Emotions and their management during a merger in Brunei: The Impact of National Culture

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1. Introduction

Mergers are a complete union or amalgamation of two or more companies in order to become a managerial interwoven, economical and legal unity (Cartwright & Cooper, 1992; Gabler-Verlag, 1993). Reasons frequently cited for companies to merge include (1) achieving economies of scale and scope or synergy, (2) diversification, (3) in response to market conditions that offer business opportunities, (4) increasing market share, (5) the personal interests of shareholders and (4) the fear of obsolescence, (Kusstatcher and Cooper, 2005). A defining feature of a merger in all cases is that it represents an example of large scale and fundamental transformation, resulting in major alterations to the merging organizations’ structures, processes, and social systems (Kiefer 2005; Reilly et al., 1993). Yet despite the business cases often presented to support organisational mergers, many mergers have been found to be fraught with considerable challenges, rarely proceeding as planned, and nearly always taking a major toll on the psychological well-being of both managers and employees involved (Mossholder et al 2000).

Studies which focus on micro-level processes associated with major organizational transformation remain a much neglected aspect within the merger literature (Bray, 1994; Judge et al., 1999). This is a major omission given the number of studies that have shown that in many cases, mergers and acquisitions have not resulted in particularly higher levels of performance or indeed in some cases have had to be abandoned as a result of ‘cultural’ or ‘people’ related factors (Agarwal and Jaffe, 2000; King et al., 2004). An area
which has recently begun to receive some attention is the emotional impact of mergers and change on those involved in an attempt to better understand why managing mergers can be so problematic (Mossholder et al 2000). This represents a significant shift in focus given that the typical organizational change paradigm that has underpinned behavioural analysis research in this area has typically drawn upon problem-based models where emotional aspects have been generally ignored (Vince and Broussine, 1996). There is now an increasing recognition that transformational change of the type found during a merger, has widespread effects on employees’ emotion and feelings as well as their behaviour, attitudes and work performance. Huy and Insead (1999) suggested that radical change triggers strong emotional responses which affect how the change is cognitively interpreted, and impact on the resulting actions and responses of employees.

This has led a number of authors to suggest that differences in how employees emotionally respond during a merger is likely to play a key part in the success of any major transformational change (Caruso 1999). An aspect of individual difference associated with how individuals respond to their emotions has been referred to in the literature as emotional intelligence (Goleman 1998; Mayer & Salovey 1997). Although there is no widely accepted definition of the concept, many models share a degree of commonality in some respects. One of these aspects is that emotional intelligence includes the ability or competence of individuals to effectively manage their emotions and respond effectively to their emotional states dependent upon the context. A number of authors have argued that an individuals emotional intelligence is important in determining how they
manage change (Chrusciel 2006. Huy 1999). However no studies have been published to date that have shed light on how the conditions associated with different types of change can elicit particular emotional responses, nor indeed how these emotions are actually managed. This paper addresses these limitations by providing findings from a case study showing the emotional impact of a merger on employees from two banking institutions in Brunei. Data was collected from a sample of staff within the new merged banking organisation ten months following the merger, and show that its emotional impact continued to be acutely felt amongst many of these employees. The cultural context in which the merger occurred was found to play a significant role in how these emotions were managed by these employees. The implications of the study in terms of our understanding of the role emotional management may play in mergers and transformational change more generally is discussed.

2. The Emotional Impact of Transformational Change

Traditionally, within the literature on organizational change emotions have tended to be viewed either in terms of stress that needs to be coped with, or as resistance that needs to be reduced or worked through in order to implement change successfully (Kiefer, 2002; Thomas 1989). They have often been seen as a cause of the problems occurring during implementation of change, rather than an expression of any underlying difficulties (Kiefer, 2002). As a result, the treatment of emotions has generally been approached from a managerialist perspective, with few attempts to understand how emotions influence the attitudes and behaviours of emotions. Kiefer (2005) argues that far more research is needed to understand how emotions influence how
individuals adjust to change. A significant body of research has identified the wide range of emotions that individuals may experience in response to change (Erikson, 2004). This includes positive emotions such as joy and pride through seeing change as an opportunity for advancement, to sadness, anxiety and anger due to restructuring, job redesign or even retrenchment (Kusstatscher and Cooper, 2005). Kusstatscher and Cooper (2005) argue that most affected employees will feel irritated and insecure at some points during change because change is often perceived as a threat. The emotional impact of transformational change can provoke widespread feelings of anxiety, aggressive, helpless, degradation, impotence, worthless, leading employees to respond with bitterness, anger and rage against those in charge (Carr 2001; Eriksson 2004; French, 2001; Kusstatscher and Cooper, 2005; Mossholder, Settoon and Armenakis, 2000).

However although increasing our knowledge of the types of emotions generated through change, many of these studies rarely analyse differences in how context influences the types of emotions generated, how these are managed, nor their potential impact on the social system (Kusstatscher and Cooper, 2005). This would seem an important consideration since already differences have been found in emotional impact of mergers depending upon the type of merger. The emotional impact of conglomerate mergers for example, is not as great on employees as that of horizontal merger. This is suggested due to the unrelated business of the merger companies such that the consequences generally remain located at the senior management level. Whereas when two direct competitors merge horizontally, employees are more likely to be directly affected since the potential for synergy is larger and
redundancies and power games appear more frequent (Kustatscher and Cooper, 2005).

