914	
Organization understood the needs of the external customers.		.791
Organization did not respond effectively to the needs of the internal customers.	.831	
Organization did not respond effectively to the needs of the external customers.	.569	
The policies of organization facilitated providing good service to external customers		.784
Improvements were needed to meet external customer requirements.		.704

Notes: 1. Extraction Method - Principal Component Analysis.
2. Rotation Method - Varimax with Kaiser Normalization.
3. Rotation converged in 3 iterations.

Source: Survey data

Table 4.47: Customer Focus After Merger

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.855
Bartlett's Test of Sphericity	Approx. Chi-Square	1021.416
	df	6
	Sig.	.000

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.979	49.645	49.645	2.979	49.645	49.645	2.305	38.421	38.421
2	1.580	26.340	75.985	1.580	26.340	75.985	2.198	36.637	75.058
3	1.057	17.611	93.596	1.057	17.611	93.596	1.112	18.537	93.596
4	.342	5.703	99.299						
5	.042	.701	100.000						
6	1.12E-016	1.87E-015	100.000						

Note: Extraction Method - Principal Component Analysis.

Rotated Component Matrix[a]

Statements	Component		
	1	2	3
Organization understood the needs of the internal customers		.985	
Organization understood the needs of the external customers.	.672		
Organization did not respond effectively to the needs of the internal customers.		.986	
Organization did not respond effectively to the needs of the external customers.	.941		
The policies of organization facilitated providing good service to external customers	.971		
Improvements were needed to meet external customer requirements.			.981

Notes: 1. Extraction Method - Principal Component Analysis.
2. Rotation Method: Varimax with Kaiser Normalization.
3..Rotation converged in 4 iterations.

Source: Survey data

The results in table 4.47 shows customer focus of organizations after merger in the manufacturing sector. The Kaiser-Meyer-Olkin measure of sampling adequacy is 0.855. The Bartlett's Test of Sphericity gives a χ^2 value = 1024.416 which is highly significant (p = 0.000). Factor Analysis reveals that three components have Eigen values more than one (component 1 = 2.979, component 2 = 1.580 and component 3 = 1.057). The Rotated Component Matrix gives the factor loadings for the three components. The three components are: Internal Customer Focus, External Customer Focus and Effective Response to needs of Internal Customers. Internal customers are departments, divisions, other branches, subsidiaries and sister concerns. Internal customer focus has factor loadings from three factors, which are: (i) organization understood the needs of the external customers (0.672). (ii) organization did not respond effectively to the needs of the internal customers (0.941) and (iii) the policies of organization facilitated providing good service to external customers (0.971). It is seen that organizations had not responded adequately to the needs of the internal customers. Higher factor loadings are towards external customers. So the respondents felt that internal customer needs are ignored after merger. External customers are other organizations, government agencies, non-profit organizations, foreign companies and others. External customer focus has factor loadings from two factors, which are: (i) organization understood the needs of the internal customers (0.985) (ii) organization did not respond effectively to the needs of the internal customers (0.986). Organizations were also not effectively focused towards their external customers. The third component is Effective Response to needs of Internal Customers. It is loaded on only one factor which is - improvements were needed to meet external customer requirements (0.981). The respondents felt that changes were required to meet demands of external customers.

Table 4.48: Effectiveness of Customer Focus Before Merger

Effectiveness of customer focus before merger	Manufacturing Sector	Service Sector	Total
Below average	20.2	17.8	18.9
Above average	79.8	82.2	81.1
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of customer focus before merger	χ^2 value	df	p	Sig.
	0.206	1	0.650	Not Significant

Source: Survey data

The scores of customer focus were summated and standardized. If standard score <=0 then effectiveness of customer focus was considered to be below average. If standard score >0 then effectiveness of customer focus was considered to be above average. About 81.1 percent of the respondents rated effectiveness of customer focus to be above average. This effectiveness of customer focus is reflected in both the sectors. The χ^2

value = 0.206, df = 1 and p = 0.650 shows that the difference is not significant between manufacturing and service sectors.

Table 4.49: Effectiveness of Customer Focus After Merger

Effectiveness of customer focus after merger	Manufacturing Sector	Service Sector	Total
Below average	56.6	59.7	58.3
Above average	43.4	40.3	41.7
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of customer focus after merger	χ^2 value	df	p	Sig.
	0.225	1	0.635	Not Significant

Source: Survey data
Note: McNemar's test p value = 0.000, highly significant

The scores of customer focus were summated and standardized. If standard score <=0 then effectiveness of customer focus was considered to be below average. If standard score >0 then effectiveness of customer focus was considered to be above average. About 41.7 percent of the respondents rated effectiveness of customer focus to be above average. This effectiveness of customer focus is reflected in both the sectors. The difference is not significant (χ^2 = 0.225, df = 1 and p = 0.635) between manufacturing and service sectors. The respondents consider that the organization after merger does not respond effectively to customer needs and is lacking in customer focus.

4.5.6 Part IV (D) – Personal Orientation

This section deals with the value system of the organization before and after the merger. Values are at the core of the construct of organizational culture and they are milestones with which employees identify with their organizations.

Table 4.50: Reflection of Organizational Values in Work Processes Before Merger

Reflection of organizational values in work processes before merger	Manufacturing Sector	Service Sector	Total
Rather well	23.2	31.0	27.6
Quite well	47.5	42.6	44.7
Very well	29.3	26.4	27.6
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Reflection of organizational values in work processes before merger	χ^2 value	df	p	Sig.
	1.694	2	0.429	Not Significant

Source: Survey data

About 44.7 percent of respondents felt that the work processes reflected the organizational values satisfactorily before merger. It is an indication that organizational values were communicated well to the employees and that the same were upheld in the work processes. The χ^2 = 1.694, df = 2 and p = 0.429 shows that the difference is not significant between manufacturing and service sectors.

Table 4.51: Reflection of Organizational Values in Work Processes After Merger

Reflection of organizational values in work processes after merger	Manufacturing Sector	Service Sector	Total
Rather well	33.3	22.5	27.2
Quite well	49.5	55.8	53.1
Very well	17.2	21.7	19.7
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Reflection of organizational values in work processes after merger	χ^2 value	df	p	Sig.
	3.431	2	0.180	Not Significant

Source: Survey data

Nearly 53.1 percent of respondents felt that the work processes reflected the organizational values satisfactorily after merger. It is an indication that organizational values were communicated well to the employees and that the same were upheld in the work processes. The χ^2 = 3.431, df = 2 and p = 0.180 shows that the difference is not significant between manufacturing and service sectors.

Table 4.52: Effectiveness of Personal Orientation Before Merger

Effectiveness of personal orientation before merger	Manufacturing Sector	Service Sector	Total
Below average	20.2	33.3	27.6
Above average	79.8	66.7	72.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of personal orientation before merger	χ^2 value	df	p	Sig.
	4.830	1	0.028	Significant

Source: Survey data

The scores of personal orientation were summated and standardized. If standard score <=0 then effectiveness of personal orientation was considered to be below average. If standard score >0 then effectiveness of personal orientation was considered to be above average. Nearly 72.4 percent of the respondents rated effectiveness of personal orientation to be above average. This effectiveness of personal orientation is reflected in both the sectors. The difference is significant ($\chi^2 = 0.225$, df = 1 and p = 0.635) between manufacturing and service sectors. Values are reflected more in the work processes in the manufacturing sector in comparison to service sector. Effectiveness of personal orientation is an indication that organizational identification is facilitated because values have been communicated and are reflected.

Table 4.53: Effectiveness of Personal Orientation After Merger

Effectiveness of personal orientation after merger	Manufacturing Sector	Service Sector	Total
Below average	52.5	62.0	57.9
Above average	47.5	38.0	42.1
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of personal orientation after merger	χ^2 value	df	p	Sig.
	2.070	1	0.150	Not Significant

Source: Survey data
Note: McNemar's test p value = 0.000, highly significant

The scores of personal orientation were summated and standardized. If standard score <=0 then effectiveness of personal orientation was considered to be below average. If standard score >0 then effectiveness of personal orientation was considered to be above average. There has been a change in personal orientation after merger. Only 42.1 percent of the respondents rated effectiveness of personal orientation to be above average. This effectiveness of personal orientation is reflected in both the sectors. The difference is not significant ($\chi^2 = 2.070$, df = 1 and p = 0.150) between manufacturing and service sectors. The McNemar test compares personal orientation within the manufacturing and service sectors individually. There has been a change in personal orientation in the manufacturing sector after merger in comparison to personal orientation before merger. Respondents consider organization before merger to have higher personal orientation (79.8 percent), than organization after merger (47.5 percent). The same holds good with the service sector also (66.7 percent before merger and 38 percent after merger). The organization after merger has to communicate organizational values more effectively in order to aid organizational identification with the organization.

The analyses on the different components of organizational identification both before merger and after merger reveal that organizational identification has undergone a change with the merger process. This analysis substantiates Research Objective 4 which assesses employees' organizational identification before and after merger.

4.6 PART V – ORGANIZATIONAL COMMITMENT

This section measures organizational commitment after merger. The results are summated and the discussions are presented.

Table 4.54: Effectiveness of Organizational Commitment

Effectiveness of organizational commitment	Manufacturing Sector	Service Sector	Total
Below average	54.5	51.2	52.6
Above average	45.5	48.8	47.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Effectiveness of organizational commitment	χ^2 value	df	p	Sig.
	0.257	1	0.612	Not Significant

Source: Survey data

The scores of organizational commitment were summated and standardized. If standard score <=0 then effectiveness of organizational commitment was considered to be below average. If standard score >0 then effectiveness of organizational commitment was considered to be above average. About 47.4 percent of the respondents rated effectiveness of organizational commitment to be above average. This score shows that respondents do not have organizational commitment to the organization after merger. This score of effectiveness of organizational commitment is reflected in both the sectors. The χ^2 = 0.257, df = 1 and p = 0.612 shows that the difference is not significant between manufacturing and service sectors.

Table 4.55: Combined Factor Analysis on Organizational Commitment

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	8.249	45.827	45.827	8.249	45.827	45.827	4.736	26.310	26.310
2	3.136	17.425	63.252	3.136	17.425	63.252	3.612	20.066	46.376
3	1.884	10.468	73.720	1.884	10.468	73.720	3.048	16.933	63.309
4	1.416	7.865	81.585	1.416	7.865	81.585	2.364	13.131	76.441
5	1.105	6.137	87.722	1.105	6.137	87.722	2.031	11.281	87.722
6	.693	3.850	91.572						
7	.592	3.289	94.861						
8	.282	1.568	96.429						
9	.199	1.104	97.533						
10	.175	.973	98.506						
11	.126	.699	99.205						
12	.092	.513	99.718						
13	.021	.118	99.836						
14	.019	.108	99.944						
15	.010	.056	100.000						
16	2.49E-016	1.38E-015	100.000						
17	-2.9E-016	-1.63E-015	100.000						
18	-3.9E-016	-2.19E-015	100.000						

Note: Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

Statements	Component				
	1	2	3	4	5
It would be very hard for me to leave my organization right now, even if I wanted to.				.588	
I do not feel any obligation to remain with my current employer.		.729			
I would be very happy to spend the rest of my career with this organization.	.745				
One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.		.766			
Even if it were to my advantage, I do not feel it would be right to leave my organization now.			.787		
I really feel as if this organization's problems are my own.	.760				
Right now, staying with my organization is a matter of necessity as much as desire.		.900			
I do not feel a strong sense of "belonging" to my organization.					.551
I feel that I have very few choices to consider leaving this organization.					.730
I do not feel "emotionally attached" to this organization.			.843		
I would feel guilty if I left my organization now.	.749				
I do not feel like "part of the family" at my organization.		.767			
This organization deserves my loyalty.	.783				
If I had not already invested so much of myself into this organization, I might consider working elsewhere.				.893	
Would not leave my organization right now because I have a sense of obligation to the people in it.	.776				
This organization has a great deal of personal meaning for me.					.859
Too much of my life would be disrupted if I decided to leave my organization now.				.606	
I owe a great deal to my organization.	.820				

Notes: 1. Extraction Method - Principal Component Analysis.
2. Rotation Method: Varimax with Kaiser Normalization.
3..Rotation converged in 16 iterations.

