

UNIVERSITY OF KWAZULU-NATAL

**The impact of company acquisition and rebranding on the
workforce in a Kwazulu-Natal manufacturing plant, SA**

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**A dissertation submitted in partial fulfilment of the requirements for the degree
of
Master of Business Administration**

**College of Law and Management Studies
Graduate School of Business and Leadership**

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Thank you God and Guruji for giving me strength, resilience and the ability to do this. I am truly grateful and humbled for all that You have blessed me with and for the gifts You have given me.

I would like to dedicate this to my family, without whom, all this would be meaningless.

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“Om Lokah Samastah Sukhino Bhavantu - May all beings everywhere be happy and free, and may the thoughts, words, and actions of my own life contribute in some way to that happiness and to that freedom for all.”

ABSTRACT

Problem Acquisitions, mergers and the eventual rebranding of companies has become a common practice in the business world today. The motivation for this practice ranges from business diversification, to strategic growth, to the elimination of competitors. The reasons for the process vary, but the effect on the workforce is largely the same. Pre, during and post-merger, employees tend to feel high levels of anxiety, stress, distrust and alienation. These negative effects on the workforce result in huge losses in employee productivity, company output and even the loss of key personnel.

Purpose This research study focused on a recent acquisition, merger and rebranding that occurred at a manufacturing plant in KwaZulu Natal, South Africa. It was noted that staff experienced the typical emotions associated with the process. An objective of the study was to determine the factors that motivated and excited staff the most about the merger. The second objective was to determine what factors demotivated and concerned staff the most. Thirdly, it was investigated whether lower salary earners were more or less resistant to the changes than higher salary earners. The fourth objective of this research was to determine how the acquisition and merger process can be improved from the perspective of the workforce.

Design and Methodology Staff at the plant were surveyed using a structured questionnaire. The research instrument consisted of quantitative type questions that staff answered on a Likert Scale, and a qualitative type question where staff could input their feelings, views and opinions. The data retrieved was analysed in great detail and provided significant insight into the mind-sets of staff during the process. Data was described descriptively and inferentially and has been tied to relevant literature and current statistical data.

Findings The factor that caused the greatest motivation and excitement among staff was the possibility of increased job security after the acquisition, merger and rebranding. The greatest level of demotivation and concern/worry was caused by potentially reduced job security after the process. It was found that in terms of motivation and excitement levels, there was no significant difference in attitude between lower earners and higher earning staff. It was qualitatively found that an improved benefit scheme would have most greatly improved the overall experience of staff.

Conclusions and Value This study investigated the effect that an acquisition, merger and rebranding has on a workforce. The study found that to optimize motivation and excitement levels, it is recommended that management open communication lines and engage in collaborative decision making with staff. To minimize demotivation and concern/worry, providing clarity surrounding the job security of staff members should be a priority. To improve the process, it was found that the inclusion of a benefit scheme, specifically a retirement benefit had the greatest effect. The findings from this study provided insight into what can be done to improve the acquisition, merger and rebranding process. Application of the recommendations may increase the success rates of mergers and make the process far more efficient as staff will be more motivated and positive towards it.

TABLE OF CONTENTS

Declaration	ii
Supervisor’s Permission to Submit for Examination	iii
Acknowledgments	iv
Abstract	v
Table of Contents	vi
List of Figures	xii
List of Tables.....	xiii
CHAPTER ONE	1
Overview of the Study	1
1.1 Introduction	1
1.2 Context of the Study.....	1
1.3 Motivation for the Study	2
1.4 Focus of the study	3
1.5 The Problem Statement	4
1.5.1 Main problem	4
1.5.2 Sub-problems/Research Questions.....	4
1.6 Research Objectives	4
1.7 Research Methodology.....	5
1.8 Limitations of the Study	6
1.9 Chapter Outline	6
1.10 Summary	7
CHAPTER TWO	8
Literature Review	8
2.1 Introduction	8

2.2	Defining Company Acquisitions and Rebranding.....	9
2.3	Living Standard Measures (LSM) in South Africa	9
2.4	Generic Needs of LSM Levels related to Maslow’s Hierarchy of Needs	15
2.5	Intrinsic emotions associated with the acquisition and rebranding process	17
2.5.1	Ambiguity and uncertainty in the new work environment	18
2.5.2	Employees feeling anxious or alienated from the organisation.....	19
2.5.3	Employees feeling threatened by new colleagues and culture	19
2.5.4	Disapproval and resentment of the decision to merge and be rebranded	20
2.5.5	Distress associated with changes in physical environment	20
2.6	Elements that minimize uncertainty during acquisition and rebranding	21
2.6.1	Clear communication before, during and after the merger.....	22
2.6.2	Preparation of employees about the changes that are occurring	23
2.6.3	Motivation and employee engagement throughout the process	25
2.6.4	Training of employees in the new company policies and procedures	26
2.7	Kurt Lewin’s Change Management Theory as a tool for managing mergers	27
2.8	Summary and Conclusions.....	29
CHAPTER THREE.....		31
Research Design and Methodology.....		31
3.1	Introduction	31
3.2	Objectives of the Study	32
3.2.1	Hypotheses	32
3.3	Different Approaches to Research	32
3.3.1	Quantitative Research.....	32
3.3.2	Qualitative Research.....	34
3.4	Research Methodology and Paradigm.....	35
3.5	Participants and Location of the Study.....	36
3.6	Sampling.....	36

3.6.1	Population and Sample Size.....	37
3.6.2	The Sampling Technique and Process.....	38
3.7	Research Design and Methods	39
3.7.1	Description and Purpose.....	39
3.7.2	The Research Instrument.....	40
3.7.2.1	The Questionnaire	40
3.7.2.2	Design of the Questionnaire	41
3.7.2.3	Data Collection Technique	42
3.7.3	Pilot Study	43
3.7.3.1	Validity.....	43
3.7.3.2	Reliability	44
3.8	Analysis of Data.....	44
3.9	Summary and Conclusions.....	45
CHAPTER FOUR.....		46
Presentation and Discussion of Results.....		46
4.1	Introduction	46
4.1.1	Data collection.....	46
4.1.2	Descriptive Statistics	47
4.1.3	Inferential Statistics.....	47
4.2	Reliability statistics	48
4.2.1	Cronbach Alpha value.....	48
4.3	Descriptive Statistics: Demographics.....	48
4.3.1	Age distribution.....	48
4.3.2	Gender distribution.....	49
4.3.3	Racial Distribution	50
4.3.4	Primary languages.....	50
4.3.5	Marital status	51

4.3.6	Academic qualifications	52
4.3.7	Length of employment at Cash Connect SA	53
4.3.8	Work area distribution.....	54
4.4	Research Objective 1: To determine what factors lead to motivation and enthusiasm towards an acquisition and rebranding	54
4.4.1	Descriptive Analysis.....	54
4.4.1.1	Factors creating motivation	54
4.4.1.2	Factors creating excitement or enthusiasm.....	55
4.4.2	Inferential Analysis	56
4.4.2.1	Factors creating motivation	56
4.4.2.2	Factors creating excitement or enthusiasm.....	57
4.4.3	Discussion of findings	58
4.5	Research Objective 2: To determine what factors lead to demotivation and resistance towards acquisition and rebranding.....	61
4.5.1	Descriptive Analysis.....	61
4.5.1.1	Factors creating demotivation	61
4.5.1.2	Factors creating concern or worry	61
4.5.2	Inferential Analysis	62
4.5.2.1	Factors creating demotivation and concern/worry	62
4.5.3	Discussion of findings	64
4.6	Research Objective 3: To determine if lower LSM staff members are more resistant and if higher LSM staff members are less resistant to acquisition and rebranding	66
4.6.1	Descriptive analysis and discussion of findings.....	66
4.6.1.1	Experience and opinion about the overall process	66
4.6.1.2	Overall experience rating and willingness to repeat process.....	67
4.6.2	Inferential analysis and discussion of findings.....	68
4.6.2.1	Experience and opinion about the overall process	68
4.6.3	Hypothesis tests and discussion of findings	70

4.7	Research Objective 4: To determine how resistance to acquisition and rebranding in the manufacturing plant can be improved	72
4.7.1	Qualitative analysis of experience.....	72
4.7.2	Discussion of findings	72
4.8	Summary and Conclusions.....	73
CHAPTER FIVE.....		75
Conclusions and Recommendations.....		75
5.1	Introduction	75
5.2	Key findings and conclusions	75
5.2.1	Summary of findings from literature review	76
5.2.2	Objective One.....	77
5.2.3	Objective Two	77
5.2.4	Objective Three	78
5.2.5	Objective Four.....	78
5.3	Recommendations for improvements to the process.....	79
5.3.1	Optimizing motivation and excitement levels.....	79
5.3.2	Minimizing demotivation and concern/worry levels.....	80
5.3.3	Improving the overall experience of staff	80
5.4	Limitations of this study.....	81
5.5	Recommendations for future research.....	82
5.6	Summary and Conclusions.....	82
References.....		83
Appendix 1: Informed Consent Letter		88
Appendix 2: Declaration of Consent.....		90
Appendix 3: Questionnaire.....		91
Appendix 4: Editors Report.....		99

Appendix 5: Ethical Clearance Approval Letter	100
Appendix 6: Turnitin Report	101

LIST OF FIGURES

Figure 2.1:	Abraham Maslow’s Hierarchy of Needs as applied to the Workforce	16
Figure 2.2:	Lewin’s Three Stage Process of Change	28
Figure 3.1:	The Quantitative Research Process	33
Figure 3.2:	The Main Steps of Qualitative Research	34
Figure 3.3:	The Sample Design Process	39
Figure 4.1:	Age distribution of respondents.....	49
Figure 4.2:	Frequency distribution of gender.....	49
Figure 4.3:	Racial distribution of respondents	50
Figure 4.4:	Primary language distribution of respondents	50
Figure 4.5:	Marital status distribution of respondents	51
Figure 4.6:	Academic qualifications of respondents.....	52
Figure 4.7:	Distribution of length of employment at Cash Connect SA	53
Figure 4.8:	Work area distribution of respondents.....	54
Figure 4.9:	Summary of statements regarding motivation.....	55
Figure 4.10:	Summary of statements regarding excitement.....	56
Figure 4.11:	Summary of statements regarding demotivation	61
Figure 4.12:	Summary of statements regarding worry or concern.....	62
Figure 4.13:	Summary of statements regarding experience.....	67
Figure 4.14:	Summary of statements regarding the acquisition.....	68

LIST OF TABLES

Table 2.1:	The 10 LSM Groups in South Africa	11
Table 2.2:	Emotional Responses to a Merger	17
Table 4.1:	Reliability analysis output	48
Table 4.2:	Sampling adequacy test for motivation	56
Table 4.3:	Factors creating motivation	57
Table 4.4:	Sampling adequacy test for excitement	57
Table 4.5:	Factors creating excitement	58
Table 4.6:	Sampling adequacy for demotivation	63
Table 4.7:	Factors for demotivation.....	63
Table 4.8:	Sampling adequacy for worry.....	64
Table 4.9:	Factors for worry	64
Table 4.10:	Sampling adequacy for experience.....	69
Table 4.11:	Factors for experience	70
Table 4.12:	Hypothesis test outcome 1	71
Table 4.13:	Hypothesis test outcome 2.....	71

CHAPTER ONE

OVERVIEW OF THE STUDY

1.1 INTRODUCTION

The acquisition and merging of companies has become commonplace in the business world of today. (Reuters, 2015: 1) reported that worldwide company acquisitions and mergers totalled \$4.7 trillion in 2015 – a 42% increase from 2014 and the highest record for merger activity in history. According to (Marmenout, 2010: 329), about 30% of employees will experience a merger during their working career.

As common as mergers are though, a large number of mergers fail, even ones that are thoroughly planned. Apart from strategic and financial considerations, the largest aspect of an acquisition is the transformation of two different workforces into a single, functioning entity. Employees could be of different nationalities, cultures or beliefs – or could even be former competitors within the same industry.

However, this research study is not about the transformation and consolidation of different workforces, it is about the effects that an acquisition and company rebranding has on a workforce of a company that is being acquired. This study is unique in that, in the circumstance under investigation, no change occurred to the workforce: no other organisation's workforce was brought in, no job losses were experienced, nobody's job description changed, and nobody was retrenched. The effect on the workforce however, was still profound and the effects on employee performance were significant – this is largely due to inherent human uncertainties when it comes to change.

This chapter presents an introduction, outline and overview of the research topic and aims to define the parameters of the study. The motivation, focus, problem statement and research objectives are presented and explained. An explanation of the research methodology is given as well as limitations of the study. The chapter is concluded with an outline of each of the chapters in the study.

1.2 CONTEXT OF THE STUDY

Being employed by a company that is being acquired and rebranded can be a stressful affair due to inherent uncertainties in the process (Finkle, 2014: 1). This study serves to investigate the psychological effects on the workforce, with specific focus being placed on the effects experienced by different levels of the workforce i.e. Blue Collar Factory Staff (LSM Levels 4-6) and White

Collar Administrative or Professional Staff/Management (LSM Levels 7-10) as given by (SAARF, 2012: 38).

The study is based in Durban, KwaZulu Natal, South Africa, specifically in a manufacturing environment. The acquired company is an established manufacturing concern that produces electro-mechanical bank vaults. The company was acquired 2012 and the acquiring company, now the parent company began integrating the plant into its corporate structure. The rebranding and name change was completed in 2015.

Although now part of a larger corporate company, factory staff at the manufacturing plant showed a dip in productivity and morale and were generally psychologically resistant to the acquisition/merger. White collar staff appeared motivated by the acquisition/merger and psychologically embraced the change. Both levels of staff remuneration and working conditions remained unchanged.

This research study aims to investigate the factors that cause staff to be motivated and excited about the acquisition and merger. Further to this, factors that caused staff to feel demotivated and concerned will also be identified and discussed. This study aims to investigate if there is indeed an attitude difference between lower LSM (factory) and higher LSM (office/management) staff in relation to the acquisition and merger. The study finally seeks to identify methods to improve the merger process so that all staff are generally more receptive, positive, productive and motivated towards it.

1.3 MOTIVATION FOR THE STUDY

As discussed, more and more companies seek to acquire other companies. Their intentions vary from diversification to gaining a unique technology/product to buying out a competitor to dominate a market. Whatever the reasons, employees are faced with a very uncertain situation. Generally, merging with another company means duplicate positions, redundant positions, a bloated staff complement, too many top managers etc. This implies job losses to the workforce. (Galpin and Herndon, 2014: 4) state that job loss is one of the greatest fears of staff when faced with a merger at their place of employment. Unless communication lines are opened up between top management and staff, this implication leads to stress, anxiety, reduced output and even resignations from the workforce.

This study aims to investigate and describe the positive and negative impacts that company acquisition and its rebranding has on the different levels of staff, within a manufacturing plant environment.

It is a goal of this research to investigate and compare strategies that amplify the positive and minimize the negative impacts.

By engaging with a workforce that has been through acquisition and rebranding, it is planned to investigate:

1. What were the specific uncertainties that were experienced?
2. What level of communication was experienced?
3. What were the specific expectations?
4. Based on the experience, was the process motivating or demotivating?
5. Based on the experience, was the process exciting or concerning?
6. What could have been differently to make the process more positive and more motivating?

The research will segment the workforce into two groups: Blue Collar (factory) and White Collar (office/management) and aims to investigate whether the two groups had differing attitudes towards the process.

The purpose of this research study is to determine what factors cause staff to feel motivated, demotivated, excited and concerned when faced with an acquisition and merger. The purpose is also to investigate how the process can be improved for the workforce so that the said levels of stress and anxiety can be reduced.

1.4 FOCUS OF THE STUDY

This study is focused on the manufacturing sector in Durban, KwaZulu Natal. (StatsSA, 2011: 1) reports that the manufacturing sector in KwaZulu Natal contributes 2.5% of total GDP. This figure is made up of the wide variety of products that are manufactured for both the local and international markets. To name a few, these products are automotive, metals, plastics, chemicals, equipment/machinery, tyres and fast moving consumer goods (FMCG).

This study is focused in Durban, KwaZulu Natal in a manufacturing plant that produces electromechanical machinery, predominantly for the local market. The study will further focus on the attitudes of the workforce towards the recent acquisition, merging and rebranding of the plant with a large corporate company based in Gauteng. The major factors that cause motivation, demotivation, excitement and concern towards the acquisition and merger will be ascertained and explored as well as whether or not the factory staff have a different attitude towards the process from office/management staff. A focus of this study will also be to discover ways in which the process can be improved so that levels of staff morale and output are maximized.

1.5 THE PROBLEM STATEMENT

1.5.1 Main problem

During a recent acquisition, merger and rebranding of a KwaZulu Natal manufacturing plant by corporate company called Cash Connect SA, staff at the manufacturing plant experienced varying effects. Certain staff members were highly motivated and excited by the process and were hence more productive. In contrast, some staff members were greatly demotivated and worried about the process, resulting in a huge drop in productivity. Management was faced with the dilemma of handling varying changes in productivity and morale. How could the positive be optimized and the negative be minimized? They were faced with the following questions:

1.5.2 Sub-problems/Research Questions

Sub-problem 1: What factors lead to motivation and enthusiasm towards an acquisition and rebranding?

Sub-problem 2: What factors lead to demotivation and concern/worry towards acquisition and rebranding?

Sub-problem 3: Is there a difference between the attitudes of lower LSM staff members and higher LSM staff members towards acquisition and rebranding at their place of work?

Sub-problem 4: What recommendations can be made to improve the acquisition, merger and rebranding process in the manufacturing plant?

1.6 RESEARCH OBJECTIVES

The research objectives of this study are as follows:

Research Objective 1: To determine what factors lead to motivation and enthusiasm towards an acquisition and rebranding.

Research Objective 2: To determine what factors lead to demotivation and resistance towards acquisition and rebranding.

Research Objective 3: To determine whether lower LSM staff members are more resistant and higher LSM staff members are less resistant to acquisition and rebranding.

Research Objective 4: To recommend methods to improve the acquisition, merger and rebranding process in the manufacturing plant.

1.7 RESEARCH METHODOLOGY

This research project follows the Pragmatist worldview and therefore employs a mixed-method approach to collect and analyse data. A self-administered questionnaire (survey) will be used for data collection. The study was cross-sectional in nature with all data collected over four weeks. Journal articles issued within the past 5 years (not older than 1 January 2011) will be used as the primary source of theory. Articles on electronics written by academics will also form a large part of the theoretical base. Current data will be used to carry out economic, employment and demographic analysis.

The research project is focussed in the manufacturing sector in KwaZulu Natal, South Africa. The manufacturing plant was recently acquired and merged with a large corporate company based in Gauteng. In 2015, the manufacturing plant was rebranded, bringing it in line with the parent company. Permission to conduct the study was obtained from the Managing Director of the manufacturing plant before commencement of the project. The study is related to the levels of motivation and excitement of different levels of staff before and during the merger. It was observed that lower income staff were more resistant to the change than their higher earning counterparts. The truth of this statement will be explored in the study. The researcher is employed at the manufacturing plant and has experienced the merger first hand.

The sample population for the study is all staff members who were employed during the acquisition, merger and rebranding process. Potential respondents were informed of the purpose of the study and its objectives. It was communicated that participation was completely voluntary. The research instrument will be hard-copy printed for Blue Collar (factory) staff. They will be able to complete and return the survey in their own time and at their own convenience. Factory staff generally do not have access to computers therefore they will receive hard copy surveys to complete. White Collar (office/management) staff will be emailed a soft-copy survey. The email will have a link that will take them to the survey on the Google Forms platform. Since all staff at this level have access to the computers, internet and email, they will be emailed the survey link and their participation will be respectfully requested. The printed hard-copy and soft-copy surveys will be exactly the same.

The experiences of the workforce will be extracted from the research instrument (survey). The survey will have quantitative type questions that respondents will answer on a Likert Scale. The survey will also have an open-ended question that respondents can answer by filling in their opinion in the space provided.

Once all surveys are completed, data will be compiled and will be analysed using statistical techniques. Cronbach's Alpha value will be calculated and used to test whether the yielded data is reliable for study. Kaiser-Meyer-Olkin and Bartlett's Test of Sphericity will be used to identify the factors that have the largest impact on staff. The Mann-Whitney U test will be used to test whether or not different levels of staff have differing attitudes towards the merger process. Data will be presented descriptively (using graphs and figures) and findings will be statistically analysed to gain inferences about the population. Results of the statistical analysis will be compared and measured against relevant theories. The analysis will be rooted in theory. A discussion will be presented on whether findings tie in with or deviate from this theory. All results, findings and conclusions will be discussed in detail. The research methodology is discussed in more detail in Chapter 3.

1.8 LIMITATIONS OF THE STUDY

The limitations of this study are:

- The relatively small sample size.
- The study being limited to the manufacturing sector.
- The study being geographically concentrated in KwaZulu Natal.
- The study being limited to employees at the acquired company only.
- The inclusion of only one qualitative type question in a relatively qualitative-heavy subject.

These limitations are discussed in more detail in Chapter 5.4.

1.9 CHAPTER OUTLINE

This research study consists of five chapters. The chapters are structured in a manner that creates a logical flow to the study. The chapters are briefly described below:

Chapter One: This chapter introduces the research study and the topic. The context of the study is given as well as the problem statement and research objectives. The research methodology is discussed and the limitations of the study are listed.

Chapter Two: The literature review provides an overview of relevant literature and study about the topic. It gives a theoretical background to the study. The aim of this chapter is to bring the reader up-to-date on the topics such as Living Standard Measures (LSM), Maslow's Hierarchy of Needs, Emotions associated with acquisition and rebranding, elements that minimize uncertainty and Lewin's Theory. The chapter provides a point of departure for the study.

Chapter Three: The research design and methodology chapter gives a description of how the research was carried out. The paradigm is discussed as well as key factors of the study such as the population, sampling process and the research instrument. Special emphasis is placed on reliability, validity and on the analysis of data.

Chapter Four: This chapter is a presentation and discussion of the results of the research. Each research objective is presented with its relevant data analysed descriptively and inferentially. Current statistics and economic factors are used to give context to the findings so that they are relevant in the present climate of the country. Findings are examined in detail and alignments/deviations from relevant theories are discussed.

Chapter Five: This chapter summarizes the key findings and conclusions of the research study relative to each research objective. Recommendations are offered based on the study and the findings yielded. The limitations of the study are explored in detail and recommendations for future research are given.

1.10 SUMMARY

(Cording, Harrison, Hoskisson and Jonsen, 2014: 14) explains that company acquisitions and mergers are generally characterised by uncertainty, distrust, stress and anxiety in the respective workforces. A critical factor for the success or failure of a merger is the integration of these workforces. The workforce is the heart and soul of an organisation so it is of the utmost importance to keep the workforce motivated, excited and positive overall. This research study aims to investigate the factors that create high levels of motivation in the workforce. The factors that create the most negative emotions will also be explored as well as what can be done to improve the process.

