Industrial relations and pending employee litigations management essay

Business, Management

One of the best things you can do as a manager is to stand in front of staff and have an open discussion. Our technology really helped, but these ' coffee talks' led to open dialogue because the employees want to look at the company leaders in the eye. Vice-president, HR Hewlett-Packard, Hugo Bague on successful merger with Compaq" According to the survey, 54% said they would invest in Asia in the near future as opposed to other regions around the world Leadership assessment identified as critical factor" The statement given by Hewitt's Associates, based on Mergers and Acquisitions Asia Pacific Study 2006" Mergers and acquisitions (M&A) have become commonplace in today's global marketplace, and the last decade has seen no shortage of them both in India and abroad. From 2000 to 2006, many major company both IT and non IT has merged with or acquired other small or large organizations. For instance, Microsoft has acquired around 36 companies; Google and Yahoo around 24 and 28. Closer home there have been mega deals like Tata Steel's acquisition of Corus or Hindalco's of Novelis. Sanjay Narkar, CTO, Centurion Bank says, 40% of the Mergers and Acquisition deals fail because of poor integration planning. Therefore, as the number of mergers and acquisitions taking place in the corporate world, it is very vital to manage them well so that they don't fail Enterprises whose growth strategies include M&A are faced with unique challenges linked with the integration of distinct business entities. The change that comes with M&A can have bothersome effects on an organization and hence managers should be aware of the changes that the M&A process can bring, and manage things to lessen the negative effects of these changes. By many universal consultants and researchers, success rate of these M&A's is estimated to be a mere 30 - 40%. Companies do publicize that their mergers have been successful, but they also accept that they have not been able to get the kind of benefits that they expected to, from it. Statistics show the major reasons for failure of M&A’s is not considering the human resources aspect. Human resources of any organization are the drivers of the organization and impact of any mergers and acquisition is most on them. Companies which have failed to recognize the importance of human resources in their organizations and their role in the success of an integration, have failed to reach the success which was so near and yet so far. Many M&A’s fail to achieve the desired synergies because the Human Resource issues are not given the value they deserved. The HR is involved at two stages during M&A’s- PRE MERGER and POST MERGER. The Pre- merger includes the Human Resource Due Diligence and the Post merger role of Human resource is managing the changes happening on human side such as problem of attrition, training of skills required. Whenever two companies are going for merger or acquisitions there are certain factors, which are directly related to the employees of the organization and so, should be managed well by the organizations. They are: Organizational structure and Organizational cultureEmployee compensation & benefitsIndustrial relations and Pending employee litigationsHR policies and proceduresKey talent analysisPeople as individuals are a not measurable organizational asset, and less easy to value by a study of the balance sheet, material assets or profit and loss accounts. Lack of communication, poor management and cultural gaps between the two organizations are the main reasons why mergers often fail. There is a huge, behaviorally based literature applying to managerial aspects especially in the US and the UK. This literature takes various forms. MacDougal and Malek advise the managers on how to proceed mostly from a lucid base �" " clear objectives, documented plan, careful data collection" etc. Levinson attempts to explain what happens to the people in the acquisition process based on practitioner experience. As he observes, " Caught up in the hoopla and glamour which have characterized the great merger sprees in recent years, business executives have been preoccupied with the strategies, policy and techniques of acquiring, merging and selling, yet frequently the really crucial factor, people, has been apparently dealt with". In addition, taking into concern the strategy based literature of advice; there is no shortage of behavioral, tactical advice for managers in acquisitions. Both the behavioral and the strategic advice are practical and, experience based. Much of it concentrates on what happens after the merger is done rather than on the whole process. Important issues which include getting people involved, spreading corporate culture, having a sense of purpose, having goals and so on. Though the organizational issues are given attention but equal attention is to be given to ' empathy', ' involvement' and ' good communication''. Towers Perrin, global management and HR consultants, say that HR professionals need to take a leadership role in the mergers and acquisitions, procedures involving their organizations, and that the earlier they get concerned, the more successful the M&A will be. In a research study of 447 senior HR executives conducted by Towers Perrin and the Society for Human Resource Management foundation, five factors determined the failure of an M&A, 3 of which relate to HR: Inability to maintain financial performanceLoss of productivity (HR)Unsuited cultures (HR)Loss of key employees (HR)Clash of the management stylesAnother finding in the study was that 81 percent of the respondents said top management had assurance in their ability to help prepare a successful integration. “ These findings show that HR professionals can play a vital role during M&A, and they can make a difference,” says Jeffrey Schmidt, managing director for innovation and research at Towers Perrin. Schmidt says HR professionals need to be familiar with the importance of improving their M&A competencies to fruitfully take on the role of strategic partner.