Source: Survey data

Table 4.55 gives results of factor analysis on organizational commitment in organizations after merger in the manufacturing and service sector. The Kaiser-Meyer-Olkin measure of sampling adequacy is 0.645. The Bartlett's Test of Sphericity gives a χ^2 value = 2045.982 which is highly significant (p = 0.000). Factor Analysis reveals that five components have Eigen values more than one (component 1 = 8.249, component 2 = 3.136, component 3 = 1.884, component 4 = 1.416 and component 5 = 1.105). The Rotated Component Matrix gives the factor loadings for the five components. The five components of organizational commitment are Desire, Need, Obligation, Perceived costs and Moral commitment. The first component is heavily loaded at 0.820 which shows that the respondent desires to stay with the organization because he/she owes a lot to the organization. Need is loaded by the factor "staying is a matter of necessity as much as desire" (0.900). This reveals that respondents' commitment is more due to absence of better opportunities than as a matter of desire. This has been substantiated by Ashforth and Mael (1989) that individuals would shift their commitment to any other organization, depending on the satisfaction of their personal goals. Obligation is loaded by the factor "do not feel emotionally attached to the organization" (0.843). This shows that the commitment is more an obligation and does not have any emotional investment for the respondent. Perceived costs is loaded by the factor "if I had not invested so much of myself into this organization, I might consider working elsewhere" (0.893). This is more in tune with the national culture of India that employees look upon the organization as their "own" and as such invest more emotionally into the organization. But this aspect is loaded lesser (0.893) showing that there is a decrease in the emotional investment and this has been happening over a period of time. Moral is loaded by the factor "organization has a great deal of personal meaning to me" (0.859). The last factor is loaded less and this clearly proves that organizational identity is very low and hence the organization has become very impersonal to the respondent. This analysis substantiates Research Objective 5 which determines employees' organizational commitment to the organization after merger.

4.7 PART VI – LEADERSHIP

This section deals with leadership that is pivotal during a change period. Strong leadership enables faster change adaptation. The analysis also looks into the perception of leadership by the respondents during the merger process.

Table 4.56: Assistance to Adjust to Change

Factors	Garret's Mean Score	Rank
Superior	50.92	1
Colleagues	50.0	3
Top Management	48.1	5
External Consultants	49.9	4
Others	50.90	2

Source: Survey data

Garret's mean score is utilized to rank the help derived to adjust to changes after the merger. The ranking shows that 'superior' had the highest mean score of 50.92, whereas top management was ranked the last (48.1). The results show that respondents are closely associated with their immediate superiors and also get the support and co-operation in times of transition from them.

Table 4.57: Combined Factor Analysis of Effectiveness of Communication of Superior

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.715
Bartlett's Test of Sphericity	Approx. Chi-Square	2410.928
	df	28
	Sig.	.000

Total Variance Explained

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.329	66.611	66.611	5.329	66.611	66.611	4.649	58.116	58.116
2	1.236	15.445	82.056	1.236	15.445	82.056	1.915	23.939	82.056
3	.738	9.226	91.281						
4	.359	4.492	95.773						
5	.175	2.184	97.957						
6	.089	1.108	99.066						
7	.063	.782	99.847						
8	.012	.153	100.000						

Note: Extraction Method: Principal Component Analysis.

Rotated Component Matrix[a]

Statements	Component	
	1	2
Communication of superior was effective.	.919	
Superior was very concerned about my feelings.	.903	
I was clearly told about the goals of the company by my superior.		.828
All actions of my superior were work focused.	.851	
My superior communicated new organizational structure immediately.	.912	
Incentives were offered during the change period.	.558	
Motivators encouraged creativity.		.966
Policy changes were communicated directly by my superior.	.951	

Notes: 1. Extraction Method: Principal Component Ana sis
2. *Rotation Method: Varimax with Kaiser Normc zation.*
3. *Rotation converged in 3 iterations.*

The factor analysis is done on a combined basis for both the manufacturing and service sector industries. The analysis is conducted to verify the activities of the superior that were highly loaded in their contribution to their subordinates to adjust to change. The Kaiser-Meyer-Olkin Measure reveals a sampling adequacy of 0.715. The analysis shows that the two components have eigen values greater than 1. They are: i) communication of superior was effective (5.329) and ii) superior was very concerned about my feelings (1.236). They measure the effectiveness of communication by the superior and also the responsiveness of superior towards their emotional needs. Effectiveness of communication by the superior had a highest loading of 0.951, by 'policy changes were directly communicated by my superior' which reveals that it had a great impact on them. The reason being the direct flow of information and not through by any other source. This also corroborates the fact that the subordinates look to their immediate superior for any assistance during times of change (Table 4.56). The responsiveness of superior to emotional needs of subordinates is loaded heavily by the statement 'motivators encouraged creativity' (0.966). This reveals that the superior had understood the emotional needs of the respondents and had implemented the usage of motivators to leverage creativity and this had worked well across both the sectors.

4.8 PART VII – ATTRITION

Attrition is one if the greatest implications of a merger. Employees leave the organization either voluntarily or involuntarily and this is seen across management levels and across both the manufacturing and service sectors.

Table 4.58: Distribution of Attrition Rate Before Merger

Attrition rate before merger	Manufacturing Sector	Service Sector	Total
Many	7.1	7.0	7.0
Some	56.6	38.8	46.5
None	36.4	54.3	46.5
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Attrition rate before merger	χ^2 value	df	p	Sig.
	7.681	2	0.021	Significant

Source: Survey data

Attritions are a common problem and it is seen that around 46.5 percent of respondents agree that some colleagues have resigned. These figures are different across sectors, with the manufacturing sector having more attrition than the service sector. The difference is significant (χ^2 = 7.681, df = 2 and p = 0.021) between manufacturing and service sectors.

Reasons attributed for attrition were better opportunities, personal gains and other personal problems. These levels did not have much bearing with the organization.

Table 4.59: Respondent's Intention of Resigning after the Merger Announcement

Intention of resigning after the merger announcement	Manufacturing Sector	Service Sector	Total
Never	38.4	48.8	44.3
Very rarely	14.1	14.0	14.0
Rarely	21.2	17.8	19.3
Sometimes	26.3	19.4	22.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Intention of resigning after the merger announcement	χ^2 value	df	p	Sig.
	2.902	3	0.407	Not Significant

Source: Survey data

When asked about a respondent's intention to resign from the organization after the merger announcement, 44.3 percent of respondents across the sectors were unanimous that they had never considered the option. But around 22.4 percent had sometimes thought about it but had not actually acted on it. Some of the reasons for considering to resign from the organization were ambiguity of situation after merger, did not want to be left behind after resignation by many colleagues and better job prospects. The χ^2 = 2.902, df = 3 and p = 0.407 substantiates that the difference is not significant between manufacturing and service sectors.

Table 4.60: Distribution of Attrition Levels After Merger

Attrition levels after the merger	Manufacturing Sector	Service Sector	Total
Some	99.0	100.0	99.6
None	1.0	0.0	0.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Attrition levels after the merger	χ^2 value	df	p	Sig.
	1.309	1	0.253	Not Significant

Source: Survey data

Around 99.6 percent of respondents agree that there have been attrition in their organizations after the merger. This is common to both the manufacturing and service sectors. The χ^2 = 1.309, df = 1 and p = 0.253 substantiates that the difference is not significant between manufacturing and service sectors. The respondents in the service sector agree (100 percent) that there has been some attrition post merger. Some of the important reasons attributable are changes in work, pay and grade, unhappy with changes and more work with lesser people.

Though there have been many instances of attrition, it is seen that the managements of the organizations have not considered it to be a serious problem. Results reveal that organizations that consider this to be a serious problem are less. The manufacturing sector has a mean score of 3.35 with a standard deviation of 0.594 as against the service sector that had a mean score of 3.41 with a standard deviation of 0.777. These low scores reveal that organizations do not still consider the loss of talent post merger to be a serious problem.

Table 4.61: Correlations of Organizational Commitment to Attrition Before and After Merger

Descriptions	R value	p	Sig.
Organizational commitment to attrition before merger	-0.113	0.087	Not Significant
Organizational commitment to attrition after merger	0.428	0.000	Significant

Source: Survey data

There is a positive correlation between organizational commitment and attrition. It reveals that attrition affects organizational commitment and organizations should be paying attention to the retention of key personnel, in order to enhance commitment.

4.9 PART VIII – GENDER EQUALITY

The construct of gender equality tries to measure if there was any discrimination which would contribute to lowered organizational identification and subsequently would have an effect on commitment.

The results in table 4.62 reveals that the respondents consider that both the genders are treated equally and that there is no discrimination with reference to promotion and reward policies both before and after the merger. The Mann Whitney test z values also reveal that the difference is not significant across the manufacturing and service sectors. But the respondents in the service sector still feel that there is an undercurrent of discrimination both before the merger ($z = 2.97$) and after the merger ($z = 2.82$). The subsequent tables (Table 4.63 and Table 4.64) also corroborate the fact that there is an underlying sense of gender discrimination which needs to be looked into by the management.

Table 4.62: Gender Equality Before and After Merger

Statements	Nature of activities	N	Mean	SD	Med	Z	p
Before the merger, both gender members were treated equitably.	Manufacturing	99	4.59	0.495	5.00	2.97	0.003
	Service	129	4.39	0.489	4.00		HS
	Total	228	4.47	0.500	4.00		
Before the merger, there was gender inequality in reward policies	Manufacturing	99	3.99	0.101	4.00	1.14	0.254
	Service	129	4.00	0.000	4.00		NS
	Total	228	4.00	0.066	4.00		
Before the merger, there was gender inequality in promotion policies	Manufacturing	99	3.95	0.220	4.00	0.43	0.668
	Service	129	3.96	0.194	4.00		NS
	Total	228	3.96	0.205	4.00		
After the mergers, both gender members are treated equitably	Manufacturing	99	4.58	0.497	5.00	2.82	0.005
	Service	129	4.39	0.489	4.00		HS
	Total	228	4.47	0.500	4.00		
After the merger, there is gender inequality in reward policies	Manufacturing	99	3.95	0.220	4.00	0.43	0.668
	Service	129	3.96	0.194	4.00		NS
	Total	228	3.96	0.205	4.00		
After the merger, there is gender inequality in promotion policies	Manufacturing	99	3.95	0.220	4.00	0.43	0.668
	Service	129	3.96	0.194	4.00		NS
	Total	228	3.96	0.205	4.00		

Source: Survey data

Note: N = Number of respondents, SD = Standard Deviation, Med = Median, p = p value
Z value = Mann Whitney test z value, NS = Not Significant and HS = Highly Significant

Table 4.63: Gender Equality Before Merger

Gender equality before merger	Manufacturing Sector	Service Sector	Total
Below average	45.5	65.1	56.6
Above average	54.5	34.9	43.4
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Gender equality before merger	χ^2 value	df	p	Sig.
	8.814	1	0.003	Highly Significant

Source: Survey data

The results reveal that the respondents in the services sector still feel the existence of gender inequality (65.1 percent) in comparison to their counterparts in the manufacturing sector. The χ^2 = 8.814, df = 1 and p = 0.003 substantiates that the difference is highly significant between manufacturing and service sectors.