An important aspect of context influencing emotions and their potential during transformational change that has yet to receive any attention within the literature is that of national culture. The West, for example, has a strong culturally shared belief in the independence of the self from others (Hofstede, 2001; Kitayama et al., 2000; Marrkus and Kitayama, 1991). Many Asian countries by contrast, such as Japan and the Philippines (Bagozi et al., 2003; Kitayama et al., 2000), China (Schwartz, 1999) and Hong Kong (Kwan et al., 1997) are interdependence based, display collectivism and ‘engaging’ behaviour and value group harmony. In their study, Liu et al. (2007) found that collectivists have a tendency to avoid direct conflict and unpleasant interpersonal situations to protect group harmony and save face whereas individualists tend to use explicit and direct verbal conversation. The conflict management literature has shown that collectivist cultures foster conflict-avoidance styles whereas individualist cultures foster direct-conflict styles (Chua and Gudykunst, 1987). Although only one aspect of cultural difference, it does suggest that cultural differences may be associated with divergent styles of managing emotions across cultures (Kitayama et al 2000). Other researchers have also found for example that experiencing good feelings in response to situations varies from one culture to another (e.g. Ellsworth, 1994; Suh et al., 1998; Wierzbicka, 1994).

A recent study by Adita & House (2002) investigating the universality of leader interpersonal acumen (the ability to decipher the underlying motives or intentions of others behaviour) in differing societal contexts also showed that
how this ability was enacted varied according to cultural context. Other research has also found that leaders' self awareness varied in its association with differing aspects of leadership, again depending upon the cultural context (Rahim et al 2003; Shipper, Rotondo, & Hoffman 2003). There is some reason to believe then, that there may well be cultural differences in how individuals emotionally respond to situations during organizational change, and indeed how they then manage the emotional impact of significant change. Given that the majority of studies published to date on the impact of mergers on individuals that have been primarily based in a Western context, studies are needed that begin to examine the emotional impact of mergers within differing national cultural settings. Being a small sovereign state of only about 380,000 people, Brunei has a unique culture in terms of its socialization (Brunei statistics, 2001). Bruneians enjoy a collectivist culture, close-knit family ties and value interdependence and group harmony. We might theorise then that these factors may play a role in how likely they are to tolerate stressful situations such as those encountered during mergers, and may well influence how they respond to the significant emotions that are generated. It follows that gaining an insight into how employees manage the emotional impact of change during a merger can offer insights into why negative reactions to change occur and how these then influence the success or failure of change attempts (Fugate, Kinicki and Scheck, 2002; Mossholder, Settoon, Harris and Armenakis, 2000).

3. Background to the Case & Research Questions

In 2006 the government of Brunei announced its intention to merge its two national Islamic banks and proceeded with its plans to horizontally
integrate the two banks at every level including their subsidiaries. These banks were the Islamic Bank of Brunei (IBB) and the Islamic Development bank of Brunei (IDBB). IDBB was established in 1995 and began as the Development Bank of Brunei Berhad. The IBB started its operation earlier than IDBB and was originally known as the International Bank of Brunei Berhad, but renamed IBB in 1993. The primary intention of the merger was to enhance and strengthen the position of Islamic financial institutions in the country, and increase cost efficiency by eliminating duplication. The merger created the formation of a sole Islamic bank which became the largest bank in the country in terms of total assets and the number of account holders. From the government's point of view, the new institution would now possess far greater capability to support the nation's diversification programmes spearheaded by the Brunei Economic Development Board as well as provide more comprehensive and integrated banking products and services to its retail customers. Through the merger, the new institution was expected to make a much larger contribution towards enhancing Brunei's economy. It was also expected to be better placed to offer more competitive services by venturing into new fields such as Investment banking, and fund management at both national and international levels. Following the merger, the Sultan consented to the formation of the new Islamic Bank known as the Bank Islam of Brunei Darussalam (BIBD), which took over the management, operation and integration of the two banks based on the process which was provided under legal statutes. This included the taking over of both work forces, assets and dependents from the banks as well as its subsidiary companies. The merging process had been carried out in stages to ensure continuity and the
smooth running of the banks’ operation and transaction so that its services to customers were not affected. It was also made clear that there would be no lay offs of staff as a result of merger.

This merger therefore offered an opportunity to investigate the emotional impact of this type of transformational change on the employees involved. Permission was granted to undertake the study by the new bank’s senior management, and data collection began ten months following the completion of the merger. The study aimed to address the following questions:

1. What is the emotional impact of the merger ten months after merger had occurred and can the chief causes of these feelings be identified?
2. Can particular employee actions or behaviours be linked to these emotions?
3. How does the national culture influence the emotional responses of employees arising from the merger?

Methodology

A qualitative methodology was employed in order to gather in-depth and more detailed contextualised data on the lived experiences of those who had recently been involved in organisational merger. This ensured that the data was well-grounded and could offer rich descriptions from which explanations might be identified that were associated with the role emotions played within this specific, identifiable local context (Miles and Huberman, 1994; Sutton 1997). The approach also enabled the researchers to gain a greater understanding of how the individuals involved understood how and why they were feeling the way they were, as a means to better understand the personal cognitive representations and processes that were guiding thoughts and
action. The researchers therefore approach the data from a socially constructivist position, arguing that it is the personal meaning and interpretation given to events by those taking part in the study that offer insights into cause and effect relationships within this cultural context (Creswell 2003).

**Study Participants**

Just over 100 lower/middle level managers were initially contacted and asked to volunteer to participate in the study and 33 agreed to take part in interviews. According to Turnbull (1999), middle managers are most at risk of experiencing emotional dissonance during major change as they are required to manage the interface between senior managers and their subordinates. Huy (2002) also argues that middle managers are structurally closer to their employees and therefore more likely attuned to their subordinates’ emotional needs. This particular group of employees was therefore selected as they represent a significant part of the workforce upon whom mergers may have a significant emotional impact. Their job positions were as follows: officer grades 1 to 3, assistant manager, manager, branch manager, senior manager, deputy head of section, head of section and head of division. Sixteen of these were women. Nine interviewees were previously employed in IDBB, whilst the majority (24) were from IBB. Their ages ranged from 21 to 44 years old. Seven of these interviewees had been working with their former organization for less than 5 years, eight between 6 to 10 years, eleven between 11 to 15 years and seven between 16 to 20 years.

