

## Organizational Culture and Its Internalization of Change in the Manufacturing and Service Sector Industries in India

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**Abstract :** Post-liberalization era in India has seen an unprecedented growth of mergers, both domestic as well as cross-border deals. Indian organizations have slowly begun appreciating this inorganic method of growth. However, all is not well as is evidenced in the lowering value creation of organizations after mergers. Several studies have identified that organizational culture is one of the key factors that affects the success of mergers. But very few studies have been attempted in this realm in India. The current study attempts to identify the factors in the organizational culture variable that may be unique to India. It also focuses on the difference in the impact of organizational culture on merger of organizations in the manufacturing and service sectors in India. The study uses a mixed research approach. An exploratory research approach is adopted to identify the variables that constitute organizational culture specifically in the Indian scenario. A few hypotheses were developed from the identified variables and tested to arrive at the Grounded Theory. The Grounded Theory approach used in the study, attempts to integrate the variables related to organizational culture. Descriptive approach is used to validate the developed grounded theory with a new empirical data set and thus test the relationship between the organizational culture variables and the success of mergers. Empirical data is captured from merged organizations situated in major cities of India. These organizations represent significant proportions of the total number of organizations which have adopted mergers. The mix of industries included software, banking, manufacturing, pharmaceutical and financial services. Mixed sampling approach was adopted for this study. The first phase of sampling was conducted using the probability method of stratified random sampling. The study further used the non-probability method of judgmental sampling. Adequate sample size was identified for the study which represents the top, middle and junior management levels of the organizations that had adopted mergers. Validity and reliability of the research instrument was ensured with appropriate tests. Statistical tools like regression analysis, correlation analysis and factor analysis were used for data analysis. The results of the study revealed a strong relationship between organizational culture and its impact on the success of mergers. The study also revealed that the results were unique to the extent that they highlighted a marked difference in the manner of internalization of change of organizational culture after merger by the organizations in the manufacturing sector. Further, the study reveals that the organizations in the service sector internalized the changes at a slower rate. The study also portrays the industries in the manufacturing sector as more proactive and can contribute to a change in the perception of the said organizations.

**Keywords :** manufacturing industries, mergers, organizational culture, service industries

**Conference Title :** ICOBHRM 2016 : International Conference on Organization Behavior and Human Resource Management

**Conference Location :** Miami, United States

**Conference Dates :** March 24-25, 2016