Table 4.64: Gender Equality After Merger

Gender equality after merger	Manufacturing Sector	Service Sector	Total
Below average	46.5	65.1	57.0
Above average	53.5	34.9	43.0
Total	100	100	100

Source: Survey data
Note: All figures are in percentages

Gender equality after merger	χ^2 value	df	p	Sig.
	7.951	1	0.005	Highly Significant

Source: Survey data

Gender discrimination continues with the respondents in the service sector after the merger also. Around 65.1 percent respondents rate gender equality as below average in the service sector. This is also substantiated by χ^2 = 7.951, df = 1 and p = 0.005 that the difference is highly significant between manufacturing and service sectors. This is a word of caution to the managements of the organizations that employees consider gender inequality to be existing and this may have far reaching consequences if it is not addressed.

Table 4.65: Correlations of Organizational Commitment to Gender Equality Before and After Merger

Descriptions	R value	p	Sig.
Organizational commitment to gender equality before merger	-0.307	0.000	Significant
Organizational commitment to gender equality after merger	-0.255	0.000	Significant

Source: Survey data

The correlation results show that there is a negative correlation between organizational commitment and gender equality both before and after merger. This implies that gender equality does not have a bearing on the levels of organizational commitment. But the preceding analyses revealed that respondents perceived gender inequality. This proves that organizational commitment is a function of other variables. The organizations need to address the issue of perceived gender inequality to enhance effectiveness.

4.10 PART IX – OVERALL ATTITUDE TOWARDS MERGERS

The section measures the overall attitude of respondents towards merger of their organizations and verifies the changes that have taken place in their physical settings, leadership, interpersonal communication and values of organization after the merger.

Table 4.66: Overall Attitude of Respondents Towards Mergers

Nature of activities		Mean	SD	gap	Z value	p value
Manufacturing	Values of the company before	19.70	6.882	.10	.10	.917
	Values of the company after	19.60	4.721			NS
	Nature of work in the company before	18.48	5.953	-.45	.47	.637
	Nature of work in the company after	18.94	5.682			NS
	Interpersonal Communication before	16.67	7.491	.00	.35	.726
	Interpersonal Communication after	16.67	6.019			NS
	Leadership before	18.84	3.901	1.01	2.19	.028
	Leadership after	17.83	4.853			sig
	Physical layouts of the company before	26.31	6.873	-.66	.55	.583
	Physical layouts of the company after	26.97	7.980			NS
Service	Values of the company before	19.34	6.970	-.97	1.33	.184
	Values of the company after	20.31	4.871			NS
	Nature of work in the company before	18.91	6.280	1.32	1.74	.082
	Nature of work in the company after	17.60	4.965			NS
	Interpersonal Communication before	17.33	7.782	1.40	2.15	.031
	Interpersonal Communication after	15.93	5.754			sig
	Leadership before	18.33	4.478	-.31	.23	.817
	Leadership after	18.64	4.990			NS
	Physical layouts of the company before	26.09	7.042	-1.43	1.74	.082
	Physical layouts of the company after	27.52	7.658			NS
Total	Values of the company before	19.50	6.919	-.50	1.10	.271
	Values of the company after	20.00	4.809			NS
	Nature of work in the company before	18.73	6.130	.55	1.06	.290
	Nature of work in the company after	18.18	5.318			NS
	Interpersonal Communication before	17.04	7.648	.79	1.90	.058
	Interpersonal Communication after	16.25	5.869			NS
	Leadership before	18.55	4.236	.26	1.31	.191
	Leadership after	18.29	4.937			NS
	Physical layouts of the company before	26.18	6.955	-1.10	1.69	.091
	Physical layouts of the company after	27.28	7.787			NS

Source: Survey data
Note: SD = Standard Deviation, z value = Wilcoxin signed rank test z value

The results indicate that the overall attitude towards merger by respondents in the manufacturing and service sector does not reveal a high difference. The respondents in the manufacturing sector consider that difference in the leadership style after merger is significantly different from that before the merger (z = 2.19). The respondents in the service sector consider the changes in the interpersonal communication styles to be significantly different after the merger (z = 2.15).

4.11 TESTING OF HYPOTHESES

This section tests the research hypotheses that were framed for the study.

Testing hypothesis H_1: There is a significant relationship between organizational cultures and the success of mergers.

Testing sub- hypothesis H_{1a}: Organizational identification is dependent on organizational culture.

Table 4.67: Correlations of Organizational Culture to Organizational Identification Before and After Merger

Descriptions	R value	p	Sig.
Organizational culture to organizational identification before merger	0.854	0.000	Significant
Organizational culture to organizational identification after merger	0.848	0.000	Significant

Source: Survey data

The correlation results reveal that organizational culture is correlated heavily to organizational identification before merger (0.854) and after merger (0.848). Hence the alternate hypothesis can be accepted. The regression analysis (Table 4.66) is performed to show the results before the merger. The results reveal R^2 = 0.772 which means that organizational identification had a 77.2 percent impact on the formation of organizational culture. This indicates that the constructs of organizational identification and organizational culture have an inter-dependency relationship rather than a linear relationship.

Table 4.68: Regression Analysis for Organizational Identification and Organizational Culture Before Merger

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.879*	0.772	0.768	2.02086

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3080.663	4	770.166	188.587	0.000*
Residual	910.705	223	4.084		
Total	3991.368	227			

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

Coefficients

	Unstandardized coefficients		Standardized coefficients		
Model	**B**	**Std. Error**	**Beta**	**t**	**Sig**
(Constant)	-6.454	2.335		-2.763	0.006
Knowledge management	0.369	0.037	0.468	9.930	0.000
Customer focus	-0.147	0.286	-0.025	-0.515	0.607
Organization structure	0.270	0.129	0.101	2.087	0.038
Personal orientation	1.220	0.128	0.454	9.516	0.000

Source: Survey data

An analysis of the coefficients table reveals that knowledge management ($\beta = 0.468$) and personal orientation ($\beta = 0.454$) were the main contributors to the development of organizational identification before merger. This shows that respondents were not satisfied with the customer focus of the organization and the structure of the organization. The customer focus had a negative scoring which says that organizations need to improve the perceptions that customers had of them.

Table 4.69: Regression Analysis for Organizational Identification and Organizational Culture After Merger

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.882*	0.778	0.774	1.99309

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

The regression analysis after merger also reveals that organizational identification had an impact of 77.8 percent on the creation of organizational culture. The values have increased from the analysis before the merger (R^2 = 77.2 percent). Organizational identification plays an important role in the creation of a new organizational culture; hence it would be beneficial to the organizations concerned to promote a strong sense of belongingness in order to bring about a quicker adaptation to the new organizational culture.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	3105.521	4	776.380	195.443	0.000*
Residual	885.847	223	3.972		
Total	3991.368	227			

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

The coefficients analysis has changed with the merger. This is indicated in the results of the coefficients analysis.

Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	-5.727	2.242		-2.554	0.011
Knowledge management	0.517	0.027	0.840	19.309	0.000
Customer focus	0.216	0.180	0.044	1.197	0.233
Organization structure	-0.054	0.108	-0.021	-0.503	0.616
Personal orientation	0.105	0.047	0.079	2.217	0.028

Source: Survey data

Knowledge management is the forerunner to the creation of organizational identification ($\beta = 0.840$) and is followed by personal orientation ($\beta = 0.079$). But the values for customer focus after merger has increased ($\beta = 0.044$) which shows that the respondents feel that the organization after merger has taken adequate steps to address the needs of the customers. This may have been the result of the synergies of the merger (Epstein 2005). The results are represented in figure 4.8.

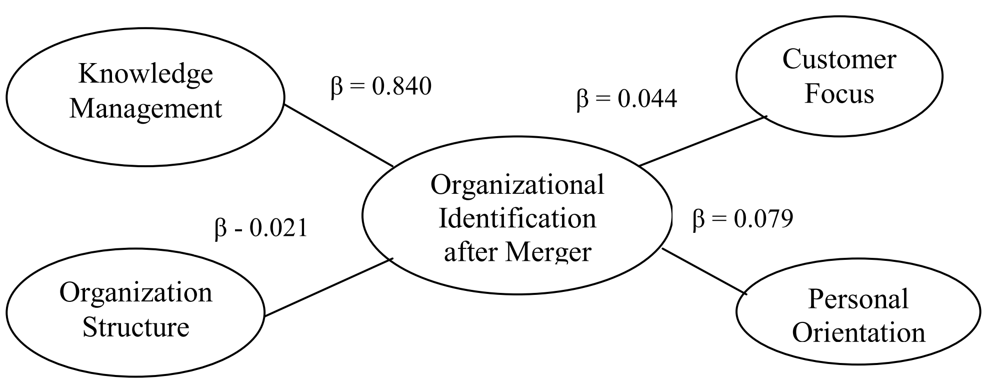

Figure 4.8: Influence of variables on the construct of organizational identification

Testing sub- hypothesis H_{1b}: Organizational commitment is dependent on organizational identification

Table 4.70: Correlations of Organizational Identification to Organizational Commitment Before and After Merger

Descriptions	R value	p	Sig.
Organizational identification to organizational commitment before merger	0.455	0.000	Significant
Organizational identification to organizational commitment after merger	0.348	0.000	Significant

Source: Survey data

The correlations reveal that there is a significant relationship between organizational identification to organizational commitment both before (0.455) and after merger (0.348). But the degree of correlation is not highly significant since it is not greater than 0.5. These results reveal that in the current study, organizational commitment is not a function of organizational identification and that there could be other reasons as well for organizational commitment. It could also be looked at from the national culture (Hofstede 1990) perspective of India, where obligation and loyalty to an organization determine commitment.

Table 4.71: Regression Analysis for Organizational Identification and Organizational Commitment Before Merger

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.636*	0.405	0.394	0.25726

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

The regression analysis also corroborates the fact that organizational identification contributes 40.5 percent towards the creation of organizational commitment in organizations before merger.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	10.044	4	2.511	37.939	0.000*
Residual	14.759	223	0.066		
Total	24.803	227			

Source: Survey data
*Notes: 1. * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*
2. Dependent variable – organizational commitment

Coefficients

Model	Unstandardized coefficients		Standardized coefficients	t	Sig
	B	Std. Error	Beta		
(Constant)	0.917	0.297		3.084	0.002
Knowledge management	-1.1E-005	0.005	0.000	-0.002	0.998
Customer focus	0.223	0.036	0.482	6.114	0.000
Organization structure	-0.038	0.016	-0.178	-2.287	0.023
Personal orientation	0.084	0.016	0.399	5.170	0.000

Source: Survey data
Notes: Dependent variable – organizational commitment

The coefficients analysis reveals that in organizations before merger, customer focus contributed heavily to the creation of organizational commitment (β = 0.482), closely followed by personal orientation (β = 0.399). Knowledge management had a β = 0.000 which shows that respondents did not equate this variable towards their commitment levels.