**Data Collection**
Data was collected through the use of semi-structured interviews using a semi-structured interview schedule (appendix 1). All interviews were undertaken in an office within the newly merged organisation and lasted between 45-60 minutes. Interviews were recorded and shorthand notes also taken by the interviewer. All interviews were undertaken in Malay which is the official language of Brunei. At the end of each interview the interviewer checked back over their notes with the interviewee in order to verify what had been recorded and check for any misunderstanding.

Data Analysis

Interviews were transcribed and data analysis began by reading through all transcripts and coding key excerpts or passages. This was guided by an initial coding frame which to begin with looked at (1) identifying how individuals were feeling or felt in particular situations, (2) how emotions were linked to antecedents, events and situations, (3) How emotions were linked to outcomes such as actions, thoughts or behaviours. This initial coding frame enabled a considerable amount of data to be gathered and coded which then served the basis for further analysis. In the second stage, a grounded theory approach was taken in order to identify common themes within these broad categories where there appeared to be similarities in meaning or situations identified by the interviewees. These themes were then brought together within wider clusters where there appeared to be a shared focus. The next stage of the analysis involved formulating higher levels of abstraction of meaning and interpretation of the data. Coded excerpts identified within these higher order abstractions of meaning were then selected for inclusion in the presentation of the findings where there was consensus in the interpretation.
of meaning and which appeared to best illustrate the themes identified (Miles and Huberman, 1994).

**Findings**

The findings are presented in the form of a narrative using the three broad research questions as a framework for organising the data.

**The Emotional Impact of the Merger: Restructuring & Downsizing**

One of the key findings from the data was the extent to which the emotional impact of the merger was still very palpable ten months after had occurred.

For a number of those interviewed, the merger had been a difficult experience which had resulted in a negative outcome for themselves personally. Although there had been assurances given that staff would not be at risk of redundancy, the merged organisation required a new structure of organisation where some jobs were no longer required in order to streamline services and gain improved efficiencies. This restructuring inevitably meant dissolving old team structures and forming new ones, as well as reconfiguring the job content of various roles with its impact on responsibilities and status:

I (feel) I am not required any more by the management. It is not like before. There is less job satisfaction, and less responsibility. I am just as good as a clerk. I don't feel good. The bank is paying me more. I am also now reporting to me ex-colleague. My new boss is a lady. I am not sexist but it is better if I have a male boss. Because men can think better than women. Men don't rush in making decisions. [Respondent 8: Senior Manager]

I am not comfortable. Because now I have to report to my ex-subordinate who is now promoted as our deputy head. She has only 5 years working experience. I used to give work to her. But now ... it is a reverse. Previously (early stage of merger) I had no feeling of dislike. But now, I do. Sometimes looking forward to leaving, to relax my mind. [Respondent 22: Senior Manager]

... I think like most of the staff, we were quite reluctant to make the move. We were comfortable where we were. We knew everybody, how everybody works. (showing disgusted facial expression). Because we know that we were coming from two different cultures. We had both been quite fierce competitors. We were selling the same product in the market. Fighting for the same share in the market. Now with the merger, we have to work (together). It's like a lot of indirect bad blood. I feel a lot of negativity. A lot of resistance, until now. I am still unsatisfied. But I am making the
most of the new position, Head of Branch … Branch Manager. Before, I was the Head of Division. Which is a big difference. I was looking after the whole bank. Now I am only looking after a small branch. I am unhappy with the new position. I know a lot of people are not satisfied too. I would say I am happy with security. I am happy with the people. It’s just the work (I am not happy). I have less responsibility now, but I don’t know whether I want to accept less responsibility. Because I feel I can do more. I am not happy. [Respondent 20: Bank Manager]

It’s okay, but there is unhappiness. I may not be required (one day). I am not happy with the retirement benefit. (But) just follow the flow. I am not happy with the job content. It is not my area. It does not match with my education background. The bigger bank was more conservative but provided good privilege for the staff. I am happier before. Now I have to work with the new faces. The new leader is visionary and motivating, but two different cultures. The manager is from the smaller bank. The staffs are from the bigger bank. [Respondent 4: Assistant Manager]

I was promoted from manager to senior manager. So post wise there was an increase. (But) my salary scale stayed the same and the welfare has been reduced. (And) less responsibility … My friend and I are the ceremonial figures. We are not appreciated. Before the merger all our basic needs were there… Now it is almost dropped to the basic level. I used to be involved in policy making. But now, nothing at all. I feel like I have been downgraded. [Respondent 27: Senior Manager, bigger bank, 17 years]

There were a number of those interviewed who expressed their dissatisfaction with many aspects associated with the new jobs and roles as a result of the merger. In most instances this reflected what for some were major changes or losses to their previous levels of responsibility and status. Although many new jobs in the merged organisation had been open to interview for employees from both banks, in many instances staff were “slotted” in to jobs that were deemed by HR to be similar in responsibilities and tasks to those they held previously. The loss of responsibility and satisfaction gained from this resulted in a number of those feeling they had been treated unfairly and downgraded in the merger. This caused resentment and there were a number of those interviewed who suggested that the process had been biased and heavily influenced by the personal favouritisms of senior managers involved in the restructuring process. Some employees also argued that they were treated unfairly by being passed up for promotion. Instead, most promotions were actually given to employees of the smaller company. Interviews conducted
with staff often highlighted the negative emotional reactions felt as a result of considering that they were being treated unfairly.