This chapter has provided an introduction to the topic as well as the background to the problem. The focus of the study was discussed and the problem statement defined and explained. The research objectives of the study were stated and the research methodology and paradigm were discussed. Finally, a chapter outline was given to provide an overview of the research project. The next chapter will provide a review of relevant literature and theories on the topic.

CHAPTER TWO

LITERATURE REVIEW

2.1 INTRODUCTION

In the modern day, one's employment is often central to one's world. People spend an average of 8 hours of their life per day earning a living to economically survive and provide for their families. As such, it is only natural to place great value on the retention of one's employment. People then naturally and inherently resent and resist anything that poses a threat to their employment – in other words we are naturally anxious and resistant towards anything that places our employment under threat, be it uncertainty, ambiguity or change.

Acquisition, mergers and rebranding is a strategic tool in today's harsh economic climate for companies to grow, gain competitive advantage and overcome competitors. At some point or another, every employee may experience this process.

(Finkle, 2014: 1) describes being employed by a company that is being acquired and rebranded as a stressful affair due to inherent uncertainties in the process. These uncertainties vary greatly from the threat of job loss/retrenchment to one's department geographically relocating to another part of the world. The author explains that employees resist change when they feel their employment may be under threat or that they may be negatively affected by the said change.

Further to this, (Kondalamahanty, 2015: 1) reports that the number of mergers and acquisitions that occurred globally reached an all-time high of \$4.304 trillion (USD) in 2015. There is a definite increase in the number of mergers and acquisitions that are occurring worldwide and this could potentially compound levels of anxiety, uncertainty and resistance in the workforce.

In the South African context, this problem is further compounded by the increasing trend in job losses - (StatsSA, 2016: 6) sets the unemployment rate at 24.5% for the fourth quarter of 2015, slightly down from 25.4% at the third quarter of 2015. This is still remarkably high and results in the workforce being put under tremendous pressure to hold on to their jobs in a harsh climate where there is an increasing trend by companies to merge with and acquire other companies in order to stay profitable and grow market share.

In order to successfully acquire, merge and eventually rebrand one company as another, it is critical to understand what makes the workforce enter an anxious and uncertain state, and take steps to prevent such a situation from occurring. This will allow staff motivation, engagement and morale to remain high. The process can be designed and executed to potentially boost staff

motivation, morale and output if one understands what makes the process a more positive one for the workforce.

2.2 DEFINING COMPANY ACQUISITIONS AND REBRANDING

A business acquisition is defined as the purchasing of one company by another by either purchasing that company's assets or its shares.

(Wong, 2011: 46) describes the main reasons for acquisitions as the achievement of vertical or horizontal integration and synergies. Other reasons behind business acquisitions are: to achieve rapid growth, to gain a larger piece of market share, to acquire competitor technology/competencies or to buy out a competitor to eliminate a business threat.

Rebranding is defined by (Rouse, 2011: 1) as “the creation of a new look and feel for an established product in order to differentiate the product from its competitors. Rebranding efforts may include a name change, new logo or packaging and updated marketing materials that include the latest industry buzzwords. The goal of rebranding is to influence a customer's perception about a product or service by revitalizing the brand and making it seem more modern and relevant to the customer's needs.”

Both acquisition and rebranding require a delicate balance and focused management if it is to be successful. Several critical dynamics need to be considered such as the management of the organisational culture, business processes and the human resources aspects of the change.

2.3 LIVING STANDARD MEASURES (LSM) IN SOUTH AFRICA

In 2012 the South African Audience Research Foundation (SAARF, 2012: 3) described the LSM scale as “a unique means of segmenting the South African market. It cuts across race and other outmoded techniques of categorising people, and instead groups people according to their living standards using criteria such as degree of urbanisation and ownership of cars and major appliances.”

Prior to 2001, the population of South Africa were defined and differentiated by just two groups: Urban and Rural. This definition soon became inadequate as a differentiator as the gap between rural and urban groupings narrowed and technology and education spread. In 2001, the South African Audience Research Foundation or SAARF developed and released a set of descriptors that differentiated the population based on their living standards such as quality of life, access to amenities, household income etc.

According to (SAARF, 2012: 38), these descriptors include:

1. Hot running water
2. Fridge/freezer
3. Microwave oven
4. Flush toilet in house or on plot
5. VCR in household
6. Vacuum cleaner/floor polisher
7. Have a washing machine
8. Have a computer at home
9. Have an electric stove
10. Have TV set(s)
11. Have a tumble dryer
12. Have a Telkom telephone
13. Hi-fi or music centre
14. Built-in kitchen sink
15. Home security service
16. Have a deep freeze
17. Water in home or on stand
18. Have MNet and/or DStv
19. Have a dishwasher
20. Metropolitan dweller
21. Have a sewing machine
22. DVD player
23. House/cluster/ town house
24. 1/more motor vehicles
25. No domestic worker
26. No cell phone in household
27. 1 Cell phone in household
28. None or only one radio
29. Living in a non-urban area

The above descriptors allow for the population of South Africa to be divided into 10 distinct Living Standard Measure (LSM) groups that range from LSM 1 at the very bottom to LSM 10 at the very top.

The 10 LSM Groups in South Africa are illustrated in Table 2.1, below: “

Table 2.1: The 10 LSM Groups in South Africa

<p>LSM 1 (2.1%)</p> <p>DEMOGRAPHICS</p> <p>Male and female 15 – 24 and 50+ Primary education completed Small urban/ Rural Traditional Hut R1 363 ave household income per month</p> <p>MEDIA</p> <p>Radio a major channel of media communication; mainly African Language Services (ALS)- Umhlobo Wenene FM, Ukhozi FM and community</p> <p>GENERAL</p> <p>Minimal access to services Minimal ownership of durables, except radio sets Mzansi bank account Activities: minimal participation in activities, singing</p>	<p>LSM 2 (5.7%)</p> <p>DEMOGRAPHICS</p> <p>Female 15 – 24 and 50+ Some High School Small urban/ Rural Squatter Hut Shack, Matchbox and Traditional Hut R1 929 ave household income per month</p> <p>MEDIA</p> <p>Radio: Commercial, mainly ALS-Ukhozi FM, Umhlobo Wenene FM</p> <p>GENERAL</p> <p>Communal access to water Minimal ownership of durables, except radio sets and stoves Mzansi bank account Activities: minimal participation in activities, singing</p>
<p>LSM 3 (6.5%)</p> <p>DEMOGRAPHICS</p> <p>Female 15 – 24 and 50+ Some High School Small Urban/ Rural Squatter Hut Shack, Matchbox and Traditional Hut R2 258 ave household income per month</p> <p>MEDIA</p> <p>Radio: Mainly ALS stations, Ukhozi FM, Umhlobo Wenene FM TV: SABC 1</p>	<p>LSM 4 (13.1%)</p> <p>DEMOGRAPHICS</p> <p>Male and female 15- 34 and 50+ Some High School Small Urban/ Rural Squatter Hut Shack, Matchbox and Traditional Hut R3 138 ave household income per month</p> <p>MEDIA</p> <p>Radio: Commercial mainly ALS, Gagasi, Motsweding, Ukhozi, Umhlobo Wenene FM,, Community Radio TV: SABC 1</p>

<p>GENERAL</p> <p>Electricity, water on plot or communal</p> <p>Minimal ownership of durables, except radio sets</p> <p>and stoves</p> <p>Mzansi bank account</p> <p>Activities – singing</p>	<p>GENERAL</p> <p>Electricity, water on plot or communal, non-flush toilets</p> <p>TV sets, electric hotplates</p> <p>Mzansi bank account</p> <p>Activities – attend gatherings, go to night clubs</p>
<p>LSM 5 (16.9%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>15-49</p> <p>Some High School</p> <p>Small urban/ rural</p> <p>R4 165 ave household income per month</p> <p>MEDIA</p> <p>Radio: Commercial mainly ALS stations, Lesedi FM,</p> <p>Motsweding FM, Ukhozi FM, community radio</p> <p>TV: SABC 1,2,3, e.tv,</p> <p>Daily Newspapers</p> <p>GENERAL</p> <p>Electricity, water, flush toilet outside / communal</p> <p>TV sets, hi-fi/radio set, stove, fridge</p> <p>Mzansi accounts</p> <p>Activities: take away in past 4 weeks, bake for pleasure, go to night clubs, attend gatherings, buy lottery tickets</p>	<p>LSM 6 (21%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>25-49</p> <p>Up to matric and higher</p> <p>Large Urban</p> <p>R6 322 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community radio</p> <p>TV: SABC 1,2,3, e.tv, Top TV, Community TV</p> <p>All print</p> <p>Outdoor</p> <p>GENERAL</p> <p>Electricity, water in home, flush toilet in home</p> <p>Ownership of a number of durables plus cell phone</p> <p>Savings and Mzansi accounts</p> <p>Activities: hire DVDs, go to night clubs, take away in the past 4 weeks, attend gatherings, buy lottery tickets</p>
<p>LSM 7 LOW (4.9%)</p> <p>DEMOGRAPHICS</p> <p>Female</p> <p>25- 49</p> <p>Matric and higher</p> <p>Urban</p> <p>R9 320 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community</p>	<p>LSM 7 HIGH (5.3%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>25-49</p> <p>Matric and higher</p> <p>Urban</p> <p>R11 263 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community</p>

<p>radio</p> <p>TV: SABC 1,2,3, e.tv, DStv, Top TV, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services</p> <p>Savings accounts</p> <p>Increased ownership of durables plus DVD and motor vehicle</p> <p>Participation in all activities</p>	<p>radio</p> <p>TV: SABC 1,2,3, e.tv, M-Net, DStv, Top TV, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services, including cheque and savings accounts</p> <p>Increased ownership of durables plus DVD and motor vehicle</p> <p>Participation in all activities</p>
<p>LSM 8 LOW (4.3%)</p> <p>DEMOGRAPHICS</p> <p>Female</p> <p>35+</p> <p>Matric and higher</p> <p>Urban</p> <p>R13 210 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community radio</p> <p>TV: SABC 1,2,3, e.tv, M-Net, DStv, Top TV, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables, incl. PC</p> <p>Increased participation in activities</p>	<p>LSM 8 HIGH (3.9%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>35+</p> <p>Matric and higher</p> <p>Urban</p> <p>R14 882 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community radio</p> <p>TV: SABC 2,3, e.tv, M-Net, DStv, Top TV, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables, incl. PC Increased participation in activities</p>
<p>LSM 9 LOW (4.6%)</p> <p>DEMOGRAPHICS</p> <p>Female</p> <p>35+</p> <p>Matric and higher</p>	<p>LSM 9 HIGH (4.6%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>35+</p> <p>Matric and higher</p>

<p>Urban</p> <p>R17 988 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial and community radio</p> <p>TV: SABC 2,3, e.tv, M-Net, DStv, Top TV, Community TV</p> <p>Accessed internet past 7 days</p> <p>All print</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables</p> <p>Increased participation in activities, excluding stokvel meetings</p>	<p>Urban</p> <p>R21 328 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial radio</p> <p>TV: SABC 2,3, e.tv, M-Net, DStv, Top TV, Community TV</p> <p>Accessed internet past 7 days</p> <p>All print</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables</p> <p>Increased participation in activities, excluding stokvel meetings</p>
<p>LSM 10 LOW (3.3%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>35+</p> <p>Matric and higher</p> <p>Urban</p> <p>R26 706 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial radio</p> <p>TV: SABC 3, M-Net, DStv, Top TV, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables</p> <p>Increased participation in activities, excluding stokvel meetings</p>	<p>LSM 10 HIGH (3.1%)</p> <p>DEMOGRAPHICS</p> <p>Male</p> <p>35+</p> <p>Matric and higher</p> <p>Urban</p> <p>R32 521 ave household income per month</p> <p>MEDIA</p> <p>Wide range of commercial radio</p> <p>TV: M-Net, DStv, Community TV</p> <p>All print</p> <p>Accessed internet past 7 days</p> <p>Cinema & Outdoor</p> <p>GENERAL</p> <p>Full access to services and bank accounts</p> <p>Full ownership of durables</p> <p>Increased participation in activities, excluding stokvel meetings”</p>

Source: SAARF (2012:55)

2.4 GENERIC NEEDS OF LSM LEVELS RELATED TO MASLOW'S HIERARCHY OF NEEDS

In 1943 Professor Abraham Maslow presented his theory of Hierarchy of Needs in his paper "A Theory of Human Motivation". The theory proposed the basic psychological needs of people in a pyramid format, starting from absolute basic needs at the bottom to more spiritual needs at the top.

Starting from the bottom of the pyramid, (McLeod, 2014: 2) details the needs as: "

1. Biological and Physiological needs - air, food, drink, shelter, warmth, sex, sleep.
2. Safety needs - protection from elements, security, order, law, stability, freedom from fear.
3. Love and belongingness needs - friendship, intimacy, affection and love, - from work group, family, friends, romantic relationships.
4. Esteem needs - achievement, mastery, independence, status, dominance, prestige, self-respect, respect from others.
5. Self-actualization needs - realizing personal potential, self-fulfilment, seeking personal growth and peak experiences."

Maslow proposed that in order for a person to receive psychological gratification, that person first had to have their basic needs met (at the bottom of the pyramid). Once this basic need is satisfied, the person would then seek to have their higher level needs satisfied. This would continue until the person seeks self-actualisation, which is at the top of the pyramid. It is here that the person seeks to discover themselves and their purpose in life. The focus shifts to spiritual gratification and often this is toward creating a better world for society as a whole.

Employees at the manufacturing plant come from diverse backgrounds and, due to different levels of employment and education, find themselves at different salary brackets and hence different LSM Levels. Based on interviews with staff members, it is clear that what is important for certain staff members is not important to other staff members. Certain staff members pointed out that their jobs and incomes were the most important needs to them and other staff members pointed out that being recognised and respected were important needs to them. Therefore, the study is to investigate if there is a link between LSM Level and staff needs in the form of Maslow's Hierarchy.

The Hierarchy of Needs has evolved over time and (Harder, 2014: 1) has applied the model to the needs of the workforce. Like the original Maslow model, Harder proposed that employees only seek basic employment initially but, as basic needs are met, the employees need move upward toward the Self-actualization level where the employee wants to make a difference to society with their efforts.



Figure 2.1: Abraham Maslow's Hierarchy of Needs as applied to the Workforce (Harder, 2014: 1)

In the context of the South African economic climate, there is a possible correlation between the LSM Levels of the workforce and the above model proposed by Harder.

(Tradingeconomics, 2016: 2) describes the average salary of lower skilled labour in South Africa to be between R2700 and R3000 per month. In the manufacturing industry, the average salary is between R6250 and R6742 per month. There are instances where manufacturing staff earn slightly more depending on education and experience, but the workforce generally is at LSM 4–6.

In the manufacturing plant in which this study is conducted, Blue Collar or Factory staff are exclusively at LSM Levels 4-6. Office/Admin/Management staff or White Collar Staff are at LSM Levels 7-10. As such, given the earnings of Blue Collar staff compared to White Collar staff, the basic needs are at different levels given the differing household incomes of the two groups.

As Blue Collar staff have lower incomes, they are generally focussed on level 1 (Functional Needs) and level 2 (Security Needs) on the Hierarchy of Needs model. (LaFlash, 2012: 3) supports this by arguing that if individuals cannot satisfy a need on a particular level of the Hierarchy of Needs pyramid, then those individuals are unable to satisfy needs above that. This lower income group has less disposable income and hence have a lifestyle that is more centred on survival and security. There are instances where individuals are higher on the Hierarchy of Needs scale, however this is possibly related to higher education, experience and thus higher earnings of the individual.

White Collar staff on the other hand have larger incomes and generally more disposable income. Their focus is not centred purely on survival, but on needs that are higher on the Hierarchy of Needs scale. They still very much require their level 1 and level 2 needs to be satisfied, however

their extra income, higher education and seniority provide a platform for them to aspire to higher level needs such as level 3 and 4 (Social and Esteem needs) and above. There will be instances where individuals are lower on the Hierarchy of Needs scale, however this is situation dependent.

2.5 INTRINSIC EMOTIONS ASSOCIATED WITH THE ACQUISITION AND REBRANDING PROCESS

The experience of being employed by a company that is being acquired and rebranded is an extremely emotive one. The experience has been likened to intimate relationships such as marriage or parenting by (Jick, 1979: 12) while (Schweiger, Ivancevich and Power, 1987: 34) later likened it to the loss of a close relative or the distress of a child when separated from their mother. Both are extremely difficult, emotional experiences that could be absolutely catastrophic if not managed correctly.

A merger and acquisition is described by (Cartwright and Cooper, 2012b: 36) as having three distinct parts: the Pre-Combination, the Legal Combination and the Post-Combination. All three parts have their own dynamics and challenges; however a certain theme exists throughout the process. (Cartwright and Cooper, 2012b: 37) list the theme in stages in Table 2-2:

Table 2.2: Emotional Responses to a Merger

Part of Process	Stage	Characteristic Response
Pre-Combination	1 - Denial	The 'It won't happen' syndrome.
	2 - Fear	When will it happen? What will happen to me?
	3 - Anger	We've been sold out – Resentment towards those considered responsible.
Legal Combination	4 - Sadness	Mourning and grieving for what has past.
	5 - Acceptance	Recognition of futility – positive approach starts to develop.
Post-Combination	6 - Relief	Things actually better than expected.
	7 - Interest	Increasing feeling of security.
	8 - Liking	Recognition of new opportunities.
	9 - Enjoyment	It is really working out well.

Source: (Cartwright and Cooper, 2012:37)

(Cartwright and Cooper, 2012b: 44) go on to explain that “mergers and acquisitions create an expectation of change. In that the change is spontaneously associated with conflict”. We as people tend to avoid conflict therefore the process of one’s employer being acquired, merged and rebranded creates feelings of distrust, hostility and uncertainty. (Sjoerd van den Heuvel, René Schalk and Assen, 2015: 402) support this as they state that it is known that many acquisitions, rebranding exercises and organizational transformations fail and argue that it is due to varying uncertainties and lack of communication during the process.

Since the acquisition, merger and rebranding process is fraught with negative emotions, it is emerging that proper communication about the process will alleviate these uncertainties and fears. The uncertainties and thus the effect on the workforce are discussed below.

2.5.1 Ambiguity and uncertainty in the new work environment

According to (Pokharna, 2011: 6), “employees are faced with several unknowns during the acquisition and merger process and often ask: Which company’s work culture should be followed? What are the new rules and policies? Should we do this or that? Who should I report to? What is expected out of me? What is the new evaluation strategy and reward system? Such questions create much confusion and chaos at the workplace. An array of unanswered questions leads to instability as employees’ fear losing their jobs or of being unable to cope with such a drastic change. The top management may either be quick to settle down the commotion by negotiating or formulating new guidelines or it may take some time. The latter leaves ambiguity looming over the workplace and a disoriented work environment.”

(Marmenout, 2010: 332) argues that employees face uncertainty due to three major factors namely: Cultural Similarity, Perceived Power and Perceived Uncertainty.

Cultural Similarity is defined by (Marmenout, 2010: 333) as “the extent of resemblance between merger partners with respect to values and ways of working as perceived by organizational members.” Differences could be because the new colleagues are from a different country or background or that they speak a different language. The greater the difference between the two companies, the greater the uncertainty. Employees immediately perceive their new colleagues are very different from themselves and hence perceive them as being difficult to work with.

Uncertainty from Perceived Power is defined by (Marmenout, 2010: 333) as “the perception of employees about the ability of their in-group to control or influence the post-merger situation.” Employees are uncertain about and hence fear having new bosses or having to relinquish power to someone new and unfamiliar. This uncertainty has a huge demoralising effect on the workforce.

Analysis by (Goyal and Joshi, 2012: 11) shows that “uncertainty is the major psychological factor, which creates stress among employees after merger. Fifty-five percent (55%) of the employees

were strongly agreed with this fact that they do not know what is going to happen next with them." (Goyal and Joshi, 2012: 11) goes on to state that the "next merger stressor in psychological category is insecurity followed by job changes, job loss and possible changes in power."

Perceived Uncertainty is caused by the very nature of the acquisition, merger process where information is at a minimum. Employees therefore lack critical information about the state and future of their livelihood and thus perceive the experience to be greatly negative.

2.5.2 Employees feeling anxious or alienated from the organisation

During a pending or even during the merger and acquisition, (Pokharna, 2011: 8) states that the workforce may suddenly feel emotions of anxiety and disengagement resulting in increased absenteeism or in employees quitting their jobs. Such dissatisfaction adversely affects the employee productivity and output level. Ineffective communication further strains the employer-employee relationship and reduces personnel morale, which is extremely difficult to recover from as lost trust and damaged morale are notoriously fragile and take a long time to rebuild.

The above is strongly linked to poor communication pre, during and post-merger. Poor communication and leadership involvement will lead to greater feelings of anxiety as confirmed by (Teerikangas, 2012: 616): "Management of the acquired firm, through their lack of involvement, provides a signal to the employees that a future with the potential buying firm was of little interest or would have a negative effect."

Lack of proper communication is further confirmed by (Goyal and Joshi, 2012: 9) whose study determined that "approximately 65 % of the employees had basic knowledge about the acquisition and merger [while] 35 % of the employees had good knowledge about the merger." This reinforces that communication lines about mergers, acquisitions and rebranding are not fully open leading to a lot of uncertainty and anxiety among employees.

(Bowes, 2011: 2) argues that in larger organisations where there are generally more structured, formalized employee relations policies, employees tend to experience lower levels of anxiety compared to their counterparts in smaller organisations. Employees in the smaller companies tend to experience greater levels of anxiety because of the lower level of support structures. Lack of support structure leads to greater levels of employee uncertainty, lower levels of information and hence greater feelings of alienation from the company.

2.5.3 Employees feeling threatened by new colleagues and culture

The likelihood of job losses cannot be denied during a merger or acquisition. It is only natural for employees to feel threatened by the merging and expansion of the workforce. Employees tend to assume the worst and expect that jobs will become redundant and hence their employment will be terminated.

(Pokharna, 2011: 8) states that mergers and acquisitions also end up having an unfavourable effect on employees who experience difficulties when working with new colleagues. “It may even lead to non-cooperation with the other merging company's employees. In a merger and acquisition, one company is likely to have a stronger foothold in the market than the other, giving rise to a power struggle. In such a case, employees tend to overlook the achievement of organizational goals and only strive to maintain job security.”

Differences in work culture also contribute to employees feeling stressed and threatened by new colleagues. (Goyal and Joshi, 2012: 14) argues that major contributors to increased stress among employees during a merger are, among other things, cultural factors that include the technology used by the company, reporting system, working hours, relationship with boss and supervision.

