

Employee Trust after the Merger and Acquisition of TOT and CAT into the National Telecom Public Company Limited

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Abstract

The Telephone Organisation of Thailand (TOT) and the CAT Telecom Public Company Limited (CAT) were two of Thailand's largest state enterprises in telecommunication. However, since there has been much competition among telecom businesses in Thailand during the past decade, the two operators were likely to incur significant losses. Hence, in January 2020, the Thai government accepted the merger of CAT and TOT to become the National Telecom Public Company Limited (NT). The merger of TOT and CAT into NT has been effective, as evidenced by a large net profit in 2021. Nevertheless, the trust of employees after the merger remains a problem. This study aims to 1) examine the levels of agreement related to the perception of the visions, missions, and core values of the organisation and 2) examine employee trust after TOT and CAT merged to form an NT. This quantitative study employed convenience sampling to collect the data from 480 NT employees. The data were analysed using MANOVA. The results show that the perception regarding NT delivering inclusive communications

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services and promoting a sustainable digital economy and society showed the highest mean. The perception related to NT enhancing the nation's communication and digital strength and stability is the second highest mean. The perception of NT as a flexible, adaptable, and detached organisation has the lowest mean. Only the employee's former organisation prior to the merger affects the level of employee trust after the merger of TOT and CAT into the NT. It is recommended that regulators evaluate the pattern of employees' past affiliation culture before a merger. If they adapt their behaviour, employees from disparate departments may be able to integrate and operate together.

Keywords: Employee Trust, Merger and Acquisition, State Enterprise, Telecommunications

1. Introduction

The world is evolving due to new, cutting-edge technologies (Limna & Kraiwanit, 2022). Since technology and communication around the world have developed and changed sharply, the Thai government is concerned about this issue and has tried to develop country standards to be comparable to worldwide standards (Limna et al., 2022). One major tool is Thailand's strategic plan 2008-2011 (Charoen, 2012). The Ministry of Information and Communication Technology (MICT) was established in 2002. It is the major organisation for developing and integrating information technology and communication systems in Thailand so that they will be efficient and effective in every aspect of Thai society. The Telecommunications Business Act of 2001 laid the basis for deregulating the Thai telecommunication sector. The Thai government is worried about matters related to global technology and communication that have expanded and shifted rapidly. Therefore, Thailand has attempted to create national standards that are equivalent to the global ones. One important instrument is Thailand's strategic

plan for 2008–2011 (Charoen, 2012). Established in 2002, the Ministry of Information and Communication Technology (MICT) is the primary body responsible for developing and integrating information technology and communication systems in Thailand so that they are efficient and effective in every aspect of Thai society. The Telecommunications Business Act of 2001 established the groundwork for the deregulation of Thailand’s telecommunications industry. Consequently, Thailand’s liberalisation of telecommunication services began in 2004 after the National Telecommunications Commission (NTC) (currently the Broadcasting Commission National Television and Telecommunications Commission: NBTC) was established as the independent state broadcasting and telecommunications regulator (International Telecommunication Union, 2022). This permits the private sector to engage through state enterprise build-transfer-operate (BTO) concessions. In accordance with this framework, concession holders construct a network infrastructure that is then handed to governmental authorities. Throughout the duration of the concession, the operators enjoy exclusive use of the assets. The state agencies participate in the revenues. The Act stipulates that ultimately the concession-based system will be replaced with one based on licences issued by the NTC.

Although the MICT is the Thai government agency responsible for technology and communication networks, it does not operate telecommunication services. Instead of issuing concession contracts to commercial operators, CAT Telecom and TOT, two of Thailand’s largest state-owned companies, assist the Ministry of Information and Communications Technology (MICT) in providing telecommunications services in Thailand (Charoen, 2012). TOT Public Company Limited, formerly known as the Telephone Organization of Thailand (TOT) was established in 1954. It is the first state-owned firm in this area in Thailand. It supplies the infrastructure for landline phones in Thailand. It has awarded concessions to the True Corporation Public Company Ltd (founded in 1990 as Telecom Asia), which provides fixed lines in the Bangkok metro-

