INVESTIGATING THE IMPACT OF CHANGE MANAGEMENT IN THE ACQUISITION OF A DIVISION IN A FOOD MANUFACTURING COMPANY

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ABSTRACT

From expansions and diversifications to an upsurge in Mergers and Acquisitions (M&A), the corporate world is experiencing a noticeable paradigm-shift where organisations have discovered the importance of the M&A process as a method to enhance the value of their businesses. However, the dynamic changes introduced by such processes leaves employees unprepared to handle and deal with it, resulting in mixed emotions ranging from uncertainties, fear, anxiety, and resistance to these changes. With change being a sure reality required for competitive advantage and organisational survival, organisations are expected to adapt to the unstable market conditions and learn to prepare employees to be a renewing rather than a reactive workforce by finding ways to manage the changes taking place accordingly. The aim of the study was to identify the factors that impacted on the change management process during the acquisition process of a new division in the company and to assess the impact that the process had on the organisation. The results established that these changes led to both negative as well as positive effects on the employees. The study was conducted by applying the qualitative research methodology using face-to-face interviews on a sample of eight participants extracted from the target population that formed part of the manufacturing company during the M&A process. The outcome of the study revealed the importance of dealing with the human elements aspects of the change because if not addressed sufficiently, may negatively impact on the satisfaction and commitment of employees. Recommendations to ensure future M&A processes success, was that the company needed to not only create the vision for change but also focus on ensuring that it is communicated effectively. With employees being valuable intangible assets of any company, the management needed to invest more in the well-being of their workforce by making them feel appreciated and valued.

Keywords: *change management; mergers and acquisitions; organisational survival.*

INTRODUCTION

Change is inevitable and has become the order of the day as to survive companies need to either adjust to changes or face consequences. Organisations that can detect these change needs, design and implement the necessary changes more effectively and efficiently than others stand a better chance of surviving and being profitable. Those that are unable to adapt to these changes are likely to perish while others choose to sell or merge with bigger corporations. The majority of the acquisition processes result in unanticipated challenges and if not managed properly leads to failure. The primary focus of the research study is to make use of relevant literature to identify important factors involved in such change management processes (CMP) as well as to understand the impact and role these factors have on the integration process resulting from these Mergers and Acquisitions (M&A).

Background of the study

Organisations are never completely static but are in continuous interaction with external forces. Family-owned companies like this one under study, are facing continuing economic pressures, and increasing competition with major corporations for the same market share and customers. To remain competitive and profitable, organisations are being forced to radically change and reinvent their processes or else opt to merge or sell to bigger corporations, which occurred in this case.

CMP resulting from M&A is perceived as being traumatic and can have major impacts on individuals, leaders, and organisations. Such processes have negative effects in various degrees, and the success thereof depends on how well prepared the company is to promptly react and manage the impacts of employee perceptions (Wagner & de Hilal, 2014:262). Impacting on the individual the following three main issues are identified: negative psychological consequences of the CMP, lack of identification with the newly merged firm, as well as high turnover of skilled employees. The changes in work practices and tasks, managerial routines, the environment, as well as hierarchy, induces an increase in stress and anxiety which results in amplified preoccupation, lower work commitment, absenteeism, as well as higher employee turnover (Mirc, 2014:2). The organisation the company merged with introduced new systems and performance, as well as quality standards, which meant that employees needed to change their way of working. Changes in organisational structure led to the reshuffling of positions with some employees assigned to new positions and need to move from familiar workplaces to specified new areas. Having a high number of aged employees with poor basic skills, (some unable to read and write), all lead to uncertainty and an increase in stress and anxiety, with some fearing and questioning their ability to perform in these new positions, as well as finding it difficult to adjust to new systems of working.