Table 4.72: Regression Analysis for Organizational Identification and Organizational Commitment After Merger

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.456*	0.208	0.194	0.29673

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

The regression analysis after merger shows weak impact of organizational identification with organizational commitment ($R^2 = 0.208$). This result has to be given serious thought by the policy makers of organizations because it shows that organizational commitment is a function of other variables, rather than organizational identification. This may result in increasing attrition rates, if employees could get their personal goals satisfied in any other organization (Ashforth and Mael 1989).

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	5.168	4	1.292	14.674	0.000*
Residual	19.635	223	0.088		
Total	24.803	227			

Source: Survey data
*Notes: 1. * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*
2. Dependent variable – organizational commitment

Coefficients

Model	Unstandardized coefficients B	Unstandardized coefficients Std. Error	Standardized coefficients Beta	t	Sig
(Constant)	1.953	0.334		5.850	0.000
Knowledge management	0.019	0.004	0.382	4.643	0.000
Customer focus	0.102	0.027	0.265	3.812	0.000
Organization structure	-0.013	0.016	-0.068	-0.837	0.404
Personal orientation	-0.017	0.007	-0.160	-2.367	0.019

Source: Survey data
Notes: Dependent variable – organizational commitment

The analyses of coefficients reveal that in organizations after merger, organizational commitment is influenced by the dimensions (Figure 4.9) of knowledge management ($\beta = 0.382$) and customer focus ($\beta = 0.265$). Respondents consider that the knowledge management practices are better and the customer focus is also better and hence there is a level of commitment based on organizational identification.

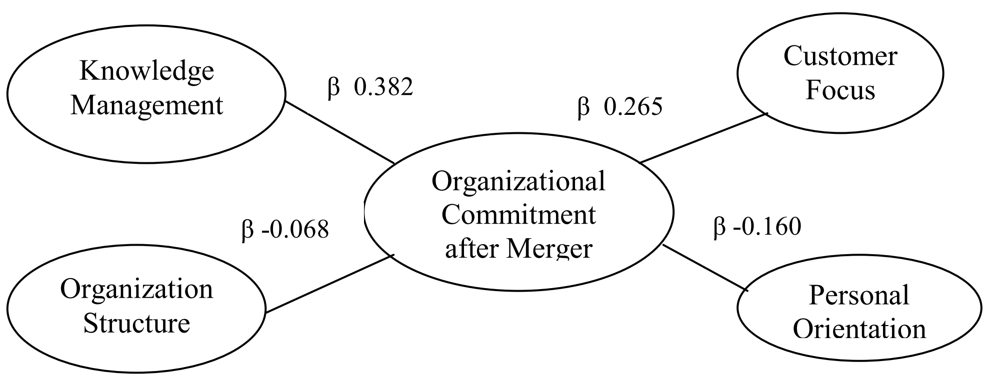

Figure 4.9: Relationship between the constructs of organizational identification variables and organizational commitment after merger

The results reveal that though the relationship is weak, organizational identification does lead to organizational commitment. Hence the alternate hypothesis can be accepted. The acceptance of both the sub-hypotheses results in the acceptance of the main alternate hypothesis (H_1). But this acceptance is still dependent on the strength of relationship between the constructs of organizational identification and commitment to the generation of organizational culture in the organization after merger.

Testing sub-hypothesis $H_{1c:}$ Organizational commitment has a significant relationship with organizational culture.

Table 4.73: Correlations of Organizational Commitment to Organizational Culture

Descriptions	R value	p	Sig.
Organizational commitment leads to organizational culture	0.564	0.000	Significant

Source: Survey data

The results of correlation reveal that there is a significant correlation (R = 0.564) between organizational commitment and organizational culture. This proves that organizational commitment leads to the formation of a strong organizational culture and organizational culture can also foster organizational commitment.

The relationship between the constructs of organizational culture, organizational identification and organizational commitment to success or failure of mergers is represented in figure 4.10.

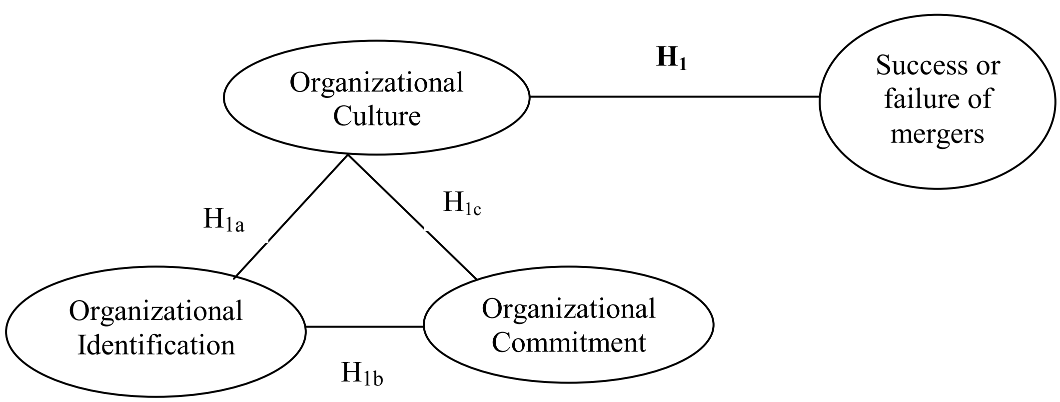

Figure 4.10: Relationship between the constructs of organizational culture, organizational identification and organizational commitment to success or failure of mergers

Testing hypothesis H_2: There is a significant relationship between interpersonal communication and success of mergers.

Testing sub-hypothesis H_{2a}: Speed in interpersonal communication is necessary for organizational identification with the merged organization.

Table 4.74: Correlations of Organizational Identification to Interpersonal Communication After Merger

Descriptions	R value	p	Sig.
Organizational identification to speed in interpersonal communication after merger	0.645	0.000	Significant

Source: Survey data

Organizational identification is significantly related to speed in interpersonal communication (R = 0.645). The levels of speed in information dissemination result in better identification with the organization. This significant relationship leads to the acceptance of the alternate sub-hypothesis $H_{2a\ i.e.}$ speed in interpersonal communication is necessary for organizational identification with the merged organization. It has also been proved that organizational identification is significantly related to organizational commitment, which has an impact on the success of mergers. Hence the main hypothesis H_2 i.e. there is a significant relationship between interpersonal communication and success of mergers can be accepted.

Testing hypothesis $H_{3:}$ There is a significant relationship between organizational identification and leadership.

Table 4.75: Correlations of Organizational Identification to Leadership After Merger

Descriptions	R value	p	Sig.
Organizational identification to leadership after merger	0.734	0.000	Highly Significant

Source: Survey data

The relationship between leadership and organizational identification is highly significant implying that leaders play a very important role in the creation of organizational identification. The current study reveals that respondents consider their immediate superiors to don the role of leaders during the change process and they expect the leaders to lead them through this change process. This relationship leads to the acceptance of the alternate hypothesis H_3 i.e. there is a significant relationship between organizational identification and leadership.

Testing hypothesis H_4: There is a significant relationship between organizational identification and organizational commitment.

Table 4.76: Regression Analysis for Organizational Identification and Organizational Commitment After Merger

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0.456*	0.208	0.194	0.29673

Source: Survey data
*Notes: * Predictors – (Constant), Personal orientation, Customer focus, Knowledge management, Organization structure*

There is a relationship between organizational identification and organizational commitment after merger but it is not significant. The $R^2 = 0.208$ implies that organizational identification contributes only 20 percent to the creation of organizational commitment. Hence the alternate hypothesis H_4 is rejected and the null hypothesis is accepted. There is no significant relationship between organizational identification and organizational commitment.

4.12 SUMMARY

The chapter has analyzed the data collected and results have been presented. Organizational culture and organizational identification have an inter-dependency relationship and the manufacturing sector has accepted the new organizational culture after the merger faster than the service sector. Customer focus and personal orientation had a greater impact on the formation of organizational identification after merger. It is also evident that organizational identification did not have a great impact on the creation of organizational commitment. The findings also indicate that the employees are influenced by their immediate superiors and look up to them for support during times of change. Attrition levels are also indicated before and after the merger and results reveal that organizations still do not give due importance to this aspect. The results on gender equality indicate that there is an underlying sense of gender discrimination which needs to be addressed. These results have opened a new dimension for the study of organizational culture, identification and commitment in the Indian context. The main findings, conclusions of the study, recommendations and future directions for research are presented in the following chapter.

CHAPTER FIVE
CONCLUSIONS

5.1 CHAPTER OVERVIEW

The chapter presents the findings that have been derived from the preceding chapter and the conclusions that the researcher has drawn from the study. Section 5.2 summarizes the study and presents the main findings. Section 5.3 details the conclusions and recommendations and section 5.4 discusses the theoretical and practical implications of the study. Section 5.5 presents the directions for future research and the chapter ends with section 5.6 which points the road ahead for corporate India.

5.2 SUMMARY OF THE STUDY

5.2.1 Purpose of Study

Culture is all pervasive. Organizations also ascribe to their individual culture which is made up of the individual cultures of the employees and also the values the founders inculcate. This gives a strong cohesive effect and also a platform from which organizations can go for a strategic change initiative. One of the strategic change initiatives is merger of organizations. Mergers loosen the organizational culture and allow different contingencies to creep in. This is a crucial time when leaders in the organization must take up change management initiatives and provide for rapid acculturation, so that employees re-identify themselves with the organization after merger, which would bring about organizational commitment.

5.2.2 Methodology

The current study was undertaken to investigate the impact of organizational culture, identification and commitment on the organization that has taken the inorganic growth path of a merger. The review of available literature highlighted the importance of looking at these variables and they were termed as the soft factors, because practitioners in the field of organizational behavior and organizational change management had documented the relevance of the study. The writers had also looked into the impact of organizational culture, identification and commitment on an individual basis and not as one having an integrated relationship. However Rashid et al (2003) had looked at the relationship between organizational culture, commitment and performance in an integrated way and this led the researcher also to think along the same lines. An analysis of further literature also confirmed the necessity of studying the impact of these variables in the context of domestic mergers in India. There have been studies regarding these variables in cross-border mergers, but the domestic arena was not considered. The reason for this could be that there would be lesser cultural differences within the boundaries of a country. But the researcher considered this aspect to be of greater significance, because writers have also written cross-border mergers faring comparatively better in relation to domestic ones, because of what is termed as the "paradox of cultural proximity". Another reason for the study was the necessity to understand the differences in the change adaptation processes by the manufacturing and service sector industries. Indian public sector organizations are characterized by bureaucracy and so the assumption was that they would not respond to change proactively in comparison to the organizations in the service sector.

