Diploma Programme subject in which this extended essay is registered: Business and Management

(For an extended essay in the area of languages, state the language and whether it is group 1 or group 2.)

Title of the extended essay: How effective has the merger been between MTRC and KCRC in terms of HRM?

Candidate's declaration

If this declaration is not signed by the candidate the extended essay will not be assessed.

The extended essay I am submitting is my own work (apart from guidance allowed by the International Baccalaureate).

I have acknowledged each use of the words, graphics or ideas of another person, whether written, oral or visual.

I am aware that the word limit for all extended essays is 4000 words and that examiners are not required to read beyond this limit.

This is the final version of my extended essay.

Candidate's signature: ___________________________ Date: 17th Nov 08
Supervisor's report

The supervisor must complete the report below and then give the final version of the extended essay, with this cover attached, to the Diploma Programme coordinator. The supervisor must sign this report; otherwise the extended essay will not be assessed and may be returned to the school.

Name of supervisor (CAPITAL letters)

Comments

Please comment, as appropriate, on the candidate’s performance, the context in which the candidate undertook the research for the extended essay, any difficulties encountered and how these were overcome (see page 13 of the extended essay guide). The concluding interview (viva voce) may provide useful information. These comments can help the examiner award a level for criterion K (holistic judgment). Do not comment on any adverse personal circumstances that may have affected the candidate. If the amount of time spent with the candidate was zero, you must explain this, in particular how it was then possible to authenticate the essay as the candidate’s own work. You may attach an additional sheet if there is insufficient space here.

The candidate felt biggest problem was obtaining information from the staff presently working within the company. Even if they did mention particular points they couldn’t be cited within the final report. From what was discussed this significantly helped the candidates understanding of the merger process, this did however give a much broader understanding of the issue.

The candidate had a better understanding of mergers after completing the EE. When mergers were discussed in class the candidate thought they seemed quite a simple process. After studying the KCR/MTR merger her understanding of this process increases as she was aware of the significant amount of planning and consideration that took place at each stage of the merger. She had a better understanding of the role of the integration office and how critical it was to plan each stage of the merger, when how what and to whom was strictly controlled, improving her subject knowledge.

Initially on starting the candidate was concerned she wouldn’t be able to put together a reasonable report but was pleased with final outcome and felt she had learnt a significant amount.

HRM was chosen as a focus on evaluating if a merger was done well or not because the candidate had relatives (Mum and Aunt) who were directly involved and affected by this transition. She had appreciated how anxious people became during this process especially as colleagues of her relatives in the business were made redundant, left or were demoted.

This is a very positive report on this merger particularly in relation to the negative impact this had on people that she knew personally. The candidate felt initially very negatively about the merger – but on reflection once she started to look at how the process was conducted keeping talent in company high percentage of people they wanted to keep, it presented to her a differing perspective. The candidate had to look at the issue from an objective standpoint.

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SWOT analysis is only business tool used to analyze data, rather than McKinsey or PEST. Others were considered but the SWOT made consider information in more depth rather than just superficially. The candidate discussed and reflected in depth on how the merger is particularly relevant to the present economic climate and how many companies have merged and will be merging in the coming months. A competent and thorough essay.

Supervisor’s signature: ____________________________ Date: 19 Nov 08
How effective has the merger been for MTRC and KCRC in Human Resources Management (HRM)?

3 Nov. 2008

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How effective has the merger been for MTR Corporation in terms of Human Resources Management (HRM)?

I. Abstract

1. Mergers have become more and more popular as a growth strategy to strengthen and maintain an organisation’s position in a competitive market, such is the case of the merger between the Kowloon-Canton Railway Corporation (KCRC) and the MTR Corporation Limited (MTRC), hereinafter referred to as the rail merger. It is an expeditious way to expand and tap into new markets compared to organic growth. The rail merger has been selected for this study in view of its uniqueness and significance – being the single railway provider in Hong Kong, it has tremendous impact on the public transport sector and the community at large (4 million passenger trips a day out of a population of 7 million). Reasons for a merger to fail may include financial and market factors, and almost without exception Human Resource Management (HRM) issues. Any form of structural integration in a business invariably impact on all aspects of the staff at all levels. Thus, HRM plays a crucial role in the success or failure of a newly created business.