2.5.4 Disapproval and resentment of the decision to merge and be rebranded

Certain employees, especially after many years working at a company, may resent and disapprove of the very decision to acquire/be acquired and thereafter be merged and rebranded with another company. This may be because the employees have a sense of security and comfort with their present environment and may feel that the change will somehow endanger the familiarity. (Pokharna, 2011: 7) explains that “if communication lines are not opened up between management and staff and if problems are not addressed, there may be a very strong unfavourable effect on the workforce and they may begin to resent, disapprove of and reject the merger decision itself.”

(Goyal and Joshi, 2012: 15) concurs with this by stating that “cultures of the firms determine the level of stress among employees. It is obvious that when a merger is announced, respective employees of the firm may feel stressed, disoriented, frustrated, confused and even frightened. At a personal level, these feelings can lead to a sense of loss, psychosomatic difficulties, and marital discord as well.” Literature supports that if communication lines are not open and if employees are not adequately informed, they tend to resent the very decision to merge and rebrand.

2.5.5 Distress associated with changes in physical environment

Change is fraught with uncertainty, and uncertainty leads to negative perspectives. One of the more severe changes that contribute to the negative factors of a merger/acquisition is the changing of one's physical environment for a new one. There is always the possibility that, as part of a newly merged company, employees will be asked to relocate to new offices so that they can join other teams. This involves relocating from their present workplace, a place where they may have worked for several years and where they may be very comfortable.

Employees, and people in general, will tend to build their lives around their place of work, such as becoming familiar with surrounding shops and restaurants and even so far as locating their

children's schools and their homes close to work. Therefore, the idea of relocating their workplace is extremely distressful and is a huge contributor to merger and acquisition stress.

(Lawlor, 2013: 9) describes the relocation of one's workplace as an experience strongly linked to feelings of sadness and nostalgia as employees may have enjoyed many happy memories at work. The feeling of leaving a familiar location was found to be an almost mournful experience.

(Lawlor, 2013: 10) also found that employees who had to geographically relocate felt mixed responses with regard to other factors such as travelling: "ranging from those who were annoyed at having to travel for longer periods of time to work, to those who had to travel further distances but did not mind doing so, to those who resided very near to the new location and whose journey times were reduced considerably. A number of participants expressed their irritation at being moved."

However, certain employees may feel positive emotions because they may be moving to better, more modern facilities. They may also be moving closer to their homes or closer to areas that they are familiar with, so there may also be an element of positivity to this process. Nevertheless, a large number of employees tend to feel uneasy with the change.

2.6 ELEMENTS THAT MINIMIZE UNCERTAINTY DURING ACQUISITION AND REBRANDING

Due to the common occurrence of mergers and acquisitions in the business world, there are enormous amounts of literature about the correct management of the process. Although there are differing perspectives that depend on industry, size of merging companies amongst others, there are common best practices that stand out.

These best practices are:

- Clear communication about the process before, during and after
- Preparation of employees about the changes that are occurring
- Motivation and emotional support of employees throughout the process
- Training of employees in the new company policies and procedures.

These practices are considered the most important from a people management standpoint.

2.6.1 Clear communication before, during and after the merger

By far the largest aspect of a successful acquisition and merger is clear, consistent, top-down communication. Employees who are involved and well-communicated with seem to have lower levels of stress and greater levels of trust that the organisation has their best interests at heart. A major factor that comes to the fore is clear leadership and guidance from the employees' direct line manager. Thereafter, leadership and guidance from the company senior leadership and then from the organisation as a whole. At the manufacturing plant, staff received little or no communication during the process and hence tended to feel disconnected from the process. This further led to predominantly negative speculation, drops in morale and lower productivity.

(Ioannis Nikolaou, Maria Vakola and Bourantas, 2011: 14) describe and explain the factors of this layered system as:

“Trust in the organization

Trust in an organization refers to the relationship established between individuals and organizations based on the messages an employee receives regarding organizational expectations and, more importantly, employee perceptions of desired managerial actions.

Trust in leadership

The success of a change depends on powerful and visionary leadership. If change is needed in a division of a company, the division's general manager is a key person. The role of top management is considered crucial for the success of the change in the change management literature. It is also considered crucial for the eventual success of a merger. During the post-merger stage, employees are in the most desperate need of an effective leader or, more specifically, a leader whose influence is perceived as being highly correlated with high levels of employee satisfaction.

Trust in supervision

Trust in supervision can affect various aspects of an employee's work behaviour due to the power that the supervisor holds over employee attitudes, as well as due to the proximal nature of the supervisor-subordinate relationship. Managers also play an important role in influencing an employee's attitudes towards a merger. Managers should allow employees to participate, provide a clear picture or vision of the future, share information, demonstrate commitment to the change, tell people exactly what is expected of them and offer positive reinforcement in order to build commitment to change.”

(Sjoerd van den Heuvel, René Schalk and Assen, 2015: 404) further adds to the importance of good communication by stating that “the success of organizational change heavily depends on an

organization's internal communication. A lack of information creates uncertainty among individuals because they cannot accurately predict the effects of organizational changes.”

Literature clearly states that clear communication and process involvement dispels uncertainties and allows employees to feel more in control of the change that is occurring. The lack of information or clear guidance leads to a situation where employees feel alienated and anxious and as a result reject the process. Employees who do not experience good communication resist the change and are at a much greater risk of leaving the company in search of more stable employment.

Employee involvement and communication builds trust and a lack of this trust results in alienation of the workforce and thus resistance to the merger process. (Prashant Bordia, 2011: 194) describes this by stating that “the lack of trust in the organization will lead to unwillingness on the part of the employees to make themselves vulnerable to the actions of the organization. Thus, low trust will lead to lower job satisfaction, higher intentions to leave, and finally, exit from the organization.” This further demonstrates that failure to gain the trust of employees could result in the loss of key personnel and possibly failure of the merger process as a whole.

How can a company effectively communicate the changes to employees? Several approaches have been described in literature. (Sjoerd van den Heuvel, René Schalk and Assen, 2015: 405) suggests that “face to face communication, communication by direct supervisors, communication of personally relevant information and the usage of multiple media channels have been proven to be more effective than abstract, general, and impersonal information provided by non-hierarchical change agents and/or through a single medium.” It appears to come down to personal interaction. Employees want to feel personally involved and don't want to feel like just another piece of the process.

Effective communication on a personal level is vital to building the trust of employees. The employees need trust in their direct line managers, their leadership and in their company. Employees want to be involved in the process and failure in this regard will lead to them being alienated from the company and will resist or reject the merger, and this could lead to job losses and potential failure of the process as a whole.

2.6.2 Preparation of employees about the changes that are occurring

Preparation of employees is strongly intertwined with communication with employees about the acquisition, merger and rebranding process. Literature shows that it is just as important to prepare employees for the process as well. The situation now is: Ok, we now know what is happening, but how are we going to do it? Preparation occurs in the form of interactive workshops, meetings, company question-answer sessions and multimedia information sharing. This serves to inform staff

how the process is actually going to occur and what will be required of them. This is the key to reducing stress levels and anxiety as it dispels uncertainties and the unknowns about the process.

(Gunn, 2015: 4) states some questions that staff need to be informed about:

- “What will the organization chart of the combined organizations look like? Job titles and the reporting hierarchy must be clarified.
- Are the right people in the right jobs? Which managers are needed and in what key roles?
- Is the company restructuring or reorganizing? Is there overlap on positions? Some organizations will have their people interview for their jobs to ensure there is alignment moving forward. Employees should be prepared for this should this be the case.
- Review the compensation philosophy of each company. If the benefits and payroll systems of the acquiring company is to be adopted, employees need to be prepared for the change.
- What is the performance evaluation and reward system? Employees need to be prepared for any changes to the system or for the adoption of a new system.
- Employees should learn about the new company – its history, its culture and its processes. This could range from a cultural immersion program to a welcome breakfast sponsored by the acquiring company.
- The new company handbook should be shared with employees and items that may be different from the old culture should be highlighted.”

Preparation is strongly intertwined with communication however a distinction is made between the two because preparation is more practical than simply communicating.

Another aspect of employee preparation is the preparation to share existing work and projects. Employees may face a situation where they will have to welcome new team members to their existing projects. This may involve sharing one’s personal work with a new, unfamiliar person and this may lead to a situation of distrust. Distrust such as this is counterproductive and employees need to be prepared to deal with this. (Dempsey, Croucher, Brewster, Allen and Lloyd, 2010: 30) proposed a framework to make getting around this issue as smooth as possible. The research was aimed at the merging of two unions however the principles are applicable to employees. These include:

Rapprochement: Parties agree on ‘no poaching’ deals and jointly strengthen defences against the violation of trust.

Role limitation: Accepting that for certain aspects of the project, old team members will concede leadership to new staff team members.

Accepting a niche: Reorganising team to become a specialist “niche” team because of the addition of new members.

Sharing information: Information or data sharing agreements must be created to build trust.

Joint projects: Joint projects could be created or started.

Sharing officers and swapping members: Team members could be swapped to intertwine old and new team members.

Liaison committees: Regular meetings with leadership should be held to co-ordinate work and to plan projects.

Federation: Combining research and negotiating expertise and joint projects.

Confederation: Joint secretarial and co-ordinating mechanisms should be created to manage the affairs of newly formed teams.

Merger: Joining together to form an entire new workforce.

As can be seen from the above, preparation is the key to ensuring a successful merger. Failure to adequately prepare staff and failure to prepare teams could lead to a total collapse of company operations as the process would be characterised by employee confusion, disarray and resistance.

2.6.3 Motivation and employee engagement throughout the process

Motivated and engaged employees are described as being energetic, passionate about their work and connected to their work activities. Motivated and engaged employees are overall more positive and are able to better deal with challenges in their work environment.

(Bhaskar, 2012: 2) found that in order to maintain employee motivation and engagement, human resources (HR) practitioners within the company had to manage employee expectations and emotions at different stages of the merger process. At the pre-merger stage, HR would have to prepare an employee integration strategy and communicate this to the workforce. A survey type feedback platform should be created to create a sense of involvement among employees. The study reports that during the process HR should communicate with employees at every juncture; failure in this regard will result in a decline in motivation, engagement and morale. The study highlighted the importance of communication between management and employees, the importance of careful culture integration and how easy it is for motivation and employee engagement to be damaged.

(Sousa and Dierendonck, 2014: 12) found a significant relationship between employee motivation/engagement and empathetic, compassionate leadership during a merger. The study found that servant leadership made the most profound positive effect on employees in terms of lowering their stress and anxiety levels. It was found that when managers exhibited traits of accountability, vision, transparency and empathy, employees responded by exhibiting feelings of vigour, dedication, motivation and engagement with the organisation.

The literature shows that in order to maintain employee engagement and motivation during a merger process, there needs to be clear communication and involved leadership at every step in the process. This ties into the idea that neglecting employee concerns will lead to alienation of the workforce and resistance to the merger. An adequately motivated and engaged workforce should demonstrate relatively positive sentiment toward the merger and rebranding process and employee morale should remain fairly high. This is ideal, given the inherent uncertainty of the process.

2.6.4 Training of employees in the new company policies and procedures

It is of vital importance to have employees prepared to hit the ground running once the merger and rebranding process is complete. Employees need to be trained and familiar with the new organisation's culture, processes, policies and procedures. This is important because the employees need to provide an informed service to clients. Any uncertainty or hint of chaos could spook clients to look for other companies to provide services to them. Clients, just like the employees that experience the merger, do not like uncertainty as it presents an element of risk.

(Edmonds, 2011: 5) found that before employees can be trained, the human resources department of the organisation needs to be trained so that they can relay the information adequately to staff. The study highlighted that HR should receive special training in change management and how to create employee buy-in. Employees should then be engaged and given the purpose of the change so that they develop a deep understanding and appreciation of the process. The study found that the key factors for success were:

1. Obtaining buy-in – first from the line managers and then from employees.
2. Training and equipping the HR and change management teams. A key here is that they be credible and informed towards employees.
3. The approach to the training and the quality of the training.

(Siegenthaler, 2011: 2) developed a pragmatic framework to ensure proper training of staff during the acquisition, merger and rebranding process. His work is in line with other literature in that the first step of the process is to properly train and inform the HR department. His framework is:

1. Make the vision tangible

The author explains that HR must translate the company vision into a meaningful, real, tangible manifestation of company beliefs. This creates buy-in from employees and imparts to the workforce the new company values in an extremely effective way.

2. Create an empowered integration team

Human Resources should select key individuals to make up this team based on their leadership and emotional quotient characteristics. The selection should not be left up to line managers. The mandate of the Integration Team should be to drive the integration

process throughout the organisation with emphasis placed on creating employee understanding and engagement.

3. Communication

The author places great emphasis on this factor. The author states that what is required is “real meaningful communication, not just relaying bullet-pointed slides stating the executive’s strategic vision. Articulating messages that are relevant to the various target groups in the organization, discussing topics that are close to their daily preoccupations, and that bring clarity to their own situation. There is no magic recipe or short-cut here; good communication takes time to prepare and to percolate down the organization.”

4. Employees should have their performance measured and a development plan created for them

This is key for engagement and employee retention as it creates a long term view for the employee and shows the employee that they have a secure future with the new company.

(Burks, 2014: 4) maintains that training needs to be organized, with the trainers being from both companies. It is highlighted that trainers have their training duties divided early on to avoid confusion in an already chaotic process. They should be adequately briefed about requirements and given a clear understanding about the mission and vision of the new company. Training should be divided among core organisational areas, generically listed as:

1. Computer skills and use of new or adopted company software (if applicable).
2. New product training to all customer service, sales and marketing staff.
3. Service and technical staff should be trained on new products.

The author (Burks) notes that a suitable system of progress monitoring should be put in place to track the health of the process and the progress made by employees.

2.7 KURT LEWIN’S CHANGE MANAGEMENT THEORY AS A TOOL FOR MANAGING MERGERS

Kurt Lewin’s Change Management Theory is widely considered the foundation of modern change management models in the modern day. He proposed a three stage model that allows the execution of planned change in individuals, groups and organisations. This model is especially applicable as a tool to effect change in acquisitions, mergers and rebranding because of its methodical nature and general ease of understanding.

The theory explains that when driving forces equal restraining forces, the workforce is at equilibrium. A decrease in driving force or increase in restraining force will result in equilibrium falling to a lower level. An increase in driving force or a decrease in restraining force will result in equilibrium rising to higher levels.

In reality, leadership seeks to increase organizational performance and hence increase the level of equilibrium of the organisation. As explained by (Kaminski, 2011: 5), in order to achieve this leadership must first “unfreeze” the organisation or get employees to remove old patterns and practices. Secondly, leaders must execute the “change”, in other words apply driving forces and reduce restraining forces on the workforce. This forces the organisation upwards and in the direction of the desired change. Third and finally, leadership must establish the new practices as the norm so that the workforce does not slip back to old, lower levels of equilibrium. This is called the “refreezing” phase and creates a new equilibrium for the now higher performing organisation.

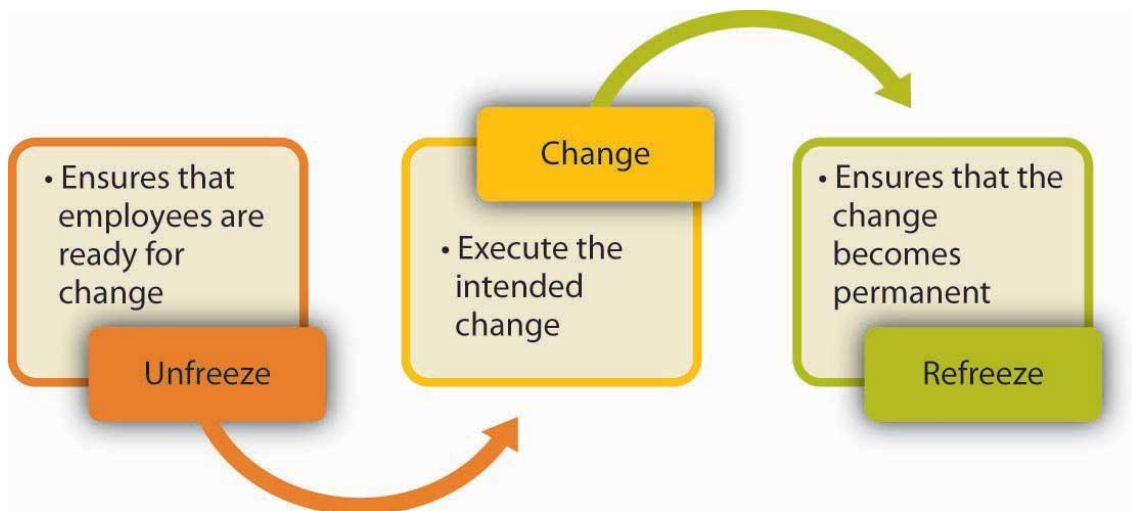


Figure 2.2: Lewin’s Three Stage Process of Change (Carpenter, Bauer and Erdogan, 2010: 397)

Leadership can apply Lewin’s Theory to build a framework to effectively manage the employee aspects of the process related to the acquisition, merger and rebranding of two companies. By identifying the driving forces and restraining forces, leadership can effectively motivate and engage employees so that they experience minimal merger stress and anxiety. According to (Joshi and Goyal, 2012: 2), the minimization of the key stressors of uncertainty, insecurity, fears about job loss, salary/authority/power changes, workload, culture clash and communication may hugely reduce the negative effects on employees. These are namely employee turnover rate, absenteeism, strikes and grievances.

The reduction of these factors will result in a significantly happier workforce and hence an overall more positive, motivated and engaged workforce during the merger. Therefore, Lewin's Theory is a valuable framework to successfully and effectively manage mergers.

2.8 SUMMARY AND CONCLUSIONS

Company acquisitions, mergers and rebranding are commonplace in the business world of today and are processes that are inherently fraught with difficulty. This is largely due to the inherent uncertainties in the process and this in turn has an impact on the human element of the process namely, the workforce.

It is a hypothesis that lower LSM staff members tend to be more risk averse because of their economic situations where even a slight disruption to their income will result in dramatic negative consequences in their lives and in the lives of their families. It is also a hypothesis that higher LSM staff members tend to be more accepting and open to risk due to their higher level of income and perhaps greater access to credit facilities.

It was proposed, based on Abraham Maslow's Hierarchy of Needs, that lower LSM individuals may have different needs to higher LSM individuals. Lower LSM individuals may require more basic human needs such as functional, security and perhaps social needs. Higher LSM individuals may have needs that lie higher on Maslow's scale and may include esteem and self-actualisation needs.

The emotions experienced during the acquisition, merger and rebranding process were also examined by the literature. These are namely:

- Ambiguity and uncertainty in the new work environment
- Employees feeling anxious or alienated from the organisation
- Employees feeling threatened by new colleagues and culture
- Disapproval and resentment of the decision to merge and be rebranded
- Distress associated with changes in physical environment

Based on interactions with staff at the manufacturing plant, the above directly aligns to the emotions actually experienced during the process.

The involvement of the Human Resources department is very important to the success of the process. Literature shows that the HR officers need to be adequately trained and informed so that they present an empathetic, trustworthy and knowledgeable attitude to employees.

It can be seen from the literature that the key factors that determine the success of an acquisition, merger and rebranding venture is effective communication, preparation, motivation and

engagement of the workforce. Training of employees was also found to be a vital aspect for the success of the process.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

3.1 INTRODUCTION

In the previous chapter, a review of the literature was carried out to explore and examine:

- Definitions of company acquisitions, mergers and rebranding,
- The theories that relate different living standards to risk tolerance in the workplace,
- Emotions associated with an acquisition, merger and rebranding,
- Elements that minimize the negativity associated with mergers,
- A proposed framework to structure the process more successfully.

This chapter serves to explore and examine the research design and the methodology that will be used to conduct the study. Research is defined by the Oxford Dictionary as “the systematic investigation into and study of materials and sources in order to establish facts and reach new conclusions.”

The process involves identifying a problem to be investigated, devising a suitable research design and a logical methodology, selecting a sample population that will provide data that is directly relevant to the study, collecting said data in a manner that allows for maximum quality and data integrity, analysing the collected data and measuring them against hypothesis or theory, providing a critical analysis of findings and communicating this to an audience via a structured report.

According to (Kothari, 2009: 15), the objectives of research could be put into the following broad categories with the aim to:

- Gain familiarity with a phenomenon or to achieve new insights into it, termed exploratory or formulative research,
- Illustrate the characteristics of a particular individual, situation or group, termed descriptive research,
- Determine the frequency with which something occurs or with which it is associated with something else, termed diagnostic research,
- Test a hypothesis for a causal relationship between variables, termed hypothesis-testing research.

It is imperative that the correct research methodology test be chosen to effectively measure the dimensions presented in the data collection instrument, in this case the survey questionnaire.

3.2 OBJECTIVES OF THE STUDY

The primary aim of this study is derived from the research questions which are:

- What is the impact of company acquisition and rebranding on the motivation of the workforce within a manufacturing plant in KwaZulu Natal, South Africa?
- What factors motivate and de-motivate the workforce and make them accept or reject the move?
- Do different LSM levels of staff react differently to the move?
- What can be done to lower resistance and improve the experience for staff?

The objectives of the study are to determine:

- The factors that lead to motivation and enthusiasm towards an acquisition and rebranding.
- The factors that lead to de-motivation and resistance towards acquisition and rebranding
- If lower LSM staff members more resistant to acquisition and rebranding.
- If higher LSM levels of staff less resistant to acquisition and rebranding
- Recommended methods to improve the merger process in the manufacturing plant.

3.2.1 Hypotheses

Hypothesis 1 is that lower LSM staff members tend to be more risk averse to changes at their workplace. During the recent acquisition and rebranding, lower earning staff appeared to resist the process more than their higher earning counterparts. It is a possibility due to their economic status, even a slight disruption in their income will result in dramatic negative consequences in their lives and in the lives of their families.

Hypothesis 2 that the opposite of this is true for higher LSM staff members. They would tend to be more accepting of workplace risk due to their higher level of income and perhaps access among others to credit facilities etc.

These hypotheses were tested by measuring the emotions surrounding the experience for the different groups and whether or not it was something they would like to experience again.

3.3 DIFFERENT APPROACHES TO RESEARCH

3.3.1 Quantitative Research

Quantitative Research is associated with the Positivist/Post-positivist Paradigm where research has its foundations in scientific, quantifiable data. Objectivity is very important with this approach.

Quantitative Research is defined by (Aliaga and Gunderson, 2006: 81) as “the explanation of phenomena by collecting numerical data that is analysed using mathematically based methods (in particular statistics)”. Most commonly, numerical data is collected via the research instrument and this data is processed and analysed. The results are used to answer research questions or other phenomena related to the data.