(There is) increase in job status, (but) the work responsibility is less. The salary scale has increased a little bit. But there are disadvantages. I am not satisfied with the management. I now have low motivation. Staff promotion have not been based on their seniority or qualifications but based on favouritism. Whoever he sees, is promoted. There has been no appraisal. It’s too soon to promote staff … After six months (may be). The ex-staff of the smaller bank have more advantage than us. [Respondent 1: Head of Section, bigger bank, 18 years]

I feel stressed. I feel we have not been fully compensated. They don't understand what we are doing. We work until the next morning. So we arrived to the office late the next day. In return, we received warnings from the Human Resource Department for being late to the office. Promotion wise, it was hand picked, based on favouritism and unfair. Human Resource Department is not really functioning. I am disappointed with the HR. [Respondent 26: Assistant Manager, bigger bank]

The Managing Director is the ex-director of the smaller bank. I don’t blame the situation, but as an employee I want equal opportunity… I don’t have the sense of belongingness. (I am) angry, frustrated, stressed out. Frustrated, the most. I don’t feel I am contributing to the bank. I am used to doing policy. Now suddenly I’m only doing small things. They don’t see my seniority. Those promoted were quite junior, some were not fully fledged when holding the post. When management asked questions, they couldn’t (provide the) answers. In terms of work flow, it’s very fragmented. This department has many ex-staff from the smaller bank. My junior has now become my boss. Many don’t feel happy. [Respondent 27: Senior Manager, bigger bank, 17 years]

However amongst those interviewed were also those who felt they had “gained” as a result of the merger. In many cases this was either due to a promotion or better conditions and/or responsibility associated with performing their new role. This included monetary incentives and other welfare and privileges compared to their previous position:

I am happier now. I have a private space. I was given assignment to lead the team. I take it (change) positively. I look forward to enhancing my career path. We have to change our mind set. Staffs from the bigger bank are now our friend instead of our enemy. We got to stop comparing what we have and what they have. [Respondent 18: Assistant Manager]

There are people who experienced worse than me. That is how I think. As long as my salary does not go down. Although I don’t receive salary increment. I don’t bother to think much of it. Previous management was even worse once. So we have been through this situation. Not a new story. Almost the same. [Respondent 28: Deputy Head]

I was promoted from clerk to officer grade 1 and there has been an increase in salary. Welfare is also taken care of. We have privileges now. Staff loan is cheaper compared to the public rate. (I’m) happy. [Respondent 2: Officer Grade 1, smaller bank, eight years]
Now (I am the) deputy head. Before (merging, I was an) officer. (The effect is) increased post, better welfare. Pay is higher (now). Merger offers new things to come out … Now I am part of the team. [Respondent 15: Deputy Head]

Emotional States and their Impact

The fact that restructuring should figure as a major aspect of merger is clearly not new, and the observation here that there are those who consider they may have gained or lost from the merger is hardly surprising. However what is important here, is to recognise that the emotional impact of the restructuring was still being acutely felt ten months after it had taken place and that many of these negative and lingering feelings were shaping attitudes by staff towards the merged organisation. In particular their job satisfaction, commitment and motivation. This was clearly exacerbated by the belief amongst many that the processes followed during the restructuring had not been fair or equitable. For some of those interviewed this represented a violation of the psychological contract such that withdrawal behaviour and even intentions of leaving the organisation were indicated:

Worried … Retrenchment not now but two to three years later. Disappointed … retirement benefit is not paid. With new management, we have to prove ourselves to them. It’s like being in a new one (job). It’s difficult. They don’t see you. I would like to leave … yes. But (I) have financial commitments. I’m thinking of venturing into a business. I don’t foresee myself staying (here). We see the downside … the unfair allocation of staff. I want to go to TAIB, another Islamic bank. But not to conventional banks. But there is always the possibility that TAIB might be acquired one day by this bank … So it will be the same story. Once bitten twice shy. Before, our target goal was to have a higher post, but now it’s to settle our loans and find another job. We work hard but only 3 per cent of ex-staff of bigger bank were being promoted. I really want to leave. [Respondent 21: Branch Manager, bigger bank, 12 years]

Previous leadership makes us feel secure. When expressing my opinions I was appreciated (by the previous management). Now I have to be careful, whether we will be penalized or … Not independent. No freedom. Hypocrite. I pretend to do work and look busy and happy. But actually we are feeling stress. (I’m) not looking forward to arrive at the office. Keep on imagining all the bad things. At 5 pm I go home. Before, I work extended hours. I was committed. But not now. We don’t know who to trust when expressing our emotion or thinking. To express … (we are) afraid that we will be penalised by expressing it. There are insiders. Our skills and knowledge are not required and appreciated. [Respondent 28: Deputy Head, bigger bank, 15 years]
Despite some interviewees expressing their desire to quit, their financial obligations represented a major obstacle preventing them taking this decision.

Many of these had financial commitments (such as housing loans) with their employer, and knew that seeking another job would be costly. This would result in them having to pay the higher customer interest rate to the bank rather than the cheaper staff interest rate that they currently paid.

I had thought of leaving, but thinking that I have commitment (financial) … so just wait for the retirement benefits. It could be better … It is difficult to find job elsewhere. So we better stay. I feel uncertain with the future. We don’t mind to be transferred to other department. It depends on the management. They instruct. But we are afraid if the environment is not friendly. I feel weak though. So I kept in mind … to do better. If you can do better, you can keep your job. Few are still afraid (uncertain) with merger. They prefer previous management. But they are still here and not looking for job elsewhere. We have financial commitment.[Respondent 7: Clerk Grade 2]

I’m worried. (Because there might be) retrenchment … two to three years later. Disappointment because benefit not paid. We are sad. We have financial obligations, financial commitment. Otherwise, we moved out form this bank. So now, just follow the flow … I want to leave this bank. But I have financial commitments. I am thinking of venturing into a business. I don’t foresee myself (working here). We see the downside … unfair allocation of staff. If I want to leave, I want to go to other Islamic bank, not conventional banks. But there is the possibility that Islamic bank may be acquired one day by this bank. Same story. Before, our target goal was to have a higher post, but now to settle our loans. Then, find another job. We worked hard, but only 3 per cent of ex-staff of the bigger bank are being promoted. I really want to leave. We have obligation… financial commitment. Otherwise we move out. So just follow the flow. [Respondent 21: Branch Manager]