Considering the impact on the leadership, family businesses are known to employ extended family members and others whom the family feel they can trust, with top management positions filled based on the same criteria despite a lack of competencies (Steers & Nardon, 2015:129). The perception of strong cultural differences and limited autonomy by such leadership can trigger negative consequences, with some due to a lack of identification with the new organisation implementing resignations (Krug, 2009:51). A high turnover of such key staff brings about losses of knowledge, skills which are detrimental for M&A with the intention of acquiring people assets particularly in Research & Development (R&D)-based acquisitions (Mirc, 2014:5). Impacting on the organisation, Mirc (2014:8) points out that one significant factor to be aware of is the degree of cultural fit or compatibility between the merging companies and the negative consequences the difference in cultures may have on the change process. The lack of a cultural fit leads to employee resistance which prevents the building-up of a well-functioning organisation and

a constructive cooperative environment. The purpose of this study is to investigate the impact of change management in the acquisition of a company by the manufacturing organisation to ascertain the shortcomings and provide recommendations on how future acquisitions processes can be managed differently to prevent similar challenges.

Research questions

- What are the factors that affected the change management in the acquisition of the new division?
- What impact did the change management have on the manufacturing company?
- What recommendations can be provided to better manage and prevent similar challenges in future acquisitions?

Significance of the study

With an increase of continuous technological developments, the evolution of globalisation, and deregulation, trade barriers and national influences are no longer obstructions to trade. This has led to M&A becoming an important consideration in strategic planning and implementation. Being mindful that some companies are better than others at the designing and implementation of change, large-scale acquisitions as in this case are bound to generate and undergo a considerable amount of change. In certain situations, the change can lead to enormous challenges ranging from a basic inability to plan, manage the change effectively, or deep-rooted opposition culture towards the change (Roberts, Wallace and Moles, 2010:16). The study will, therefore, be beneficial to both the employer as well as employees of both divisions within the company.

The new acquisition will benefit from this study by:

- Understanding the factors that impacted on the CMP and sensitize them to the role human and cultural involvement element had on the acquisition process;

- Able to assess the effects and impact their implementation methods had on the leadership, employees, and the entire organisation and provide a clear understanding to devise effective change management strategies for future use; and
- Identify shortcomings and provide the company with insight on how to better manage similar acquisition CMP in the future.

Employees can benefit from this study by:

- Opportunities to express their views on what the company could have done better to avoid losses in experience and maximize employee retention;
- Opportunities to provide input on how the new acquisition's management can improve on the CMP as well as policies to realise increased job efficiencies, improve employee morale and productivity; and
- Lessons from the process to better prepare and accept/adapt to changes in future acquisition processes.
- Making use of existing literature on CMP as well as mergers and acquisition, the research will contribute to academia by providing useful insights that can be used for future CMP resulting from mergers. It can also be useful for organisations that are faced with similar situations, changing from a private family-owned company to be acquired by a corporate entity.

LITERATURE REVIEW

The CMP during the integration process of two merging organisations is often believed to be the main reason for failures of M&A, this being due to unavoidable challenges often associated and unique to this integration phase of change (Hassan & Ghauri, 2014:68). This study will address the types of M&A process utilised by organisations and determine the benefits associated with such transactions. What is evident during such changes, are the multiple, unique sets of challenges faced by organisations. The importance of human and cultural factors in such

CMP will be evaluated to determine how organisations can manage these factors to ensure the successful implementation of this process.

Mergers and acquisitions

Alam, Khan and Fareehazafer (2014:3) suggest that most companies can expand to a certain level by making use of their own resources but then grow no further. It is in such instances that M&A becomes more appealing and a chosen method of gaining a competitive advantage, with the combination of unique company strengths, enables these companies to grow faster than its competitors. Described and used interchangeably, the terms used to broadly describe and define acquisition of one firm by another includes mergers, acquisition, amalgamation, takeover, combination, and absorption (Firer, Ross, Westerfield & Jordan, 2012:737).