The competencies which HR managers must include:

accepting overall business strategy as well as people and organization issues linked with that strategyGaining knowledge of the business in general and M&As in particularContribute to another company’s value. Planning and leading complex M&A strategies. Understanding and spending more time with working managers to support them in M&As. Mercer listed the five key roles senior human HR leaders must play before, during, and after mergers and acquisition activity:-A trusted adviser to executives and the deal team. Be the HR/people subject-matter expert. Provide timely and actionable input before, during and after the deal. Help shape the post-close organization. Manage the intense flow of information and related employee anxiety. In honor of Wells Fargo are the three stages in a merger or acquisition: Initial plan- the meeting of minds, offers and initial plan. Due-diligence- the financial and other audits. Integration- combining the two entities to form a fundamentally cohesive new organization. According to Steven Symes, whether your small business is the purchaser or the target company in a merger or acquisition, your human resources department as well as the human resources workers in the other company plays a very important role in the process. Human resources helps manage any problems or challenges related to people in the organizations as the merger or acquisition process unfolds. Company Culture: Human resources help in determining if the cultures of the two companies that are becoming one through a merger or acquisition are well-matched. Human resources must have a firm grab on the culture of the company for which they work and must study the culture of the other organization to make such willpower. Cultural differences may include like how the two organizations define and measure success within the organization, benefits employees enjoy, such as personal time and insurance, how troubles within the organization are handle, the management styles of the two organizations; and the on the whole attitude of the employees and managers toward business functions and the industry in which they work. Benefits Problems: During the due diligence part of a merger or acquisition, which comes after the purchasing company makes its first offer to purchase the other company, management from the purchasing company review whether the deal makes strategic & financial sense. Human resources from the purchasing company specifically review the benefits structure of the other company to find out any potential problems, such as a pension plan which is running low on funds or a health insurance package that will cost aimportant amount for the company to continue offering. Employee Concerns: People often fear change, and a merger or acquisition creates doubt and change for employees both of the purchasing company and the purchased company. Human resources in both companies help smooth out the change for employees, helping calm any fears as well as answering questions about how the merger or acquisition affects each employee . If the employees of both companies do not have much fear over the change, productivity is more likely to stay at prior levels. Human resources can address any rumors about layoffs, office relocation or other changes employees fear, giving feedback to management about employee concerns. Changing Roles and Structure: When one company merges with or acquires another, some changes to both organizations may occur, such as eliminating unneeded positions or combining teams and departments. The process of changing the two organizations so they work together as one takes months to complete and human resources plays a vital role in the changes. Human resources communicates to employees changes in who they report to within the company, what team or work group employees are assigned to as well as any changes to different positions' roles in the organization. Human resources may work with management and employees to change the job descriptions of various positions, ensuring everyone understands thier role in the newly changed organization. According to Deloitte's newest book in the Straight Talk series, High stakes M&A: Seven bets that matter, many of the " leadership cards" have a strong people component, hinging on senior leaders' ability to: Rally the leadership team around the vision for the future organization. Communicate with employees, shareholders, investors and the public with clear, consistent messages to control rumors and speculation. Be specific about how people can contribute to the new organization's goals and how they will be rewarded. Pay attention to talent retention and engagement, not only because the organization needs " bodies," but also because leaders have determined what competencies and capabilities are most important for the new organization and understand who among their current and acquired talent can support what the organization needs. Shape the culture of the future organization through their words and actions, the way they treat stakeholders and where they focus their energy and attention.

OBJECTIVES OF THE STUDY

To study the HR’s role in merger and acquisition at RIL ltd. To study the impact of merger and acquisition on employees satisfaction level. To study the impact of the culture towards the success of the organization.

PETROCHEMICAL

Chemicals derived from petroleum or natural gas - petrochemicals - is an essential part of the chemical industry. It is a fairly young industry; it only started to grow in the 1940s, more than 80 years after the drilling of the first commercial oil well in 1859. During World War II, the demand for synthetic materials to replace costly and sometimes less efficient products caused the petrochemical industry to develop into a major player in today's economy.

INTRODUCTION OF PETROCHEMICAL INDUSTRY

The importance of Petrochemicals is massive. Although we don’t realize it but our lives are dependent to quite a large extent on petrochemicals. Petrochemicals are very greatly a part day to day lives. The carpets that we use to decorate homes, plastic bottles, clothes that we wear, fertilizers that we use to grow crops, tires paints, pharmaceuticals, cosmetics etc are made up of some kind of petrochemicals. Growth of India petrochemical industry is playing a major role in the growth of the economy and the development of the manufacturing and other sectors. The petrochemicals industry provides more value addition to the Indian economy than other companies. Petrochemicals are obtained from many chemical compounds which are by-products of crude oil refining. Chemicals like naphtha, kerosene, petroleum gases, ethane, methane, and butane are the main chemicals used in the petrochemical industry for the production of various other chemical compounds. Presently, the amount of diffusion of the petrochemical products actually covers most of the domain of existence such as apparels, accessories, household items, furniture, electronics, construction, housing, and automobiles, medical. The Indian petrochemical industry originated in the 1970s. This sector was subjected to speedy growth in the period between the 1980s and 1990s. Even today, expectations from this sector are excessive. The Indian petrochemical industry for its part is doing very well and has been contributing to the country's GDP from several years. The Indian petrochemical industry primarily consists of synthetic rubber i. e. yarn of synthetic fiber, synthetic detergent intermediates, performance plastics, plastic processing industry, and polymers. The petrochemical industry is among the most important and dynamic sectors of an industrial economy. The manufacture of petrochemicals is important for two reasons. First, because of its linkages with other industries both backward into petroleum refining and more importantly, because of its forward linkage into a multitude of downstream products such as synthetic fibers, synthetic rubber, plastics, fertilizers, paints and detergents. Such an 'enveloping' industry can give an thrust to all-round industrial development. Second, the petrochemical industry has gained ground as a producer of substitutes for natural products made from fast depleting resources (such as wood, metal) or for products that cannot keep pace with demand (e. g. cotton, silk, soap). The petrochemical industry is an " homogeneous oligopoly'. Homogeneous because product differentiation is immaterial in the petrochemical industry. An oligopoly because increasing returns to scale.