The difficulty of getting a job outside was also another reason for employees to remain in the organization. For some, jobs outside offered lower pay and poorer benefits in comparison to what they were receiving from their current employment:

To find jobs elsewhere is difficult at this time. (So we) have to adjust to the change. I am used to be transferred (job rotation) so, I blend in. (It’s) routine work. Don’t think about things that have not happened yet. Go with the flow. Salary is based on performance. Revised salary scale. Everyone got increment. Basically, no problem. As an individual, it does not affect me when more staffs joining in. As long as everything goes smoothly. Why should I think about this? As long as I perform. [Respondent 9: Assistant Manager]
A major problem identified by all those interviewed was the considerable
difficulties still posed in attempting to merge two organisations that clearly had
different types of cultures with respect to work practices and relationships:

After merging, we faced problem. Staffs from the other bank are more aggressive. The management is not completely stable. That is what I am worried about. Opportunity to further study is slim. But we still did our work. Just wait and see. I was worried. What's going to happen to us. People, environment, different management, move together (from different cultures). Although staffs are doing their routine work, some others are worried too. Some are still not satisfied working with the staff from the smaller bank. [Respondent 6: Clerk]

There is clash of culture. No denying. We have to understand. Understand each other. We have to take which ever practice is the best practice. If we think about it (merger), the feeling was still there. I am still crying. Working with the new faces … at first it was a hard time for me. We have to be very slow, and sensible. We don't know how they feel. If this is okay, the rest is not. With the previous management, we went straight to the point. Here, I have to observe first before talking. We can't be so straight forward when talking to the new colleagues. There will be bad impact. The smaller bank is more transparent. Here, is a different scene. Different culture too. [Respondent 32: Manager]

We are still different … Working together … so far OK. But we are still different. I like ‘us’ before. We have different work cultures. In a particular branch, the staff from the smaller office left the office at any time. But HR is not taking action against them. The smaller bank’s staffs are not happy with the new HR format and rules and regulations. The smaller bank staffs change the format. They still refer ‘we and they’. I see many disadvantages with the merger. Management is chaotic. Decision making just keeps on changing. [Respondent 6: Clerk, bigger bank]

Excerpts from the interviews also illustrated the emotional strains that arose
due to the problems of having to deal with culture clash. For most these
cultural differences still persisted ten months following the merger and were
felt not just in the preferences and styles for different ways of working but also
clearly in terms of how these groups of employees socialised together in the
new company:

We can adapt to the change slowly. OK. But sometimes there is still a gap in
relationships and socialisation. We keep to ourselves, and they keep to themselves. [Respondent 7: Clerk, bigger bank]

The cultures have not blended yet. In terms of work, we do it in a different way. They do it in a different way. There is still feeling of ‘you and I’. Basically, due to different opinion and the ways you do your work … people are already comfortable with their work, and how they do things. There is a barrier. Socially, between officers are not really … hmm … among staff in general … okay. In team work, people prefer to work with the same ex-colleagues. Bigger bank with bigger bank. Smaller bank with smaller bank. If we work in the same group, the work will be delayed, or not done at
The Influence of National Culture on Emotional Management

Given the emotional impact of the merger a key area of interest was to identify how these employees dealt with it. A major finding from the research was the extent to which elements of the national culture played a significant role influencing emotional management. This was found to be significant in a number of ways. The first of these concerns the significance of fate or predestination. All Muslims must also believe in Al-Qadar (Preordination). Al-Qadar -sometimes referred to as destiny or fate - is the belief that everything (big or small, open or hidden, good or bad) that occurs in Allah’s universe has already been decreed to occur by Him. Belief in Al-Qadar is one of the Six Pillars of Faith: (1) to believe in Allah; (2) to believe in His Angels; (3) to believe in His Books and His Messengers; (4) to believe in the Last Day; and (5) to believe in Preordination. Al-Qadar is part of Al-ghaib (the unseen). Even though the knowledge of Al-Qadar is with Allah, Muslims must still believe that it exists. Basically, man has power, will and freedom of choice. However, this power, will and freedom of choice is (1) an aspect of his creation granted by Allah, and (2) limited in his nature. That is, Allah has given man power and will, but there are things that are beyond the will of man. For Muslim believers, their destiny is predetermined. What they do have control over is a limited free will, that is their actions, the choice to do good or bad, to believe in God or not to believe in Him, but they have no control over tomorrow’s events that are not related to their actions. Those employees interviewed consistently made references to their belief that their power to actually change events was limited and this seemed to act as a constraining factor in terms of the emotional impact of the circumstances associated with the merger:

Whatever it is, everything is from Allah. It is rezeki (livelihood). So just accept the reality (for what has been given). When I first started working with bank, I did search
for other job, but unsuccessful. So I stay. Here is my rezeki (livelihood). My destiny. [Respondent 17: Officer Level 1]

With the merger … I don’t lose anything. So what if others are promoted, or degraded? As long as salary is not reduced (I am okay). If my salary is deducted, I must make a calculative statement. If the management is going to reduce someones salary, where is their ethical value? Cutting people’s salary is not ethical. It is affecting people’s life. They had a good life, then suddenly … So for me it is not ethical. It is clear now. No point competing. What’s the point for that? It will only show as if the Islamic management is not good. Not shocking. For me, it is a challenge. Expect new management type. Expect new people, venture new area … Positive thinking. Wherever they (want) to put me, I take it. That’s my style. Rezeki (livelihood) is everywhere. Those whose salary has increased, that is their rezeki … I have experienced seven years with no salary increase. We do have to question why others are better. That is part of life [Respondent 29: Manager]

I think I look at it from a different perspective … I was advised by my old man. He said ‘when you work, you always work for the interest of the entity. Only that can make it happen. If you can do that, Inysaallah (by God’s will)’ … So I believe in that. It has worked so far … I share my concern with family and friends. (My) Wife obviously … all gave me the moral support. Especially … when my wife said if the merging was for the best interest of the government, then I should also work for the best interest of the people who make it happen. So that’s the spirit. [Respondent 18: Assistant Manager]