2. As in any strategic restructuring process, there are strengths and weaknesses involved in this merger. Most mergers fall short of expectations because the opportunities and threats were not addressed appropriately. A SWOT analysis serves as a tool to review various aspects of a merger, and in specific terms the rail merger, with regard to HRM issues. Evaluation focuses on the effectiveness of HRM in the rail merger and concludes that the rail merger has been quite successful as of today, although there is still room for improvement and more time is needed to assess the overall effectiveness of the merger.
II. Introduction / Rationale

3. This document assesses the effectiveness of the merger between MTR Corporation Limited (MTRC) and Kowloon-Canton Railway Corporation (KCRC) in December 2007 up to the time of writing. To define the scope, the evaluation focuses on one of the major, if not the most, important success factor for a merger or acquisition – Human Resource Management (HRM). Copious research studies confirm the need for businesses to tackle a variety of human resource issues during the merger process and also at the post-merger stage.

4. Mergers are becoming increasingly popular as a growth strategy as it is a relatively fast way to expand and tap into new markets through inorganic growth. However, the process of strategic restructuring involves uncertainty; realignment of the structure and workforce of an organization are enormous challenges to any organisation, particularly to merged companies that are set out to expand. Statistically, most mergers fall short of expectations. "Only 17 percent of more than 150 mergers and acquisitions that took place in the 1990's created substantial returns for shareholders; 20 percent produced decreased returns, 33 percent achieved only marginal returns and 30 percent resulted in substantially lower shareholder value." (Miller)

5. While some of the failures are attributable to financial and market factors - "All organizational functions, including financial management, marketing management and human resource management, have a critical bearing on ultimate organizational success." (Cronk 10) - an extensive number of them are resultant from the unsatisfactory management of human resource issues. "Studies have reported that 70 percent of mergers in the business sector fail, and that a good part of these failures are due to the ways management handles the people, emotions, and communications that surround merger." ("Integrating"). Many deprecate the prevalence of
merger failures and jump to the conclusion that mergers and acquisitions are doomed to failure. This paper attempts to demonstrate that this is not necessarily the case, particularly if HRM issues are handled effectively.

6. This report focuses on HRM as the key dimension for analysing and evaluating the effectiveness of the merger between MTRC and KCRC in December 2007, hereinafter referred to as the rail merger.

7. The rail merger is selected for this study in view of its uniqueness and significance:

(1) the merged MTR has become the single railway provider in Hong Kong, a monopolistic transport player in Hong Kong accounting for 41% of the public transport sector, impacting the livelihood of the public. "Carrying an average of 4.2 million passengers every weekday, the MTR is regarded as one of the world's leading railways for safety, reliability, customer service and cost efficiency."(MTR). Established for over 30 years, the MTRC, together with the KCRC which was founded in 1910, have jointly become the sole provider of railway services in Hong Kong, as well as one of the largest land bank owners for property development;

(2) as both businesses are owned by the Government, 76% in the case of MTRC and 100% for KCRC, influences by the Administration are visible in the decision-making and implementation of the rail merger;

(3) both MTRC and KCRC were large and lucrative corporations, employing more than 6,000 staff each and were among the exceptional few railways worldwide that make money rather than relying on government subsidies.

8. HRM is chosen for analysis, as opposed to finance or market factors, because people are the core asset of any organization. "The people who comprise an organization can be considered its most valuable asset."(Cronk 2). The importance of HRM cannot be over-emphasised in the
course of normal business, and much more so in the context of a merger where paradigm shifts are pre-requisites to success. HRM is defined as “The practices and policies an organization needs to carry out the people aspect of its mission, and to maintain effectiveness, cohesion and safety. The HR function articulates roles, relationships, boundaries, and expectations within the organization” (“The Role”). Discernibly any form of structural transition in a business impacts all aspects of the staff across all levels in the organization. Therefore HRM should be and must be given major consideration as it holds the key to the success or failure of the merger created business.

9. The rail merger is ideally illustrative of the theme that HRM is a key to success:

(1) a unique feature of the rail merger is that the legal status of the corporations – MTRC, a listed company since 2000, and KCRC, a statutory corporation since 1982 - resulted in a less-than-equal merger, rendering the merger more in the nature of MTRC acquiring KCRC. An ex-KCRC staff said that this phenomenon manifested in “MTR taking the driver seat and maintaining most of its ‘best practices’ after the merger, thereby creating inherent inequalities in staff issues” (Appendix I);

(2) diverse mixture of staff profiles for the two organizations – According to an ex-KCRC staff, “KCRC had a large number of oldtimers who resisted changes, yet during and after the rail merger they are expected to embrace the integration and change programmes to achieve the ‘One Company, One Goal’ objective; MTR’s staff, on the other hand, are more versatile but need not be subjected to as fundamental changes as their KCRC counterparts” (Appendix I);