It is important that the topic or area under study is quantifiable and can be scaled and measured using statistical techniques. The Quantitative Research Process is illustrated in Figure 3.1 below:

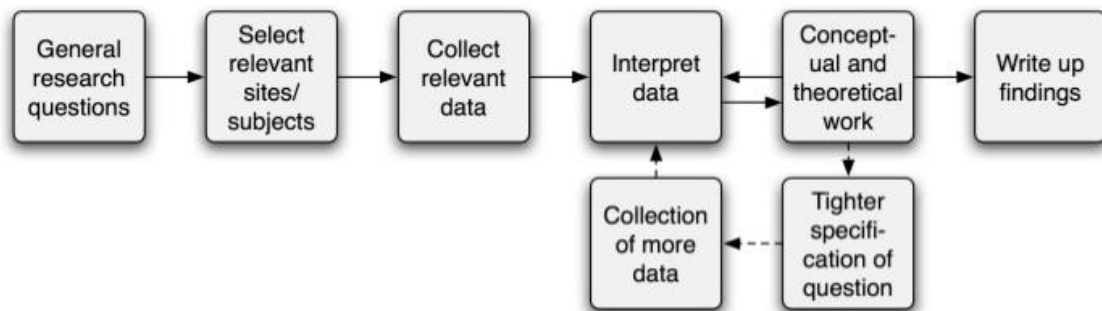


Figure 3.1: The Quantitative Research Process (Ladner, 2008: 29)

(Cresswell, 2014: 51) indicates that one of the most common forms of quantitative research is survey research. This is the technique that was used in this study. Survey research provides a mathematical/statistical description of the attitudes, feelings or opinions of the research sample. Data is entered onto a scale or rating type system. (Singh, 2007: 92) points out that Quantitative Research does not adequately address the complex nature of human problems hence the introduction of Qualitative Research.

In this study, a Likert Scale was used to collect the data from respondents. Respondents were asked to rate their feelings and opinions about the acquisition, rebranding and merger process on the Likert scale.

In this study, there was a single open-ended question where respondents were asked: “What do you feel could have been done differently to improve the acquisition and rebranding experience for you?”

The aim behind including a question of this type was to try and tease out the true feelings about the merger and acquisition. It is also the aim to gain unforeseen perspectives and new views on the research problem. This will help gain a better understanding of the acquisition, merger and rebranding process. The results are discussed in Chapters 4 and 5.

3.3.2 Qualitative Research

Qualitative Research is usually associated with the Social Constructivist Paradigm. (Sekaran and Bougie, 2013: 29) explain that with this approach there is emphasis placed on the socially constructed nature of reality. This research approach is based on observation by the researcher through various methods such as interviews or analysis.

(Sekaran and Bougie, 2013: 31) explain that qualitative research is research that involves the analysis of data that is difficult to quantify and that is descriptive in nature. An example of qualitative data would be answers to interview type questions – questions that do not have a scale or unit or mathematical/statistical measurement.

Qualitative data is often collected by using interviews, focus groups, observations, reviewing documents (such as minutes of meetings) or audio-visual recordings. An illustration of the main steps of Qualitative Research is shown in Figure 3.2 below:

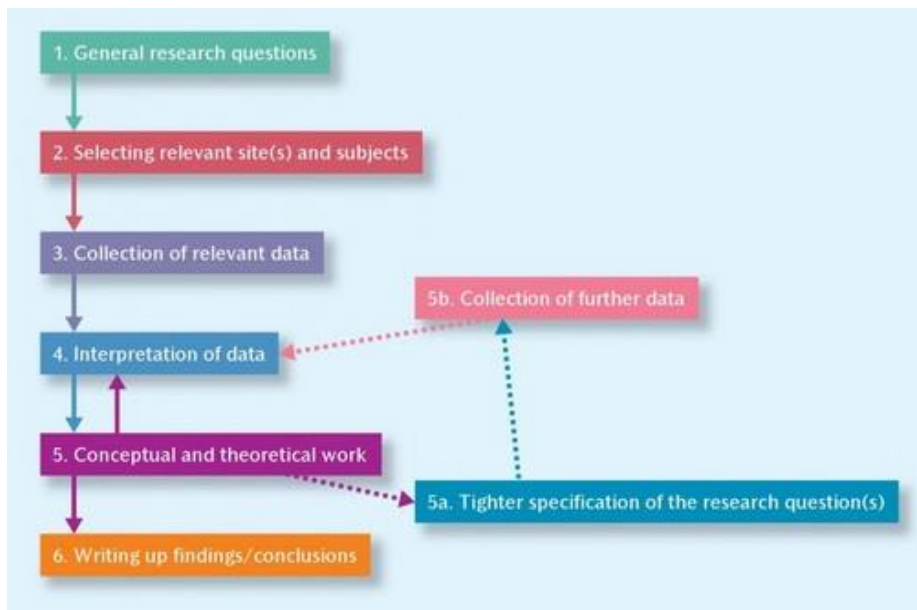


Figure 3.2: The Main Steps of Qualitative Research (Bryman and Bell, 2015: 395)

The aim of Quantitative Research however is to gain an in depth understanding of the sample populations experiences and therefore cannot be generalized over the larger population.

3.4 RESEARCH METHODOLOGY AND PARADIGM

This research project follows the pragmatism worldview/paradigm and therefore makes use of mixed methods research, data collection and data analysis methods. As such, data will be collected using predominantly quantitative, but also some qualitative type questions.

(Patel, 2015: 7) describes the Research Paradigm using the following terminology and questions.

- Ontology - What is reality?
- Epistemology - How do you know something?
- Theoretical Perspective – Which approach do you use to know something?
- Methodology - How do you go about finding it out?
- Method – What techniques do you use to find it out?

So, using this description:

- Ontology – The reality is that, in general, people do not like and are resistant to change (Finkle, 2014: 2). The hypothesis is that staff who have few resources/a smaller income are more resistant to change than their higher earning counterparts. During a recent acquisition and rebranding of a KwaZulu Natal manufacturing plant, lower earning staff resisted the process more than their higher earning counterparts. Higher earning staff were generally more accepting, positive and motivated by the process.
- Epistemology – The researcher is employed at the manufacturing plant and experienced the described phenomena. Research into current theory also supports the view that people resist mergers and acquisitions due to inherent uncertainties. These uncertainties can be minimized with proper communication and employer engagement. This will be explored.
- Theoretical Perspective – Journal articles not older than 5 years (that is, not published before 1 January 2010) will be used as the primary source of theory. Electronic articles written by academics will also form a large part of the theoretical base. Current data will be used for demographic analysis.
- Methodology – The experiences of the workforce will be extracted by a qualitative based survey. This research instrument will be hard-copy printed for Blue Collar staff. They will be able to complete and return the instrument in their own time and at their own convenience. White Collar staff will receive a soft-copy survey delivered on the Google Forms platform. Since all staff at this level have access to the internet and to email, they will be emailed the survey link and their participation will be respectfully requested.
- Method – Once all surveys are completed, data will be compiled and will be analysed using statistical techniques. Statistical analysis and the capture of the surveys will be performed by a contracted Statistician. Results of the statistical analysis will be compared

to the proposed hypothesis and will be measured against relevant theory. All results, findings and conclusions will be discussed.

3.5 PARTICIPANTS AND LOCATION OF THE STUDY

Cash Connect: Development and Manufacturing, was formerly known as Deposit Manager prior to being acquired, merged and rebranded. The company did not experience any changes to the workforce upon merging, but has since employed several new staff members to cater for the larger company output.

For this study, the focus will be only on employees who were employed during the process. These employees make up the target population. There are:

- 25 Blue Collar or Factory Workers. These workers have been placed into the job description category Production/Factory.
- 12 White Collar or Office Workers. These workers have been placed into the job description categories Office/Admin and Management.

The population is of a varied demographic, namely African, Indian and White. The population is made up of both males and females.

The manufacturing plant is located in New Germany, KwaZulu Natal.

3.6 SAMPLING

The definition of sampling is described by (Thompson, 2012: 1) as “the selection of some part of a population so that one may estimate something about the whole population”. It is of importance that when sampling, the sample population should have enough similar characteristics to the entire population as to accurately represent the entire population. It is important to understand that no sample will fully represent every characteristic of the population however it will allow reasonably accurate measurement of certain key variables within an acceptable margin of error.

In this study, a sample survey will be used to extract data from the population. (Levy and Lemeshow, 2013: 18) describe a sample survey as “a study involving a subset – or sample, of individuals selected from a larger population.” In this study, all employees who were employed during the acquisition, merger and rebranding made up the sample as they could all provide relevant data or variables of interest for the study. (Levy and Lemeshow, 2013: 19) support this by stating that “variables or characteristics of interest are observed or measured on each of the sampled individuals. These measurements are then aggregated over all individuals in the sample to obtain sample statistics for the sample. It is from these summary statistics that extrapolations can be made concerning the entire population.”

The sample is now understood to be a subset of the total population - one that can provide data that is relevant to the study. It is, however, important to note that several individuals from the sample may decline to participate in the data collection. Every ethical attempt will be made to gain the participation of members of the sample however, it is expected that there will not be a 100% participation rate.

3.6.1 Population and Sample Size

(Adam, 2014: 3) defines the research population as a “collection of individuals or objects that is the main focus of a scientific query. It is for the benefit of the population that researches are done. However, due to the large sizes of populations, researchers often cannot test every individual in the population because it is too expensive and time-consuming. This is the reason why researchers rely on sampling techniques. A research population is also known as a well-defined collection of individuals or objects known to have similar characteristics. All individuals or objects within a certain population usually have a common, binding characteristic or traits.”

The population is defined by (Cooper and Schindler, 2013: 122) as the “total collection of elements about which we aim to make some inferences.” The population in this study would be every employee within the organisation.

(Cooper and Schindler, 2013: 124) explain that certain factors have an impact on the selection of the sample from the population. Some of these factors are:

- The greater the dispersion of variance within the population, the larger the sample must be to provide estimation precision.
- The greater the desired precision of the estimate, the larger the sample must be.
- The narrower the interval range, the larger the sample must be.
- The higher the confidence level in the estimate, the larger the sample must be.
- The greater the number of sub-groups of interest within a sample, the greater the sample size must be, as each subgroup must meet minimum sample size requirements.
- If the calculated sample size exceeds five percent of the population, the sample size may be reduced without sacrificing precision.

Since this study is concerned with the emotions that were experienced by the workforce at the manufacturing plant (the subsidiary/acquired company) toward the merger, only manufacturing plant employees made up population. Further, only employees who were employed during this process were selected. Employees who joined the company after the merger did not form part of the sample. The population size is 37 respondents. Due to the population being so small, the entire population was sampled, hence the sample size is also 37. Based on Krejcie and Morgan’s tables, for a population of 40, the sample size should be 36 for 90% confidence. Therefore, the sample

size of this study is adequate. 36 respondents participated in the data collection therefore the response rate is 97%.

The next section describes how non-probability sampling technique was used, more specifically the consecutive sampling technique.

3.6.2 The Sampling Technique and Process

This study used a non-probability sampling technique in the sense that the sample was not selected randomly from the entire population. Specifically, the consecutive sampling technique was used. (Explorable, 2012: 1) describes consecutive sampling as the inclusion of all accessible respondents as part of the sample. This technique is considered the best non-probability technique as the inclusion of all subjects makes the sample more representative of the entire population.

The sampling procedure is described as the selection of relevant elements from a population, analysing those elements and, from gaining an understanding about them, allows us to make generalizations about the entire population. (Sekaran and Bougie, 2013: 77) highlight the following steps as being important:

1. Definition of the population

The population must be very specifically defined in terms of its characteristic elements, boundaries and time. The research objectives and the scope of the research study also play a core role in the determination of the target population.

2. The determination of the sample frame

This is the physical representation of the elements in the population. The sampling frame should provide a good representation of the characteristics of the population as a whole.

3. The determination of the sample size

This is a complicated decision that (Sekaran and Bougie, 2013: 262) say should take into account the: “Research Objectives; Extent of precision required; Acceptable risk in predicting that level of precision; Amount of variability in population itself; Cost and time constraints; Size of the actual population. ”

4. The execution of the sampling process.

The steps taken to obtain a quality representative sample from the population for example, surveying every tenth customer in a particular department, surveying every employee who worked in a company during a specific period of time.

A summary of the Sample Design Process is shown in Figure 3.3 (see next page):

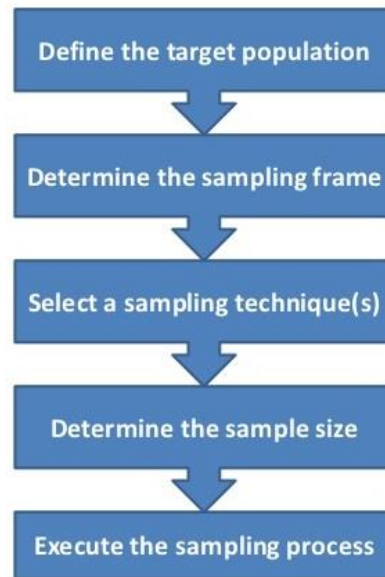


Figure 3.3: The Sample Design Process (Chauhan, 2012: 3)

As can be seen from the above image, the Sample Design Process is made of up specific processes that result in the extraction of a quality representation of the target population.

3.7 RESEARCH DESIGN AND METHODS

3.7.1 Description and Purpose

(Denzin; and Lincoln, 2011: 46) describe research designs as different methods of enquiry within either a qualitative, quantitative or mixed methods framework. These differing approaches to the research design provide insight, direction and a strategy to the research project. The aim is to develop a scientific roadmap and plan to effectively obtain high quality answers to the research questions of the study. The aim is also to meet the research objectives of the study. By selecting an approach, the researcher is guided on how to allocate resources, construct research instruments, conduct interviews, perform experiments, make observations and document results in a scientific, unbiased manner.

The purpose of a study is the intention of the study, in other words, what benefit or insight will the study provide? Is the benefit and insight gained from the study justification enough to perform the study?

The purpose of this research project is to determine whether blue collar workers are more or less risk averse than their white collar counterparts, specifically in the context of changes in the work environment. The purpose is also to investigate ways and to extract data that will improve the process going forward. The benefit would be gaining insight into the acquisition and rebranding

process and using that insight to improve the process so that a drop off in company output and morale is minimized.

3.7.2 The Research Instrument

3.7.2.1 The Questionnaire

(Sekaran and Bougie, 2013: 395) describe the questionnaire method of data collection as “a pre-formulated written set of questions to which respondents record their answers, usually within rather closely defined alternatives.” The efficiency of questionnaires as data collection instruments is well understood, especially when the research project is descriptive or explanatory in nature. Questionnaires can be used to collect data from large sample sizes and are most commonly used to collect quantitative data. They can however be used to collect qualitative type data if designed accordingly. This would create a mixed method research instrument.

This study adopts the mixed methods framework. The research instrument is in the form of a questionnaire or survey. The reason for the questionnaire/survey type research instrument for this study is because it allows for simple and efficient data collection from respondents in the plant. Factory staff, due to not having access to computers completed a manually filled version. Office staff, given their access to computers and email were asked to complete soft copy versions. A further benefit of the survey type research instrument is the ease of data capture and processing. As mentioned, a qualitative type question was included in the survey. The qualitative question is simply a field where the respondents can input their feelings and opinions about the process and suggest improvements.

The questionnaire is structured to answer the research questions and is divided into the following parts:

- Factors influencing motivation and enthusiasm towards acquisition and rebranding.
- Factors influencing demotivation and resistance towards acquisition and rebranding.
- Enquiry into blue collar workers’ attitudes towards acquisition and rebranding.
- Enquiry into white collar workers’ attitudes toward acquisition and rebranding.
- Qualitative enquiry into how the process can be improved.

Upon initial engagement with employees, four key criteria to measure attitudes toward company acquisition, merger and rebranding were established. There were:

1. Motivation – the urge or reason to perform one’s duties
2. Enthusiasm/Excitement – positive feelings that cause eagerness, interest and enjoyment
3. Demotivation – the urge to not perform one’s duties
4. Worry/Concern – negative feelings that cause anxiety, disinterest, stress and resistance

This study utilized a normative investigation style where respondents answered quantitative questions on a Likert Scale from 1 to 5 with 1 being an answer to a statement that is Strongly Agreed with and 5 being an answer to a statement that is Strongly Disagreed with.

In order to measure the above attitudes, key factors that triggered these attitudes were researched. Upon interviews and discussion with the workforce, it was confirmed that the following six factors did in fact lead to them feeling motivated/demotivated or enthusiastic/worried about the merger. Attitudes towards these factors were measured in the questionnaire using the Likert Scale. The factors are:

1. Job security
2. Financial rewards (Salary, bonus etc.)
3. Company benefits (Pension, Provident Fund, Medical Aid etc.)
4. Job satisfaction
5. The possibility of promotions
6. Receiving awards (Recognition for service).

Changes to the above factors and importantly, the expectations regarding these factors are measured using the research instrument.

3.7.2.2 Design of the Questionnaire

The keys to quality research instrument design is explained by (Gray, 2013: 151) as high validity and high reliability. For high validity, the questionnaire must be designed to measure variables that are important to the study. High reliability means that the research instrument can be repeated and should yield the same results.

(Sekaran and Bougie, 2013: 146) state that good questionnaire design places emphasis in three areas namely:

1. The wording of the questionnaire
Key principles here are “Appropriateness of the content of the questions; How questions are worded and the level of sophistication of the language used; The type and form of questions asked; The sequence of the questions; Personal data sought from respondents.”
2. How variables will be categorized, scaled and coded after data collection
Questions should be asked so variables can be measured without bias. Variables should be scaled correctly with preference given to interval and ratio scales over ordinal or nominal scales. Upon receipt, data should be tested for the levels of validity and reliability. Questions should be asked in a manner to allow for simple categorization and coding of data.

3. General appearance of the questionnaire

The questionnaire should be easy to read and should have a logical flow from beginning to end. Technical jargon should be avoided as much as possible. There should be no formatting, spelling or grammatical errors present.

In this study, the questionnaire was designed to effectively measure levels of enthusiasm, resistance, motivation and demotivation in respondents. Key employee wants and needs were assessed on a Likert Scale so that the variables were scientifically measured without bias. The research method was primarily quantitative however a qualitative question was included. This is to try and tease our respondents' emotions and opinions that may have been missed in the quantitative questions and to also gain an insight into the mind-set of staff at the manufacturing plant. Primary data was collected in the form of the questionnaires and secondary data was collected from journal articles, textbooks, electronic sources and from academic/business writing on the internet.

3.7.2.3 Data Collection Technique

Data collection must ensure:

- Adequate validity, reliability and bias-free measurement of variables.
- Ethical administration and data collection. The legal, privacy and human rights of respondents must be respected at all times.
- That the process is practical in terms of cost, timespan, commitment of respondents, amongst others.

In this research project, the sample population was identified as all employees who were employed by the company during the acquisition, merger and rebranding process. Blue collar or factory employees were given hard copies of the research instrument and the purpose of the research was explained to them. The consent form was explained to them and the fact that participation was completely voluntary was expressed. Staff could complete the questionnaire at their leisure. It was communicated that if any respondent desired to have the questionnaire administered in an interview format or wanted the questionnaire to be translated, that could be arranged.

White collar or office staff were emailed Google Forms versions of the questionnaire and the same process was followed thereafter. This included the consent form and the voluntary participation explanation.

Blue collar staff received hard copies of the survey because they do not have access to computers so would not be able to complete the Google Form versions of the questionnaire.

3.7.3 Pilot Study

In order to pre-test the efficacy of the questionnaire, it was pretested on five independent respondents to measure:

- Ease of understanding
- Ease of completion
- Logical flow
- If the measurement of research variables is adequate

The outcomes and feedback from pre-testing was used to refine the questionnaire into its current, final version.

Initially, the questionnaire was to be presented in both English and Zulu so that questions could be fully understood by respondents whose first language was not English. The pre-test highlighted difficult wording and highlighted areas where the language could be simplified. Outcome one was that the questionnaire be presented in English only but could be provided in Zulu if individual respondents so requested.

Outcome two was the improved layout of the questionnaire. Pre-test respondents reported that more detailed descriptions of sections, for example: “Section C: Answer only if your work area is Production/Factory” would help to guide respondents and would help reduce confusion when filling out the survey.

Outcome three was that a brief explanation or description of certain items would help respondents better understand the questions. For example, “Reduced financial rewards” was found to be more meaningful to respondents when it was presented as “Reduced financial rewards (Reduced salary, no bonus etc)”.

3.7.3.1 Validity

(Sekaran and Bougie, 2013: 398) define validity as “evidence that the instrument, technique or process used to measure a concept does indeed measure the intended concept”. Validity is further indicated by (Zikmund, Babin, Carr and Griffin, 2012: 303) as being “the accuracy of a measure or the extent to which a score truthfully represents a concept. In other words, are we accurately measuring what we think we are measuring?”

The validity of a research instrument, in this case a questionnaire, is measured by the extent that one can extract relevant inferences from the survey results.

Because validity is rather difficult to measure and control, and also due to the differing nature of research and business, three types of validity are sought:

1. Content Validity

Is the extent to which a measure covers the area that is being researched.

2. Criterion Validity

Is how well a measure aligns itself with similar constructs, established criteria and generally accepted standard measures.

3. Construct Validity

Is best defined by (Zikmund, Babin, Carr and Griffin, 2012: 648) as “when a measure reliably measures and truthfully represents a unique concept; consists of several components including face validity, content validity, criterion validity, convergent validity and discriminant validity.”

3.7.3.2 Reliability

This is a measure of the consistency and time-stability (whether there is consistency between the initial test and a later re-test) of the research instrument. (Schwab, 2013: 181) explains that there are three common types of reliability:

1. Stability Reliability

This refers to the consistency of the measurement across time. It is important that the research instrument yields the same results even when administered at different points in time, under the same conditions.

2. Inter-rater Reliability

This refers to the consistency between the ratings of the different respondents. It is important that respondents rating the same item give somewhat similar results. If ratings from respondents vary considerably, inter-rater reliability is low.

3. Internal Consistency

(Schwab, 2013: 183) defines this as “the similarity of item scores obtained on a measure that has multiple items. It can assess when items are intended to measure a single construct.”

3.8 ANALYSIS OF DATA

To analyse data is to apply logical and analytical methods to examine, evaluate and categorize it to eventually have it become useful information. This information is used to create ideas and gain insight into the variables that were measured to yield the data.

Depending on the nature of the research, data can be extracted using Quantitative Methods, Qualitative Methods or Mixed Methods. Mixed Method research is a combination of the Quantitative and Qualitative methods and is widely considered to be the world class method of data collection and analysis.

3.9 SUMMARY AND CONCLUSIONS

This chapter focussed on research methodology theory as well as the methodology applied in this research project. The process of research and the traits of good research were defined and explained.

The research paradigm was explained and a detailed breakdown of the ontology, epistemology, theoretical perspective, methodology and method of this research project was explained. The population was described and the sampling process was discussed.

In terms of the research design and methods, the aim of the study was analysed. Thereafter there was discussion about the questionnaire, its structure and how it was administered to the population. Data collection techniques, especially with regard to the validity and reliability of data were highlighted.