Benefits to " Aam-Aadmi" (Common Man):

The common man is affected by petrochemical products across all walks of life. Products like tooth brush, Tiffin box, low cost footwear, healthcare items, public transport, packaging of consumables like milk, etc are affordable for the common man for daily use, because of petrochemicals. Food storage. For clothing synthetic fiber, dyes, polyester , nylon. Housing construction, paints. For transport plastic parts for automotives.(nano)For health and care Shampoos for hair-care are formulated with petrochemical cleaning agents.

Factors that will drive growth in the Petrochemical sector

Compared to US and China, India’s per capita consumption of polymers is still in emerging stage. Opportunity to reach out to a large population and keep going the present economic growth would drive India’s polymer consumption. Indian government plans to set up new petroleum, chemical and petrochemical investment regions in states like Tamil Nadu and Karnataka. Little cost infrastructure that India can suggest will drive exports projected to reach $400bn by 2015. Large unfamiliar reserves of oil and gas stand to make new opportunities. The petrochemical industry in India came into life during 1970s. The 1980s and 1990s saw some fast growths for

Indian petrochemical industry. The biggest explanation for this growth was the high demand for petrochemicals in India, which grew at al rate of 14 to 15% since the 90s. It also called for fast expansion of capacity. However, the industry suffered few setbacks during 2008 due to rise in the price of crude oil.

CHALLENGES AHEAD:

Indian chemical industry needs to maintain competitiveness and cost-effectiveness to overcome competition from overseas players and also to invite funds. Procurement of raw materials and feedstock from oil and gas rich countries requires well-organized management. There is a need to build support for new technologies, green initiatives and Research and Development. In case of the petrochemical industry, the main areas that demand attention rotate around overcoming economic difficulties and energy concerns wherein looking at environment friendly methods to lessen carbon dioxide emissions will draw spotlight. There is a need to develop trade and logistics infrastructure to react to the demands of both domestic and export markets. Further, research and development is a vital for the petrochemical sector since new applications lead to blend of new and more advanced polymers. According to a research by Tata Strategic Management Group the petrochemical and chemicals sector in India is expected to rise at the rate of 12 to 15 percent in the next five to seven yearsThe direct impact of this growth rate would result in investments of around $13 billion to $16 billion. This rapid development is already creating huge amounts of surplus.

This is created is mostly meant for exports. Reliance is the leader in the petrochemical sector with a total market share of 70 percent.

PRODUCTS

Polymers:

Polymers registered a subdued demand growth of 4. 6% in 2011. Demand from every major end-use segment has been affected in 2011 as the economy slowed down due to monetary & fiscal tightening for controlling inflation. The demand for polymers is expected to grow at 8% - 12% in 2012& 2013.

2. Fiber Intermediates:

The fiber intermediate sector registered a demand growth of 6% in 2011 and is expected to grow at 7. 5% &9% in 2012& 2013 respectively.

3. Synthetic Fibers:

Need for clothing and higher disposable income in the emerging economies of China and India has driven the demand for textile products. With limited supply of Cotton, Synthetic Fibres has overtaken the consumption of natural fibers.

4. Plastics:

Commodity plastics are the major products that account for bulk of the petrochemical industry. India has significant production capacity and demand for commodity plastics had been growing at a healthy rate.

5. Synthetic Rubbers:

Since India has a large production base for natural rubber, demand for synthetic rubber had been structurally very different. The share of synthetic rubber consumption in India is only 30%.

Petrochemicals Product those Indian Producers offers:

Basic chemicals such as Ethylene, Propylene, Styrene, Benzene, Toluene, Orthoxylene, Mixed xylenes, and Ethylene oxide. Chemical intermediate such as Monoethylene glycol, Phthalic anhydride, DMT, Vinyl Chloride, Acrylonitrile, and Linear Alkyl Benzene. Synthetic fiber such as Acrylic fiber, Polyester staple fiber, and Polyester filaments yarn. Polymers such as LDPE, HDPE, PVC, Polystyrene, and Poly propylene. Synthetic rubber such as Styrene butadiene and Poly butadiene and etc.

THE BENEFITS OF MANUFACTURING HIGH CLASS PETROCHEMICAL PRODUCTS IN INDIA:

Friendly government of India policiesLow and world class infrastructureStrong technical educationLarge number of science and engineering graduatesQuality outputHighly skilled workforceUsage of innovative processGood client relationshipsHuge scope for innovationHuge demand in overseas marketsAvailability of more technical work forceIncreased number and quality of training facilities.