The importance of mergers and acquisitions

According to DePamphilis (2015:17), M&A are inclined to transpire during periods of sustainable high rates of economic growth, rising stock market, and declining interest rates. Throughout the course of history, M&A was used merely for financial gains with companies seeking to control undervalued assets by targeting companies different than that of their core business (Alam *et al*., 2014:2). This has however changed to being a strategic tool used to relocate resources and executing corporate strategies (Biscoff, Salstrom & Danylow, 2011:1). Hassan and Ghauri (2014:5) argue that it is a tool with diverse purposes ranging from growth in market shares through product and services diversification, acquiring operational flexibility, learning improvement, and simply the sharing of risks and pruning managerial deadwood. This strategic tool is therefore used to provide organisations with unique employee skills, organisational competencies, agile technological capabilities and importantly the knowledge of various potential markets. Knowledge concerning customers, distributors, as well as governmental regulatory requirements, enhance their competitive advantage (Ireland, Hoskison, R. E. & Hitt, 2012:51).

Types of mergers and acquisitions

Rational and drivers of mergers and acquisitions

Companies spend many years seeking methods on how to yield efficient and profitable ways to increase their revenue and market shares. Irrespective of the size of the company, growth is the ultimate goal, whether produced organically by changing internal operations, or inorganically by acquiring or merging with another company (Puranum & Vanneste, 2016:120-122). Duksaite and Tamosiuniene, (2009:22) state that it is important for companies to consider the following variables before considering the acquisition of another company:

- Market competitiveness and fragmentation, as well as the pace of marketplace and industry;
- Access and cost of capital;
- Management and advisory team capabilities;
- Core competencies strength and growth potential;
- Distribution channels and customer base volatility and loyalty;
- Degree in which the market is depended on speed; and
- Degree of regulation on company operations (Duksaite & Tamosiuniene, 2009:22).

Apart from the variables to consider, Koi-Akrofi (2016:1811) argues that there are motives or driving forces behind companies considering the option of merging with another. For the purpose of this research study the following motives for M&A will be considered:

Entry into new markets

Reputable product and brand image development take companies' years, if not decades, to establish. The strategic use of M&A processes, accelerates the access to the market process, granting companies the opportunity to gain new sales systems, and customers with less effort than it could on its own (Miera, 2014:35). According to Tarba, Cooper, Sarala and Ahammad (2017:27)

M&A is the fastest way to enter new markets since the target company already has established distribution and marketing networks, opposed to consuming time developing new networks.

Synergy

Synergy is defined as the increase in performance derived from joint companies compared to what each company is required to accomplish independently on its own (Karenfort, 2011:2). Aurora, Shetty and Kale (2011:108) suggest that it is what is used to determine the increase in the value of the combined entities, meaning the difference between the value of the combined firm and the value of the sum of the participants. However, Gupta (2012:65) posit that gains from synergy can only be accrued from efficient management, economies of scale, improving production practices, joining complementary resources, assets redeployment, market power exploitation, and value-enhancing market strategies.

Access to intangible assets

Globalisation has brought on enormous changes in markets, where knowledge plays a key role and is the driving force for organisational resources and the basis for the development of organisational capabilities. This worth of information and knowledge-based intangible resources has increased geometrically in organisations today (Duksaite & Tamosiuniene, 2009:23). Saint-Ogne and Chatzkel, (2009:35) identified the following intangible assets:

- Human capital which is the sum of all individual capabilities (cumulative knowledge, experience, abilities, qualities, leadership skill) resulting from M&A process (Duksaite & Tamosiuniene, 2009:23). M&A provides organisations with the value of accessing and sharing competencies that would not have been realised by the company on its own (Hill, Jones and Scilling, 2014:460);
- Customer capital consisting of strategies, process, and structures including leadership translated into the company's specific core

competencies. Afande (2015:65) postulates that these organisational competencies influence individual capabilities to create customer value while structural capital consists of the overall organisational capabilities as well as structure and systems;
- Innovation described as the ability to keep abreast with market changes and needs and responding to these changes by innovating new products rapidly and attaining intellectual assets and intellectual properties such as copyrights, patents, trademarks, and trade secrets (Duksaite & Tamosiuniene, 2009:23); and
- Process referring to the capability of the company to generate and distribute goods and services to its customers. This includes product and employee development, strategic planning methods, knowledge development and how the company leverages its processes (Afande 2015:65)