politan region, and to the Thai Telephone and Telecommunication Company (TT&T), which provides lines in other areas. CAT Telecom Public Company Limited, formerly known as the Communications Authority of Thailand (CAT), is another main state enterprise in Thailand. It owns Thailand's international communications infrastructure, including two satellite Earth stations and five undersea cables that connect Thailand to Europe, the Middle East, Malaysia, Singapore, Indonesia, Hong Kong (China), the Philippines, Taiwan (China), the Republic of Korea, and Japan (International Telecommunication Union, 2022). The Thai telecoms sector has been tremendously competitive during the past decade. Since the two operators had a small share of the customer base and derived the majority of their revenue through concession agreements with other domestic telecommunications, their revenues were much lower than their expenses (Sorrentino et al., 2020). As a result, CAT and TOT may incur significant losses or even cease operations (ibusiness, 2022). Therefore, the Thai government accepted the merger of CAT Telecom and TOT to become the National Telecom Public Company Limited (NT) in January 2020 (Sorrentino et al., 2020). Once the merger has been put into effect successfully, NT will have a fully integrated infrastructure. NT will develop into a national telecommunications organisation with service potential, particularly for 5G and satellite delivery of digital services in the public health, agricultural, and transportation sectors. In order to reduce unnecessary investments and introduce services to the social sector with effectiveness, NT will be a collector of big data over auctionable 5G. One of NT's missions is to maximise the use of telecommunications and digital infrastructure. Another is to strengthen the country's communication and digital infrastructure. A third goal is to provide comprehensive communication services and sustainably advance the digital economy and society. A fourth goal is to influence government policy and business by generating sustainable profits in competitive industries (National Telecom Public Company Limited,

n.d.). This merger is expected to reduce government investment redundancy and increase operational efficiency. NT is an agency that supports government policies in establishing digital infrastructure and national security, as well as universal and equal social services. NT preserves its position as a state enterprise under the Ministry of Digital Economy and Society, although the Ministry of Finance holds all of its shares (ibusiness, 2022). According to NT's revenue following the merger, this merger seems to have been successful with a net profit of 3,142 million baht, with annual revenue of 98,254 million baht in one year (Manager Online, 2022).

Trust is a social construct that is essential to relationships and contracts and affects how each party behaves toward the other. In relationships and contracts, trust plays a key role as a social construct that affects how each party behaves toward the other. Trust is essential in social interactions, such as those between employees and employers, and it is regarded to be a key factor in whether an organisation succeeds or fails. For instance, when workers feel trusted, their social interactions are improved and they are more willing to take a chance for the organisation without worrying about being exploited. Another definition of trust is the “lubricant” that keeps organisations running smoothly (Chang et al., 2016). Because organisations must rely on their employees' cooperation and goodwill during times of crisis, Tyler (2003) emphasises the significance of employee trust.

Employee trust is critical. Hence, the trust of employees following the merger is another factor to consider. Even though a merger conducts the same business, is in the same industry, and is a state-owned corporation, there are distinctions in organisational structure, organisational behaviour in management, corporate culture, and personnel numbers. Recognizing these distinctions amongst employees is essential for the board administrator, who must interact with the staff in order to foster trust and understanding inside the

organisation. Therefore, workers might sense motivation to work, which has long-term advantages for the organisation, community, and nation.

2. Objectives

1. To examine the levels of agreement related to the perception of the visions, missions, and core values of the organisation
2. To examine employee trust after TOT and CAT merged to form NT

3. Scope of Study

The scope of this study is divided into two parts:

3.1 Content

Independent variables are demographic factors (gender, age, career, former department prior to the merger, monthly income, education, and years of experience), while the dependent variables are the levels of employee trust after the merger of TOT and CAT into the NT.

3.2 Population

The population is the full-time employees of NT. In this study, the sample consists of 480 corporate employees.

4. Methodology

4.1 Data Collection

The researchers utilised self-administered online questionnaires and recruited participants through convenience sampling. Before distributing online questionnaires, it was critical to inform respondents of the study's objectives and solicit their participation. In this study, a total of 480 employees were selected using convenience sampling. The data was gathered via a Google Forms-created online survey, which was disseminated over several internet platforms, including Facebook and Line.

4.2 Study Tool Creation and Validation

To define the scope of a survey, relevant documents and studies were reviewed. The survey was divided into small sections and the questions in these sections had to be in accordance with the hypotheses, objectives, and conceptual framework for the research. A supervisor then reviewed the draft of the survey to ensure that it was appropriate and accurate. To evaluate the reliability of the survey, the revised survey was then conducted on 30 individuals with comparable characteristics to the research samples, but who are not samples. This step ensures that the survey addressed all research subjects and used clear language. The Cronbach's Alpha Coefficient for the rating scale questions was determined, and its value was 0.962 (Cronbach, 1990), suggesting that this survey is suitable for data collection.

4.3 Data Analysis

The data were analysed by the multivariate analysis of variance (MANOVA). The population was the full-time employees of NT. Independent variables are demographic factors (gender, age, career, former department prior to the merger, monthly income, education, and years of experience), while the dependent variable is the level of employee trust after the merger of TOT and CAT into NT.