Finally, the chapter spoke to the key strengths and weakness of quantitative and qualitative research and showed the strength of mixed methods research – which was the approach used in this research project.

In conclusion, the research methodology chosen to approach the research problem is absolutely critical to the success or failure of the project. The methodology creates the scientific structure required to properly examine the problem and extract meaningful results. Although the research approach is dynamic and dependent on the nature of the problem under study, the researcher should try and create a proven research framework early on so that it provides clear direction for the project.

CHAPTER FOUR

PRESENTATION AND DISCUSSION OF RESULTS

4.1 INTRODUCTION

This chapter presents, examines and discusses the empirical findings of the research study. These findings are the primary data of the study and represent the data that was extracted from the sample population via the research instrument.

The demographic characteristics of the sample population will be discussed so that insight into the workforce can be gained. Thereafter, data about the attitudes of the workforce towards the acquisition and rebranding will be discussed.

Descriptive statistics presented will be in the form of graphs, tables and images. Inferential statistics presented will be in the form of Kaiser-Meyer-Olkin Measure of Sampling Adequacy, Bartlett's Test of Sphericity and Chi-square values.

Results will be measured against current statistics and literature so that all findings will be grounded in proven facts and theory.

4.1.1 Data collection

Data was collected using a normative investigation style by means of a survey/questionnaire with responses ranked on a Likert Scale. Questions were predominantly quantitative in nature however the final question posed to respondents was qualitative, or open ended.

The questionnaire was pretested on 5 independent respondents so that ease of understanding and completion could be tested. Shortcomings and errors in the questionnaire were corrected based on feedback.

This study with regards to the attitudes of staff at Cash Connect: Development and Manufacturing. This company consists of 42 employees, only 37 of which were employed during the acquisition, merger and rebranding process. The sample population is thus 37 respondents. This is made up of 25 blue collar or factory staff and 12 white collar or office/ management staff.

Questionnaires were sent out as hard copies to factory staff (due to their lack of computer access) and as emailed soft copies to office/management staff. Responses were received from 36 employees making the response rate 97.3%. When cross referenced with Krejcie and Morgan's tables, this was considered adequate for the study.

4.1.2 Descriptive Statistics

Statistics are divided into two general categories: descriptive and inferential. Descriptive statistics are typically a graphical representation of data from a study. (Trochim, 2006: 1) indicates that descriptive statistics are used to describe the basic features of a research study. He goes on to explain that this method of presenting the data provides a summary about the sample population and the measures used to perform the analysis. Descriptive statistics aims to summarize and present data about the sample population in a more meaningful way with the aim of learning about the sample population. There are two types of descriptive statistics:

1. Measures of the central tendency of the data – such as the mean, median and mode etc.
2. Measures of the spread of the data – such as standard deviation, variance etc.

Descriptive statistics are most commonly presented in graphs, plots and charts.

4.1.3 Inferential Statistics

(Black, 2011: 12) describes inferential statistics as the gathering of data from a sample and using the statistics yielded by that data to generate conclusions about that sample. The data retrieved from the sample are used to infer conclusions about the larger population.

To identify the best factors for motivation, excitement, demotivation and worry/concern during the acquisition and rebranding process, factor analysis was conducted. Kaiser-Meyer-Olkin (KMO) Measure of Sampling Adequacy was done prior to factor analysis. Correlations between research variables were measured using KMO and Bartlett's Test of Sphericity. It is widely accepted that for acceptable correlation, KMO should be greater than 0.5 and Bartlett's Test of Sphericity should be significant. These standards were applied to the statistical analysis in this research study.

The factors that were analysed were:

Component 1: Changes in Job Security

Component 2: Changes in Financial Rewards (Salary, Bonus and others)

Component 3: Changes in Company Benefits (Provident Fund, Medical Aid, Pension and others)

Component 4: Job Satisfaction

Component 5: Possibility of Promotions

Component 6: Receiving (or not receiving) Awards

4.2 RELIABILITY STATISTICS

4.2.1 Cronbach Alpha value

The Cronbach Alpha value is described by (Santos, 1999: 1) as “a measure that determines the internal consistency or average correlation of items in a survey instrument to gauge its reliability.” It measures the degree of closeness through which items in a group are related. It is generally accepted that the Cronbach Alpha value is a measure of scale reliability.

In this survey, a total of 36 participants completed the questionnaire. The reliability analysis showed that the data was reliable as the Cronbach's Alpha value was 0.852.

Table 4.1: Reliability analysis output

Reliability Statistics	
Cronbach's Alpha	N of Items
0.852	34

(Yona and Inanga, 2014: 49) indicate that a Cronbach Alpha value or “Reliability Score” that is greater than 0.5 is indicative of reliable data and allows confidence in the sampled data. A score of less than 0.5 is indicative of variable errors and thus shows that data may not be reliable. The Cronbach Alpha value calculated in this study was 0.852 which is a strong indication that the data is reliable and worthy of confidence.

4.3 DESCRIPTIVE STATISTICS: DEMOGRAPHICS

4.3.1 Age distribution

Figure 4.1 on the following page illustrates that 72.2% of respondents were 40 years of age or younger. According to (StatsSA, 2016: 55) in Quarter 4 of 2015, 70.58% of the employed South African labour force are below the age of 44.

The age distribution of respondents is thus fairly close to the national age distribution figures.

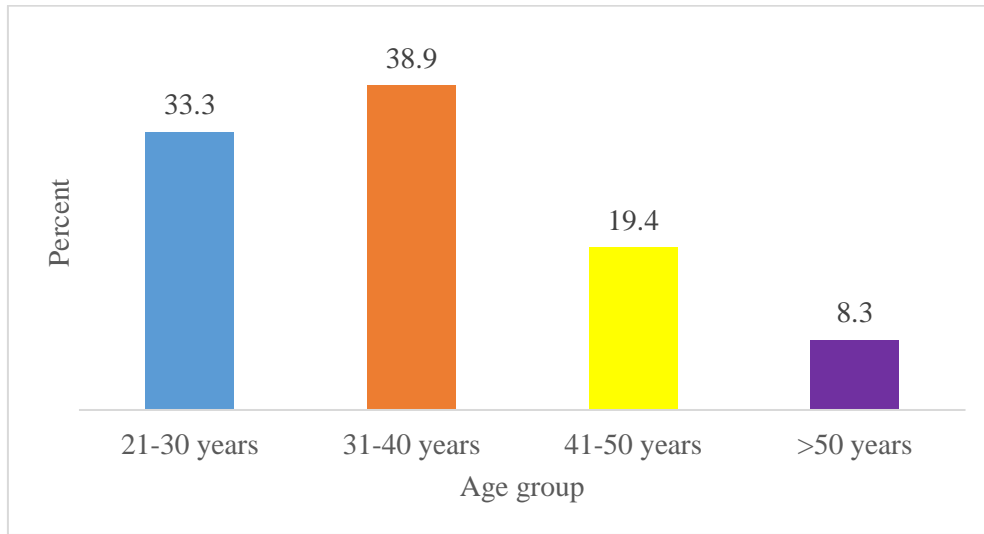


Figure 4.1: Age distribution of respondents

4.3.2 Gender distribution

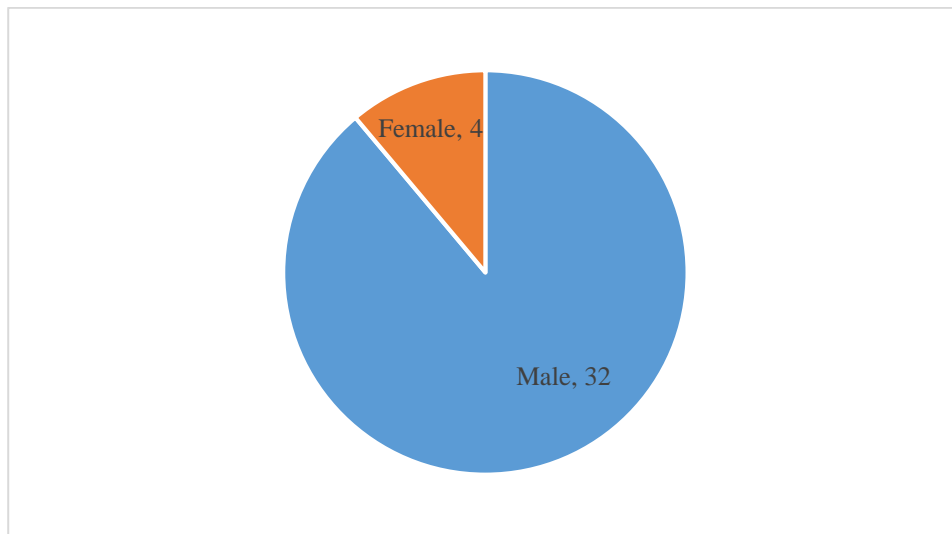


Figure 4.2: Frequency distribution of gender

Figure 4-2 illustrates that 89% of respondents were male and 11% were female.

(StatsSA, 2016: 40) reports that in Quarter 4 of 2015, 1 738 000 people were employed in the manufacturing sector in South Africa. Of that number, 1 162 000 or 66.86% were male and 576 000 or 33.14% were female.

The gender demographic of the manufacturing plant is more male biased than the national industry statistic. Females make up just 11% of the workforce at the plant whereas the industry national

average is at 33.14%. It is possible that since the plant manufactures heavy machinery and physical labour is required, more male employees are appointed.

4.3.3 Racial Distribution

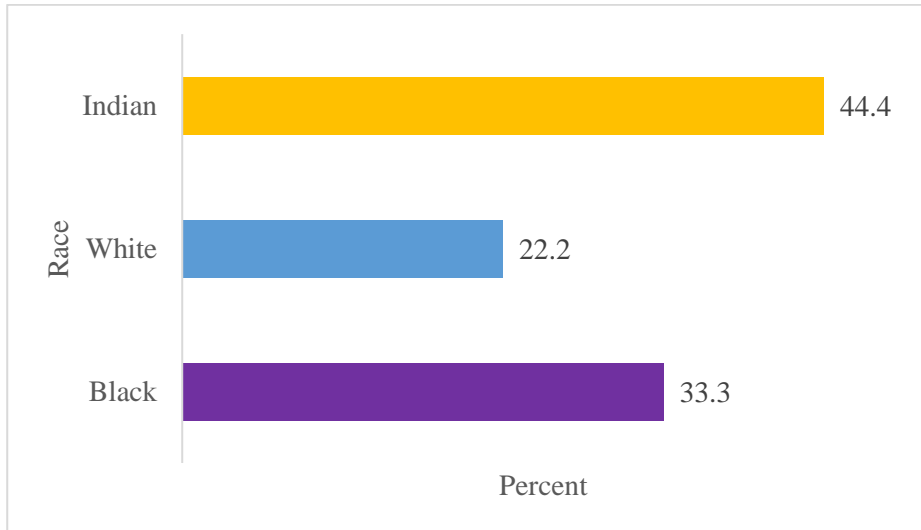


Figure 4.3: Racial distribution of respondents

Figure 4-3 shows that 44.4% of participants were Indian, 33.3% Black and 22.2% of respondents were White.

(StatsSA, 2016: 74) reports that in Quarter 4, 2015, 16 018 000 people between the ages of 15 - 64 years old were in employment in South Africa. 11 860 000 or 74% were Black; 1 670 000 or 10.4% were Coloured; 524 000 or 3.3% were Indian and 1 965 000 or 12.3% were White.

4.3.4 Primary languages

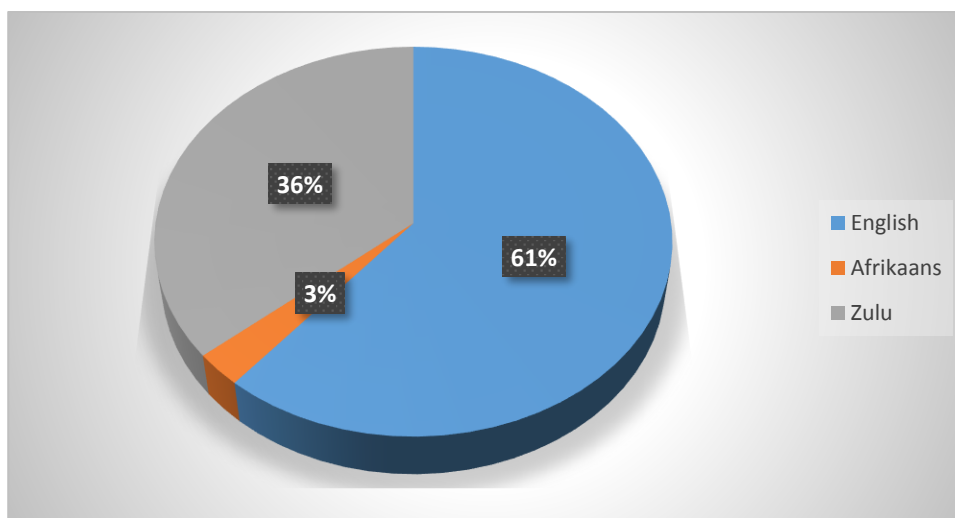


Figure 4.4: Primary language distribution of respondents

Sixty-one percent (61%) of respondents mentioned that their main language is English. This is followed by 36% Zulu speaking and 3% Afrikaans speaking respondents.

This statistic corresponds quite closely with the racial distribution of the respondents where Indian and White race groups speak primarily English as a first language. The Black race group primarily speaks isiZulu as a first language.

4.3.5 Marital status

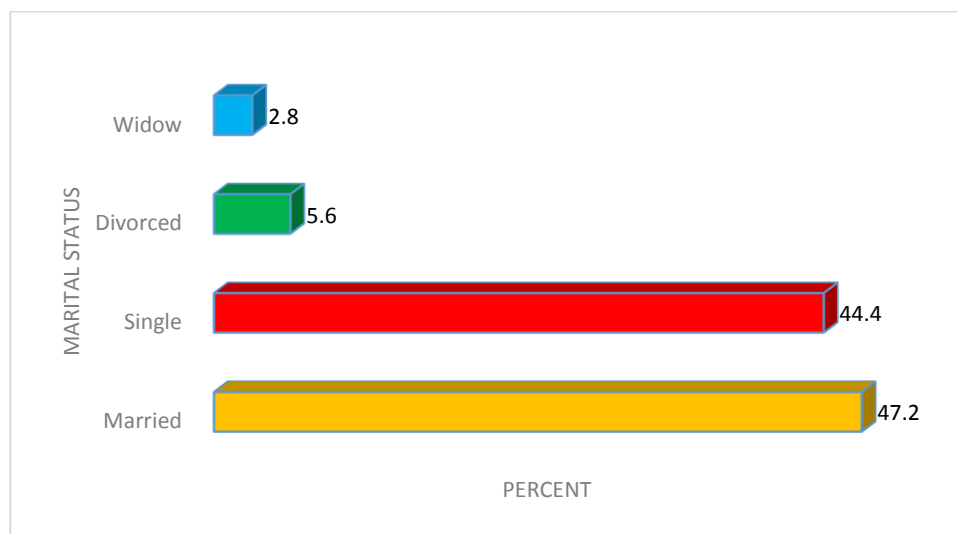


Figure 4.5: Marital status distribution of respondents

Figure 4.5 shows that 47.2% or almost half of respondents were married. This is followed by single respondents who make up 44.4% of the sample population. Divorced and widowed participants make up 5.6% and 2.8% respectively.

4.3.6 Academic qualifications

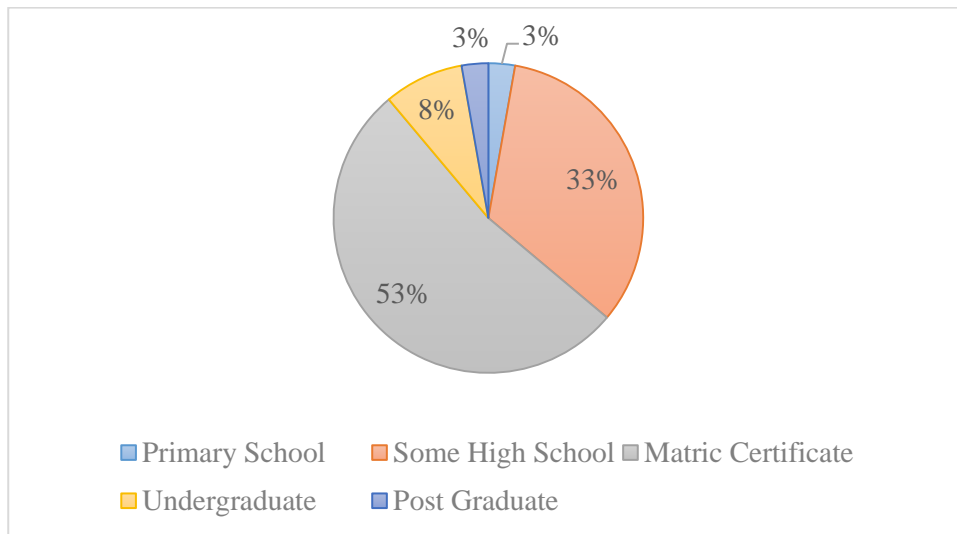


Figure 4.6: Academic qualifications of respondents

According to the Figure 4.6, more than half of respondents (53%) had a matriculation certificate. This is followed by one third (33%) having some high school education only. Only 8% of respondents reported having an undergraduate qualification in the form of a Diploma or Bachelor's Degree while 3% of respondents mentioned having a post-graduate qualification in the form of an Honours Degree or higher. Finally, 3% of respondents reported having primary school education only.

(StatsSA, 2016: 62) reports that in Quarter 4, 2015 of the working age population in South Africa:

- 33.9% of those with less than a matriculation certificate are employed,
- 53.1% of those with a matriculation certificate are employed,
- 72.4% of those with undergraduate education are employed,
- 84.6% of those with postgraduate education are employed.

4.3.7 Length of employment at Cash Connect SA

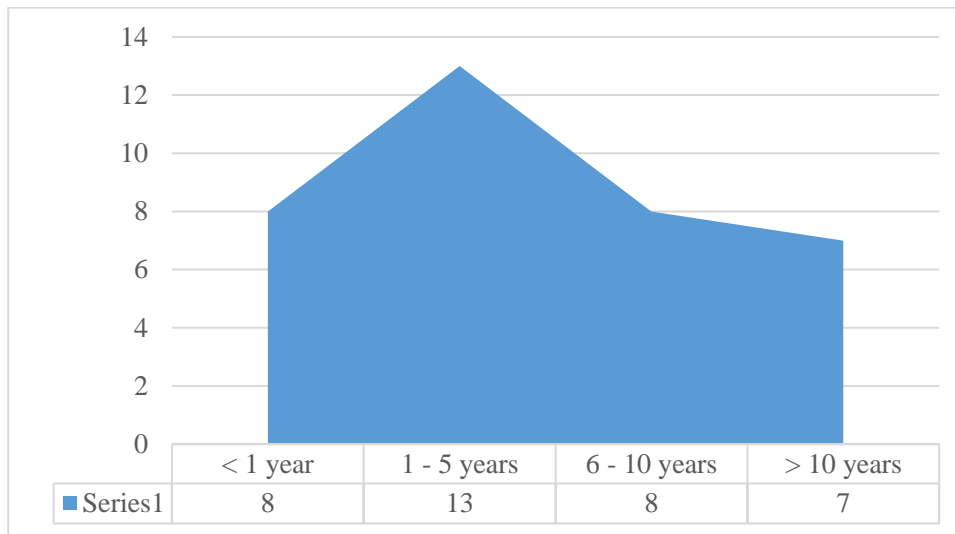


Figure 4.7: Distribution of length of employment at Cash Connect SA

As illustrated in Figure 4.7, 58.3% of respondents have been employed by Cash Connect SA for 5 years or less.

A further 36.1% of respondents recorded being employed by Cash Connect SA for between 1-5 years while 22.2% of respondents reported having between 6-10 years' service with 19.4% reporting service of more than 10 years and 22.2% reporting being employed by the company for less than a year.

When selecting the sample population, only staff members who were employed during the acquisition and rebranding process were chosen.

4.3.8 Work area distribution

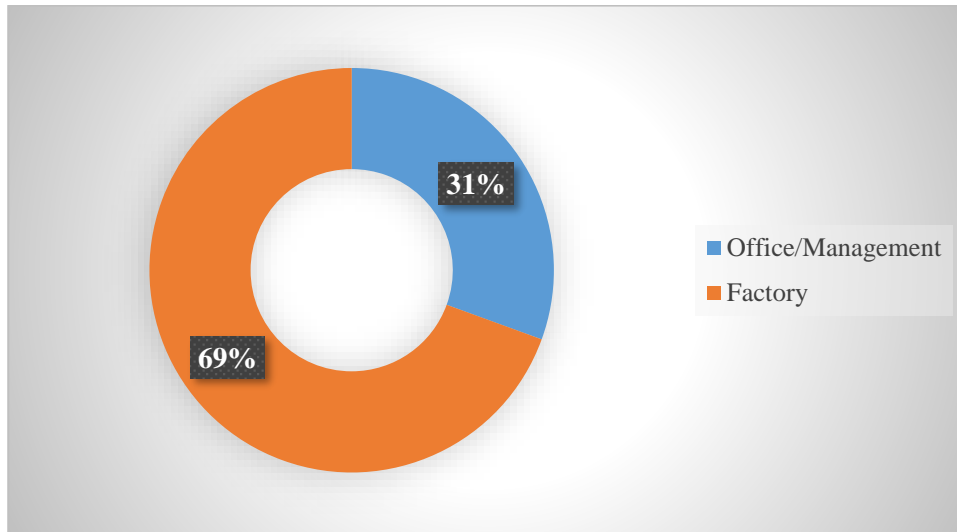


Figure 4.8: Work area distribution of respondents

Figure 4.8 shows that 69% of the respondents were from the factory environment and are hence Blue Collar workers. This accounts to more than two-thirds of the sample population. White Collar workers comprised 31% of respondents as they indicated that they were from the Office/Management environment.

A distinction between the two groups is made because their respective attitudes towards the acquisition, merger and rebranding process is to be measured and compared.

4.4 RESEARCH OBJECTIVE 1: TO DETERMINE WHAT FACTORS LEAD TO MOTIVATION AND ENTHUSIASM TOWARDS AN ACQUISITION AND REBRANDING

4.4.1 Descriptive Analysis

4.4.1.1 Factors creating motivation

Figure 4.9 summarises all the statements regarding motivation. Motivation is the urge or reason to perform one's duties. It was found that the majority of respondents agreed or strongly agreed to all the statements.

The greatest motivating factor was found to be increased job security, as indicated by 94% of respondents. This was followed by receiving awards with 88% rating it positively.

Other motivating factors are increased job satisfaction (88%); increased financial rewards (85%); better company benefits (82%) and finally the possibility of promotions (74%).