I did manage. Just take positive things. Last resort (just recite) Alhamdulillah. What has been given, must be the best for us. I remember what my friend had told me ‘if something happen, even if it is bad, that is the best’. Fate. What ever had happen, there is blessing behind it. There is reason. I believe in Him… You just go with the flow. Take the good ones. Hope for the best … I make doa’ (prayer) to ease my work (work related). [Respondent 8: Senior Manager]

There is benefit behind it (merger). So far, Alhamdulillah (Thank God). Everything is alright. The outcome of merger … increase in salary. So, merger is good. More rezeki (livelihood). Alhamdulillah (Thank God). There are advantages. I don’t really care. Before and after merger is the same (feeling). Only the name (of the bank) is changed. I am thankful to Allah. After merging, what has been given is more than what has been asked for. Frustrated when the retirement benefit was freeze. But thinking back, it’s good because it is good for the future. So I am not worried now … What’s the point of fighting? Salary scale is revised and increased. [Respondent 19: Assistant Manager]

I was prepared for the worse. To me, if there is rezeki (livelihood), that is my destiny. I was promoted from officer to assistant manager. I did start to look for a new job, and was thinking about returning to my previous employment, but this bank has now offered a much better package. When the new offer letter (job contract) was signed, your position and pay were highlighted. I love it. So long it’s not lower. A little lower might have been OK. But of course if it is higher the better it is. We settled for it. Welfare is very good here. (I’m) happier (now). I have a private space. I was also given an assignment to lead the team. [Respondent 18: Manager]

There were also a number of examples where interviewees highlighted their belief in the importance of the Islamic principle of gratitude to God for what
one has been given, and that this conferred the need for strength to endure any hardships as well as rejoice or be thankful for the joys that life can bring:

But so far Alhamdulillah (Thank God). The point is, must have patience and be trustworthy. Have sense of responsibility. And then, be sincere in doing your work. This is called Rahmat. In Islam, there should be no feeling of against each other. We can't challenge each other in a negative way. Merging is like marriage. Our family has different culture from our in-laws. How to make both sides happy? We must have the ability to take people's heart. It is an adventure. So for me merger is not frightening. It is everyone’s initiative to enlighten the situation. If going through it with the feeling of stress, it is difficult. So it depends on your upbringing ... How you response to it. Just take the positive outcome and ignore the negative. Just follow the rhythm ... Thankful to Allah. After merging, what has been given actually is more than what has been asked for. [Respondent 19: Assistant Manager]

... control it. I have to work for with what ever ... sooner or later, what have been given ... accept it... Put aside my personal theory. That's what makes me happy. As long as I did nothing wrong, it makes me motivated instead. It kills all the worries and everything. May be there is hikmah or blessing (behind the merger). Now it (merger) really happens, we have to follow it. We go back to what’s inside Al-Qur’an and Hadith...if we are sincere, this is what the bank pay us. So just do the work. No cheating. Alhamdulillah (Thank God) ... I always have positive side. [Respondent 14: Manager]

I follow it (management decision to merge). Whatever ... I am happy with the situation. I am happy with what I have. Alhamdulillah ... in terms of working with the staff here, I have no problem. [Respondent 10: Assistant Branch Manager]

Further influencing how a number of those interviewed managed the negative emotions they felt as a consequence of the merger, was a held fast conviction to remain loyal to the organisation irrespective of any difficulties or hardship they may be experiencing in the present:

The bank is an Islamic bank. So I am not worried (about change). To me my job is secured. As long as I perform well. The organization will not take me for granted. His Majesty also mentioned about no retrenchment. This makes me happy. I am not bothered who will be the new management. As long as the bank keeps on. I don't care. And then my job is secured. Welfare is available.[Respondent 13: Assistant Manager]

... there are minor issues. The point is, must have patience and be trustworthy. Our culture and religion also thought us to be trustworthy and loyal. [Respondent 19: Assistant Manager]

Discussion

This study has offered some insights into the emotional impact of transformational change associated with the merger of two banking
institutions in Brunei. Those lower to middle managers interviewed were found to be experiencing a range of emotions as a result of the merger. Similar to a number of previous studies these included both positive and negative emotions (Carr 2001; French 2001). Schweiger and DeNisi (1991) suggest that uncertainty attached to organizational and personal changes that usually follow mergers and acquisitions creates negative attitudes to change which lead to some dysfunctional outcomes such as low job satisfaction, stress, low organizational commitment and low trust in the organization. Here we can see that such feelings and attitudes are not necessarily short term and can persist for some time following the changes that have taken place. This study captures these emotions at a specific point in time, ten months following merger after significant changes had been implemented.

A number of studies have suggested that mergers between organisations of different size often favour the larger institution. This includes positive effects and benefits for their previous employees (Kiefer 2002). Here however the opposite was found to be the case. Previous employees from the smaller bank were found to experience far more positive emotions than negative emotions. This can be explained by their poor experiences of management in their previous company. In particular, the increased in salary, better welfare or privileges given by the new management to these employees were generous and attractive. In addition, many of these employees had also been promoted. By contrast those employees originating from the larger bank were far more dissatisfied. Their previous salaries and benefits had been amongst the more attractive in the sector including entitlements to six months bonuses. Following the merger many of these employees were passed over
for promotion or relocated into positions which they felt had less responsibility resulting in intense feelings of anger and discontentment.