Acquire new technological competency

Competitiveness requires companies to constantly upgrade their technology and business applications. Acquiring companies that have unique technological capabilities enables companies to maintain and develop a competitive edge, filling existing gaps in product lines and expansion to new production lines. Exploiting the technological capabilities provides organisations with new sources of knowledge and provides agility to companies, especially in markets where products are easily replicated and made obsolete quickly (Bebenroth, 2015:80), making it harder and time-consuming for second movers to compete (Puranum & Vanneste, 2016:124).

Diversification

Diversification towards new industries provides strong merits in considerations of M&A processes, especially when companies are faced with weakening marketplace prospects and declines in sales and primary business. During such occasions acquiring companies with powerful brands, and access of latest technology enables companies to

gain more market power and compete for profits while also reduces risk for companies (Sengupta & Chandan, 2011:115). The company being acquired is usually beyond the company's current lines of business thus reducing the cost of capital for the company and enabling it to reach markets with higher growth prospects unrelated to its current market (DePamphilis, 2015:12).

Change and change management process

M&A are major causes of change in companies and are known to be catalysts of periods of complications, challenges, and disruptions (Koi-Akrofi, 2016:49). These radical changes impact the entire organisation's systems and its basic framework that includes organisational strategies, structures, people, and process, as well as core values of the organisation (Thomas, 2014:173). The integration phase where the changes are implemented is considered to be the riskiest phase of the M&A process. It is where the implementation of changes in functional activities, organisational cultures and structures of both companies are expedited to amalgamate into one functional whole (Koi-Akrofi, 2016:49). While Dauber (2009:6) refers to this integration process as aligning or standardising assets, process, systems, as well as management of HR during the change process which if not managed effectively can be the source for failures of M&A. This stage is characterised by individuals from both sides learning to work together and cooperating to transfer resources and capabilities but is according to Vancea (2011:177) prone to challenges derived from human factors, behavioral norms, cultural incompatibility, and inappropriate management of the process.

Impact of change on the organisation

Managerial style and organisational culture form the backbone and critical central factors of organisations (Paley, 2013:222). The organisational culture does not form spontaneously but gradually tends to spread over long periods of times. It is derived from combining two unique organisational cultures, with its

compatibility, the extent and speed in which this coherent culture emerges (Cartwright & Cooper, 2014:5) playing a vital role in the success of M&A. Defined by Radovic-Markovic (2012:5), it is known as the shared values, believes and norms determining how the organisations operate. Influencing employees and the society within the environment it operates, it is difficult to be changed and adjusted (Radovic-Markovic, 2012:6). Incompatibility of cultures creates cultural diversity leading to barriers and lower levels of socio-cultural integration of the merged companies (Dauber, 2009:7-8). Analysts of organisational culture caution that attempting to alter traditional ways of operating without taking into consideration the powerful influences of culture, is dangerous for organisations since these traditions strengthen barriers that hinder change efforts (Graetz, Rimmer, Smith & Lawrence, 2011:4).

Key factors that affect the change management process

Organisations are affected by change in one way or another and it becomes prone to human factor issues involving complex and multidimensional solutions, making it risky and requiring a proper understanding by those responsible for its enactment (Landry, 2013:509). Brinkschroder (2014:4) suggests that it is important for managers to identify and familiarise themselves with pitfalls and challenges that are prone to occur during such changes in order to effectively plan the implementation process and take a proactive approach of avoiding these challenges.