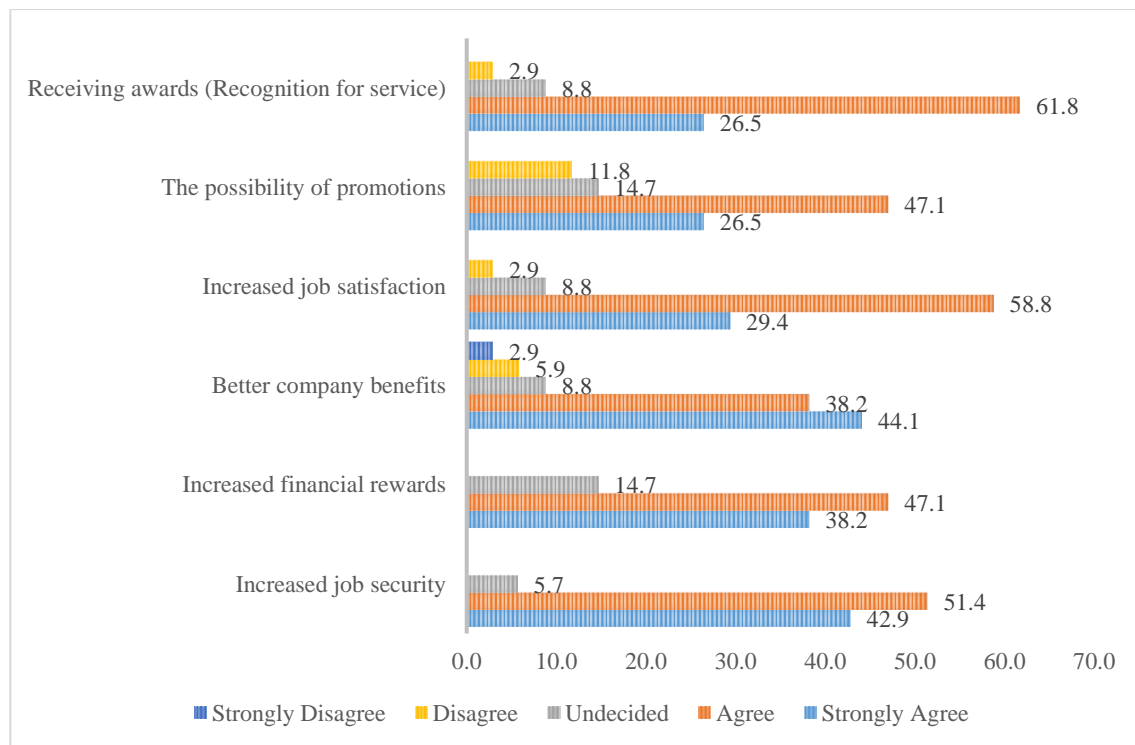


Figure 4.9: Summary of statements regarding motivation

4.4.1.2 Factors creating excitement or enthusiasm

Figure 4.10 is a summary of all the statements that create excitement in the workforce with regards to the acquisition and rebranding. Being excited or enthusiastic means having positive feelings that cause eagerness, interest and enjoyment towards something. It was found that more than 70% of respondents agreed or strongly agreed with all the statements regarding excitement.

The factor that created the greatest excitement among respondents was increased job security at the newly merged company. This was mentioned by 92% of the respondents. This was followed by increased job satisfaction, with 89% of respondents rating it positively. In descending order, the other factors that create excitement towards the acquisition, merger and rebranding were receiving awards (recognition for service) with 86%; receiving better company benefits (83%); increased financial rewards (80%) and finally the possibility of being promoted (75%).

It is also interesting to note that 8% of respondents disagreed that being promoted excited them – in other words, had no effect of exciting them at all. The same effect was seen with 6% of respondents towards receiving awards (recognition of service).

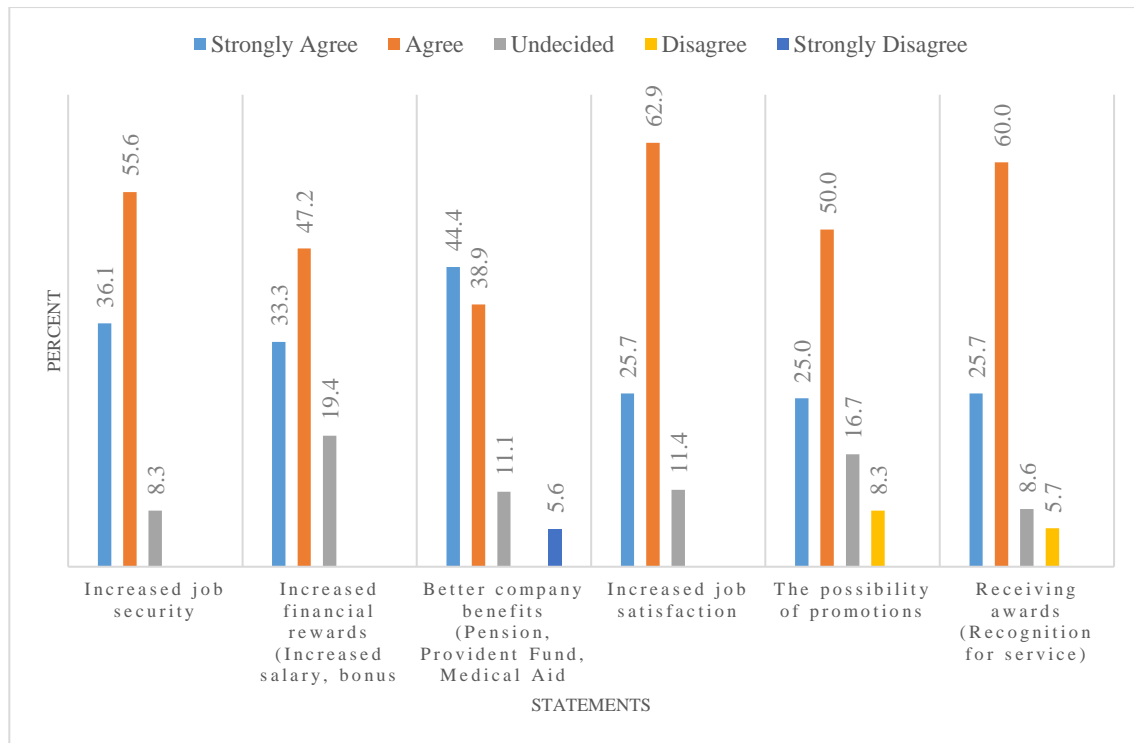


Figure 4.10: Summary of statements regarding excitement

4.4.2 Inferential Analysis

4.4.2.1 Factors creating motivation

Results show that increased job security and increased financial rewards are the two most important factors for staff motivation. This can be seen in Table 4.3.

Table 4.2: Sampling adequacy test for motivation

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.561
Bartlett's Test of Sphericity	Approx. Chi-Square	54.717
	df	15
	Sig.	.000

Table 4.3: Factors creating motivation

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.385	39.745	39.745	2.385	39.745	39.745
2	1.597	26.611	66.356	1.597	26.611	66.356
3	.719	11.987	78.343			
4	.654	10.899	89.242			
5	.437	7.288	96.530			
6	.208	3.470	100.000			

Extraction Method: Principal Component Analysis.

4.4.2.2 Factors creating excitement or enthusiasm

It was found that increased job security and increased financial rewards (increased salary, bonus amongst others) were the most important factors that created excitement/enthusiasm for employees. This is shown in Table 4.5.

Table 4.4: Sampling adequacy test for excitement

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.784
Bartlett's Test of Sphericity	Approx. Chi-Square	78.675
	df	15
	Sig.	.000

Table 4.5: Factors creating excitement

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.357	55.953	55.953	3.357	55.953	55.953
2	1.005	16.753	72.705	1.005	16.753	72.705
3	.661	11.018	83.723			
4	.388	6.459	90.183			
5	.334	5.558	95.741			
6	.256	4.259	100.000			

Extraction Method: Principal Component Analysis.

4.4.3 Discussion of findings

Motivation towards acquisition and rebranding

The descriptive statistics regarding motivation towards the acquisition and rebranding found increased job security to be the strongest motivating factor among staff. Job security is very likely the strongest motivating factor because of the turbulent economic situation in South Africa. (StatsSA, 2016: 72) reports a 24.5% unemployment rate as at quarter 4, 2015 and an average inflation rate of 4.3%. The inflation rate for February 2016 was at 7%. Eighty-eight companies shed 58549 jobs between January 2015 and April 2016. Twenty-four companies in the Metal and Engineering sector alone accounted for 7918 lost jobs. This directly correlates with findings from the study conducted by (Ngo, Loi, Foley, Zheng and Zhang, 2013: 5) where it was found that from factors that affect the level of identification that employees have with their company, Job Security ranks among the top three. This identification was found to increase loyalty towards the company and had the effect of aligning company goals with that of employees – thus increasing morale and motivation at work. Therefore, the results are a strong indication of why job security is the greatest motivating factor at the manufacturing plant.

Receiving awards or recognition for service is ranked second in the motivation factors. This is in line with Abraham Maslow’s Hierarchy of Needs as discussed in the literature review in chapter 2.4. Esteem ranks second from the top of the hierarchy and is described as respect and feedback

from supervisors and the sense of achievement. This is indicative that employees are motivated by the possibility that they may gain more respect and recognition at the newly merged company. This is a natural human goal – to gain the respect of one’s superiors and peers. It creates a sense of self respect, achievement and fulfilment. (Jerome, 2013: 41) supports this by explaining that leaders should recognize employee’s achievement by financial or even spiritual means. The effect was found to be that employees perceive the organisation as caring about their development and employees would thus offer their best service to the organisation. Thus it is understandable why this would rank second in the motivating factors towards the acquisition.

The inferential statistics regarding motivation towards the acquisition and rebranding also indicate that increased job security to be the strongest motivating factor among staff. (StatsSA, 2016: 8) reports that in KwaZulu Natal alone, the unemployment rate sits at 20.5% as at Quarter 4, 2015. The national unemployment rate is at 24.5%. The average inflation was at 4.51% in 2015 and is rising steadily into 2016 (7% at February 2016). The Metal and Engineering Sector lost 7918 jobs at 24 companies in between January 2015 and April 2016. When taking these statistics into account, it makes sense why increased job security after a merger will rank high on employees’ priority lists. Employees would naturally feel more inclined to work hard at their jobs if they are promised job security in such a harsh economic climate – one characterised by retrenchments and company closures. Increased job security would mean that employees’ income stream is more secure and thus, by extension, the welfare of themselves and their families are more secure.

Increased financial rewards (salary, bonus) would mean more money in the pockets of employees. This aligns well with the economic statistics presented above. The possibility of greater remuneration after becoming part of a large corporate company would definitely have a positive effect on staff. It makes sense that this factor would inspire employees to work harder as more income equates to a better quality of life, better living standards, food and family welfare.

Excitement/Enthusiasm towards acquisition and rebranding

Descriptive analysis found that employees felt most excited about their jobs being more secure after the acquisition, merger and rebranding. This is in line with the factors for motivation where the same result was found. Given the staggering unemployment rate and given the high level of domestic inflation, job security is naturally paramount to the workforce. Although filled with uncertainty, it is definitely exciting for one’s employer to become part of a larger organisation because it psychologically increases the security of one’s employment. The chance of a larger organisation closing down becomes smaller. (Anwyn, 2013: 2) supports this finding by explaining that employees focussed on greater job security tended to be more future focussed and looking to invest in their futures at their employer. His study found that employees whose focus was greater job security actively sought out feelings of security at work as well as opportunities for growth

within their companies. These employees took a long term view and were thus excited at the prospect of greater job security.

Further to this, Cash Connect SA, even prior to the merger, was known to be the market leader in the cash handling industry. This would further enhance the excitement as joining such a prestigious company is bound to bring increased job security.

Prior to the rebranding exercise, management began introducing staff to the Cash Connect brand. Staff received t-shirts and were made familiar with the new parent organisation. It was communicated that essentially nothing would change except that staff would now benefit from being part of a larger entity. (Smith, 2013: 89) explains that among other things, providing positivity, reward and stability are the keys to increasing job satisfaction among employees. It is for this reason that increased job satisfaction ranked high on the list of things that excited staff about the process. Management provided positivity, rewards and stability. Much higher levels of excitement would have been reached if staff were allowed to play an active part in the merger (employee engagement); and a development plan was designed for staff.

Findings from inferential analysis directly correlate with the factors for motivation as well as with findings from the descriptive statistics.

Excitement/enthusiasm has been defined as having positive feelings that cause eagerness, interest and enjoyment towards something – in this case, the acquisition, merger and rebranding. The possibility of increased job security translates to lower levels of risk and anxiety for employees. The current national rate of retrenchments and company closures makes nobody immune from losing their jobs. Thus, increased job security would naturally be an exciting prospect for employees who are under constant threat and pressure in a harsh economic environment. It therefore stands to reason why this factor was the greatest factor for creating excitement towards the acquisition, merger and rebranding.

Increased financial rewards (increased salary, bonus) as previously discussed equates to greater financial freedom for employees. It means that employees will earn more and therefore have more money in their pockets to provide for themselves and for their families. It means that employees will experience relief from the financial pressures that surround them. Thus, it is clear why the possibility of higher remuneration created positive feelings for employees towards the newly merged company.

4.5 RESEARCH OBJECTIVE 2: TO DETERMINE WHAT FACTORS LEAD TO DEMOTIVATION AND RESISTANCE TOWARDS ACQUISITION AND REBRANDING

4.5.1 Descriptive Analysis

4.5.1.1 Factors creating demotivation

Demotivation in a work context is described as the urge to not perform ones' duties. Figure 4.11 is a summary of all the statements that created a sense of demotivation in the workforce with regards to the acquisition and rebranding.

More than one third of the respondents (36%) mentioned reduced job security (the threat of losing job) as the greatest demotivating factor. This was followed by a lack of company benefits (pension, provident fund, medical aid) (37%), and lack of promotions (33%) identified as demotivating factors.

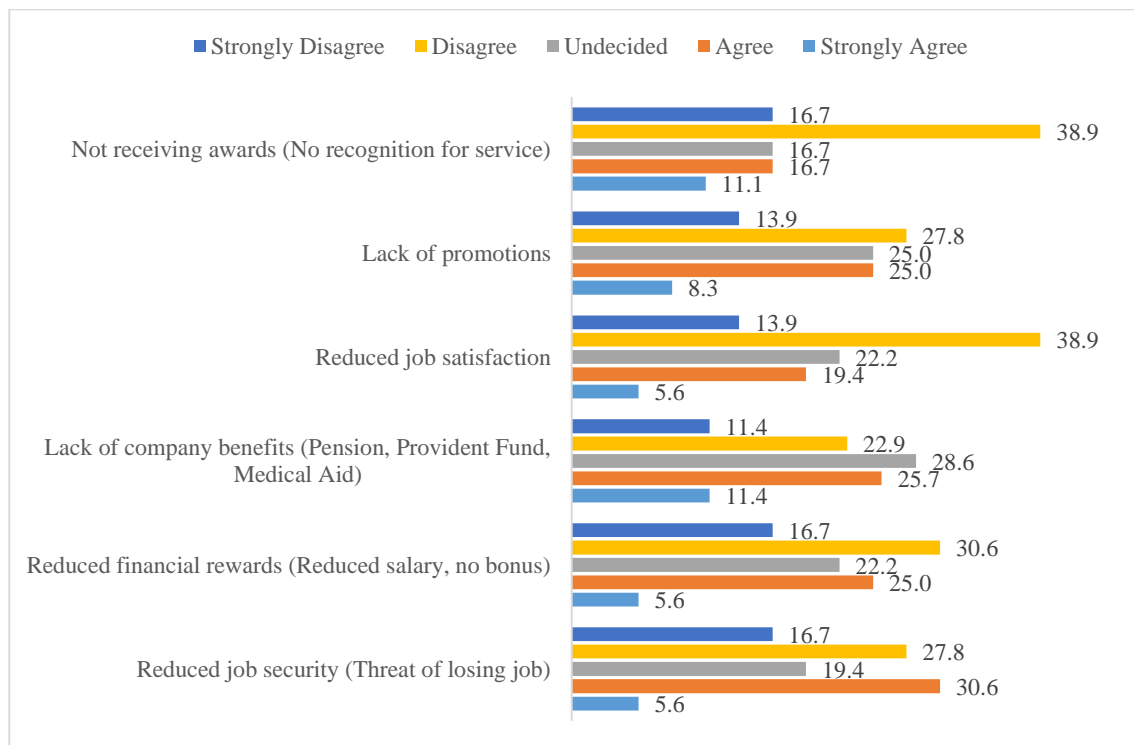


Figure 4.11: Summary of statements regarding demotivation

4.5.1.2 Factors creating concern or worry

Figure 4.12 is a summary of all the statements that created concern or worry in the workforce with regards to the acquisition and rebranding. Being concerned or worried is having negative feelings that cause anxiety, disinterest, stress and resistance towards something. It was found that the potential lack of company benefits (pension, provident fund, medical aid) created the most worry

for respondents (37%). This was followed by reduced job security (the threat of losing their jobs) as the second highest cause for concern from respondents (33%).

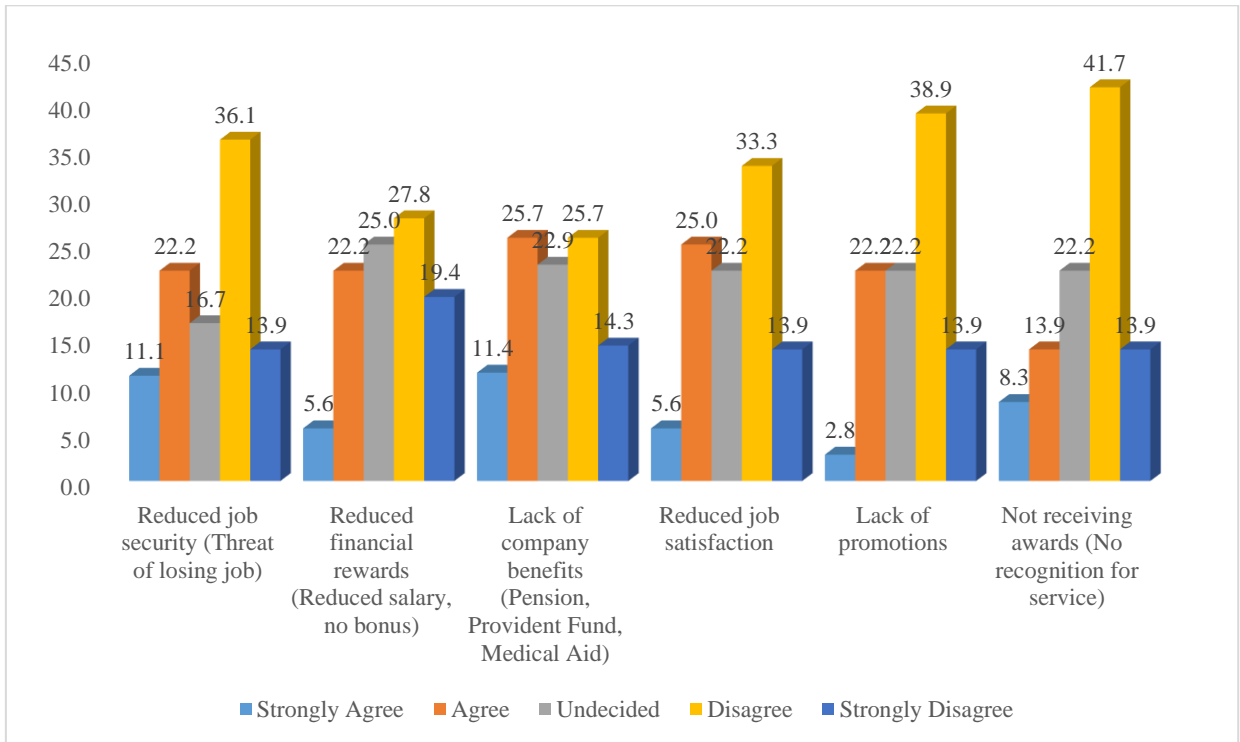


Figure 4.12: Summary of statements regarding worry or concern

4.5.2 Inferential Analysis

4.5.2.1 Factors creating demotivation and concern/worry

The factors that created demotivation and concern/worry in the minds of staff will be presented and analysed in this section. These factors are grouped and presented together because the findings from the data analysis are exactly the same for both factors. Demotivation data will be presented first and then concern/worry data.

The study found that reduced job security (the threat of losing one’s job) was the only factor that significantly demotivated staff when it came to the acquisition and rebranding. These results can be seen in Table 4.7.

Table 4.6: Sampling adequacy for demotivation

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.706
Bartlett's Test of Sphericity	Approx. Chi-Square	144.126
	df	15
	Sig.	.000

Table 4.7: Factors for demotivation

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.885	64.752	64.752	3.885	64.752	64.752
2	.953	15.888	80.641			
3	.648	10.797	91.438			
4	.239	3.980	95.418			
5	.180	2.992	98.411			
6	.095	1.589	100.000			

Extraction Method: Principal Component Analysis.

The study also highlighted that reduced job security (the threat of losing one's job) was the most significant factor that led to concern and worry in the minds of staff when facing the acquisition and rebranding. This result can be seen in Table 4.9.

Table 4.8: Sampling adequacy for worry

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.865
Bartlett's Test of Sphericity	Approx. Chi-Square	184.213
	df	15
	Sig.	.000

Table 4.9: Factors for worry

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.554	75.896	75.896	4.554	75.896	75.896
2	.638	10.641	86.537			
3	.382	6.372	92.909			
4	.198	3.306	96.215			
5	.138	2.301	98.516			
6	.089	1.484	100.000			

Extraction Method: Principal Component Analysis.

4.5.3 Discussion of findings

Demotivation towards acquisition and rebranding

Descriptive analysis has found that the threat of reduced job security was the factor that had the greatest demotivating effect on staff. The findings are in line with (Naveed, Hanif and Ali, 2011: 2) who found that employees who worked at a company before, during and after it was merged felt that their job security the factor that was most threatened. The threat resulted in massive reductions in output, morale and performance.

It is emerging that in the manufacturing plant the security of employees' jobs was a key concern during the acquisition, merger and rebranding. Employees mentioned feeling the most excited and the most motivated by the prospect of having greater job security at the newly merged company. This directly correlates to the findings that the threat of losing their jobs was the most demotivating factor at the newly merged company.

This is followed by lack of company benefits and lack of promotions as demotivating factors. This is highly likely a result of the turbulent economic climate in the country. Given the difficult economic state of the country and that employees are now joining a large organisation it makes sense that not receiving big company benefits would demotivate the workforce. In difficult economic times, receiving support in the form of a pension or provident fund sends the message that one's future and that of his family is more secure. It means that one can retire and receive some sort of financial comfort during their retirement. Not receiving this, even after becoming a part of a large company will naturally be demotivating. It is critical that employee expectations are managed (by communicating with the workforce) during the process so that this demotivating factor can be minimized.