The researcher then instituted the research design process which was a combination of both the quantitative and qualitative research designs. The reasons for the selection of a mixed methodology have been highlighted in the chapter on research methodology. The grounded theory methodology formed the basis for the exploratory study, which clarified the constructs to be used for the study. A detailed questionnaire and interview schedule were designed as the final instruments for data collection. The data was collected from select cities in India from five sectors that had seen a number of merger deals. The five sectors considered for the study are software, banking, pharmaceutical, manufacturing and financial services. The sampling method chosen for the study was a combination of the probability (simple random and stratified random) methods and non-probability (judgmental and snowball) methods. The study also used a multi-stage method of sampling in tune with the Grounded Theory methodology. A total of 228 respondents from 39 organizations participated in the study. The data collected was analyzed using the SPSS and the results were presented. The key findings of the study are discussed in detail in the ensuing section.

5.2.3 Main Findings

The study has attempted to highlight the differences in the impact of organizational culture, identification and commitment on mergers of select organizations in India. An attempt has been made to analyze this impact in organizations across the manufacturing and the service sectors in India. The findings therefore are a comparison between the manufacturing and the service sector organizations.

a. Interpersonal Communication

1. With reference to interpersonal communication, the manufacturing sector has been found to delineate information across levels early (58.6 percent) in comparison to service sector. This speed in interpersonal communication helps in the creation and sustenance of a strong organizational culture.
2. The manufacturing sector also scored high (59.6 percent) with reference to the source of news about merger announcement. It was the top management who gave the news, thereby setting a strong precedent for the transition to happen.
3. About 61.6 percent respondents in the manufacturing sector consider that interpersonal communication has been above average after merger. This shows that merger has had a positive change on functioning of the organization.

b. Organizational Culture

1. The Grounded Theory methodology was used to identify the primary variables in the construct of organizational culture. The variables identified are socialization activities after merger, mentoring after merger and team composition and team experience after merger.

2. With reference to socialization activities after merger (39.4 percent), mentoring of new recruits (37.4 percent) and team working (91.2 percent), respondents in the manufacturing sector had higher scores. This reveals that the organizations in the manufacturing sector are more geared towards change by the merger and the formation of organizational culture.
3. The respondents in the manufacturing sector consider organizational culture to be above average (63.6 percent) in comparison to their counterparts in the service sector. This is evident because of the higher scores on interpersonal communication for the manufacturing sector.
4. The first hypothesis (H_1) tested the relationship between organizational culture and the success of mergers. This was substantiated by the sub-hypotheses that tested the relationship between organizational culture, identification and commitment. Results proved the existence of relationship between these constructs, thereby proving the relationship between organizational culture and mergers. This is also substantiated by the works of many authors in this field (Deal and Kennedy 1982).
5. The review of literature also substantiates the impact of organizational culture towards the success of merger. A Finnish-Swedish case study (Vaara 2000) of 8 organizations proves that cultural sense making aids effective post merger integration. Epstein (2005) had conducted a case study of the merger of J.P.Morgan and Chase Manhattan Bank, wherein the author was able to test the 6 evaluators of merger success which pertain towards the organizational culture construct.

c. Organizational Identification

1. The use of Grounded Theory methodology identified the variables for the construct of organizational identification as knowledge management after merger, organization structure after merger, customer focus after merger and personal orientation after merger.

2. The strength of organizational identification is higher for the manufacturing sector (70.7 percent) in comparison to the service sector (63.6 percent). Organizational identification has been aided by the strong organizational culture and also by the effective and faster communication of changes and the higher scores on knowledge management (58.6 percent), organization structure (62.6 percent), customer focus (43.4 percent) and personal orientation (79.8 percent).
3. The manufacturing sector had higher scores on the aspect of knowledge management after merger (58.6 percent) implying that the respondents felt that the merger had brought about better knowledge management practices. The respondents in the service sector did not consider the knowledge management practices any better (58.9 percent) than before merger. They considered it below average since their ideas and views were not given due consideration and importance.
4. The manufacturing sector had higher scores on the organization structure changes after the merger (62.6 percent) in comparison to their counterparts in the service sector (51.9 percent). The reason may be that many service sector organizations changed from a private organization to a public organization after merger and became taller in its hierarchical levels than before merger.
5. The manufacturing sector had slightly higher scores (43.4 percent) on customer focus after merger in comparison to the service sector (40.3 percent). But both the sectors had higher scores on customer focus before the merger. This proves that the organizations had lost their edge on customer focus and need to regroup to get it back.
6. The manufacturing sector again had higher scores on personal orientation after merger (47.5 percent) than the service sector (38.0 percent). This proves that the respondents were more attuned to the values of the organizations after the merger and that the organization had taken sufficient measures in values internalization.

7. The analysis of the impact of the factors of knowledge management after merger, organization structure after merger, customer focus after merger and personal orientation after merger on organizational identification reveal that knowledge management ($\beta = 0.468$) and personal orientation ($\beta = 0.454$) had a higher impact. This proves that employees need to be heard and be appreciated for their contributions and also they need to understand and internalize the values of the organization to identify with it.
8. The second alternate hypothesis (H_2) tested the relationship between interpersonal communication and the success of mergers. This was proved because the speed of interpersonal communication had a 0.645 correlation with organizational identification. The third hypothesis (H_3) tested the relationship between organizational identification and leadership. This was also proved because the strength of correlation was high (0.734). It is also proven that the immediate superiors are the leaders to whom the employees look up to for any information and also support in times of change.

d. Organizational Commitment

1. Organizational commitment in manufacturing sector has a slightly lower score (45.5 percent) in comparison to the service sector (48.8 percent). Though the manufacturing sector has been scoring consistently high on the other constructs, organizational commitment has not resulted from it. The analyses of reasons lead to a higher score on attrition (99 percent). This may have had an impact on the work load of existing employees and may have also created a "survivor syndrome" effect on the existing employees.
2. The respondents had a Garret's Mean score of 50.92 on the assistance of their superiors to the change management process. The respondents look at their immediate superiors for information and also encouragement and not at the top management or their colleagues. This shows that organizational

commitment is more a function of the proximity to the superior and not to the organization.

3. With reference to the attrition levels, it is seen that attrition is a common phenomenon before and after the merger. But this assumes importance when organizations have to integrate after a merger process. Attrition by key personnel at such a crucial juncture has an impact on the remaining employees. The organizational commitment of the employees remaining back at the organization gets affected. This is shown by the correlation levels of 0.428 after merger. It is imperative that organizations take cognizance of this fact and provide retention measures for the same.
4. There is a perceived sense of gender inequality in organizations after merger. The policies of the organizations promote gender equality but respondents' view that gender inequality still persists. Organizations have to look at sublime cues to diagnose this problem and need to take actions to correct this perception.
5. The analysis of the impact of the factors of knowledge management after merger, organization structure after merger, customer focus after merger and personal orientation after merger on organizational commitment reveal that knowledge management (β = 0.382) and customer focus (β = 0.265) had a higher impact. This proves that employees consider knowledge management practices better in organization after merger and their commitment has increased because of the customer focus of the organization after merger.
6. The fourth alternate hypothesis (H_4) intended to test the significance of relationship between organizational identification and organization commitment. The fourth hypothesis is rejected because it does not find a significant relationship between organizational identification and organization commitment. The results show a weak relationship ($R^2 = 0.208$) and hence the null hypothesis is accepted. Organizations have to take note of this finding

and initiate measures to enhance organizational identification to create organizational commitment.

The overall attitude towards mergers is favourable across both the manufacturing and service sectors. But the researcher was able to identify certain opinions in the public sector organizations that respondents were generally not concerned with the strategic actions of their organizations because these actions would not have a great impact on them. This is because of the stability of tenure and job security that is prevalent in the public sector organizations as against the organizations in the private sector.

5.3 CONCLUSIONS AND RECOMMENDATIONS

5.3.1 Conclusions

The research has provided a new dimension for the study of mergers in the context of soft factors in India. Some of the conclusions from the study are:

1. The results revealed that there existed a relationship between organizational culture, identification and commitment. This substantiated the earlier studies in this arena that there is an integrated relationship between organizational culture, identification and commitment and this has a great impact on mergers.
2. The results also corroborate the existence of the "paradox of cultural proximity". The mergers in the organizations are between organizations that subscribe to the same national culture, but yet there are cultural incompatibilities. These differences have generated the feeling of "we" and "them" in organizations after the merger. Hence this assumption is also proven in the Indian scenario
3. One of the startling results of the study was the reaction to organizational culture change in the manufacturing sector. This sector is assumed to be a laggard in adapting to changes, but the study revealed the opposite. The results revealed that

the manufacturing sector was open to change in comparison to its counterparts in the service sector (Table 4.23). The service sector industries that were thought to be the change leaders had lower scores on organizational culture change. The respondents in the service sector had lower scores on the experience of team working after merger. This proves that the service sector employees are not too keen on working as a team after the merger and there is a bottleneck towards new idea generation and acceptance.

4. The study also revealed an average low score across both the sectors on the construct of organizational commitment (Table 4.54). One of the reasons for this low score could be that the respondents consisted of employees from all the three strata of management and hence their needs of commitment may vary. This needs to be looked into from the point of view of individual respondents and in relation to their demographic profile. Commitment may be affected by their length of tenure, age, gender, educational qualification, marital status and risk taking ability. The factors of time of interview, the amount of work pressure and the number of disturbances during the time the study was administered may also have a bearing on the commitment levels (Marshall 1996). These factors can adversely affect the mood of the respondent, which may have been reflected in the scores.
5. The reasons for the low score on organizational commitment could be viewed from a different perspective. The national culture of India could be one of the contributing factors to this. In the course of the interview, the researcher had gained insight that irrespective of what the organization does, employees contribute in their routine manner to the productivity of the organization. The Indian national culture ascribes to power distance (Hofstede 1990) wherein employees at the lower levels do not question the actions of their superiors/top management. They just continue to work. According to Hofstede (1994), India ranks 10/11 with a power distance index of 77. This is a high score which asserts that employees are unlikely to approach and contradict their superiors directly.

6. The study also revealed that the relationship between organizational identification and organizational commitment were not highly significant statistically (R^2= 0.208). The reason for this could be looked at from the national culture perspective of India, where working for an organization is taken as an end by itself and the employee's satisfaction and commitment levels do not assume importance. This is one of the characteristics of employees working for the public sector, because of the guaranteed job security. This is in tune with Hofstede's (1994) concept of parochialism, where employees assume that the organization will be concerned about their well-being and that they do not need to be concerned about that. This may also be one of the reasons for the low level of productivity, because employees are assured of their tenure. The other reasons could be the migration of manpower, high potential for employment in metropolitan cities and employees compromise with their preferences and priorities for the sake of a stable and assured employment.
7. The organizational commitment that is derived from organizational identification is more meaningful because it is grounded factually. It has been proven that organizational identification is uniquely aligned (i.e., controlling for affective commitment) with the self-referential aspect of organizational membership, and organizational commitment is uniquely related (i.e., controlling for identification) to perceived organizational support, job satisfaction, and turnover intentions (van Knippenberg, and Sleebos, 2006). Organizational commitment so formed is known to lead to productivity. This concept of organizational commitment can be considered in case of high performance workers or employees in knowledge-intensive organizations. Generation of organizational identity and the resultant commitment is more relevant to a knowledge worker. The sample chosen for the current study consists of diverse organizations. There is a representation of the knowledge workers as well as their counterparts in other industries. Therefore the scores on organizational commitment are low.