DEMAND DETERMINATION:

India’s aggregated demand for petrochemicals increased by6. 9% in 2011 and increased to 35 MMT in 2012 and further expected to 37. 4 MMT in 2013. At the aggregate level, therefore, demand for petrochemicals in India is expected to grow 7% -8% per annum in 2013. Reliance Industries Ltd has projected that India will need capacity of at least one new world-scale cracker every year to satisfy demand for polymers, which is forecast to exceed 20 mn tons in 2020. India's demand for most petrochemicals products was strong in Financial Year 2010-11 with polymers up by 11% y-o-y. Within the polymer sector, demand for polypropylene (PP) increased by 17% due to strong growth in automobiles, packaging and industrial applications. Growth in construction and agriculture led to 5% growth in polyvinyl chloride sales, while home furnishings and textiles helped boost demand for polyester by 13%. Petrochemicals is a major segment of manufacturing industry and plays a pivotal role in agriculture, food-processing, clothing, consumer durables, building and construction, infrastructure, healthcare, communications and other critical areas supporting welfare of common man which always have its demand.

PLAYERS

The petrochemicals industry in India had 4 major players: 1. Reliance Industries Ltd2. Indian Petrochemicals Ltd (now acquired by RIL)3. Gas Authority of India Ltd4. Haldia Petrochemicals LtdOthers: Indian Oil CorporationNational Organic Chemical Industry Ltd. Manali Petrochemical LimitedI G Petrochemicals LimitedThe Andhra Petrochemicals LimitedTamilnadu Petroproducts LimitedReliance Petroleum Limited was set up by Reliance Industries Limited (RIL), one of India's largest private sector companies. Refining activities of Reliance Industries Limited are carried out at the Jamnagar refinery complex with refining capacity of 1, 240, 000 barrels per day which is 27 million tonnes per annum.

PRODUCTS OFFERED

Reliance Petroleum offers a vast range of products including bulk fuels and lubricants to spray oils and solvents to dispensing equipment and convenience goods. Partnership with BP and Castrol completes offers to the customers offering premium fuel and lubricant products. Company distributes fuel to 600 service stations across Australia. Reliance Petroleum offers a complete gamut of services in the commercial and retail markets especially bulk fuel and lubricant purchases for mines, transport fleets , construction and farm. The Indian basic petrochemicals manufacturers are integrated from basic petrochemical to polymers, manmade fibres, fibre intermediates and downstream petrochemical production. Non integrated players are present in production of polyvinyl chloride, polystyrene, manmade fibres and products such as phenol, linear alkyl benzene, phthalic anhydride etc. In India, refinery petrochemical integration is limited and historically, the public sector oil refining companies have sold their petroleum feedstock's to other companies which have been adding value and converting feedstock to useful petrochemical products. Further, a significant portion of feedstock has remained unextracted and has been sold along with other fuel products. However, RIL's Jamnagar refinery extracts significant petrochemicals from its petroleum products. The Indian polymers market is dominated by local players, with the foreign stake holding in Indian polymer plants restricted to Haldia Petrochemicals Limited (HPL), BASF

Styrenics India Private Limited (BSIL), and LG Polymers Limited. HPL is a joint sector company along with West Bengal Industrial Development Corporation. As for BSIL, it is a 100% subsidiary of BASF AG, a multinational chemicals company and the world's second largest PS producer, while LG Polymers is a wholly-owned subsidiary of the LG Group, South Korea. The production of polyethylene and polypropylene in India is accounted for almost in their entirety by companies with integrated petrochemical complexes. Such companies are Reliance Industries Limited (RIL), Indian Petrochemicals Corporation Limited (IPCL), Haldi Petrochemicals Limited (HPL), and Gas Authority of India Limited (GAIL). Dominant Position of RIL: RIL, along with IPCL (a former state-owned company subsequently acquired by RIL), has a share of over 60% of the Indian polymer market for all forms of polyethylene (PE): LDPE, LLDPE, HDPE, PP and PVC. While RIL has a large petrochemical complex, which is also the largest naphtha cracker in Asia, IPCL relies on three small to medium-sized petrochemical complexes based largely on natural gas (two medium-sized crackers using natural gas and one small-sized cracker using naphtha). As for GAIL, it operates a medium-sized natural gas based petrochemicals complex at Auraiya in Uttar Pradesh, while HPL operates a medium-sized petrochemical complex based on naphtha in Haldia located in Eastern India. To counter RIL's dominating status, GAIL and HPL have signed a strategic alliance to market their products jointly. Under the alliance, which was signed on December 31, 2002 two companies plan to increase synergy in marketing operations of the Petrochemical

PETROCHEMICALS DISTRIBUTION NETWORK

The chief players in the petrochemicals distribution network are National Organic Chemicals Industries Ltd. (NOCIL), Indian Petrochemicals Ltd. (IPCL), RIL Industries Ltd. (RIL), Haldia Petrochemicals, Gas Authority of India Ltd. (GAIL). Distribution is done through C & F channels, stockists, sales distributors, and bigger volumes are managed directly by the companyThe major distributors of petrochemicals are putting their thrusts in the following key factors: There is a big gap between the demand and supply of synthetic rubber and detergentsFuture possibility of supply of petrochemicals exceeding demand aiming at increasing the per capita consumption of petrochemicals equipping petrochemical plants with latest technology Setting up new plants to cater to the world at large. The distribution of petrochemical industries in India is in Panipat, Mathura, Digboi, Guwahati, Barauni, Mumbai, Vadodara, Vishakahapatnam, Mangalore. The