Models for effective change management process

Models for change are methods used by managers to execute changes in organisations and are clustered into categories of systematic change methods and change management methods. Made up of sets of procedures and tools, systematic change methods permit the management team to execute a series of unplanned changes while change management

theories promote planned incremental process modifications directed by the managed (D'Ortenzio, 2012:31). Equated to systematic change models, Al-Haddad and Katnour (2015:248) describe change management models as being more comprehensive and theoretical in nature often applied in large-scale change approaches. These models help organisation understand the importance of change and how it should be implemented, as well as providing ways to adequately prepare and assist in vision formation for the change (Crawshaw, Budhwar & Davis, 2017:67).

RESEARCH METHODOLOGY

The research design is used to plan, construct, and execute the research to enable maximising the validity of the findings (Boikhutso, 2013:48). The study sets out to establish the impact that CMP had on not only the company as an organisation, but also how the leadership and employees were impacted, hence the descriptive research was used. According to Thyer (2010:120), descriptive research seeks to describe the holistic version of a phenomenon's meaning, it targets the stipulated situation and seeks to answer questions of "who, what, when, where and how", thus, assisting the researcher to describe features of samples and associations between occurrences, circumstances and events that is observed (Thyer, 2010:120). Research philosophy considers two opposite paradigms or research perspective, being qualitative and quantitative research. This research study adopted a qualitative research methodology. On the target population, this study identified and used employees that were part of the company during the M&A process. Samples were spread out to represent the different levels within the company structure to prevent bias and increase the accuracy of the study. The company had about 1800 employees in total that were affected by the M&A process and +/- 960 employees were still employed with the new division.

On pilot study the research instrument was tested on two personnel from the Quality Systems Department and New Product Development Department. There were no adjustments and amendments done in both Section A and B of the study.

The researcher had constant debriefing sessions with management to ensure that the project and data collected was scrutinized to ensure transparency. The data collected was also transcribed and sent to participants for corrections to ensure that the answers were a true reflection of their opinions and not that of the researcher. Previous research conducted was also examined and benchmarked to frame the findings.

RESULTS

Eight participants that formed part of the M&A process were interviewed: two employees representing top management, two employees that were part of shop floor staff, two employees from administration department and two employees from R&D development division. The ages of the employees ranged from forty to sixty years, with an equal split in gender of four male and four female candidates selected. The results indicated that the company had employees with an average duration of service in the company of twenty-seven years which could be viewed as an indication of commitment and loyalty to the company. Three core themes were derived as:

- Theme One – Emotional reactions to the M&A process;
- Theme Two - Negative change aspects of the M&A process; and
- Theme Three – Positive change aspects of the M&A process.

Positive emotions

Research conducted by Avey, Wernsing and Luthans (2008:51) established that employees with positive emotions were more socially integrated in organisations and displayed high results of levels of engagement attitudes and organisational citizenship behaviour compared to

those with low positive emotions. Observing the responses from interviews, it was noted that some employees of the company saw the M&A process as an opportunity for personal growth and exposure to bigger prospects within the new company since it had more business units and was bigger in size.

Theme Two - Negative change aspects of the M&A Process

The change introduced by the M&A process within the company caused a lot of instability within the organisation with employees identifying the following negative effects of the change. The company were affected by numerous negative effects because of the changes introduced by the M&A process, the following effects were identified:

Decreased performance and productivity: Increased bureaucracy and inflexibility: Considering the responses from the respondent it was evident that the M&A process had introduced a major increase in bureaucracy where at first management had the autonomy to make decisions that were critical, with the new division there was a lot of procedures and paperwork to complete before decisions was made.

Poor ownership and organisational commitment: In the case of the company, people seemed to have lost their sense of commitment towards the company due to the losses that were encountered during the change process.

Poor employee motivation: Considering the feedback from the respondents it was evident that not enough was done to ensure that the employees remained motivated in the jobs and not negatively impacted by the change.