These results have opened new dimensions on the existing notions of the merger integration and the makeup of the manufacturing and the service sector industries.

5.3.2 Recommendations

Some of the suggestions to the corporate world that emerged from the study include:

1. Organizations have to give interpersonal communication its due importance. The study highlights its importance towards the formation of organizational culture as well as organizational identification. Organizations have to allow free flow of communication especially during times of ambiguity as employees look up to their superiors for factual information and strive to maintain their equilibrium in times of transition. It has been proven that internal communication climate spear heads employees' identification with their organization after merger (Bartels, Pruyn, and de Jong, M. 2009).
2. The study also highlights that interpersonal communication would bear fruit if it were to happen fast. Organizations need to realize that they have to update their employees at a very fast rate and it would be beneficial if news is disseminated by the superiors rather than the employees getting the same news from other sources. This promotes accuracy of information as well as generation of trust by the employees that their interests would be looked into by the management.
3. It would be beneficial if the policy makers in the organizations going for the mergers consider the soft issues such as organizational culture, identification and commitment and not just look at the figures in the financial statements before signing the deal. It is imperative that these facts are addressed, because the mindset of employees is undergoing a paradigm shift. The Indian labour force is at par with the international labour force and just as qualified. This kind of a labour force is just not interested in stability of tenure, but is also seeking the fulfillment of the psychological contract.

4. It will benefit the organizations to ensure that the employees' self identity gels with the organizational identity for optimum results. An alignment of the self with the organization may not be a green signal for all the strategic initiatives to succeed, but the organization may rest assured that with well timed interventions, the degree of resistance to change may be toned down. This could also result in retention of key personnel and contribute to the success of the strategic initiatives taken up over time.

5.4 THEORETICAL AND MANAGERIAL IMPLICATIONS

The study has a few implications that may be of relevance to academia as well as the corporate world.

1. The study highlights the importance of qualitative research in the area of social sciences. The academia would be served well if it were to incorporate more aspects of the qualitative research methodology, since social sciences research would benefit more from this kind of a research.
2. The investigation of the relationship between organizational identification and organizational commitment in the Indian scenario may reveal some more interesting findings. This may be because the Indian national culture has a different impact on professionalism in India.
3. The relationship between organizational culture and organizational identification has been proven and it would serve the organizations better if they could initiate better measures to strengthen organizational identification. This could be of greater relevance when the organizations are considering strategic change initiatives.
4. The study has proven that there is a difference in the way the manufacturing sector and the service sector respond to strategic change initiatives. The study has been able to dispel existing notions that the manufacturing sector lags behind the

service sector in responding to changes. This may be of prime importance when the manufacturing sector considers more interventions to strengthen itself, so proactive change measures can be initiated.

5.5 FUTURE DIRECTIONS FOR RESEARCH

1. A study on the contributors to the success of mergers is a vast one. The present study had considered only a few variables. More variables can be considered and their impact can be studied.
2. The study considered only five sectors that had witnessed a large number of merger deals. The remaining industrial sectors have not been considered. A case study approach on any of the other sectors could reveal other important facts.
3. Future studies could also be conducted to analyze the change in the national culture of India in the post-liberalization era and its impact on the merger deals.
4. The present study has looked at only mergers and not at acquisitions. A look at organizational culture change after an acquisition would shed light on more startling facts.
5. Since India is growing rapidly as a knowledge economy, it would be appropriate to conduct studies keeping in mind the characteristics and needs of the Indian knowledge worker.

5.6 THE ROAD AHEAD

The Indian corporate sector is showing more buoyancy and is rearing to capture the world. India is poised to become a super power and the seeds are already sown. Indian organizations are making their presence felt on the global map through well timed deals. In this race for glory, it is imperative that the organizations take their important asset, their human resources with them. They have to keep up their promise on the psychological contract and create partners out of their employees, not just keep them as their assets. This is an on-going process, which would serve the organizations well in times when they need the help of their partners the most.

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Appendix I

List of organizations

Bangalore

1. 3I Infotech Ltd
2. Sasken Communication Technologies
3. Astrazeneca Pharma India Ltd
4. Biocon Ltd
5. Plama Laboratories Ltd
6. Shrishma Fine Chemicals & Pharma Ltd
7. Matrix Laboratories Ltd
8. Exim Finance Ltd
9. 3M India Ltd
10. Amtek Auto ltd
11. Yokogawa Blue Star Ltd
12. Igate Global Solutions Ltd
13. Fortune Infotech Ltd.

Chennai

14. RGN Securities & Holdings ltd
15. Dhandapani Finance Ltd
16. Parichay Investments Ltd
17. Dover Securities Ltd
18. Hindustan Oil Exploration Co Ltd
19. Esab India Ltd
20. Shriram Investments Ltd.
21. Vanavil Dyes and Chemicals Ltd.
22. Hindustan Oil Exploration Co. Ltd.
23. Wimco Ltd.
24. Space Computer and Systems Ltd.
25. Kar Mobiles Ltd.

Mumbai

26. Aventis Pharma
27. EPIC Enzymes, Pharmaceuticals & Industrial Chemicals Ltd
28. Bliss Chemicals & Pharmaceuticals Ltd
29. Shivaji Securities Ltd
30. Financial Eyes (India) ltd
31. IMP Finance Ltd
32. Shaktiman Mercantile Co ltd
33. Shriram Transport Finance Co Ltd
34. Reliance Capital Ltd
35. Schenectady-Beck India Ltd
36. Hindustan Dorr Oliver Ltd
37. Kadamb Constructions Ltd
38. Parsoli Corporation Ltd.
39. Valuemart Info Technologies Ltd.

Appendix II
Survey Questionnaire on Impact of Organizational Culture on Mergers

Rashmi Uchil,
Research Scholar,
Department of Humanities, Social Sciences & Management,
National Institute of Technology Karnataka,
Suratkal, Mangalore – 575 025

Dear Sir/ Madam,

I am a research scholar in the Department of Humanities, Social Sciences and Management, NITK Suratkal, Mangalore. I am conducting a survey on "Impact of Organizational Culture on Mergers" as part of my research. I would be grateful if you could spare a few minutes and complete the attached questionnaire.
I assure you that the information collected will be kept strictly confidential and will be used only for academic purposes.
Thank you in advance for your cooperation.

I). **General Information** [*Please tick (√) in the appropriate box]*

1. Name (optional) ___________________

2. Gender: Male ☐ Female ☐

3. Age: i) Less than 25 years ☐ ii) 26 – 35 years ☐ iii) 36 – 45 years ☐
iv) 46 – 55 years ☐ v) More than 56 years ☐

4. Qualification: i) Diploma ☐ ii) Graduate ☐ iii) Post Graduate ☐
iv) Others (please specify)____

5. Marital Status: i) Married ☐ ii) Not Married ☐

6. Name of the Company prior to the merger:____

7. Name of the company merged with:
____

8. Name of the new merged company:
____

9. Year of merger:
____

10. Type of company (Before merger): i) Public ☐ ii) Private ☐ iii) ☐
Government

11. Type of company (After merger): i) Public ☐ ii) Private ☐ iii) ☐
Government

12. Nature of activities: i) Manufacturing ☐ ii) Service ☐ iii) Both ☐

13. Annual Turnover (approximately in millions):
Rs.____________________________________

14. Total number of employees in the company: i) Junior
Management______________________
ii) Middle Management____________________ iii) Top
Management____________________

15. To which of the following categories do you belong? (Please tick (√) the appropriate box)
i) Junior Management ☐ ii) Middle Management ☐ iii) Top ☐
Management

16. Salary *(per annum)*: i) Less than Rs. 2,00,000 ☐
ii) Rs. 2,00,001 – 4,00,000 ☐
iii) Rs. 4,00,001 – 6,00,000 ☐ iv) Rs. 6,00,001 – 8,00,000 ☐
v) More than Rs. 8,00,001 ☐

17. a) Total Experience (in
years):____
b) In the merged company (in
years):____

II.) This section deals with **INTERPERSONAL COMMUNICATION** within the orga

Interpersonal communication in this study refers to person-to-person communication.

1. When did you first hear about the merger?
i) Before the merger announcement ☐ ii) Same day of merger ☐
announcement

iii) Next day of merger announcement ☐ iv) One week later ☐

v) One month later ☐ vi) More than one month ☐

2. Would you have preferred to hear about the merger before the actual merger announcement?

   i) Yes ☐ ii) No ☐ iii) Don't Know ☐

   Could you give reasons for your answer?

   ____

   ____

   ____

3. What was the source of the news about the merger announcement?

   i) Top Management ☐ ii) Superiors ☐ iii) Colleagues ☐

   iv) Media ☐ v) Others ☐

4. From which source would you have preferred to hear about the merger announcement?

   i) Top Management ☐ ii) Superiors ☐ iii) Colleagues ☐

   iv) Media ☐

Could you give reasons for your answer?

____

____

____

5. The interpersonal communications in the organization before the merger was:

   i) Bureaucratic (*Communication following a rigid procedure*) ☐

   ii) Hierarchical (*Communications along the vertical layers of ranks of people within an organization)* ☐

   iii) Open door *(Transparency in communications)* ☐

   iv) Electronic/digital ☐

6. In your opinion, the changes in the interpersonal communications after the merger was:

   i) To a large extent ☐ ii) To a moderate extent ☐ iii) To a small extent ☐

iv) Not at all ☐

7. Could you list some of the changes in the interpersonal communications after the merger?

____
____
____

8. What changes do you perceive in the way of functioning of the organization after the merger?

____
____
____

9. What were your feelings when you heard the merger announcement?

____
____
____

10. In your opinion, what were the feelings of your family members when they heard the merger announcement?

____
____
____

11. State the reasons for the feelings of your family about the merger announcement.

____
____
____

III) This section deals with **ORGANIZATIONAL CULTURE** within the organization.

Organizational Culture in this study refers to shared meanings, values and beliefs held by the employees of an organization. It is expressed by means of rites, rituals and artifacts in the organization.

1. When you first started working for the organization before the merger, how did you adjust to the new environment? *[Multiple choices can be ticked (√)]*

i) Superior helped me in understanding the job ☐ ii) I was given manuals to ☐ read.

iii) I was given small jobs to do ☐ iv) I was put on the job ☐ immediately.

v) Formal training was provided ☐ vi) All of the above ☐

2. a) In the days following the merger, were any socialization activities taken up?
(Socialization refers to interaction between people).

i) Yes ☐ ii) No ☐

b) Have you mentored any new recruits in the merged organization?

i) Yes ☐ ii) No ☐

3. a) Before the merger, what was your experience in working as a team?

i) Very Good ☐ ii) Good ☐ iii) Satisfactory ☐

iv) Unsatisfactory ☐ v) Poor ☐

b) After the merger, does the composition of your team include employees from the other organization?

i) Yes ☐ ii) No ☐

c) After the merger, what has been your experience working with the new team members?

i) Very Good ☐ ii) Good ☐ iii) Satisfactory ☐

iv) Unsatisfactory ☐ v) Poor ☐

Could you give reasons for your answer?