4. Results

Table 1 The levels of agreement related to the perception of the visions, missions, and core values of NT

Perception of the visions, missions, and core values of NT	\bar{x}	SD
NT is a major organisation pushing and enhancing digital communication for the nation's corporate sustainability.	3.5396	0.96196
NT improves the utilisation of telecom and digital infrastructure to maximise benefits and reduce unnecessary investments	3.5271	1.01517
NT enhances the nation's communication and digital strength and stability.	3.5583	0.99515
NT delivers inclusive communications services and promotes a sustainable digital economy and society.	3.6250	1.01399
NT drives government and business policy by generating sustained profits in competitive enterprises	3.4396	1.07956
NT is an organisation driven by innovation.	3.3292	1.05782
NT is a flexible, adaptive, and unattached organisation.	3.0292	1.13916
NT is an organisation with tremendous momentum. It is broad-minded and pushing ahead.	3.1646	1.09468
NT is an organisation that promotes a nation-oriented concept and generates value for the nation.	3.5125	1.05775
NT is a trustworthy, reputable, and dependable corporation.	3.4979	1.06176

According to Table 1, the perception regarding NT delivering inclusive communications services and promoting a sustainable digital economy and society shows the highest mean ($\bar{x} = 3.6250$), while the perception related to NT enhancing the nation's communication and digital strength and stability is the second highest mean ($\bar{x} = 3.5583$). The perception about NT being a flexible, adaptive, and unattached organisation shows the lowest mean ($\bar{x} = 3.0292$).

Table 2 The levels of employee trust after TOT and CAT merged to form NT

Employee trust	\bar{x}	SD
The merger increases overall productivity.	2.8625	1.12564
After the merger, operating guidelines are more explicit.	2.5625	1.02385
It is anticipated that earnings would increase after the merger.	3.0521	1.19995
Employees have confidence in the administration board's ability to direct the organisation toward sustainable growth.	2.6312	1.08869
Employees have confidence in the fairness and transparency of the wages and other employee benefits, such as bonuses.	2.5250	1.12078

Table 2 illustrates the levels of employee trust after TOT and CAT merged to form NT. The findings show that anticipating that earnings would increase after the merger shows the highest mean ($\bar{x} = 3.0521$), followed by the merger increasing overall productivity ($\bar{x} = 2.8625$), employees' confidence in the fairness and transparency of wages and other employee benefits reveals the lowest mean ($\bar{x} = 2.5250$).

Table 3 Correlations of the levels of employee trust after the merger of TOT and CAT into NT

		The levels of agreement related to the perception of the visions, missions, and core values of NT	The levels of employee trust after merging
The levels of agreement related to the perception of the visions, missions, and core values of NT	Pearson Correlation	1	.628(**)
	Sig. (2-tailed)		.000
	N	480	480
The levels of employee trust after merging	Pearson Correlation	.628(**)	1
	Sig. (2-tailed)	.000	
	N	480	480

* p = 0.01

According to Table 3, the correlation between the levels of agreement related to the perception of the visions, missions, and core values of NT and the levels of employee trust after the merger is positive at a significance level of 0.01 for every variable. This is in accordance with MANOVA assumptions.

Table 4 Box's test of equality of covariance matricesa

Box's M	224.616
F	1.084
Df1	162
Df2	6606.310
Sig.	.224

a. covariance matrices of independent variables, intercept + demographic factors

The Box test in Table 4 is used to test whether the values of observed covariance matrices of dependent variables are similar in every group. The results show that there are no differences of covariance between groups of independent variables at the significance level of 0.01. This indicates that MANOVA can be run for data analysis.

Table 5 Multivariate Testa

Effect		Value	F	Hypothesis df	Error df	Sig.
Intercept	Pillai's Trace	.778	605.513b	2.000	346.000	.000
	Wilks' Lambda	.222	605.513b	2.000	346.000	.000
	Hotelling's Trace	3.500	605.513b	2.000	346.000	.000
	Roy's Largest Root	3.500	605.513b	2.000	346.000	.000
Gender	Pillai's Trace	.001	.184b	2.000	346.000	.832
	Wilks' Lambda	.999	.184b	2.000	346.000	.832
	Hotelling's Trace	.001	.184b	2.000	346.000	.832
	Roy's Largest Root	.001	.184b	2.000	346.000	.832
Age	Pillai's Trace	.024	2.084	4.000	694.000	.081
	Wilks' Lambda	.976	2.084b	4.000	692.000	.081
	Hotelling's Trace	.024	2.084	4.000	690.000	.081
	Roy's Largest Root	.020	3.551c	2.000	347.000	.030
Former organisation prior to the merger	Pillai's Trace	.149	30.241b	2.000	346.000	.000
	Wilks' Lambda	.851	30.241b	2.000	346.000	.000
	Hotelling's Trace	.175	30.241b	2.000	346.000	.000
	Roy's Largest Root	.175	30.241b	2.000	346.000	.000
Monthly income	Pillai's Trace	.030	1.790	6.000	694.000	.098
	Wilks' Lambda	.970	1.785b	6.000	692.000	.099
	Hotelling's Trace	.031	1.781	6.000	690.000	.100
	Roy's Largest Root	.018	2.103c	3.000	347.000	.100
Education	Pillai's Trace	.005	.304	6.000	694.000	.935
	Wilks' Lambda	.995	.303b	6.000	692.000	.935
	Hotelling's Trace	.005	.302	6.000	690.000	.936
	Roy's Largest Root	.004	.513c	3.000	347.000	.673
Years' experience	Pillai's Trace	.022	1.285	6.000	694.000	.262
	Wilks' Lambda	.978	1.282b	6.000	692.000	.263
	Hotelling's Trace	.022	1.280	6.000	690.000	.264
	Roy's Largest Root	.016	1.843c	3.000	347.000	.139