wide distribution network and the various advancements of the major petrochemical companies like RIL, IPCL, and BPCL have been a key feature of growth this year. Indian Petrochemicals Corporations Limited has the largest distribution network in the country. The company has a huge distribution network and a wide national marketing strategy. The distribution network is focused on the following areas: Reliable supply of petrochemicalsEnhanced customer serviceMaintaining quality in its productsTechnical SupportAfter sales serviceAll these thrust areas of the distribution network of gives the company an upper hand in the market over all other petrochemical companies. At the same time it is cautious of the other top most competitors in the line. The new complex at Gandhar has increased the capacity of IPCL. The future goals of the company are to leverage its marketing and distribution segment. This in turn, will increase market penetration in the area of its petrochemicals. The key to success in the distribution chain is the establishment of long term relationship with its customers. Reliance Industries Limited: RIL has a network of more than 60 distributors and agents for the distribution of polypropylene. It caters to more than 3000 worldwide customers and is focused on the establishment of excellent customer service. RIL caters to chief countries like Europe, China, Japan, and the Middle East. The core area of the distribution network of RIL is in establishing continuous rapport and relationship with the customer. There are professional teams offering technical solutions as well. As such, there is rapid growth in the distribution network of petrochemical industries in India and the Government is looking forward to major investments from foreign companies.

KEY ISSUES AND CURRENT TRENDS

The Petrochemical industry faces a number of challenges for constant growth, putting India at a competitive disadvantage in the competition against China. India’s ethylene capacity is far lesser than China’s and is not likely to rise above its rival’s levels in the next 5-7 years. This makes it impossible for India to develop applications extra downstream. Other major issues faced by the Indian petrochemical industry are lack of small cost feedstock and reliance on western countries for technology. The future of the Indian petrochemical industry is intense with domestic demand motivating the market for products. With government support slowly declining into place, the future could see more funds from multinationals as well as domestic companies.

Challenges facing Indian Petrochemical Industry:

High cost of energy and feedstock and the impact on demand, leads to the transformation in the competition in manufacturing and Increase in the cost of project

Problems faced by the Indian Petrochemical Industry:

The manufacturing units mostly use outdated format of technology and are not able to create optimally. There is a requirement for the modernization of equipmentsExcise duty on synthetic fiber should be rationalizedPrevention of reservation on Small Scale UnitsPlastic misuse to be recycled and the littering habits should be discouragedIndia requires benefit on feedstock, hence the import cost has sholud be decreased. The industry should have right to use to the primary amenities of infrastructure.

PEST ANALYSIS

Political Factors:

The government changing the Excise duty which increased to 12% from 10%; customs duties unchanged and the changes, the government is likely to reduce duties going forward and this is likely to reduce the cushion enjoyed by the domestic players as against the landed cost of imported products.

Economic Factors:

The demand for petrochemicals correlates closely with general economic growth rates. The occurrence of recessions or other periods of low or negative economic growth will typically have a direct adverse impact on our results.

Social Factors:

The increase in the prices of natural gas can affect the population as they have to pay more for it. Products made from petrochemicals are essential to modern life. These include plastic products, medicines and medical devices, cosmetics, furniture, appliances, TVs and radios, computers, parts used in every mode of transportation, solar power panels and wind turbines.

Technological factors:

R&D is very critical as new applications have to be identified in order to synthesize new and advanced class of polymers. The employment of the latest and best technology helps not only in improving cost efficiencies but also in producing products meeting consumer expectations. For example, in case of polymers, since polymers of improper quality can damage the machine of a plastic processor or malfunction in the ultimate application, product quality is very important. Production of good quality polymers requires control over catalysts and processes used to manufacture them. Indian petrochemical manufacturers are too small or reluctant (probably on account of high risk) to develop indigenous polymer production technology and, therefore, depend on their international licensors. Today, various licensors provide their technology for a fee (which also depends on the capacity being implemented). These technologies have varying features and costs attached to them.

SWOT ANALYSIS

Strengths:-

Large and very fast growing Indian petrochemical marketHuge trained talent poolCompetitive labor cost

Weaknesses:-

Insufficient basic infrastructure for the petrochemical industryHigh feedstock cost in comparison to Middle East countriesPrevalence and use of old technologySynthetic fiber industry is unorganized and operates in tiny clusters

Opportunities: -

Huge demand for polymer and synthetic fiberGreat opportunity for product development existsLow use of polymer in comparison to global use rate.

Threats:-

Stiff rivalry from other regional players like, China and the other Middle East countries. Stiff rational pricing pressuresEnvironmental hazards concernsLow market recognitionRelocation of manufacturing sites to region with large quantity of feedstock