(3) the Government’s invitation to the two railway corporations to commence discussions on the merger in February 2004 set out six clear parameters, including job protection for frontline staff, which have a significant bearing on HRM issues.
III. Approach / Methodology

10. Relevant data are collected from the two railway companies, and the findings are analysed and evaluated. Sources of secondary data include both businesses’ annual reports and published online articles on the one hand, and literature on HRM and mergers to understand the correlation between the two on the other. Primary data are obtained from interviews with current employees and former employees whose departure was a result of the merger. A SWOT analysis is conducted and a detailed evaluation undertaken to assess the effectiveness of the rail merger in terms of HRM as of today.

11. Primary research (qualitative and detailed):

   (1) Interviews with current staff (Head of Merger Integration Office & HR Executive)
   (2) Interview with staff left before the merger

12. Secondary research (quantitative and generic):

   (1) MTR Annual report
   (2) KCRC Annual Report
   (3) Online literature on MTR and KCRC
   (4) Literature on HRM in the context of mergers

IV. Focuses

13. The paper evaluates the HRM effectiveness of the rail merger with focuses described below:

   (1) Planning
   (2) Communication
   (3) Cultural Integration
   (4) Training
   (5) Structural Integration
(6) Employee Terms and conditions

(7) Union issues

V. SWOT Analysis

14. A strategic restructuring process such as a merger embeds strengths / weaknesses and presents both opportunities and threats. The needs, concerns, worries and perception of the people involved will be magnified during the restructuring for integration. This is especially true for mergers, as it involves the greatest degree of change in company structure. A SWOT analysis is used as a tool to review various aspects of a merger, and specifically the rail merger.

In keeping with the scope of this paper, discussion will focus on HRM only.

15. Strengths

15.1 Generic

(1) A merger should create synergy as staff from both companies will work together in a more rationalised structure and in a more efficient and effective manner. The pooling of resources, ideas, skills, and specialization should increase productivity. Growth opportunities arising from the merger should, at least in theory, more than offset the surplus staff resultant from synergy. Synergy is the collective of new ideas and skills and also better use of their combined resources to boost productivity level and increase profits, or simply put: 1+1=3. In order to utilise the merger synergy created, staff uniformity and unity is very important.

(2) Benetfitting from synergy (which brings improved productivity) and a larger market share (which brings better business performance), the merged company should enjoy higher earnings per share, more robust cash flow and higher value to the stakeholders. The staff should be able to share the fruit of success of the merger through sharing the
profits by way of higher salaries, better fringe benefits and greater training and development opportunities.

(3) Economies of scale will bring about delegation and functional specialization. Increased delegation of authority will not only save time and money and hence increase productivity, staff will also feel more empowered, thus amplifying morale.

15.2 The rail merger

(1) The merger has definitely benefitted from synergy. According to the Head of Merger Integration of MTR, "the synergy targets are being met" (Appendix I). As far as staff are concerned, MTR’s HR Executive understood from those who have migrated from ex-KCRC to the merged company that "the degree of empowerment and development opportunities are much better than before the merger, and we are happy about the salary adjustment this year, particularly the bonuses that we did not have in our previous company, thanks to our business performance this year." (Appendix I)

16. Weaknesses

16.1 Generic

(1) In the unstable environment of a strategic restructuring process, managing employee relations is inevitably more difficult due to the nature and magnitude of changes involved. Good employment relationships are based on trust, but suspicion can quickly replace trust in times involving fundamental changes in an organizational such as a merger. What may contribute to the lack of trust between the staff and management are perceived job insecurity, cultural disintegration, mismatch in job placement, manipulating unions, lack of communication and consultation and so forth.

(2) A merger leads to a bigger organisation and may bring about problems of diseconomies of scale such as managerial or communication problems or increased bureaucracy.
Horizontal integration may also lead to duplication of jobs and high staff turnover.

16.2 The rail merger

Apart from the aforesaid generic weaknesses, there are further weaknesses unique to the rail merger which are described below.