____

____

____

IV) This section deals with **ORGANIZATIONAL IDENTIFICATION** of employees.

Organizational Identification in this study refers to how employees of an organization define themselves as a social group and understand themselves to be distinctive from members of other organizations. Organizational Identification comprises Knowledge Management, Structure, Customer Focus and Personal Orientation.

1. After the merger, have the following changed?

   i) Company Name Yes ☐ No ☐

   ii) Company Logo Yes ☐ No ☐

   iii) Company Vision Statement Yes ☐ No ☐

   iv) Company Mission Statement Yes ☐ No ☐

2. a) When were the changes in the vision and mission statement communicated to you?

   i) Within a week ☐ ii) Within a month ☐

   iii) Within six months ☐ iv) Within a year ☐

   v) Not communicated at all ☐

   b) How were the changes in the vision and mission statement communicated to you?

   i) Changed manuals provided ☐ ii) Office memo ☐

   iii) Emails ☐ iv) Revised display boards ☐

   v) None of the above ☐

3. After the merger, promotion policies have been changed:(Please tick in one of the boxes)

Very Much			To some extent			Not at all
7	6	5	4	3	2	1

4. After the merger, reward policies have been changed:(Please tick in one of the boxes)

Very Much			To some extent			Not at all
7	6	5	4	3	2	1

IV A) This section deals with **Knowledge Management** in the organization. (Before the merger and after the merger)

(Knowledge Management in this study refers to the various tools used by organizations to identify, create, represent and distribute knowledge.)

(Before the merger)

1. Were all work processes documented? (*Work processes refer to physical or mental effort or activity directed toward the production or accomplishment of something. Examples include processes of clearing cheques, preparing invoices etc.)*

   i) Yes ☐ ii) No ☐ iii) Some of them ☐

a) Your organization encouraged you in the following: *[Please tick (√) in the appropriate box]*

	To a large extent	**To some extent**	**Not at all**
i) To attend conferences	☐	☐	☐
ii) To present papers at Conferences	☐	☐	☐
iii) To contribute ideas to improve working in the organization	☐	☐	☐
iv) To contribute ideas for the improvement of the organization	☐	☐	☐

b) Your suggestions to the top management were communicated through: *[Please tick (√) in the appropriate box]*

	To a large extent	**To some extent**	**Not at all**
i) Suggestion boxes	☐	☐	☐
ii) In house bulletins / Newsletters	☐	☐	☐
iii) Communications within the organization.	☐	☐	☐
iv) Notice boards	☐	☐	☐
v) Others (please specify)	☐	☐	☐

____

c) How were you appreciated for your contributions and suggestions?

____

____

____

d) Have any of your suggestions or contributions been implemented?

i) Yes ☐ ii) No ☐ iii) To some extent ☐

If yes, please state how your suggestions or contributions have been implemented.

____

____

____

(After the merger)

1. Are all work processes documented?

   i) Yes ☐ ii) No ☐ iii) Some of them ☐

   a) Your organization encouraged you in the following: *[Please tick (√) in the appropriate box]*

	To a large extent	To some extent	Not at all
i) To attend conferences	☐	☐	☐
ii) To present papers at Conferences	☐	☐	☐
iii) To contribute ideas to improve working in the organization	☐	☐	☐
iv) To contribute ideas for the improvement of the organization	☐	☐	☐

b) Your suggestions to the top management were communicated through: *[Please tick (√) in the appropriate box]*

	To a large extent	To some extent	Not at all
i) Suggestion boxes	☐	☐	☐
ii) In house bulletins / Newsletters	☐	☐	☐
iii) Communications within the organization.	☐	☐	☐
iii) Notice boards	☐	☐	☐
v) Others (please specify)	☐	☐	☐

____

d) How are you appreciated for your contributions and suggestions?

____

____

____

e) Have any of your suggestions or contributions been implemented?

i) Yes ☐ ii) No ☐ iii) To some extent ☐

If yes, please state how your suggestions or contributions have been implemented.

____

____

____

5. a) I freely share my ideas with my new colleagues in this organization:

Always	Very Often	Often	Sometimes	Rarely	Very Rarely	Never
7	6	5	4	3	2	1

b) My new colleagues accept my ideas and contributions:

Very Much			Sometimes			Not at all
7	6	5	4	3	2	1

5. If your new colleagues do not accept your ideas and contributions, in your opinion what could be their reasons?

____

____

____

IV B) This section deals with **Organizational Structure.**

Structure of the organization represents the way in which divisions, departments, functions, and people are linked together and interact.

1. a) Before the merger, how many levels of organizational hierarchy existed in your organization? (*Organizational hierarchy means the vertical layers of ranks of people within an organization)*

   i) 2 levels ☐ ii) 3 levels ☐ iii) 5 levels ☐

   iv) 7 levels ☐ v) More than 7 levels ☐

   b) Who were you reporting to? (Designation and hierarchical level of the superior)

   ____

c) Decision making in the organization was facilitated:

i) Very well ☐ ii) Moderately ☐

iii) Seldom ☐ iv) Not at all ☐

2. a) After the merger, how many levels of organizational hierarchy exist in the merged organization?

i) 2 levels ☐ ii) 3 levels ☐ iii) 5 levels ☐

iv) 7 levels ☐ v) More than 7 levels ☐

b) Who do you report to after the merger? (Designation and hierarchical level of the superior)

____

2. a) In which type of organizational hierarchy, do you consider decision making to be facilitated?

i) Hierarchy in the organization before the merger ☐

ii) Hierarchy in the organization after the merger ☐

b) Could you list some examples to show how decision making has been facilitated?

____

____

____

3. a) How were your relationships with your superior prior to the merger?

i) Excellent ☐ ii) Good ☐ iii) Satisfactory ☐

iv) Poor ☐ v) Very Poor ☐

b) After the merger, my relationship with my superior is:

Excellent	Very Good	Good	Neither Good Nor Poor	Poor	Very Poor	Extremely Poor
7	6	5	4	3	2	1

IV C) This section deals with **Customer Focus** of the organization

(Before the merger)

1. a) Who were your internal and external customers? [Multiple choices can be ticked (√)]

Internal Customers		External Customers	
Departments	☐	Other organizations	☐
Divisions	☐	Government Agencies	☐
Other branches	☐	Non profit organizations	☐
Sister concerns	☐	Foreign companies	☐
Subsidiaries	☐	Others, please specify	☐
		____________________	

b) Below are some statements regarding your attitudes towards your company's customer focus. Please indicate whether you agree or disagree with it by ticking one box for each statement.

Sl. No.	Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	My organization understood the needs of the internal customers.					
2	My organization understood the needs of the external customers.					
3	My organization did not respond effectively to the needs of the internal customers.					
4	My organization did not respond effectively to the needs of the external customers.					
5	The policies of my organization facilitated providing good service to external customers					
6	I felt that some improvements were needed to meet external customer requirements.					

c) Some of my suggestions for improvements in meeting customer requirements were:

Internal customers____

____

External

Customers____

____

3. a) How would you describe your company in comparison to your competitors?
[Please tick (√) anyone]

i) Cutthroat ☐ ii) Not bothered ☐ iii) Innovative ☐

iv) Traditional ☐ v) Others (please specify)______________

Why would you describe your company in this manner in comparison to your company's competitors?

____

____

____

(After the merger)

4. a) Who are your internal and external customers? [Multiple choices can be ticked (√)]

Internal Customers		**External Customers**	
Departments	☐	Other organizations	☐
Divisions	☐	Government Agencies	☐
Other branches	☐	Non profit organizations	☐
Sister concerns	☐	Foreign companies	☐
Subsidiaries	☐	Others, please specify	☐
		______________________________ ______________________________	

b) Below are some statements regarding your attitudes towards your company's customer focus. Please indicate whether you agree or disagree with it by ticking one box for each statement.

Sl. No.	Statements	Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	My organization understands the needs of the internal customers.					
2	My organization understands the needs of the external customers.					
3	My organization does not respond effectively to the needs of the internal customers.					
4	My organization does not respond effectively to the needs of the external customers.					
5	The policies of my organization facilitate providing good service to external customers					
6	I feel that some improvements are needed in meeting external customer requirements.					

b) Some of my suggestions for improvements in meeting customer requirements are:

Internal customers____

____

External

Customers____

____

6. a) How would you describe your company in comparison to your competitors? *[Please tick (√) anyone]*

i) Cutthroat ☐ ii) Not bothered ☐ iii) Innovative ☐

iv) Traditional ☐ v) Others (please specify)______________

Why would you describe your company in this manner in comparison to your company's competitors?

____

____

____

IV D) This section deals with **Personal Orientation** of employees in the organization**.** (Before the merger and after the merger)

Personal Orientation in this study refers to the set of values subscribed to by the organization. Values are beliefs of a person or social group in which they have an emotional investment (either for or against something). Examples of values are honesty, integrity etc.

(***Before the merger)***

1. a) Could you list some of the organizational values?

____

____

____

b) How were the organizational values communicated to you? *[Multiple choices can be ticked (√)]*

i) Office manuals provided ☐ ii) Verbal communication ☐

iii) Emails ☐ iv) Display boards ☐

v) Others (please specify)____

c) Do you think that all the organizational values were reflected in the work processes?

i) Very well ☐ ii) Quite well ☐

iii) Rather well ☐ iv) Not very well ☐

(After the merger)

2.a) Can you list some of the organizational values?

____

____

____

b) How were the organizational values communicated to you? *[Multiple choices can be ticked (√)]*

i) Office manuals provided ☐ ii) Verbal communication ☐

iii) Emails ☐ iv) Display boards ☐

v) Others (please specify)____

c) Do you think that all the organizational values are reflected in the work processes?

i) Very well ☐ ii) Quite well ☐

iii) Rather well ☐ iv) Not very well ☐

d) Were you given any training to understand the organizational values after the merger?

i) Yes ☐ ii) No ☐

e) If you had been provided training, please indicate if the training had helped you understand the organizational values after the merger. Please select a positive number if the training had helped you, otherwise select a negative number.

The training

+5	
+4	
+3	
+2	
+1	
Has helped me understand organizational values	
-1	
-2	
-3	
-4	
-5	

e) Do you feel that there is any conflict within you in understanding the values of the organization?

i) Yes ☐ ii) No ☐ iii) To some extent ☐

V) This section deals with **Organizational Commitment.**

Organizational commitment in this study refers to the feeling of responsibility that an employee has towards the organization

Organizational Commitment Questionnaire

The following statements concern your opinions about the company where you work. Please tick (√) the numbers 1 to 5 in the appropriate box that indicates your agreement or disagreement.