Here the chief causes of these emotions were the changes to job roles and conditions that had come about as a result of restructuring following the merger. A key feature here was the extent to which high levels of dissatisfaction were present as a result of many believing they had lost responsibility and status that was previously associated with their role. Hambrick and Daniels (1993) highlight how the removal of autonomy from an individuals work role is an indicator of status degradation and is often associated with withdrawal and departure. This dissatisfaction was exacerbated by a widespread belief that the HR processes guiding the restructuring had not been transparent. In a number of instances those interviewed suggested that appointments within the merged organisational structure had been biased. Change has previously been found to bring about a heightened sensitivity to issues of fairness (Baron et al 1996) such that responses to unfairness appear to be acute during organizational change (Cobb et al, 1995). How people are treated and the processes of change implementation has a significant influence on employees’ attitudes (Cobb et al., 1995; Folger & Skarlicki, 1999). Elsewhere when organizational decisions and managerial actions were deemed unfair, the affected employees experienced feelings of anger, outrage, and a desire for retribution (Averill 1982; Bies & Tripp, 1996; Folger, 1993). Here, feelings of anger, sadness and loss were widespread, very much connected to beliefs that violations of the psychological contract had occurred.
Here the emotions of anger and feelings of injustice underpinned a number of employees desire to quit the new organisation. Clearly for some, financial constraints mediated intention to quit and actual quit. Nevertheless having to manage these feelings remained. It is within this specific organisational context that the study offers some new insights into how these intense feelings were being managed. The social constructivist theories argue that emotional experiences are socially shaped and emerge from the individual’s evaluation of the situation, which is influenced by the person’s socialization and cultural environment. Here the most significant finding to emerge from this study was the extent to which the distinctive culture of Brunei exerted a pervasive influence on how these employees managed their emotions.

According to Minnis (1999), Brunei culture represents a fusion of Malay and Islamic values which makes it somewhat unique in Southeast Asia. The Sultan and his government have established a nationalistic ideology: the Malay Muslim Monarchy, referred to locally as Melayu Islam Beraja (MIB). The Sultan of Brunei formalized MIB as a concept which upholds Islamic principles and values with the Al-Qur’an and Hadith as the basis of all activities concerning language, Malay culture and the institution of the monarchy as the governing system and administration of Brunei Darussalam. MIB has been constituted as a non-negotiable component of Brunei life which must be honoured and practised by all the people of Brunei, and includes the justification for the preservation of the absolute monarchy and the retention of the traditions of the past, adapted to synthesize the compatible features of modernization and Islamic values in support of the Sultanate. As the dominant
ideology, MIB permeates the small state of Brunei and governs institutional norms and behaviour. MIB has legitimized the uncompromising government promotion of Islam in every aspect of life in Brunei, both private and public. Overall, the ideology of the MIB promotes modest behaviour according to Islamic law and loyalty and obedience to the ruler. MIB is thus a powerful tool for shaping the country's social reality and for instilling a collective conscience within the nation.

The faithful believe that Islamic principles, which are based on the Al-Qur'an and Hadith, are the best form of prevention of and treatment for psychological and social disturbances. God also says that the Al-Qur'an is a guide and a healing power to those who believe (41:44). During times of deep trial, despair and sadness, Muslims are required to seek comfort and guidance in the words of Allah in the Al-Qur'an. Allah reminds the believers that all people will be tried and tested in life, and calls upon Muslims to bear these trials with 'patient perseverance and prayer'. Thus Islam plays a significant role in satisfying physical as well as spiritual needs. Islam teaches believers a code of behaviour and the conservation of social values, and gives them a meaning for their existence. It helps foster tolerance and the development of adaptive capacities for stressful events in life. It gives the believers a sense of self-respect and teaches them about the virtues of family life and a cohesive society with a sense of brotherhood. Islamic teachings also call upon Muslims not to let their emotions get the better of them but rather to put their trust in their God (Allah), and not to fall into despair or hopelessness. There are many verses that remind Muslims to be patient and trust in Allah during times of trial. Perhaps the most overarching aspect of the
The influence of the Islamic faith here was the resignation by many of those interviewed of the need to endure their situation as part of their personal destiny. All Muslims must also believe in Al-Qadar (Preordination).

Al-Qadar -sometimes referred to as destiny or fate - is the belief that everything (big or small, open or hidden, good or bad) that occurs in Allah’s universe has already been decreed to occur by Him. Belief in Al-Qadar is one of the Six Pillars of Faith. Al-Qadar is part of Al-ghaib (the unseen). Even though the knowledge of Al-Qadar is with Allah, Muslims must still believe that it exists. Basically, man has power, will and freedom of choice. However, this power, will and freedom of choice is (1) an aspect of his creation granted by Allah, and (2) limited in his nature. That is, Allah has given man power and will, but there are things that are beyond the will of man such as the weather, the seismic movements of the earth and the functioning of our own bodies. For Muslim believers, their destiny is predetermined. The spirituality of many of those interviewed also helped them to manage their emotions in other ways. A number indicated the need to endure with patience and to be thankful for what they had been given by God. Any difficulties or challenges they were experiencing should ultimately be seen as a trial, that tests their inner strength and demands patience to endure. During such times, Muslims are required to seek comfort and guidance in the words of Allah in the Qur'an. Allah reminds the believers that all people will be tried and tested in life, and calls upon Muslims to bear these trials with "patient perseverance and prayer." Faith therefore plays a major role in enabling toleration and assisting individuals in developing adaptive capacities for stressful events of life. Similarly, Islamic teachings also call upon the Muslims not to let their emotions get the better of
them rather to put their trust in their Lord, and not to fall into despair or hopelessness. There are dozens upon of verses that remind Muslims to be patient and trust in Allah during these times of trial.

Being a Muslim also requires an individual to be thankful for what they have received. Carman and Streng (1989) have written that gratitude is a highly prized human disposition in Muslim, Christian, Jewish, Buddhist and Hindu thought (Emmons and McCullough, 2003). This gratitude falls under the category of emotions according to earlier theorists and researchers and that gratitude has a positive emotional valence (see Emmons and McCullough, 2003). There has been widespread agreement among the world’s religious and ethical writers that people are morally obligated to feel and express gratitude in response to received benefits (Emmons and McCullough, 2003). Emmons and McCullough's (2003) study reported that grateful thinking has an effect on psychological well-being and happiness in daily life. This belief in gratitude for ones situation, arising from a deep sense of spirituality, also recognises that things could be worse and was also a key feature found here that appeared to enable these employees to manage their negative emotions.