Incongruent values and culture: Based on responses from respondents, it was evident that the changes that the M&A introduced in the organisations brought about incongruent values and clashes in organisational culture while others felt that the change brought about segregation among employees and brought disunity in the organisation.

Poor skills retention: Considering the responses from the respondents, the M&A Process led to major losses of key personnel and losses in skills which is a negative impact on the organisation.

Resistance to change and passive acceptance: The changes in the company created a lot of resistance which resulted in those that were unable to cope with the changes to resist and some leaving the organisation entirely.

Shortfalls in the acquisition process: Considering the responses from interviews it was identified that the transitional process resulted in a few shortfalls and incongruences that were identified below, which posed challenges in the transitional process of the change. It was also evident that there was a lack of skills match where employees believed that people hired did not meet the required job specifications in terms of having experience in the manufacturing industry.

Poor and ineffective communication: Some of the respondents agreed that there was a form of communication done however there remained uncertainties which we thus concluded that it was not as effective as it supposed to be

Lack of buy-in: Considering the responses from the interviewees, the lack of employee buy-in was evident.

Poorly managed human elements: The responses noted indicated that employees were emotionally overwhelmed by the changes that were introduced in the company and being unable to cope a lot of people opted to leave the company leaving even more confusion and emotional instabilities in the organisation.

Preferential treatment: Preferential treatment or favouritism was considered negative because of the effects that it had on the organisation as well as other employees. If not managed appropriately, this can result in a decline of organisational performance, where resentment and demoralisation and organisational conflict flourish. The employees of the company felt that the changes benefited the management more than it did them which could be viewed as a form

of preferential treatment of management compared to that of regular employees.

Theme Three – Positive change aspects of the M&A process

Streamlining processes: The M&A introduced different ways of working in the company which assisted the organisation in removing needless processes which resulted in increased efficiencies.

Personal improvements and exposure to new opportunities: Some opportunities for advancement were reported on.

Good communication, intervention, and training attempt: Management of the company established workshop initiatives like *siyaphambi* that was meant to assist with communication of the change and most importantly prepare the employees of what was to come.

RECOMMENDATIONS

The following recommendations were aimed at the new division in order to assist with future integration and transition of M&A processes.

Creation and communication of a vision of M&A process

Considering the literature that was presented concerning communication, it was evident that there was a thin line between the success and failure of any CMP. To ensure a smooth transition in the process of change it is thus important for employees to be made aware of the vision for change. This can be achieved by ensuring that employees are kept abreast and well informed about the process and are made aware of steps to follow in the specific change while assisting in clearing any uncertainties that might arise and at the same time assist in eliminating resistance among employees. The communication should not only be verbalised but also presented visually by making use of noticeboards where posters of the change in progress are being displayed strategically to make every person in the organisation aware of the changes.

Employee well-being

The literature identifies employees as valuable intangible assets of any organisation, this means that their well-being should be considered in all fairness. The focus of the M&A process should not only be on the process but also ensuring that the human elements are managed adequately to be a success. Employees should be viewed as crucial elements of competitive advantage since they are responsible for improving the quality of service rendered to the organisation and should be made to feel appreciated and recognised for the effort they invest towards the company.

Encouraging employee involvement and commitment

Employee involvement and commitment is identified as the key element linked to increases in organisational performance. Hence management needs to invest in nurturing these qualities in employees. Studies indicate that employees will easily take ownership and responsibility of the change when they are made to feel like an important part of the decision-making process unlike when change is being dictated and forced on them. Managers should thus consider and allow employees to provide suggestions on how to better go about implementing changes in their respective sections since they are the one that will be responsible in doing the work daily and executing the changes.

Develop an organisational culture that supports and encourages change

Data collected identified that the organisational culture had been negatively impacted by the changes which left employees experiencing losses in their sense of belonging, being unable to relate to the new organisational culture and unhappy about the loss of the family aspect of the company which instigated disunity and segregation. One of the reasons identified to be the cause behind these feelings was their inability to accept and embrace the changes. Cultures that do not embrace changes are detrimental to the growth of organisations because the initial

reaction to any change, even if deemed beneficial for the organisation, will always be met with resistance due to the attitudes and mindsets of employees in such organisations. This means the company needs to invest in educating employees to be open-minded and instil a culture and environment that welcomes and are willing to explore changes.