FUTURE PROSPECTS

The demand for petrochemicals has increased and many skeptics have been silenced, considering the recent use of petrochemicals in various sectors of the country. The following are the sectors in which demand and future of petrochemicals are heading towards positive growth: HealthcareFood preservationHardwareTransportationEquipments in officeForeign investments are also being made in the petrochemical industry of India enabling great future prospects in the foreign trade of petrochemicals in India. With the rise in demand for petrochemicals in India, many barriers to the growth of petrochemicals in India have been decreasing during last few years and currently India is keen on investments in foreign technology for the manufacturing of various petrochemical products. Mega chemical hubs are coming up with view to increasing foreign investments in the Indian petrochemicals market. The West Bengal state Government for instance, has worked out a new system for setting up five zones in this sector which is expected to bring in investments amounting to USD 17. 4 billion. Other such places include Gujarat, Orissa, and Karnataka. The following products are in high demand: Polyvinyl chlorideSynthetic fibers and rubberJet fuel like, kerosene-fuel typePolystyreneThe leaders in this field are Reliance Industries and Indian Petrochemicals Corporation Limited. Both have contributed as much as 65% share in the production of petrochemical crackers. After these, Haldia Petrochemicals and Gas Authority of India deserve to be mentioned. Globally, there is high demand for Indian Petrochemicals and the benefits have been enjoyed by the domestic market since 2004. However, the rising demands for petrochemicals could have been better if the following hindrances could be taken care of: The pricing of petrochemicalsIncrease in use of recycled plasticSlow industrial growth of downstream plasticDemand and future of Petrochemicals in India is also subject to the rising productions from neighboring countries like China and Middle East. The future outlook of this industry however, can be seen at a growth rate of 15 percent per annum. It is expected that the supply of Petrochemicals will surpass the demand for related products.

MERGER AND ACQUISITION

7MergerAcquisition

THE HR ISSUES DURING THE MERGER AND ACQUISITION:

6Retention of key employeesCompliance with applicable lawsAlignment with compensation and benefitsCultural fitCommunicationMotivation

ROLE OF HUMAN RESOURCE DEPARTMENT

ORIENTATION:

Orientation means providing new employees with basic information about the employer. This effectively integrates the new employee into your organization and assists with retention, motivation, job satisfaction, and quickly enabling each individual to become contributing members of the work team. An excellent orientation will enable a new employee to be successful by reducing the nervousness of the employee. Sharing important organizational information and starting a process of learning about the organization’s mission and work. Socializing the employee to the culture of the organization, this includes the values, behaviors, formal & informal practices, etc. Building a relationship between the new employee and colleagues which includes the managers or supervisors.

SOCIALIZATION:

This is broadly defined as “ a process in which an individual receives the attitudes, behaviors needed to successfully involve yourself as an organizational member.” This typical socialization process includes three phases: 1. Anticipatory socialization: This occurs before new hires join the organization. Through interacting with representatives of the company the hires develop expectations about the company and the job preceding to organizational entry. 2. Encounter: When new employees start a new job, they start to learn about job tasks undertaken there and receive training. Managers can put their influence by helping new employees understand their roles and duties and obligations. Also, by accepting the stresses and issues that newcomers knowledge, managers can help develop a high-quality work relationship with newcomers. 3. Settling in: The new hires begin to feel relaxed with their job demands and social relationships. They pay attention in the company’s assessment of their performance and in learning about latent career opportunities within the company.

TRAINING:

Human Resource representatives are in charge of organization development, the management of policies and procedures, the hiring of qualified employees and this includes the training and development of the workforce. Planning with upper-level managers within an organization, a HR representative evaluates the need for staff training. Following the initial assessment, a training plan is developed. This may include individual or group training sessions.

CULTURE:

The culture of the organization will be impacted, and this may affect negatively the self-confidence of your employees. The ambiguity can lead good employees to look for employment withdifferent competitors, or other employees to take on an uninterested attitude. Either situation can lead to disturbance in the workforce. The majority of people are naturally opposed to having their normal routines disrupted. Here is where HR practitioners can and should play an essential role in the process of organizational change. In too many unfortunate cases, senior management does not always have an accurate " feel" of their own organization and employees, but HR practitioners do. They are the ones that have ears on the ground and fingers on the pulse of the organization, they are aware of the undercurrents rumbling through the office grapevine. HR is usually the first to hear about complaints against particular policies or managers, as well as all sorts of information via exit interviews and employee assessments. HR practitioners who are in touch with their employees are therefore in the best position to advise senior management about potential problems or employee resistance in the face of impending change. By the same token, HR can also serve as a bridge between senior management and employees, establishing a clear and open channel of communication between both sides, and actively championing a culture of continuous employee engagement is key in dealing with the feelings of negativity, and ensuring that everyone in the company is engaged and on the same page during times of organizational change.

STRESS MANAGEMENT:

It is a lawful requirement for the Human resource managers to “ detect, treat and rehabilitate” the employees who experience the stress at workplace. Different departments are responsible towards managing stress at workplace, but a Human Resource manager plays a key role here. They make sure that the procedures and policies are formulated and implemented precisely to manage work related stress. The vital roles and responsibilities of a Human Resource manager in stress management include: To understand what work related stress is, what are the causes that leads to it and how this can be managed and prevented. To communicate and connect with the employees regarding this issue and raising awareness in the way of functioning with trade unions or other related aspects. To take on effective Management Standards or other viewpoint towards identifying the stress level in the organization and what solutions can be implemented to improve from the current situation. To work with other departments of the organization, including Health and Safety, in formulating and implementing solutions that have been recognized by the employees. To evaluate and monitor stress management solutions along with procedures and policies. To work with other bodies and support line managers to avoid and manage employees experiencing stress and to help them come back back to work. To identify and widen other initiatives and policies that can endorse well being of the employees.

COMMUNICATION:

Human resources departments provide or support announcements to employees regarding restructuring. Human resources staff is typically present when employees are informed of layoffs or permanent downsizing related to restructuring. Changes in employment policies, organizational structure, workforce, location and job descriptions are announced to employees by human resources and management. Human resources departments also calculate changes in compensation and benefits resulting from reorganization. Organizations rely on human resources to provide a smooth transition during reorganization, while retaining desired employees and integrating new employees into the new organizational plan.