Spirituality is often defined as the experience of meaning and purpose in our lives a sense of connectedness with the people and things around us (Syed, 1995). For many this connectedness encompasses a relationship with God or a higher power (Cohen 2002). Koenig et al (2001) report that most studies report a positive association between some measure of religiosity and some measure of well-being, happiness, joy, fulfilment, pleasure, contentment. Spiritual well-being has been alleged to provide a significant inner strength to people, especially in times off uncertainty and chaos in life.
Spiritual practices have also demonstrated many positive physiological and psychological health benefits (Tischeler, Biberman and McKeage, 2002). A primary role here was found for this deep spirituality or faith as a central coping mechanism that enables acceptance and facilitates adaptation to the merger situation, despite dissatisfaction and strong feelings of injustice (Conner-Smith et al., 2000).

Spiritual well-being has been alleged to provide a significant inner strength to people, especially in times of uncertainty and chaos in life (Tischler et al., 2002). Myers and Diener (1995) have reported the ‘impressive’ association between religion and mental health and religious people report being happier and more satisfied with life than those without religion. Koenig et al. (2001) also reported that most studies present a positive association between some measure of religiosity and some measure of well-being, happiness, joy, fulfilment, pleasure and contentment. There has been a study reporting that spirituality, religious coping, and religious belief are better predictors of happiness and quality of life for Protestants and Catholics (Cohen, 2002). Although the association between religion and happiness is well known, it is not known, however, which particular aspects of religion correlate with life satisfaction (Cohen, 2002). Importantly here the belief in the need to endure, be patient, and in gratitude for what God has bestowed, combine as central elements of Islamic spirituality that appear to insulate these employees from acting on the persistent negative feelings arising from restructuring in the merger.

A further cultural factor that appears to influence how these employees manage their emotions here is their close knit family and community ties. A
number of studies have found emotional support to buffer the impact of stress by increasing the effectiveness of coping efforts, which in turn decreases distress (Calvete & Connor-Smith, 2006; Lakey & Cohen, 2000). Uchino (2004) similarly found that receiving emotional support and companionship encouraged effective adaptation in individuals facing uncontrollable events. A number of interviewees talked about receiving support from members of their close family and this offered an important mechanism for containing and regulating their emotions. This central belief in loyalty towards ones family and immediate community was interestingly also found to extend to the company that had employed them. Here loyalty was found to exert a strong effect in moderating the actions or behaviours of a number of these employees in response to how they were feeling.

Conclusions & Implications

These findings have a number of important theoretical and practical implications that take our understanding of the impact of mergers on the employees involved in a number of ways. The first of these concerns the extent to which the emotional impact of restructuring as a result of a merger can be found to be both intense and persistent some time after the restructuring has taken place. Most theoretical models of transformational change whether from a planned or processual perspective direct their attention to examining those factors associated with successful change. Mergers by contrast represent types of transformational change which from many employees perspectives, will always result in both positive gains for some and losses for others. Previous research examining the nature of Arabic cultures has found the overriding significance of in-group collectivism which is
characterised by intense loyalty to the in-group and limited co-operation with other groups (Mahjoub, Ghonaim & Shareef 1997). From a managerial and administrative perspective, organisational goals tend to be subordinate to those of the in-group providing conditions ripe for nepotism and favouritism particularly with respect to selection and reward decisions. Abdalla & Al-Hamoud (2001) comment that

“...it is frequently observed that newly appointed managers, remove, distance, or freeze the in-group of their predecessors and appoint their own people” (p511). The interview data here certainly indicated widespread perceptions of favouritism by a number of employees which may be explained by this strong preference for in-group collectivism in this culture. It suggests that mergers and transformational change models within this cultural setting need to take far more account of the negative effects on job involvement, morale and commitment than might be the case within other cultural contexts. This strong loyalty and preference for the in-group may also explain the greater difficulties involved in developing a unifying organisational culture in the merged organisation where the persistence of separate sub-cultures reflecting the two previous organisations may be far more enduring aspect affecting change processes. This suggests that we need to develop a far more in depth understanding of how these negative emotions and attitudes influence performance and morale more widely within the teams and groups within merged organisations over far longer time frames post merger.

A further major implication of findings from the study suggest that cultural context plays a significant role on how these employees manage
these intense emotions which moderates their impact on behaviours and actions. This would suggest that although emotional intelligence may capture an aspect of individual difference associated with managing emotions, it clearly can only offer a partial explanation for explaining differences in how people respond and regulate their emotions. Jordan, Ashkansy and Hartel (2002) showed that emotional intelligence moderated reactions and negative coping to job insecurity, and the ability to cope with associated stress. They found that low emotional intelligence employees were more likely to experience negative emotional reactions to job insecurity and to adopt negative coping strategies. However here cultural influences particularly through Islamic faith appears to exert considerable effects influencing how these employees managed their emotions and feelings. The Bruneian culture that places a primacy on closely knit family ties and loyalty also serves to buffer the negative effects of change that suggest individuals may be managing their emotions as a result of cultural behavioural scripts that do not necessarily require emotional intelligence.

The findings suggest that the Brunei ideology helps employees to better tolerate organizational change where any judgments or decisions made are based on Islamic teachings or spiritual belief. Being a believer would appear to influence the ability of the employees to manage their emotions and cope with the stressfulness of the merger situation. Therefore, the importance of emotional intelligence may actually have far less effect than the role that faith and devotion to one’s religion may play in enabling a person to manage and regulate their emotions during transformational change. Overall the impact of national culture on how transformational change was conducted in
the merger and its emotional impact on those involved, suggests that typical models for understanding effective or successful change and factors that may be associated with it may be far off the mark when taken out of a Westernised cultural context.
References


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