Monitoring and evaluation of the change management process

Constant monitoring and evaluation of the implemented change are important in ensuring that the changes are conducted and implemented as planned. This will provide assurances that the change process continues and is constantly improved when challenges arise and are identified. To avoid making the same mistakes that were encountered during this M&A process, management should be able to reflect, build, and improve, on the learning from the acquisitions of the company by the new division.

Findings from the primary research

The following factors were identified from the primary research:

Loss: The majority of the respondents felt a sense of loss resulting from the M&A process. There was a loss of jobs, security, belonging, autonomy, skills, pride, autonomy, culture and ways of doing things and generally just a loss of familiarity. This can be traced back to the attitude that the employees had towards the change, those that had a positive outlook, viewed the change in a different manner than those that did not see the need for the change. The other employees, on the other hand, were left demotivated with feelings of being lost and undervalued, which affected their previous commitment towards the company.

Uncertainty and fear: The human aspect of the change was not adequately addressed leaving employees feeling scared, afraid, and uncertain of their future in the company. Seeing a number of their colleagues resigning and not knowing if they themselves are secured also fuelled the fears of employees. Poor management of the concerns and fears were also identified from the data.

Opportunities: Because the new division was viewed as a big company, some employees felt that they would be exposed to more opportunities to grow and develop in their careers, meaning their understanding of the change was that it would amount to improved learning opportunities and growth. This outlook on the change assisted employees to view it in a positive light and adjusted their attitude and behaviour towards the change.

What impacts did the change management have on the company?

There were both negative and positive impacts that were identified from the data collected:

Negative change aspects

Decrease in productivity and productivity: Responses indicated that due to the increase in demotivation among the employees the productivity and performance had declined with some employees stating that the performance and non-conformance to standards is the worst since they started working for the company;

Increases in bureaucracy and inflexibilities: Some employees believed that there was an increase in checks and reporting structures which meant that it took longer to make decisions which result in major delays since the decision-making process is no longer as quick and flexible as it used to be;

Poor ownership and organisational commitment: The employees felt that they were acquired by a company with different values and a different culture with rewards and recognition systems being different from that of the company. Because of the discordance in their remuneration and incentives being taken away from employees, the loyalty and commitment towards the company were compromised. Some employees also felt that their sense of pride and ownership was taken away and it felt like the people just came to work for the sake of working and no longer out of passion and commitment;

Poor employee motivation: When the acquiring company took over they changed the incentive policies which saw a lot of employees losing their incentives, there was also a loss in social gatherings and the rewards programs that were in place to appreciate the employees, which was a negative factor for the employees and resulted in demotivation;

Incongruent values and culture: Poor management of cultural changes were identified as the main reasons for the dissatisfaction. The company held values that were more family orientated, employee-centric, it benefited and rewarded employees and there was employee recognition. Whereas the new division is corporately inclined being target driven, rigid, bureaucratic, and cost sensitive, and is a much bigger company where the personal family aspect of the company is different to what employees are used to;

Poor skills retention: Due to their inability to cope and adapt with the changes most employees opted to take the package offered to them and left the company, which meant that there was a lot of loss in people with experience and skills;

Resistance to change and passive acceptance: The change was too rapid and the employees did not get enough time to understand and adapt to the changes, hence some felt that the emotional support lacked somehow resulting in resistance to the changes. While some employees felt that they did not have a choice and needed the job so they had to passively accept and learn how to adapt to the changes;

Inappropriate appointment: Employees stated that when new appointments were made to the vacant positions, appointments were made based on educational criteria with some people that were appointed not having any experience in core skills related to their manufacture.