RETENTION:

The Human Resource team plays a vital role in employee retention. Their roles are: Whenever an employee resigns from his present assignments, it is the responsibility of the Human Resource to interfere immediately to find out the reasons which prompted the employee to resign. No one leaves an organization without a reason. There has to be one and the human resource team must investigate into it. There can be numerous reasons for an employee to leave his current job. The major ones being disagreement with the superiors, less important salary, lack of growth, negative ambience and so on. It is the duty of the Human Resource to sit with the employee and talk about the various issues face to face. Understand his problems faced and listen to his side of the story as well. Remember the Human Resource should not focus on conducting exit interviews, rather more importance should be laid on retaining the employees. Try to provide a solution to his major problem. Hiring is a monotonous process and it is really very difficult to recruit the right candidate and train him once again. Do ensure the track record of the employee who wishes to move on. It is really necessary for the management to retain those employees who have the latent and are really vital for the organization. If they leave and join the competitors; the organization would be at a great loss. If one feels that the employee is unhappy with his team leader, try to shift him to a new team. If the employee feels his salary is not right, try to give him a hike but make sure he is value it and you don’t end up upsetting others. The human resource department must conduct motivational actions at the workplace. Organize various internal and external trainings which help the employees to learn something additional apart from their routine work. Make them take part in extracurricular activities important for their on the whole development. Encourage them to cooperate with each other so that the comfort level increases. The Human Resource must initiate various incentive schemes for the top performers to motivate them. This way the employees feel valuable for the organization and struggle hard to perform even better the next time. The employees who show performance should be awarded with cash prizes, lucrative perks and certificates to make the individual stand apart from the crowd. Sending a mail wishing the employees on their birthdays or congratulating them when they perform exceptionally well or come out with something innovative is a good motivation. One should arrange a small bouquet for them as a gift from the organization’s side. This way the employees feel emotionally involved to the organization and are unwilling to look for a change. A friendly atmosphere is vital for the employees to feel safe and secure. Make them take part in various management decisions making.

MOTIVATION:

While a merger and acquisition is not the best time for employees, there are ways to increase motivation and productivity. Be sure to set aside time for employees if they wish to talk about concerns or issues with the new merger; open discussions usually prevent confusion about roles and responsibilities. Recognize and reward the employees for their roles in managing change. Rewards need not always have to be in the form of bonuses, but can be small gifts, or recognition among peers. Mergers can also be accompanied by layoffs. Employees should be informed of layoffs as soon as possible. Employees leaving the company should be treated with respect and given generous separation packages when possible. Surviving employees should be guaranteed of their value to the company. Managers should work with employed employees to set up clear development plans within the framework of the company's mission statement after the merger. Communication

KEY ROLES

Socializilizing with the present cultureActing as a change agentMotivating employeesOvercoming the problems related to communication gap.

MERGER N ACQUISITION PROCESS

Following are the main phases in the M&A process:

Pre DealDue DiligenceIntegration PlanningImplement MergerEvaluate Merger

Pre Deal

The role of H. R during pre-deal phase is: Spotting problems that may be unnoticed by other members of the management teamAssessing the people, organization and cultural fitEducating executives about possible risks

Due Diligence

Following are the Human Resource responsibilities during the process: The bottom line of the issues such as benefits and employee payLooking at the impact of learning and developmentAdvising on organization design and development andRecruitment and retention in the integration process

Integration Process

Following are the H. R Responsibilities during the phase: The employment relationshipDetermining the compensation and benefits strategyDetermining the culture/vision of the new companyContracts of employmentPerformance management issuesLooking at talent , commitment and leadershipConfirming people's expectations by retention, cost and cultural fit

Implementation

Following are the Human Resource Responsibilities during this phase: Arrangement of HR policies and practicesAdvising senior management on people issuesReward schemesEducation and TrainingRecruitmentEffective CommunicationStress management.

STAGES:

The Pre-Merger Stage

1. Strategic Planning and Organization:

The first step is strategic planning in which the acquiring firm develops its mission statement and determines the type of merger or acquisition that will be undertaken and how it will achieve corporate objectives.

2. Team:

In the next stage the firm is mainly concerned with organization�" creating a precise team to manage the M&A activity.

3. Searching:

In the third stage, searching for potential acquisitions and thoroughly investigating the merits of each. Of particular relevance to Human Resource are the results of Schweiger, who found in a survey of 80 firms that the most important factors in evaluating potential acquisitions were the talent and management values of the acquired top managers and the talent of the acquired middle managers.