a. Design: Intercept + Gender + Age + Former organisation prior to the merger + Monthly income + Education + Years' experience

b. Extract statistic

c. The statistic is an upper bound on F that yields a lower bound on the significance level

d. Computed using alpha = .05

According to Table 5, the employee's former department prior to the merger influences the levels of employee trust after merging, at a significant level of .05, as evident by Pillai's Trace. Moreover, Wilks' Lambda, Hotelling's Trace, and Roy's Largest Root also show similar results at a significant level of .05.

Table 6 Tests of between-subjects effects

Source/ Independent	Dependent Variable	Type III Sum of Squares	ds	Mean Square	F	Sig.
Corrected Model	Levels of perception	147.987a	132	1.121	1.467	.003
	Levels of trust	198.478b	132	1.504	1.917	.000
Intercept	Levels of perception	863.364	1	863.364	1129.901	.000
	Levels of trust	583.640	1	583.640	744.183	.000
Gender	Levels of perception	.001	1	.001	.002	.966
	Levels of trust	.169	1	.169	.215	.643
Age	Levels of perception	1.794	2	.897	1.174	.310
	Levels of trust	2.041	2	1.020	1.301	.274
Former organisa- tion prior to the merger	Levels of perception	19.473	1	19.473	25.485	.000
	Levels of trust	47.316	1	47.316	60.332	.000
Monthly income	Levels of perception	3.571	3	1.190	1.558	.199
	Levels of trust	4.845	3	1.615	2.059	.105
Education	Levels of perception	.226	3	.075	.099	.961
	Levels of trust	.776	3	.259	.330	.804
Years' experience	Levels of perception	3.160	3	1.053	1.379	.249
	Levels of trust	4.193	3	1.398	1.782	.150

a. R-squared = .358 (Adjusted r-squared = .114)

b. R-squared = .422 (Adjusted r-squared = .202)

According to Table 6, the former organisation prior to the merger affects the levels of employee trust after the merger of TOT and CAT into NT, with an R-squared of .422 or 42.2%.

5. Discussion and Conclusion

According to the findings, the perception regarding NT delivering inclusive communications services and promoting a sustainable digital economy and society showed the highest mean. The perception related to NT enhancing the nation's communication and digital strength and stability is the second highest mean. The perception of NT as a flexible, adaptable, and detached organisation has the lowest mean. Moreover, the employee's former organisation prior to the merger can significantly explain the level of employee trust after the merger of TOT and CAT into NT. The results are in line with the studies by Konkaew (2017) and Hongsuwan (2017). Konkaew (2017) explored the merger of Bangkok Expressway Public Company Limited (BECL) and Bangkok Metro Public Company Limited (BMCL). The results indicate that mergers and acquisitions increase the value of the new firm and offer it financial power. They also improve the company's image, which might create more prospects for business expansion. Consequently, there are more possibilities for stockholders to earn dividends. However, the corporation must also face more risks. According to Hongsuwan (2017), a case study of the merger between Thanachart Bank and Siam City Bank reveals that after the merger, there are decentralised management powers that prioritise the success of the organisation and society, and there are no gender restrictions on the placement of employees within the organisation. The united organisation focuses on realistic, situation-appropriate work and building a contemporary corporate image.

6. Recommendations

The following recommendations were created based on the study's findings:

1. Policy recommendations – The employee's former organisation before the merger influences the level of employee trust following the merger. As there are distinct working methods, thinking patterns, and practices, this may prompt policymakers to take into account the pattern of the former affiliation culture of employees prior to the merger. Employees from various divisions may be able to integrate and work together if they change their behaviour.

2. Academic recommendations – This research did not examine the consequences of mergers and acquisitions on the nation's industry and economy. Consequently, future studies may need to take this problem into consideration. Moreover, the nature of this study is a self-administered questionnaire. Thus, qualitative studies, such as interviews, could give insight results for further study.

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