Sl. No.	**Statements**	**Strongly Disagree 1**	**Disagree 2**	**Undecided 3**	**Agree 4**	**Strongly Agree 5**
1	It would be very hard for me to leave my organization right now, even if I wanted to.	1	2	3	4	5
2	I do not feel any obligation to remain with my current employer.	1	2	3	4	5
3	I would be very happy to spend the rest of	1	2	3	4	5

	my career with this organization.					
4	One of the few negative consequences of leaving this organization would be the scarcity of available alternatives.	1	2	3	4	5
5	Even if it were to my advantage, I do not feel it would be right to leave my organization now.	1	2	3	4	5
6	I really feel as if this organization's problems are my own.	1	2	3	4	5
7	Right now, staying with my organization is a matter of necessity as much as desire.	1	2	3	4	5
8	I do not feel a strong sense of "belonging" to my organization.	1	2	3	4	5
9	I feel that I have very few choices to consider leaving this organization.	1	2	3	4	5
10	I do not feel "emotionally attached" to this organization.	1	2	3	4	5
11	I would feel guilty if I left my organization now.	1	2	3	4	5
12	I do not feel like "part of the family" at my organization.	1	2	3	4	5
13	This organization deserves my loyalty.	1	2	3	4	5
14	If I had not already invested so much of myself into this organization, I might consider working elsewhere.	1	2	3	4	5
15	Would not leave my organization right now because I have a sense of obligation to the people in it.	1	2	3	4	5
16	This organization has a great deal of personal meaning for me.	1	2	3	4	5
17	Too much of my life would be disrupted if I decided to leave my organization now.	1	2	3	4	5
18	I owe a great deal to my organization.	1	2	3	4	5

V) This section deals with **LEADERSHIP** in the organization during the merger

1. In the days following the merger announcement, who helped you deal with the changes brought about by the merger? *[Multiple choices can be ticked (√)]*

i) Superiors ☐ ii) Colleagues ☐

iii) People from the top management ☐ iv) External Consultants ☐

v) Others (please specify)____

2. a) Please assign ranks from 1-5 [1 – Highest Rank; 5 – Lowest Rank], indicating who had helped you the most in dealing with the changes brought about by the merger announcement.

i) Superiors ________________

ii) Colleagues ________________

iii) People from top management ________________

iv) External Consultants _________________

v) Others _________________

3. Could you list some techniques that were used to help you with the changes in the days following the merger announcement?

____

____

____

____

4. Indicate the extent to which you agree or disagree with the following statements during the days following the merger announcement. Please tick (√) in the appropriate box.

S.No.	Statements	Strongly Agree	Agree	Satisfactory	Disagree	Strongly Disagree
1.	Communication of superior was effective.					
2.	Superior was very concerned about my feelings.					
3.	I was clearly told about the goals of the company by my superior.					
4.	All actions of my superior were work focused.					
5.	My superior communicated new organizational structure immediately.					
6.	Incentives were offered during the change period.					
7.	Motivators encouraged creativity.					
8.	Policy changes were communicated directly by my superior.					

VI) This section deals with **ATTRITION** in the organization.

Attrition in this study refers to the employees leaving the organization by way of resignation, retrenchment, retirement and death or by any other means.

1. a) In the days following the merger announcement, have some of your colleagues resigned?

   i) Yes ☐ ii) No ☐

   b) Are you aware of their reasons for resigning?

   i) Yes ☐ ii) No ☐ iii) Not sure ☐

   If you are aware, could you list some of their reasons for resigning the organization?

c) My organization had considered the resignations to be a major problem: (Please tick in the relevant box)

Very Much			Sometimes			Not at all
7	6	5	4	3	2	1

d) Had you ever considered resigning the organization after the merger announcement? (Please tick in the relevant box)

Always	Very Often	Often	Sometimes	Rarely	Very Rarely	Never
7	6	5	4	3	2	1

e) If you had considered resigning the organization, could you give some of your reasons?

2. a) After the merger have other colleagues resigned?

i) Yes ☐ ii) No ☐ iii) Not sure ☐

b) Are you aware of their reasons for resigning?

i) Yes ☐ ii) No ☐ iii) Not sure ☐

If you are aware, could you list some of their reasons for resigning from the organization?

c) My organization is considering the resignations to be a major problem: (Please tick in the relevant box)

Very Likely	Quite Likely	Neither Likely nor Unlikely	Quite Unlikely	Very Unlikely
1	2	3	4	5

d) After the merger, I am considering resigning from the organization: (Please tick in the relevant box)

Strongly Agree	Agree	Neither Agree nor Disagree	Disagree	Strongly Disagree
1	2	3	4	5

Can you give some reasons for considering resigning from the organization?

____

____

____

VII) This section deals with **GENDER EQUALITY** in the organization

Gender Equality in this study refers to provision of equal opportunities of career growth, reward or such other benefits to employees of the organization irrespective of their gender.

1. Below are some statements regarding your opinions about gender equality practiced in your company. Please indicate whether you agree or disagree with it by ticking one box for each statement.

Sl. No.	**Statements**	**Strongly Agree**	**Agree**	**Neither Agree nor Disagree**	**Disagree**	**Strongly Disagree**
1	Before the merger, both gender members were treated equitably.					
2	Before the merger, there was gender inequality in reward policies					
3	Before the merger, there was gender inequality in promotion policies					
4	After the mergers, both gender members are treated equitably.					
5	After the merger, there is gender inequality in reward policies					
6	After the merger, there is gender inequality in promotion policies					

Thank You!

In depth Interview Schedule on Impact of Organizational Culture on Mergers

Rashmi Uchil,
Research Scholar,
Department of Humanities, Social Sciences & Management,
National Institute of Technology Karnataka,
Suratkal, Mangalore – 575 025

Dear Sir/ Madam,

I am a research scholar in the Department of Humanities, Social Sciences and Management, NITK Suratkal, Mangalore. I am conducting a study on "Impact of Organizational Culture on Mergers" as part of my research. I would be grateful if you could spare a few minutes and answer a few questions on my interview schedule.
I assure you that the information collected will be kept strictly confidential and will be used only for academic purposes.
Thank you in advance for your cooperation.

III) ORGANIZATIONAL CULTURE

Organizational Culture in this study refers to shared meanings, values and beliefs held by the employees of an organization.
It is expressed by means of rites, rituals and artifacts in the organization.

1. a) Do you remember any incidents that helped you adjust when you first started working for the organization before the merger?

   b)Do you remember any incidents that made it even worse when you first started working for the organization before the merger?

2. a) Could you describe some socialization activities that were taken up in the days following the merger? *(Socialization refers to interaction between people).*

b) If you have mentored recruits in the merged organization, can you describe how you have helped recruits adjust to the organization?

3. a)Could you describe some stories very specific to the organization before the merger?
   b) Could you describe some actions or formalities very specific to the organization before the merger?
   c) Could you describe some things very specific to the organization before the merger?

4. a) After the merger, could you describe some stories very specific to this organization?
   b) After the merger, could you describe some actions or formalities very specific to this organization?
   c) After the merger, could you describe some things very specific to this organization?
   d) What are your feelings about the variations in the stories, actions, formalities and things with regard to the two organizations?

IV) ORGANIZATIONAL IDENTIFICATION

Organizational Identification in this study refers to how employees of an organization define themselves as a social group and understand themselves to be distinctive from members of other organizations. Organizational Identification comprises Knowledge Management, Structure, Customer Focus and Personal Orientation.

1. a) If the company name has changed, what is your view on the changed name?
   b) If the company logo has changed, what is your view on the changed logo?
   c) If the company vision statement has changed, what is your view on the changed vision statement?
   d) If the company mission statement has changed, what is your view on the changed mission statement?
   e) Which do you prefer, the changed one or the earlier one, why?

2 a) What do you think about the changed vision statement?
   b) What do you think about the changed mission statement?
   c) Do you think that the top management is practicing what it preaches?

3. a) What do you feel about the changes in the promotion policies after the merger?
   b) What do you feel about the changes in the reward policies after the merger?
   b) Can you list some of the changes in these policies?
   Promotion policies
   Reward policies

IV B) **Structure (***Structure is the form of an organization that is evident in the way divisions, departments, functions, and people link together and interact.)*

1. a) Has the change in organizational hierarchy brought about any change to your authority and power after the merger?
   b) What do you feel about these changes?

c) Has this change in the relationship with your superior enhanced or hampered your working?

IV C) This section deals with **Customer Focus** of the organization
(Before the merger)

1 a) Who are your company's competitors?
b) What are your views on your company's competitors?

(After the merger)

1. a) Who are your company's competitors?
b) What are your views on your company's competitors?

IV D) **Personal Orientation**

(Before the merger)

1. Before the merger, could you mention some of the incidents where the organizational values were clearly reflected?
2. a) After the merger, can you mention some of the incidents where the organizational values were clearly reflected?
b) In case you have a conflict in understanding the organizational values, how do you think the organization is going about to resolve this conflict?

VI) This section deals with **ATTRITION** in the organization.

Attrition in this study refers to the employees leaving the organization by way of resignation, retrenchment, retirement and death or by any other means.

1. a) What were your feelings when some of your colleagues resigned in the days following the merger announcement?
b) What actions did the organization take to contain the problem of resignation of employees?

2. a) After the merger, what actions has the organization taken to contain the problem of resignation of employees?
b) What are your feelings when some of your colleagues have resigned after the merger?

VII) This section deals with **GENDER EQUALITY** in the organization

Gender Equality in this study refers to provision of equal opportunities of career growth, reward or such other benefits to employees of the organization irrespective of their gender.

1. Before the merger, in case you had noticed some gender inequality, could you list some specific examples?

2. a) In the organization after the merger, could you list some specific example of gender inequality in reward and promotion policies?

b) If you had to report to a person of the opposite gender, what would be your views on it?
c) If you had a choice in recruitment or recommending for promotion, what would your decision be based on?

Thank you!

List of Publications based on PhD Research Work

[to be filled-in by the Research Scholar and to be enclosed with Thesis Submission Form]

Sl. No.	**Title of the paper**	**Authors** (in the same order as in the paper. Underline the Research Scholar's name)	**Name of the Journal/ Conference/ Symposium, Vol., No., Pages**	**Month & Year of Publication**	**Category ***
1	Mergers and Acquisitions and Knowledge Management Practices in the Indian Scenario	Rashmi Uchil and Dr.A.H.Sequeira	International Finance Conference - 2009	February 2009	3
2	Reinventing Organizational Culture and Identification for Effective Mergers	Rashmi Uchil and Dr.A.H.Sequeira	Social Service Research Network	December 2012	2
3	Organizational Culture and Organizational Identification after Mergers-A Study of the Manufacturing and Service Industries	Rashmi Uchil and Dr.A.H.Sequeira	Asian Academic Research Associates	December 2012	5
4	Reinventing Organizational Culture and Identification for Effective Mergers	Rashmi Uchil and Dr.A.H.Sequeira	Cultural Dimensions and Organizational Behaviour eJournal	December 2012	1
5	Reinventing Organizational Culture and Identification for Effective Mergers	Rashmi Uchil and Dr.A.H.Sequeira	Corporate Finance: Governance, Corporate Control and Organisation eJournal	December 2012	1
6	Reinventing Organizational Culture and Identification for Effective Mergers	Rashmi Uchil and Dr.A.H.Sequeira	Corporate Governance: Acquisitions, Mergers, Contests for Control, & Activism eJournal	December 2012	1

* Category: 1 : Journal paper, full paper reviewed 2 : Journal paper, Abstract reviewed
3 : Conference/Symposium paper, full paper reviewed 4 : Conference/Symposium paper, abstract reviewed
5 : others (including papers in Workshops, NITK Research Bulletins, Short notes etc.)
(If the paper has been accepted for publication but yet to be published, the supporting documents must be attached.)

Research Scholar
Name & Signature, with Date

Research Guide
Name & Signature, with Date

BIODATA

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