(1) Since both rail companies are owned by the Government (wholly or partially) where taxpayers' money is involved, and that the merged railway business will account for over 40% of the public transport sector of Hong Kong thus impacting the people's livelihood, the merger process has to be relatively transparent and attracts much limelight. Politicians and the media assumed a self-appointed monitoring role in all aspects of the merger, including HRM issues. This has invited staff and union representatives to leverage on their bargaining chips for better employment terms and conditions. In the light of this, according to MTR's HR executive, "carefully crafted communication and consultation plans were in place to avoid any misunderstanding or negative sentiments from the staff or the Unions". (Appendix I)

(2) As the merger is perceived to be not an equal merger between the two railway companies, with MTRC being more equal than KCRC, the staff of the latter had strong suspicion that the merger would not be implemented in a fair and equitable manner, notably during the processes of organisation integration and staff selection. An ex-KCRC staff who left before the merger said, "I would not like to take any chances at interviews tailored for MTRC staff where only one candidate will be picked. I’d rather opt out and leave graciously – at least I get pretty good compensation from the Voluntary Separation Scheme". (Appendix I)
(3) The merged MTR, being a monopolistic player in the railway industry, may become complacent and unchecked over time in the way it manages its business, including HRM issues. Consequently the staff may suffer.

17. **Opportunities**

17.1 Generic

(1) Many mergers fail to turn the strengths of both businesses into opportunities because people issues are not addressed effectively. By default, a merged company is set out to expand, and expansion should bring more opportunities to the staff in terms of job security, training and development, and most importantly job mobility (both lateral and upwards).

17.2 The rail merger

According to the merged MTR’s HR Executive, “staff of the merged company should have even better career paths under the ‘One company one team’ vision because the corporation is expanding faster in the local arena as well as the Mainland and international markets, equipped with increased resources, manpower and expertise”. (Appendix I)

(2) For ex-KCRC staff, they are now given the opportunity to diversify their portfolios as MTRC had projects and other developments in Mainland China and Europe as well as more property and new railway line projects in the pipeline.

(3) MTRC is a public company which trades on the Hong Kong stock market. Share prices went up after the merger because the business had become more lucrative (although now eroded by the financial tsunami since September 2008). By cutting costs and making fares more competitive through the merger, the MTRC is able to remain competitive in the transportation sector.
18. **Threats**

18.1 **Generic**

(1) Staff members usually consider a merger or an acquisition a threat to their job security, thus harbouring feelings of uncertainty and fear. Staff unions may capitalise on staff anxieties, insecurities and grievances to increase their negotiating power with management, for instance they may seek guarantees on matters like terms and conditions and job security lest they take their demands to the street, to politicians or even stage strikes.

(2) Ultimately if the merger fails to perform as expected and is not reaping the anticipated benefits, a de-merger may have to take place. All the efforts that go into the merger - money, months of planning, organizing, and training - would be in vain.

18.2 **The rail merger**

(1) While staff anxieties, fears and perceived negative are expected, the threat is not considered daunting because at the Government's invitation to commence merger discussions in February 2004, an assurance was given to the frontline staff which accounted for 80% of the entire workforce of the two railway corporations, that their jobs would be protected.

(2) The threat by unions to sabotage the merger deal or to create dramatic moves was considered unlikely in the case of the rail merger and in reality did not take place.

A few reasons – first, the unions’ objectives are to get the best deal for the staff rather than to destroy the merger; second, traditionally the railway unions are rational and open to communication with management; thirdly, taking the matter to the street or getting too close to politicians who tend to delay the progress of the merger will not win them
bargaining chips from either management or the public because the merger has been widely accepted as a good thing for the travelling public.

(3) The risk of the merger failing and a de-merger having to take place is minimal as the Government is throwing its weight behind the success of the merger [Paragraph 7 (2) refers].

VI. Evaluation

19. Zooming in on the rail merger, the following evaluation demonstrates to what extent HRM factors have been addressed and its bearing on the success of the merger up to this point in time, keeping the focuses on those described in paragraph 13 above.

20. Planning. Meticulous planning of a merger is crucial for its success, and it has been done well in the case of the rail merger. The key stakeholders of the two railway businesses were informed about the benefits of the merger with a clear rationale. This was done in a well-thought-out manner, through a newly set up Merger Integration Office (MIO), to gain the support of all stakeholders for the merger that was to take place. According to the Head of MIO, this office “was formed by 30 MTRC and KCRC middle to senior managers to plan and manage the integration process, involving 11 taskforces and over 300 members”. (Appendix I)

21. Communication. Communication turned out to be a success in the run-up to the merger as the communication programs have proven to be well-timed and well orchestrated, giving positive and assuring messages at different stages of the pre-merger process. Perception was a key factor in this amalgamation - be it perception of the public or of the staff. Being aware of these perceptions of stakeholders, the MIO could act accordingly. To manage these perceptions, release of information concerning the merger was strategically selected so they feel informed and respected. As regards communication channels, the established mechanisms of the two organizations were made best use of, in addition to designated merger-related communication
means including briefing sessions, dedicated hotline and email accounts, the appointment of departmental communicators and so forth. Staff members were encouraged to communicate with their department heads on any queries or views regarding the merger.