Joining a large organisation also sends the message that there is now room for growth and personal development to employees. (Goyal and Joshi, 2012: 11) and (Pokharna, 2011: 8) both agree that ambiguity and uncertainty while the threat of new colleagues and culture are major contributors to merger failure. Lack of promotions is thus a key demotivating factor for employees. Clarity and the promise of development dispels these feelings of ambiguity, uncertainty and anxiety and, by extension, serves as a motivating factor.

Inferential analysis of the demotivating factors and the factors for worry/concern are discussed together because the findings from the data analysis are exactly the same for both factors. The data shows that reduced job security or the threat of losing their jobs was the factor that concerned and demotivated staff the most during the acquisition and rebranding. This strongly corresponds with data presented thus far in that staff perceived the process as a threat to their employment.

As discussed, the harsh economic climate in South Africa and the rising levels of unemployment, retrenchments and company closures contribute to demotivation. It begins to emerge that although staff were briefed by management early in the process, there were still levels of doubt, distrust and uncertainty towards the process. This is in line with the explanation from (Marmenout, 2010: 337) that employees felt a strong sense of helplessness and lack of control when faced with uncertainty. So even though management explained that the change would just be superficial, staff perceived the change as a potential threat to their employment. This reaction is understandable because (Marmenout, 2010: 352) goes on to explain that, although change may be communicated, without

ongoing communication, staff engagement/involvement and question/feedback, levels of uncertainty and negativity will continue to rise among staff.

Concern/worry towards acquisition and rebranding

It was also found that reduced job security or the threat of losing their jobs was the factor that concerned and demotivated staff the most during the acquisition and rebranding. This strongly corresponds with data presented thus far in that staff perceived the process as a threat to their employment.

As discussed, the harsh economic climate in South Africa and the rising levels of unemployment, retrenchments and company closures are definite contributors to this. It begins to emerge that although staff were briefed by management early in the process, there were still levels of doubt, distrust and uncertainty towards the process. This is in line with the explanation from (Marmenout, 2010: 337) that employees feel a strong sense of helplessness and lack of control when faced with uncertainty. So even though management explained that the change would just be superficial, staff perceived the change as a potential threat to their employment. This reaction is understandable because (Marmenout, 2010: 352) goes on to explain that even though change may be communicated, without ongoing communication, staff engagement/involvement and question/feedback, the levels of uncertainty and negativity will continue to rise among staff.

It is interesting to note that in both the demotivation and worry/concern sections, a large proportion of respondents disagreed that the factors had any demotivating or concerning/worrying effects on them at all. This could potentially be due to a generally more positive outlook on the newly merged company from employees.

4.6 RESEARCH OBJECTIVE 3: TO DETERMINE IF LOWER LSM STAFF MEMBERS ARE MORE RESISTANT AND IF HIGHER LSM STAFF MEMBERS ARE LESS RESISTANT TO ACQUISITION AND REBRANDING

4.6.1 Descriptive analysis and discussion of findings

4.6.1.1 Experience and opinion about the overall process

Figure 4.13 is a summary of the statements regarding the overall experience of the acquisition and rebranding. This section (Section C) of the research instrument was answered separately by factory staff and office staff. The staff were asked to choose their area of work and then complete the questions. The questions themselves are identical between sections however a distinction was made so that a comparison between the experiences could be compared.

The study found that more participants responded positively about their experiences of the process than negatively as 75% agreed or strongly agreed that the process was well communicated to them while 74% positively indicated that they were clear about their future at the company, and 78% mentioned that their overall experience was good.

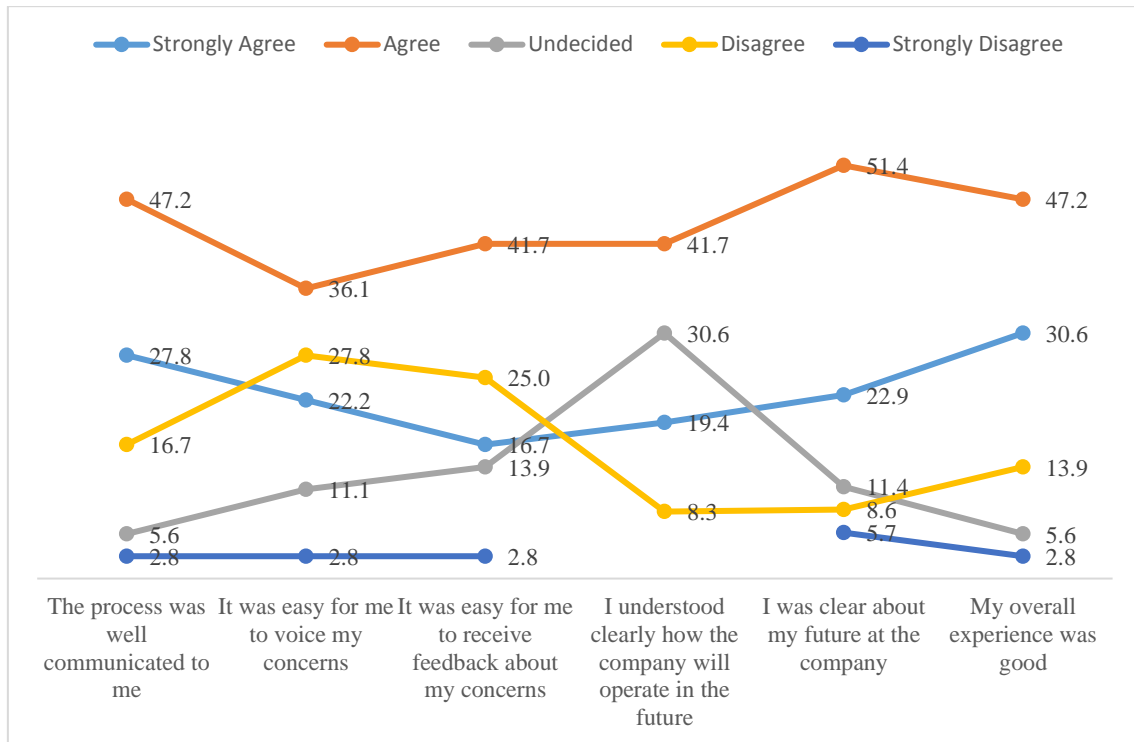


Figure 4.13: Summary of statements regarding experience

Clear communication, as described by (Ioannis Nikolaou, Maria Vakola and Bourantas, 2011: 16), plays a vital role in the success of a merger. Management at Cash Connect SA did explain the reason behind the merger and the future direction of the company to staff, but did it as a once-off exercise. This is illustrated by 61% of staff positively rating their understanding of company future operations. However, when this was done, the acquisition and rebranding was in the final stages. Due to this, factory staff in particular, were left with a lot of unanswered questions and uncertainty about the process. The effect of this inadequate communication shows itself in the experience ratings, specifically where staff rated their ease to voice their concerns (58%) and ease of receiving feedback about concerns (58%).

4.6.1.2 Overall experience rating and willingness to repeat process

With regard to the process, all the participants positively mentioned that the acquisition and rebranding of the company to Cash Connect SA was a positive experience for them (100%) with 88% of respondents positively indicating that the acquisition and rebranding of the company to

Cash Connect SA was something they would like to experience again. This overwhelmingly positive rating is an indication that the change management process was fairly well executed. Both factory and office/management staff had a strongly positive experience and this would translate into little drop off in their morale and production output. It is also interesting to note that not a single employee resigned during the process so this is also indicative of a well-managed process.

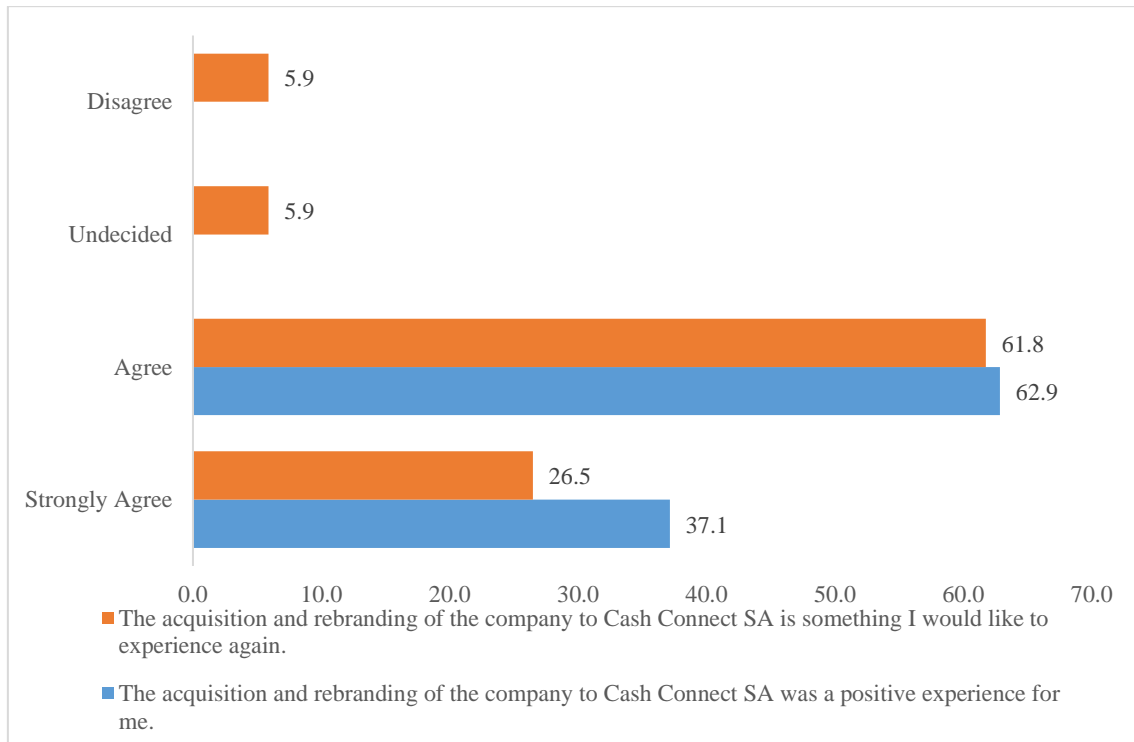


Figure 4.14: Summary of statements regarding the acquisition

As a critique: although the process was fairly well managed, there is still much room for improvement, especially with regards to ongoing communication and staff engagement. The key shortcoming was the widespread concern and demotivation that employees felt about losing their jobs (reduced job security). The possibility of job losses or the fact that there would be no job losses should be communicated as early in the process as possible. This should be reiterated to employees on an ongoing basis. This would significantly increase the quality of the process.

4.6.2 Inferential analysis and discussion of findings

4.6.2.1 Experience and opinion about the overall process

In the research instrument, staff were requested to rate the quality of their experience during the acquisition and rebranding process. Based on research, best practices and key indicators/ characteristics of a well-managed merger process were identified. The aim of which was to ask staff to rate their experience of these key indicators so that the quality of the changeover process could be gauged. Also based on research, these characteristics represent areas that create the most

trauma for employees during a merger. Employees often exhibit a drop in productivity and even resign due to mismanagement in these key areas. These are:

- Communication about the process
- Ability and opportunity to voice concerns
- Ease of receiving feedback about voiced concerns
- Clear understanding of how the company will operate post-merger
- Clarity about one’s future at the newly merged company
- The positivity of one’s experience.

With regards to these, data analysis indicated that “The process was well communicated to me” was the factor that explained 66% of the variation of experience. This is shown in Table 4.11.

Table 4.10: Sampling adequacy for experience

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.726
Bartlett's Test of Sphericity	Approx. Chi-Square	139.767
	df	15
	Sig.	.000

Table 4.11: Factors for experience

Total Variance Explained						
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.986	66.431	66.431	3.986	66.431	66.431
2	.890	14.833	81.264			
3	.481	8.021	89.285			
4	.316	5.274	94.559			
5	.239	3.985	98.544			
6	.087	1.456	100.000			

Extraction Method: Principal Component Analysis.

Literature supports that the key to a successful acquisition, merger and rebranding is in-depth communication with staff. (Goyal and Joshi, 2012: 10) for example, found that generally 65% of staff have just a basic understanding of the dynamics of a merger in their company. The lack of understanding leads to staff drawing their own conclusions about the change and eventually having negative sentiment towards it. Lack of understanding is explained by (Teerikangas, 2012: 616) as causing employment disengagement and anxiety – both of which are absolutely disastrous for a merger.

Therefore, the fact that staff rated that the process was well communicated is testament to a well-managed change process. Although there is much room for improvement, the process was relatively well communicated to staff.

4.6.3 Hypothesis tests and discussion of findings

To investigate whether the lower LSM members were more resistant to acquisition and rebranding, a Mann-Whitney U test was conducted. According to (Laerd, 2014: 5), “The Mann-Whitney U test is used to compare differences between two independent groups when the dependent variable is either ordinal or continuous, but not normally distributed.” Therefore, this test was used to determine the similarities or differences between the views of the different levels of staff namely, Factory Staff (Blue Collar Workers) and Office/Management Staff (White Collar Workers).

The hypothesis is that lower LSM staff members tend to be more risk averse because of their economic situations where even a slight disruption in their income will result in dramatic negative

consequences in their lives and in the lives of their families. It is also a hypothesis that the opposite of this is true for higher LSM staff members. They would tend to be more accepting of risk due to their higher level of income and perhaps access among others to credit facilities etc. This hypothesis was tested by measuring how positive the experience was for the different groups and whether or not it was something they would like to experience again.

The result derived from the research instrument did not find any significant difference between lower and higher LSM staff members regarding their attitudes towards acquisition and rebranding ($p = 0.587$). Both groups report the experience as a positive one. This result is seen in Table 4.12.

Table 4.12: Hypothesis test outcome 1

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of “The acquisition and rebranding of the company to Cash Connect SA was a positive experience for me” is the same across factory and office/management staff.	Independent-Samples Mann-Whitney U Test	.587 ¹	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is 0.05.				
¹ Exact significance is displayed for this test.				

Both groups also reported that the experience was one that they would not mind repeating. This result is seen in Table 4.13.

Table 4.13: Hypothesis test outcome 2

Hypothesis Test Summary				
	Null Hypothesis	Test	Sig.	Decision
1	The distribution of “The acquisition and rebranding of the company to Cash Connect SA is something I would like to experience again” is the same across factory and office/management staff.	Independent-Samples Mann-Whitney U Test	.592 ¹	Retain the null hypothesis.
Asymptotic significances are displayed. The significance level is 0.05.				
¹ Exact significance is displayed for this test.				

It can therefore be concluded that higher LSM staff and lower LSM staff have similar risk appetites towards acquisition, merger and rebranding at the workplace. There are no significant differences between the attitudes of lower LSM staff and higher LSM staff when it comes to acquisition, merger and rebranding in the manufacturing plant.

4.7 RESEARCH OBJECTIVE 4: TO DETERMINE HOW RESISTANCE TO ACQUISITION AND REBRANDING IN THE MANUFACTURING PLANT CAN BE IMPROVED

4.7.1 Qualitative analysis of experience

A qualitative question was included in the research instrument with the aim of teasing out views, opinions and insights from staff with respect to the acquisition and rebranding experience.

Staff were asked what could be done to improve the acquisition and rebranding experience for them. Responses were grouped and the major recommendations from staff were derived.

The following was recommended by staff to improve the experience:

- Clear outline of company benefits should have been provided.
- I wish that we received better benefits after being rebranded.
- More benefits like pension and provident fund.
- I would have liked to have a meeting so I knew what was going on.

4.7.2 Discussion of findings

Three-quarters of staff indicate that receiving better company benefits after the acquisition and rebranding of the company to Cash Connect SA would have improved the experience for them. These benefits are in the form of a pension fund, provident fund or medical aid. Upon discussions with respondents, it was determined that the expectation was that staff would receive the benefits because they were joining a large corporate. This was never communicated nor did it form part of any discussion, so it is therefore unclear where this expectation came from. Receiving better benefits could be possibly linked to the difficult economic conditions in South Africa. Staff could be trying to plan for their futures and possibly better cater for their retirement.

(Britton, 2011: 2) supports this reasoning by stating that money, rewards and incentives occupy a major place in the mix of employee motivators. Company benefits such as pension funds, provident funds and medical aid assistance fall within these motivators. However, both (Hossain and Hossain, 2012: 1) and (Britton, 2011: 2) agree that financial and other benefits do not motivate as strongly as non-financial benefits like improved work environment, supervisor relationships, development and growth etc. Therefore, to be truly motivating and to truly improve the process, a combination of financial and non-financial benefits should be offered. This could be individualised

to further concentrate the effect. The result would be a powerful morale boosting and experience improving effect on the workforce.

The remaining staff were divided in their views, however a significantly large proportion (greater than 20%) reported that they wished the process had been better communicated to them.

One respondent reported:

“A general meeting in which key changes were mentioned and the opportunity to voice concerns or clear up any possible questions that might have troubled some of the employees.”

Another reported:

“I wish I was involved from earlier on so I could better plan my work. It also would have been nice to be introduced to Cash Connect HQ staff.”

This appears as the key theme with this 20% of respondents. A meeting, or possibly a series of ongoing meetings/engagements would have answered questions and provided feedback so that staff would have felt more involved in the process. Increased engagement and communication was reported as a factor that could have significantly improved the quality of the process.

4.8 SUMMARY AND CONCLUSIONS

This chapter presented and analysed the data extracted from the sample population via the research instrument. The method of data collection was explored and thereafter definitions of descriptive or inferential statistics analysis were established.

Data reliability was tested by using the Cronbach Alpha value. An alpha value of 0.852 was found, indicating that data was reliable and worthy of full confidence.

The demographic statistics of the sample population were presented and similarities with national statistics were drawn. Statistics relevant to the research objectives were presented, analysed and discussed in detail.

For research objective 1, it was found that the possibility of increased job security was the greatest motivating and exciting factor to staff. The economic climate of South Africa, including unemployment rates, inflation and other economic pressures were explored as causes for this finding.

For research objective 2, it was found that the possibility that the acquisition and rebranding may lead to reduced job security was the greatest factor that caused demotivation and concern/worry in

staff. The economic volatility, uncertainty and cost of living were explored as possible causes for this factor.

The aim of research objective 3 was to find out whether or not lower LSM (factory) staff were more resistant to the acquisition and rebranding than the higher LSM (office/management) staff. It was found that there were no significant differences between attitudes and experiences between the two groups.

Research objective 4 was to determine how resistance to acquisition and rebranding could be overcome in the future. The findings were that staff had an expectation that they were receiving benefits (medical aid, pension/provident funds) as part of the process. Data has indicated that clear communication and management of expectations from all stakeholders would improve the process in the future.

It can therefore be concluded that for an improved acquisition, merger and rebranding process, management must ensure that the level of the security of employees' jobs is clearly communicated. Staff at all levels can be communicated to equally as their concerns are the same. To improve the process further, certain benefits can be offered to increase employee buy-in.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

Working at a company that is being sold, acquired, merged and rebranded is an experience that many employees may face in their careers. The process itself is stressful and if not managed correctly can have severe detrimental effects on the workforce and on the company as a whole. A review of literature has indicated that communication is the key to a successful acquisition, merger and rebranding process. Staff engagement, involvement and a clear picture of the future has been found to have the greatest positive effect on the workforce. Literature has also highlighted the importance of managing geographic, cultural and hierarchy changes. The maintenance of trust and morale of the workforce is of paramount importance as failure in this regard leads to anxiety, stress, disengagement and even job losses among staff.

The previous chapter showcased the findings from staff who had recently experienced an acquisition and rebranding exercise. This chapter focuses on the findings of the research study, the limitations identified, recommendations arising from findings and suggestions for future research on the subject.

5.2 KEY FINDINGS AND CONCLUSIONS

The aim of the study was to determine what the main motivating, demotivating, exciting and concerning factors are for staff when faced with an acquisition and rebranding at their workplace. The hypothesis was that lower LSM staff (factory employees) were more resistant to the process than their higher LSM (office/management) counterparts. Factors to improve the process were also explored.

The research questions were designed so that they adequately met the research objectives. Demographic data showed that the sample population was relatively comparable to the workforce in the South African manufacturing sector. Findings from the analysis determined that when faced with the prospect of their employer being acquired, reduced job security was the single most demotivating and concerning factor for staff of all levels. Conversely, increased job security was the factor that motivated and excited staff the most. It was found that there was no significant difference in attitudes between the different levels of employees when it came to the process. It was also found that the possibility of receiving company benefits (medical aid, provident/pension

fund) was an uncommunicated expectation of staff. It was found that increased communication and more staff engagement would vastly improve the process going forward.

5.2.1 Summary of findings from literature review

It was found that being employed by a company that is acquired and rebranded can be a stressful and anxiety ridden affair. (Finkle, 2014: 1) mentions that this is due to uncertainties in the process that vary from the threat of job loss/retranchment to physical working in a different geographical area. The problem is compounded by (Kondalamahanty, 2015: 1) showing that mergers and acquisitions reached a global all-time high in 2015, with the trend on the increase year on year.

The different Living Standard Measure (LSM) groups in the South African population were introduced by (SAARF, 2012: 3). The varying lifestyle descriptors and actual LSM groups were identified and explained.

Abraham Maslow's Hierarchy of Needs theory was correlated to the different LSM Levels in South Africa to illustrate the relationship with one's standard of living and one's needs and aspirations in the economic environment. (LaFlash, 2012: 3) supports this correlation by arguing that if individuals cannot satisfy basic needs on lower levels of Maslow's needs pyramid then they would be unable to satisfy needs higher on the pyramid.

The intrinsic emotions experienced during acquisition and merger was explored with (Cartwright and Cooper, 2012b: 36) pointing out that mergers and acquisitions create the expectation of change, and that change is associated with conflict. The emotions associated with conflict are distinctly negative with examples such as distrust, hostility and uncertainty. (Pokharna, 2011: 6) supports this by pointing out that ambiguity and uncertainty are characteristic of the process. (Teerikangas, 2012: 616) states that poor communication leads to emotions such as anxiety and feelings of alienation by the company and hence leads to employees psychologically rejecting the change. (Pokharna, 2011: 8) further argues that employees feel threatened by new colleagues and the changed company culture. (Goyal and Joshi, 2012: 15) and (Lawlor, 2013: 9) found that disapproval and resentment of the merger decision and distress associated with changes in the physical environment are also major emotions felt by employees.

To minimize these negative emotions experienced by employees, clear communication; preparation of employees; employee motivation and support and; employee training was found to play the greatest part in improving the emotional journey for the workforce.

Finally, Kurt Lewin's Change Management theory was discussed as a tool for managing change in terms of mergers. (Kaminski, 2011: 5) proposed a method this starting with leadership "unfreezing" the organisation from old patterns and practices. Leaders then execute "change" to

move the organisation forwards to the new and desired behaviour. Once the new level of behaviour and performance is reached, leaders then “refreeze” the organisations patterns and practices.

