

The Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City

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Abstract

The concept of merger and acquisition (M&A) in India was not much popular until the year 1988 because of the regulatory and prohibitive provisions of MRTP Act, 1969. According to this Act, a company or a firm has to follow a pressurized and burdensome procedure to get approval for merger and acquisition. The post-independence period witnessed a few negotiated mergers between large business groups. Important amongst the early reported mergers in India include the merger of Bengal Iron and Steel Co. Ltd. with Indian Iron & Steel Co. Ltd. in 1936 and the acquisition of Pukhuri Tea Co. Ltd by Bishnauth Tea in 1965. In the concern, qualification is also matters a lot. There is actual variation in the understandings about merger and acquisitions with the changing qualifications. Also in order to avoid this kind of ambiguity, early communication should be done with the employees with proper training too. This research should be useful for examine the reactions of employees on merger and acquisitions as themselves are passing through it.

Keywords : Merger and Acquisitions, Qualifications

Introduction

During the pre-liberalization licensing era (prior to 1991), several companies indulged in unrelated diversifications based on the availability of licenses. The companies flourished in spite of their inefficiencies because the total capacity of the industry was restricted due to the licensing policy. The first wave of corporate deal making in India has started in 1980s in the era of the first tentative reforms under the then prime minister of India Mr. Rajiv Gandhi which gave birth to large-scale corporate ambition. The year 1988 witnessed one of the oldest business acquisitions by Swaraj Paul to overpower DCM Ltd. and Escorts Ltd. Other corporate raiders were Manu Chhabria and R P Goenka. Further to that many other non

resident Indians had put in their efforts to take control over various companies through their stock exchange portfolios. The policy of decontrol and liberalization coupled with globalization of the Indian economy since 1991 onwards exposed the corporate sector to severe domestic and global competition. This was further accentuated by recessionary trends which resulted in fall in demand which, in turn, resulted in overcapacity in several sectors of the economy. The second wave of M&As was largely built on the theme of corporate restructuring during the period 1992-1995. The Murugappa Group, the Chabbria Group and the RPG Group sought to build industrial empires through acquisitions during this time. They followed the prevailing industrial practice of building a conglomerate of diverse businesses. Here researcher tried to get proper understandings about image in the mind of respondents about mergers and acquisitions.

While going for mergers and acquisitions (M&A) management smell financial synergy or/and operating synergy in different ways. But actually are they able to generate that potential synergy or not, is the important issue. The aim of this study is to find out whether the claims made by the corporate sector while going for mergers and acquisitions to generate synergy, are being achieved or not in Indian context.

Review of literature

Stefano Rossi (2004) : The determinants of mergers and acquisitions around the world by focusing on differences in laws and regulation across countries. We find that the volume of M&A activity is significantly larger in countries with better accounting standards and stronger shareholder protection. The probability of an all-cash bid decreases with the level of shareholder protection in the acquirer country. In cross-border deals, targets are typically from countries with poorer investor protection than their acquirers' countries, suggesting that cross-border transactions play a governance role by improving the degree of investor protection within target firms.

Emanuel Gomes (2013): The mergers and acquisitions (M&A) literature is vast, spanning over half a century of research endeavor and drawing upon multiple disciplinary perspectives. Despite this wealth of material, the field suffers from a lack of connectedness. There is limited and compartmentalized understanding of the complexities of the M&A process, as the various streams of M&A research are only marginally informed by one another. As a result,

the existing body of knowledge on M&A research remains fragmented. There is a need to establish links between existing approaches to M&A and the critical success factors they each promote. In this article, the need for a pluralistic and holistic explanatory framework that reflects the multidisciplinary nature of M&A is highlighted. The article shows that dynamic relationships between different perspectives on M&A and critical success factors matter. Identifying these relationships may help to further our understanding about M&A performance outcomes. Thus, the paper focuses on both relationships within each stage and between stages of the M&A process.

Objectives of the Study

1. To study the Employees' Perception about Merger and Acquisitions
2. To analyse the Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City

Hypotheses of the Study

H₀- There is no significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City

H₁- There is significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City.

Data Collection

Primary Data – Questionnaire

Secondary Data

Scope of the Study

The process of merger has gained substantial importance in today's corporate world. This process is extensively used for restructuring the business organizations. In India some well-known financial organization also took the necessary initiatives to restructure the corporate structure by adopting the merger policies. The Indian economic reforms since 1991 have opened up the whole lot of challenges both in the domestic and international spheres. There

increased competition in the global market has prompted the Indian companies to go for merger as important strategic choice.