22. **Cultural Integration.** Cultural integration workshops were held to enable staff of both organisations to be involved during the integration process. The involvement of staff fostered a sense of ownership, as if they had a part to play in bringing about the changes that would take place. An MTR’s HR Executive stated that “there were over 99 Cultural Integration Workshops for over 12,000 staff to get acquainted with each other and with three main themes: ‘Embracing Change as Opportunity’, ‘One Company, One Team’ and ‘Taking Care of Our Customers’.” (Appendix I)

23. **Training.** Training workshops were held to equip staff with the knowledge and ability for the lengthy and thorough progression of the merger. The Head of MIO said that “there were over 17000 man-hours of training for staff to familiarise with the new procedures which resulted from the alignment of over 500 procedures to ensure a smooth transition in operations. Staff training such as ‘Social (networking), Technological (specialized IT applications), Managerial (manage change)’ provided staff with a wide range of skills that would facilitate them in dealing with the changes taking place brought on by the merger.” (Appendix I). The extensive training provided by the organization in preparation for the merger equipped the staff with the relevant skills to deal with the integration process. Technological and managerial skills will also make them more competitive than staff recruited externally.

24. **Structural Integration.** Horizontal integration would result in synergy (which is good news to management) and also job duplication (which is bad news to the staff). A problem with the rail merger was the “perceived” excess supply of manpower due to job duplication. Since the two organisations operated in the same industry and were similar in nature and operation, their
employees worried about being made redundant due to over-lapping positions. But in reality, the number of staff made redundant was surprising nil after the merger. "With network expansion and other business growth, staff vacancies to be made available after the merger are expected to exceed 1,300 in the first three years, which almost doubles the estimated 650 to 700 positions to be synergized" said the Head of MIO (Appendix I). Job mapping and selection did generate some grievances from ex-KCRC staff on the grounds that "there was lack of fairness and equality in the mapping of jobs and the selection process, slanting to the advantage of ex-MTRC staff", according to an ex-KCRC staff who left before the merger (Appendix I). That said, such disgruntled ex-KCRC staff did not make trouble with the merger, rather, most of them opted for the Voluntary Separation Scheme (VSS) which would compensate departing staff for up to 20 months of their basic salary based on their years of service, which is considered to be on the generous side.

25. Employment terms and conditions. Upon the announcement of the confidential Memorandum of Understanding between the MTR and Government in April 2006 (MTR 2), there were many speculations amongst worried staff with respect to keeping their jobs or employment conditions being altered. If management had not acknowledged the sentiments of the majority of staff and painted a clear picture of their future, then the likelihood of the merger becoming successful would be seriously undermined. Since the pay structures and terms and conditions of the two railway corporations were different prior to the merger, aligning them was a thorny issue. But apparently MTR has done a good job in this regard. An HR executive of MTR stated "at the completion of the merger process, staff were employed by the merged company on their existing terms and conditions. Conversion was implemented after the merger, crafted by an independent consultant and following staff consultation. The merged company has
managed to ensure that the new terms and conditions are competitive in the market and do not differ significantly from the existing terms.” (Appendix I)

26. Union issues. According to Head of MIO, “managements of the two companies had, since April 2006, met with the five unions of MTRC and KCRC. A formal consultative mechanism was also set up for the purpose of the merger and met for the first time in end June 2006. The consultative meetings with the five unions were held regularly for management to update union representatives of the progress and to consult them on matters concerning the staff” (Appendix I). It is believed that the unions did not react strongly and adversely during the merger progress because one of the six parameters embedded in the railway merger announcement gave assurance of 100% job protection to the frontline staff, although the definition of frontline staff was not made known until much later in 2006. Non-frontline staff, on the other hand, were offered the Voluntary Separation Scheme (VSS), details of which were announced in 2007 and the package considered generous.

VII. Conclusion

27. While the success of a merger cannot be solely based on HRM factors, and that HRM effectiveness needs time to prove, prima facie evidence shows that the rail merger between MTRC and KCRC merger which took place on 2 December 2007 has been rather successful up to the time of writing, albeit there remains areas for improvement in the areas of cultural integration and sense of ownership on the part of ex-KCRC staff.