4. Analysis and Offer:

Analysis and offer is the fourth stage, in which a primary objective is to evaluate the ‘ fit’ of the two firms. McCann and Gilkey (1988) identity three types of fit�" financial, business, and organizational fit�" that must all be there if the merger or acquisition is to be successful. For the purposes of this study, organizational fit, which includes human resources and two organizational cultures, is of primary importance, since it helps to determine how well the two firms can be incorporated. Merger and Acquisition activity presents a different set of challenge for the human resource managers in both acquired and acquiring organizations. The Merger and Acquisition activity is found to have severe impact on the performance of the employees during the period of transition. The Merger and Acquisition leads to stress on the employee, who is caused by the differences in human resource practices, ambiguity in the environment, cultural differences, and differences in organizational structure and changes in the managerial styles. The organizational culture plays a vital role during as the organizational practices, managerial styles and structures to a large extent are determined by the organizational culture. Every organization has a different set of beliefs and value systems, which may clash due to the M&A activity. This exposure to a new culture during the M&A leads to a psychological state called culture shock. The employees not only need to throw away their own culture, values and belief but also have to accept an entirely new culture. This experience challenges the old organizational value system & practices leading to stress among the employees. Research has found that unlike cultures can produce feeling of hostility and significant discomfort which can lessen the commitment and cooperation on the part of the employees. In case of cultural clash, one of the cultures that are dominant culture may get preference in the organization causing frustration and feelings of loss for the other employees. The employees of non-dominating culture may also get feelings of loss of identity linked with the acquired firm. In definite cases like acquisition of a lesser known or less profitable organization by a better one can direct to feelings of superiority complex among the employees of the acquiring organization. In case of unfriendliness in the environment the employees of two organizations may develop “ us” versus “ them” attitude which may be harmful to the organizational growth. The hesitation during the Merger and Acquisition activity divert the focus of employees from productive work to key issues like job security, changes in designation, career path, working in new departments and fear of working with new teams. The M&A activity leads to repetition of certain departments, hence the surplus manpower at times needs to be downsized hence the first set of thoughts that occur in the minds of employees are associated to security of their jobs. The Merger and Acquisition activity also causes changes in their well defined career paths and future opportunities in the organization. Some employees also have to be relocated or assigned new jobs; hence the employees find themselves in a completely different set of situations with changes in job profiles and work teams. This may have an impact on the performance and efficency of the employees. Research has found that at least two hours of productive work per employee per man day is lost during the time of M&A activity in the organizations. The greater than before political processes that may be underway in the organizations to sustain the significance of the various individuals and departments will add to the confusion. The human resource systems vary across organizations due to the differences in the organizational culture, sectored differences and national cultural differences. For example if the compensation in the acquired firm is lesser compared to the acquiring firm, the acquisition will lift employee expectations of a possible hike in compensation which may not be realistic. On the other hand if the compensation level of employees in acquiring firm is lower the employees may press to have equal compensation across all the divisions of the firm. The pay differential can act as a de-motivator for the employees of acquiring firm and may have long term cost. The compensation issues may later also involve legal angle.

The Post-Merger Stage

The last two stages in a merger or acquisition are the transition and integration. These are the most complicated and are surrounded by the highest level of ambiguity. The transition stage is in fact the most weakly managed of all, and as a result it is the stage where most failures occur. A Delicate BalanceManagement of the transition stage requires a fragile balance between on condition that a stabilizing influence and creating a climate for change. Uncertainty and anxiety, anger, frustration, psychological withdrawal and family disruptions are persistent during M&A activity. Those who voluntarily leave their company indicate that ambiguity leads them to do so early in the acquisition process. Insecurity and AnxietyNegative employee feelings and behavior are typical responses to threatening situations, in this case, job insecurity. The amount of the response will be determined by the employee’s insight of the severity of the threat and the degree of powerlessness to neutralize it, which will in turn be a function of his or her confusion concerning the expectations of the new firm. For example, if employees are not aware of how they will be evaluated for the retention decision, feelings of powerlessness will be high. Since information is generally scarce in the transition stage, the employee’s perceptions will be influenced predominately by rumor and speculation. Greenhalgh and Jick found a positive correlation between job insecurity and resistance to the change Individuals faced with a threatening situation show strong attachment to beforehand learned behaviors, even if they are inappropriate. Unanticipated TurnoverThe predominance of negative attitudes caused by ambiguity often leads employees to act on the worst scenario and begin updating resumes. The most valuable employee are those that the post-merger corporation cans least afford to lose�" tend to be the first to leave the organization. HR InterventionsSeveral authors have suggested how to decrease the incidence of counterproductive behaviors Preliminary interventions target emotional support, and may begin while negotiations are still happening. Activities in this phase are focused on providing stability. Other techniques are intended to create a positive environment for change by lessening the level of ambiguity and fostering realistic expectations for the future. Feelings of powerlessness on the part of employees are reduced by providing information to determine how the risk to job security can be counteracted. RESEARCH METHODOLOGY1

RESEARCH METHODOLOGY

METHODOLOGY:

A exploratory design was used to conduct this study. The questionnaire which was given to employees included both close and open ended questions. This study covered only employees of organization.

RESEARCH OBJECTIVE:

To study the HR's role in merger and acquisition at RIL ltd. To study the impact of merger and acquisition on employees satisfaction level. To study the impact of the culture towards the success of the organization.

Data Collection and Sampling:-

Sources of Data Collection

I) Primary Data Collection:

The primary data are those which are collected afresh and for the first time.. Such data are original in character. The primary will be collected through following methods: Questionnaire method

II) Secondary data collection:

The secondary data are those which have already been collected by someone else and which have already been passed through the statistical processes. Thus such data is not originally collected rather obtained from published or unpublished sources. The collection of the secondary data was done through internet.

Data Collection:

The questionnaire was administered to the employees working at Reliance LTD. Sample size: 30 employeesPopulation size: 80 employeesSampling Methods : A Random Sampling method, convenience sampling is used.