Research Area

Researchers selected company employees from Pune district. Sample sizes of 250 personnel have been taken. Researcher collects data through Primary and Secondary sources. Researcher distributed 250 questionnaires among the respondents.

Research Methodology of the Study

As far as qualifications are concerned, following types are taken into consideration viz, Under Graduate , Graduate, Post Graduate, Doctorate, Other etc whereas in case of Merger and Acquisitions, it is viewed by Company's performance will improve , It will facilitate economic growth and stability in India , More employment opportunities will be created , Company's share prices will increase.

The study is based on critical evaluation and analysis of basically Primary Data. The primary sources include company employees who experienced Merger and Acquisitions. A study is undertaken in the Pune City to see its impact for which a detailed questionnaire is prepared to collect relevant information from the primary source for the guidance of the researchers. With the help of the questionnaire, detailed discussions were made with the certain sources of primary data to understand their views, thinking and attitude which would help to give the researchers useful recommendations, if any. The questionnaire is processed with the help of statistical tools like tabulations, grouping, percentages, averages, testing of hypothesis etc.

Limitations of the study

1. Further variables could be added for the purposes of detail study.
2. The study is based on limited geographical area.

Data Analysis

Researcher prepared the questionnaire for respondents and distributed it among them. After receiving the questionnaire researcher analyse the questionnaire.

Table No1
Information of questionnaire

Sr.No	Questionnaire distributed	Questionnaire received	Questionnaire rejected	Net Sample size for study
1	250	244	5	239

Testing of Hypothesis

H₀: There is no significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City

H₁: There is significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City

Mathematically

The observed frequencies are

OBSERVED FREQUENCIES		QUALIFICATION				
		Under Graduate	Graduate	Post Graduate	Other	TOTAL
Perception about M&A	Company's performance will improve	11	45	13	32	101
	It will facilitate economic growth and stability in India	2	51	27	2	82
	More employment opportunities will be created	1	21	15	3	40
	Company's share prices will increase	5	6	2	3	16
	TOTAL	19	123	57	40	239

The expected frequencies are

EXPECTED FREQUENCIES		QUALIFICATON				
		Under Graduate	Graduate	Post Graduate	Other	TOTAL
Perception about M&A	Company's performance will improve	8.03	51.98	24.09	16.90	101
	It will facilitate economic growth and stability in India	6.52	42.20	19.56	13.72	82
	More employment opportunities will be created	3.18	20.59	9.54	6.69	40
	Company's share prices will increase	1.27	8.23	3.82	2.68	16
	TOTAL	19	123	57	40	239

Also Test Statistics is

TEST STATISTICS		QUALIFICATON				
		Under Graduate	Graduate	Post Graduate	Other	TOTAL
Perception about M&A	Company's performance will improve	1.10	0.94	5.10	13.48	20.62
	It will facilitate economic growth and stability in India	3.13	1.83	2.83	10.02	17.82
	More employment opportunities will be created	1.49	0.01	3.13	2.04	6.67
	Company's share prices will increase	10.93	0.61	0.86	0.04	12.44
	TOTAL	16.65	3.39	11.93	25.57	57.54

Here level of significance is 0.05

Sr No	H ₀	H ₁	χ_{cal}	L.O.S.	χ_{table}	p_value	Decision
1	There is no significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City	There is significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City	57.54	5%	16.92	3.98E-09	Reject H ₀ (i.e. There is significant Impact of Qualification on Employees' Perception about Merger and Acquisitions in Pune City)

Thus, our null hypothesis “There is no significant Impact of Qualification on Employees’ Perception about Merger and Acquisitions in Pune City” is rejected. Alternatively we accept our alternative hypothesis “There is significant Impact of Qualification on Employees’ Perception about Merger and Acquisitions in Pune City”

Findings

1. The most vital factor among the respondents’ perception is that, “**More employment opportunities will be created**”.
2. The more important issue is come out from this analysis in which there is an interesting results found is; **Company’s share prices will increase**.

Conclusion

In the concern, qualification is also matters a lot. There is actual variation in the understandings about merger and acquisitions with the changing qualifications. Also in order to avoid this kind of ambiguity, early communication should be done with the employees with proper training too. This research should be useful for examine the reactions of employees on merger and acquisitions as themselves are passing through it.

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