28. To fully evaluate the success of the merger, other areas of the business will have to be analyzed as well. Also, success cannot be seen in such a short term. In order to really see if the merger was successful, analysis should be done one year after the merger, then five and maybe ten to see how the business has progressed.
Works Cited


Appendix I

Interview between Kathy Kok (KK) and MTR’s Head of MIO, William Leung (WL)

dated 18 Aug. 2008

KK: Can you tell me about this Merger Integration Office (MIO)?

WL: It was formed by 30 MTRC and KCRC middle to senior managers to plan and manage the integration process, involving 11 taskforces and over 300 members.

KK: Can you tell me some of the achievements of the MIO?

WL: We are proud to say that the synergy targets are being met.

KK: What has the MIO done to make the staff more ready for the merger?

WL: There were over 99 Cultural Integration Workshops for over 12,000 staff to get acquainted with each other and with three main themes: ‘Embracing Change as Opportunity’, ‘One Company, One Team’ and ‘Taking Care of Our Customers. And there were over 17000 man-hours of training for staff to familiarise with the new procedures which resulted from the alignment of over 500 procedures to ensure a smooth transition in operations. Staff training such as ‘Social (networking), Technological (specialized IT applications), Managerial (manage change)’ provided staff with a wide range of skills that would facilitate them in dealing with the changes taking place brought on by the merger.

KK: Do you think the staff have reasons to worry about their job security?

WL: Not really. With network expansion and other business growth, staff vacancies to be made available after the merger are expected to exceed 1,300 in the first three years, which almost doubles the estimated 650 to 700 positions to be synergized.
KK: Finally, what has been done to ease the reactions of the unions?

WL: Managements of the two companies had, since April 2006, met with the five unions of MTRC and KCRC. A formal consultative mechanism was also set up for the purpose of the merger and met for the first time in end June 2006. The consultative meetings with the five unions were held regularly for management to update union representatives of the progress and to consult them on matters concerning the staff.

II Interview between Kathy Kok (KK) and an MTR’s HR Executive, Katy Lam (KL) dated 18 Aug. 2008

KK: What has been done to assure the staff and the Unions that the merger is good for them?

KL: A carefully crafted communication and consultation plans were in place to avoid any misunderstanding or negative sentiments from the staff or the Unions.

KK: Have you heard any feedback from the staff regarding the merger?

KL: The good news is that I have heard from some ex-KCRC staff that the degree of empowerment and development opportunities are much better than before the merger, and they told me that “we are happy about the salary adjustment this year, particularly the bonuses that we did not have in our previous company, thanks to our business performance this year.”

KK: How are the staff affected with regard to their employment terms and conditions?

KL: At the completion of the merger process, staff were employed by the merged company on their existing terms and conditions. Conversion was implemented after the merger, crafted by an independent consultant and following staff consultation. The merged company has managed to ensure that the new terms and conditions are competitive in the market and do not differ significantly from the existing terms.”
KK: What long term benefits do you expect the merger would have on the staff?

KL: *Staff of the merged company should have even better career paths under the “One company one team” vision because the corporation is expanding faster in the local arena as well as the Mainland and international markets, equipped with increased resources, manpower and expertise.***

III. Interview between Kathy Kok (KK) and an ex-KCRC staff, Raymond Chow (RC)

dated 19 Aug. 2008

KK: Why did you decide to leave KCRC before the merger?

RC: *I do not like the fact that MTR is taking the driver seat and maintaining most of its “best practices” after the merger, thereby creating inherent inequalities in staff issues. Besides, I would not like to take any chances at interviews tailored for MTRC staff where only one candidate will be picked. I’d rather opt out and leave gracefully – at least I get pretty good compensation from the Voluntary Separation Scheme”.*

KK: What do you see as the greatest difficulty in the merger process?

RC: *KCRC had a large number of oldtimers who resisted changes, yet during and after the rail merger they are expected to embrace the integration and change programmes to achieve the “One Company, One Goal” objective; MTR’s staff, on the other hand, are more versatile but need not be subjected to as fundamental changes as their KCRC counterparts.*

KK: What do you see as being dealt with unsatisfactorily during the merger?

RC: *There was lack of fairness and equality in the mapping of jobs and the selection process, slanting to the advantage of ex-MTRC staff.*
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Total out of 36: 29

- **First Examiner**: C19287
- **Second Examiner**: C19287

**Name of first examiner**: (CAPITAL letters)

**Examiner number**: __________

**Name of second examiner**: (CAPITAL letters)

**Examiner number**: __________