5.2.2 Objective One

This objective was to determine what factors motivated and excited staff when faced with an acquisition and rebranding in their workplace. This is specifically in the context of the manufacturing plant in KwaZulu Natal. The finding was that a possible increase in job security motivated and excited staff the most. This was indicated by 88% of respondents. This was attributed to 2 factors:

1. Becoming part of a larger organisation meant more secure employment for the workforce. Psychologically, the chances of job loss (through company closure) when part of a large corporate is reduced.
2. The turbulent economic climate in South Africa, the 26.7% unemployment rate (as at May 2016), the rising inflation rate (7% as at February 2016) and hence the increased pressure on consumers all contribute to employee’s anxiety about job loss. Therefore, the possibility of more secure employment serves as a motivating and exciting prospect.

These findings are in line with relevant literature especially with (Joshi and Goyal, 2012: 15) and (Pokharna, 2011: 8) who explained that the uncertainty of mergers leads to anxiety and disengagement from staff. They explained that uncertainty is caused by staff immediately assuming that their jobs are in danger. The remedy for this is communication and engagement. (Dartey-Baah and Amoako, 2011: 658) agrees with this finding by highlighting that in their study, workers were found to do everything possible to secure their jobs. Job security meant survival for the workforce therefore an increase in this factor directly equated to more motivated staff members.

It is evident from the findings that the prospect of more secure employment is a tool that can be used to motivate the workforce when a merger is imminent. This tool can be used to increase staff morale and dramatically reduce the anxiety and stress associated with company mergers.

5.2.3 Objective Two

The objective was to determine what factors demotivated and concerned staff when faced with an acquisition and rebranding in their workplace. Again, this is in the context of a KwaZulu Natal manufacturing plant. The reason for this objective was to find the most negative factor about the acquisition. Once the most demotivating and concerning factor is determined, management can take steps to minimize its effects on staff. By doing this, employees will be more positive and less stressed/anxious when faced with a merger at their workplace.

The findings were that the possibility of reduced job security was the factor that had the strongest negative effect on staff. The findings directly correlate with relevant literature such as (Raza, Sultan, Latif, Rafiq, Khan and Huda, 2015: 1807) who explained that perceived job security is a core dimension of worker wellbeing. He went on to explain that reduced job security is linked to increased employee stress and anxiety among employees. This is related to (Gallup, 2014: 1) who states that lack of job security wreaks havoc with employee retention. This is due to employees being demoralized by the prospect of job loss, even if the prospect was only perceived, to a point where they would seek different employment. Simply by providing clarity to staff about the security of their jobs, management can significantly reduce the negative impacts on the workforce. This aligns with literature in the sense that clear communication is the key to a successful change process.

5.2.4 Objective Three

Objective 3 was to determine if factory staff (lower LSM) were more or less resistant to the acquisition and merger than office/management staff (higher LSM). The hypothesis was that since lower LSM staff had smaller incomes and hence less tolerance for disruptions in their income streams, they would resist changes to their workplace (acquisitions, mergers and rebranding) more than their higher LSM counterparts.

The finding was that there was no significant difference between the attitudes of lower LSM staff and higher LSM staff. The appetites of risk towards the changes were the same.

Literature suggests that there would be a significant difference in attitudes among the different levels of staff however, none was found. It is very possible that the difficult economic conditions in the country make nobody immune to disruptions to their income streams. Higher LSM staff possibly do not have the savings that they once did to safely carry them through disruptions in their salary. This is supported by (StatsSA, 2016: 32) who reported that from January 2013 to January 2016, South African personal savings have averaged -1.94%. In other words, South Africans have been spending their savings to survive. This shocking statistic suggests that all employees are vulnerable to disruptions to their salary.

Therefore, it was found that there is no significant difference between factory and office/management staff when it came to how resistant they were towards the merger.

5.2.5 Objective Four

This research objective was to qualitatively determine how resistance to the acquisition and rebranding could be reduced and the attitudes of staff improved. The aim was to extract the opinions and feelings of staff towards the process. Also, staff were urged to give their suggestions about how the process could be improved. The finding was that receiving some sort of benefit (in

the form of medical aid, provident/pension fund) would have improved staff attitude about the process. (Kwon, Hein and Hewitt, 2013: 6) found that properly designed, delivered and communicated rewards programmes provided an incentive for employees to remain with an employer as well as perform at levels that produced desired business results. It was further found that correctly structured rewards programmes motivated employees to a point where companies could achieve a much higher return on their investment in benefits. This finding could therefore be used as a tool to increase staff performance, output and morale when a merger is imminent.

Twenty percent (20%) of respondents also indicated that better communication and staff engagement would have significantly improved their experience. Literature supports that the level of communication with the workforce determines whether a merger will be successful or not.

Findings show that possible company benefits and clear communication about the process would be a powerful combination to improve the acquisition, merger and rebranding process for the workforce at the manufacturing plant.

5.3 RECOMMENDATIONS FOR IMPROVEMENTS TO THE PROCESS

The recommendations in this section are based on the reviewed literature, findings yielded from the research study and discussions about the subject.

5.3.1 Optimizing motivation and excitement levels

It is evident from the findings that when faced with an acquisition, merger and rebranding at their workplace, the job security of staff is their greatest concern. An increase in this factor has proven to have the most motivating and exciting effect and a decrease in this factor has proven to have the most demotivating and worrying effect.

Management and key decision makers should take every step to ensure that they communicate to staff and involve them in the process of the acquisition from the initial stages. (Galpin and Herndon, 2014: 4) found that often, simply being involved in the change process equated to continued employment for some staff. The findings as well as literature confirm that poor communication is the killer of mergers. It is widely understood that merging means duplicate and redundant positions and hence possible job loss, thus the anxiety from staff. To minimize this anxiety, decision makers should communicate all workforce changes to staff early on in the process. The security of their jobs, any job losses and any changes in jobs should be communicated and this should be reinforced throughout the process. (Cartwright and Cooper, 2012a: 35) support this by suggesting that to reduce anxiety and stress levels among employees, “open consultation and consultative discussion of future acquisition or merger plans” should be carried out. Rather

than management simply deciding which jobs are to be cut, afford employees the opportunity to come up with solutions to circumvent the job cuts. This approach should yield new and novel approaches to the problem that could include part-time work, job sharing or job rotation.

5.3.2 Minimizing demotivation and concern/worry levels

Reduced job security was found to be the most demotivating and worrying factor to staff when faced with the acquisition, merger and rebranding process. Minimizing the negative effects of the process greatly increases the chances that the process will be a success. A more motivated and enthusiastic workforce will be more positive about the coming changes and will also see a far lower drop-off in productivity and morale. Changes to the workforce should be communicated early on to staff and they should be given every opportunity to come up with solutions to the problem. Involving and including employees in the decision making process will serve to empower them and will alleviate any sense of helplessness.

It is recommended that a structured programme be developed so that the changes in the work environment can be managed. (Cartwright and Cooper, 2012a: 37) suggest a pragmatic set of guidelines:

- Key decision makers and top management be visibly involved with staff. They should support staff, provide feedback and endorse the change process.
- Changes to the physical environment must be explained and clarified early on.
- Employees should be consulted and involved in the merger process. They should participate wherever possible.
- The cultural differences of new employees should be clarified to staff. Training should be done. Integration of the two workforces should be controlled carefully.

A well planned and well managed change process during the merger will result in employees being more informed and more engaged thus reducing their levels of stress and anxiety. By extension, employee demotivation and worry levels will be reduced.

5.3.3 Improving the overall experience of staff

Findings indicate that at the manufacturing plant, an improved benefit scheme would have improved the overall experience of staff most. The benefit scheme could be medical aid assistance or a pension/provident fund. The fundamental message is that the employees sought reward or better remuneration after being acquired and merged with another company.

The recommendation is that some sort of reward be used to encourage staff through the process. Literature such as (Martindale, 2015: 1) report that this practice actually smooths and eases the company integration process. This would have the effect of increasing staff buy-in as they would see that they stand to benefit from the acquisition and merger process. The benefit need not be an

extra financial burden on the company but could possibly be a rearrangement of the current benefit scheme to be more satisfying to employees.

(Martindale, 2015: 1) proposes that human resources communicate with employees and gain their opinions on their individual wants and needs. These flexible benefits packages move away from the old rigid 'one size fits all' package. The aim is to tailor-make the benefit scheme to give employees a measure of control and personal satisfaction.

The result would be a more positive workforce with higher morale. This would improve the merger process for staff and would ensure a minimal drop-off in output. Staff would be more receptive to the change process because they would see that the firm has their personal interests at heart and that they stand to gain from the process. Employee interests and the success of the acquisition, merger and rebranding process would be aligned.

5.4 LIMITATIONS OF THIS STUDY

The limitations of the study are discussed below:

- The manufacturing plant at which the study was conducted has a relatively small workforce hence the sample population was small. A larger sample would yield results that are possibly more representative of the views of the workforce in KwaZulu Natal. A larger sample could possibly even be representative of the views of the workforce across South Africa.
- The study was conducted in a manufacturing plant which is in the manufacturing sector. Opinions toward acquisition, merging and rebranding may be different in different sectors.
- The study was geographically concentrated in KwaZulu Natal. Views and opinions of the workforce may differ in other provinces.
- The study focused on the views of the workforce at the manufacturing plant that was acquired. The views of the workforce of the acquiring company were not studied.
- Although the study approach was mixed-method (quantitative and qualitative), the research topic is more qualitative in nature. Due to time constraints, only one qualitative question was included in the research instrument. More qualitative questions could have yielded more qualitative data to more fully answer the research questions.

5.5 RECOMMENDATIONS FOR FUTURE RESEARCH

Recommendations for future studies are:

- A repetition of this study on a larger manufacturing plant and a contrast of results.
- The effects of company acquisition, merger and rebranding on the workforce in the total KwaZulu Natal manufacturing sector.
- Attitudes toward company acquisition, merging and rebranding from the perspective of the acquiring and the acquired workforce.
- Qualitative study of attitudes towards company acquisition, merging and rebranding and how to improve the process.
- Study into how job losses can be reduced during mergers.
- Study into how employee participation in change management reduces anxiety, stress and improves the success of the process.

5.6 SUMMARY AND CONCLUSIONS

The purpose of this research study was to determine the attitudes of different levels of staff toward acquisition, merger and rebranding at their place of work. The research was conducted at a manufacturing plant in KwaZulu Natal. The aim was to determine what factors motivate, demotivate, excite and concern staff. Ways to improve the experience were also investigated. The study achieved its objectives and found that a potential increase in job security motivated and excited the staff most. A reduction in the same factor caused the largest amounts of demotivation and concern among staff. The study further found that there is no significant difference in attitude towards the acquisition and merger between different levels of staff. Staff reported that receiving better company benefits would have improved the process for them.

The research has found that a structured communication plan would make staff more motivated and excited about the process as they would have information. This would lower anxiety and stress levels and see that staff morale and output is maintained. In order to manage the issue of job losses, it was discussed that staff should be very involved in the process. Collaborating with employees empowers them and this may yield solutions to the problem that may be more amicable. In terms of benefits, rather than increasing benefits, the newly merged company could rearrange the current benefit scheme to be individualized.

Being part of a company that is being acquired, merged and rebranded is a possibility for everyone in the workforce. This research study aimed to provide insight into the minds of staff. It explored and found factors that could be used to improve the process so that it can be a more positive experience for the company and for all employees involved.

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APPENDIX 1: INFORMED CONSENT LETTER

UNIVERSITY OF KWAZULU-NATAL GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

Dear Respondent,

MBA Research Project

Researcher: Avaan A. Sewpersadh **Telephone:** 072 1119226 **Email:** avaan05@yahoo.com

Supervisor: Dr. Vannie Naidoo **Telephone:** 031 2608080 **Email:** naidoova@ukzn.ac.za

Research Office: Ms P Ximba **Telephone:** 031 2603587 **Email:** ximbap@ukzn.ac.za

I, Avaan Anand Sewpersadh, am an MBA student at the Graduate School of Business and Leadership at the University of KwaZulu Natal. You are invited to participate in a research project entitled “The impact of company acquisition and rebranding on the workforce in a KwaZulu Natal manufacturing plant, SA”. The aim of this study is to: Investigate what factors create optimism and personal motivation towards company acquisition and rebranding. The perceptions of the process will also be investigated as well as how motivation and optimism can be improved.

Through your participation I hope to understand:

1. What factors lead to motivation and enthusiasm towards company acquisition and rebranding?
2. Are employees more or less resistant to acquisition and rebranding, depending on their role in the company?
3. How can motivation and enthusiasm towards this process be improved?

The results of the survey are intended to contribute to:

1. The understanding of this process in the context of a KwaZulu Natal manufacturing plant.
2. How the process can be improved so that it becomes a more motivating and positive experience for those involved.

Your participation in this project is voluntary. You may refuse to participate or withdraw from the project at any time with no negative consequence. There will be no monetary gain from participating in this survey group. Confidentiality and anonymity of records identifying you as a participant will be maintained by the Graduate School of Business and Leadership, UKZN.

If you have any questions or concerns about completing the questionnaire or about participating in this study, you may contact me or my supervisor at the numbers listed above.

The survey should take you about **15** minutes to complete. I hope you will take the time to complete this survey.

Sincerely,

Investigator's signature _____ Date _____

This page is to be retained by participant

APPENDIX 2: DECLARATION OF CONSENT

UNIVERSITY OF KWAZULU-NATAL
GRADUATE SCHOOL OF BUSINESS AND LEADERSHIP

MBA Research Project

Researcher: Avaan A. Sewpersadh **Telephone:** 072 1119226 **Email:** avaan05@yahoo.com

Supervisor: Dr. Vannie Naidoo **Telephone:** 031 2608080 **Email:** naidoova@ukzn.ac.za

Research Office: Ms P Ximba **Telephone:** 031 2603587 **Email:** ximbap@ukzn.ac.za

CONSENT

I.....(full names of participant)
hereby confirm that I understand the contents of this document and the nature of the research project, and I consent to participating in the research project.

I understand that I am at liberty to withdraw from the project at any time, should I so desire.

SIGNATURE OF PARTICIPANT

DATE

.....

.....

APPENDIX 3: QUESTIONNAIRE

The impact of company acquisition and rebranding on the workforce in a KwaZulu Natal manufacturing plant, SA.

The purpose of this survey is to understand:

1. What factors lead to motivation and enthusiasm towards acquisition and rebranding?
2. What factors lead to de-motivation and resistance towards acquisition and rebranding?
3. Are lower LSM staff members more resistant to acquisition and rebranding?
4. Are higher LSM levels of staff less resistant to acquisition and rebranding?
5. How can resistance to acquisition and rebranding in the manufacturing plant be improved?

This questionnaire comprises of three sections:

Section A: Demographics

Section B: Attitudes of staff towards the acquisition and rebranding

Answer only **ONE** of the sections below:

Section C: Answer only if your work area is Production/Factory

OR

Section C: Answer only if your work area is Office/Admin or Management

How to complete the questionnaire:

- You can mark each response by making a tick (✓) or a cross (✗) or circling each appropriate response with a PEN (not a pencil), or by filling in the required words or numbers.
- Please remember to choose an answer on the scale from 1 to 5 for Sections B and C:
- **1** being an answer to a statement that you “**Strongly Agree**” with.
- **5** being an answer to a statement that you “**Strongly Disagree**” with.

Remember to answer **ALL** the questions.

Questionnaire

Section A: Demographics

Please tick (✓) or cross (✗) the appropriate box. Please provide only ONE option per question below in the space provided.

1. What is your age group?

<21	21-30	31-40	41-50	>50

2. Are you?

Male	Female

3. What is your race?

Black	White	Indian	Coloured	Other (specify)

4. What is your primary language?

English	Afrikaans	Zulu	Other (specify)

5. What is your marital status?

Married	Single	Divorced	Widow	Other (specify)

6. What is your highest academic qualification?

Primary School	Some High School	Matric Certificate	Undergraduate	Post Graduate

7. How long have you been employed at Cash Connect SA (formerly Deposit Manager)?

<1 year	1 to 5 years	6 to 10 years	>10 years

8. Which of the following best describes the area you work in?

Production/Factory	Office/Admin	Management	Other (specify)

Section B: Attitudes of staff towards the acquisition and rebranding

Please tick (✓) or cross (✗) the appropriate box. Please provide only ONE option per question below in the space provided.

1. When I heard that Deposit Manager was going to be rebranded as Cash Connect SA, I felt **motivated**.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

2. When I heard that Deposit Manager was going to be rebranded as Cash Connect SA, I felt **excited**.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

3. What **motivated** you the most when you heard the company was to be rebranded as Cash Connect SA? Please rate the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
3.1	Increased job security					
3.2	Increased financial rewards (Increased salary, bonus etc.)					
3.3	Better company benefits (Pension, Provident Fund, Medical Aid etc.)					
3.4	Increased job satisfaction					
3.5	The possibility of promotions					
3.6	Receiving awards (Recognition for service)					

4. What **excited** you the most when you heard the company was to be rebranded as Cash Connect SA? Please rate the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
4.1	Increased job security					
4.2	Increased financial rewards (Increased salary, bonus etc.)					
4.3	Better company benefits (Pension, Provident Fund, Medical Aid etc.)					
4.4	Increased job satisfaction					
4.5	The possibility of promotions					
4.6	Receiving awards (Recognition for service)					

5. What **de-motivated** you the most when you heard the company was to be rebranded as Cash Connect SA? Please rate the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
5.1	Reduced job security (Threat of losing job)					
5.2	Reduced financial rewards (Reduced salary, no bonus etc.)					
5.3	Lack of company benefits (Pension, Provident Fund, Medical Aid etc.)					
5.4	Reduced job satisfaction					
5.5	Lack of promotions					
5.6	Not receiving awards (No recognition for service)					

6. What **worried** you the most when you heard the company was to be rebranded as Cash Connect SA? Please rate the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
6.1	Reduced job security (Threat of losing job)					
6.2	Reduced financial rewards (Reduced salary, no bonus etc.)					
6.3	Lack of company benefits (Pension, Provident Fund, Medical Aid etc.)					
6.4	Reduced job satisfaction					
6.5	Lack of promotions					
6.6	Not receiving awards (No recognition for service)					

Answer only **ONE** of the following sections

Section C: Answer only if your work area is Production/Factory

Please tick (✓) or cross (✗) the appropriate box. Please provide only ONE option per question below in the space provided.

1. Describe your experience of the rebranding/acquisition by rating the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
1.1	The process was well communicated to me					
1.2	It was easy for me to voice my concerns					
1.3	It was easy for me to receive feedback about my concerns					
1.4	I understood clearly how the company will operate in the future					
1.5	I was clear about my future at the company					
1.6	My overall experience was good					

2. The acquisition and rebranding of the company to Cash Connect SA was a positive experience for me.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

3. The acquisition and rebranding of the company to Cash Connect SA is something I would like to experience again.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

4. What do you feel could have been done differently to improve the acquisition and rebranding experience for you?

Thank you for your participation

Section C: Answer only if your work area is Office/Admin or Management

Please tick (✓) or cross (✗) the appropriate box. Please provide only ONE option per question below in the space provided.

1. Describe your experience of the rebranding/acquisition by rating the following:

	Description	5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree
1.1	The process was well communicated to me					
1.2	It was easy for me to voice my concerns					
1.3	It was easy for me to receive feedback about my concerns					
1.4	I understood clearly how the company will operate in the future					
1.5	I was clear about my future at the company					
1.6	My overall experience was good					

2. The acquisition and rebranding of the company to Cash Connect SA was a positive experience for me.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

3. The acquisition and rebranding of the company to Cash Connect SA is something I would like to experience again.

5. Strongly Disagree	4. Disagree	3. Undecided	2. Agree	1. Strongly Agree

4. What do you feel could have been done differently to improve the acquisition and rebranding experience for you?

Thank you for your participation

APPENDIX 4: EDITORS REPORT

24 Justin Road
Broadwood
Port Elizabeth 6070

TO WHOM IT MAY CONCERN

I, Aileen Gail Klopper, declare that I have, to the best of my ability, assessed and edited the dissertation written by Mr AA Sewpersadh (200310312) with the title:

THE IMPACT OF COMPANY ACQUISITION AND REBRANDING ON THE
WORKFORCE IN A KWAZULU-NATAL MANUFACTURING PLANT, SA

submitted in partial fulfilment of the requirements for the degree of Master of Business Administration in the College of Law and Management Studies of the Graduate School of Business and Leadership

Any queries related to the editing of this treatise can be directed to me at 074 3209463.

Signed at Port Elizabeth on 11 June 2016.

A black rectangular redaction box covering the signature of Ms AG Klopper.

Ms AG Klopper (MA HWM)

APPENDIX 5: ETHICAL CLEARANCE APPROVAL LETTER



15 February 2016

Mr Awaan Anand Sewpersadh (200310312)
Graduate School of Business & Leadership
Westville Campus

Dear Mr Sewpersadh,

Protocol reference number: HSS/0146/016M

Project title: The impact of company acquisition and rebranding on the workforce in a KwaZulu-Natal manufacturing plant, SA

Full Approval – Expedited Approval

In response to your application dated 10 February 2016, the Humanities & Social Sciences Research Ethics Committee has considered the abovementioned application and the protocol have been granted FULL APPROVAL.

Any alteration/s to the approved research protocol i.e. Questionnaire/Interview Schedule, Informed Consent Form, Title of the Project, Location of the Study, Research Approach and Methods must be reviewed and approved through the amendment/modification prior to its implementation. In case you have further queries, please quote the above reference number.

Please note: Research data should be securely stored in the discipline/department for a period of 5 years.

The ethical clearance certificate is only valid for a period of 3 years from the date of issue. Thereafter Recertification must be applied for on an annual basis.

I take this opportunity of wishing you everything of the best with your study.

Yours faithfully

.....
Dr Shenuka Singh (Chair)

/ms

Cc Supervisor: Dr Vannie Naidoo
cc Academic Leader Research: Dr Muhammad Hoque
cc School Administrator: Ms Zarina Bullyraj

Humanities & Social Sciences Research Ethics Committee

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APPENDIX 6: TURNITIN REPORT

MBA Dissertation

ORIGINALITY REPORT

8%	4%	2%	5%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	Submitted to University of KwaZulu-Natal Student Paper	2%
2	uir.unisa.ac.za Internet Source	1%
3	epubs.scu.edu.au Internet Source	<1%
4	Submitted to United States International University Student Paper	<1%
5	Submitted to Leeds Trinity and All Saints Student Paper	<1%
6	Submitted to Anglia Ruskin University Student Paper	<1%
7	Submitted to Higher Education Commission Pakistan Student Paper	<1%
8	scholar.sun.ac.za Internet Source	<1%
9	research-repository.uwa.edu.au Internet Source	<1%