Poor and ineffective communication: Even though the employees reported to have been informed about the change, some felt that it was not exhaustive enough because some degree of uncertainties were still present with employees not sure of their roles and structural changes even after the communication. Employees also reported having different levels of communication which meant that it was not filtered through to all employees and was deemed very superficial and not transparent enough.

Lack of buy-in: The passive acceptance of the changes was noted where some of the employees felt that out of desperation and not having other options they had to learn how to adapt to the changes and make the best out of the situation;

Poorly managed human elements: Employees felt like there was a lack of emotional support which was evident since employees felt scared and afraid at what the change would mean to them as individuals since there were a lot of losses already experienced;

Preferential treatment: The respondents felt that the organisation used preferential treatment that favoured management more than normal employees. Some employees stated that management was given more incentives and communication levels were felt to be more effective and transparent than experienced by lower level employees;

Positive change aspects

Streamlining processes:

The organisations introduced efficient ways of doing things and eliminated processes that were deemed to not add value to the organisation. To be more competitive and enable the company to export and participate globally the company introduced sophisticated standards like ISO and Quality Management Systems;

Managerial commitment to change: Commitment from management was noted and some of the employees felt that it was rightfully so because they were more rewarded hence the commitment;

Personal improvement and exposure to new opportunities: The changes were noted to have benefited a lot of employees in terms of personal

development since some were promoted to different positions. Promotions meant that they received salary increases and that meant the betterment of their personal lives and standards of living. Since the new division is a big company some felt that it presented them with exposure to new opportunities since there are able to move and learn from other divisions within the organisation;

Good communication, interventions, and training attempt: Even though the communication was deemed not adequate throughout the organisational levels, the company did ensure that the management that would be responsible in implementing the change was adequately trained and informed about the change timeously. Workshops like *siyaphambili* were organised with the purpose of informing and getting everyone in the company on board with the change.

CONCLUSIONS

The successful implementation of M&A process relies on the acceptance of the changes by employees. Review of the literature supported the notion by stating that if not adequately addressed and managed and receiving the necessary support and commitment from employees and management, most M&A implementation processes result in failure. Conclusions that have been drawn in this study are linked to the research objectives and are summarised as following:

The first objective was to identify the factors that affected the change management process during the acquisition of the company by the new division. The results indicated that factors such as uncertainties and the fear of the unknown, loss of job security, loss in sense of belonging and opportunities were identified to have impacted the CMP in the company. Employees felt that changes were not adequately communicated or deemed to be isolated and not enough care/effort seemed to be invested to ensure that it cascaded throughout the various organisational levels, hence the level of uncertainties and fear among

employees were escalated. With an increase in these factors, employee resistance of the change and decrease in employee commitment were triggered which was the reason some of the employees opted to depart from the organisation leaving skills gaps and the rest of employees left behind demotivated. An increase in opportunities was also identified as one of the factors that can positively affect the CMP since it can contribute to increases in employee motivation and commitment.

The second objective was to assess the impact that the change management process had on the company. Based on responses from the interviews, both negative and positive impacts of changes were identified. The issue of incongruent organisational culture is clearly noticeable with employees feeling that the change brought about major losses and that the family aspect and unity of the organisation were lost resulting in segregation and division among employees. The employee commitment was also affected which is witnessed in declines in morale and motivation. Employees that strongly identified with the old company could not relate to the new organisational culture and found it difficult to adjust to the changes. This is evident also in their feedback of experiencing feelings of being unappreciated and undervalued. On a positive note, some employees stated that the change brought about personal and professional growth which would not have been possible if the company was still under old management. Some felt that the systems that were introduced in the organisations increased efficiencies and productivity and most importantly provided a competitive advantage in the company.

Area(s) for further research

Research has a tendency of sparking more unanswered questions thus creating a need to further evaluate and explore avenues of the topic that has not been fully addressed. The following areas of possible research were identified:

- Introduction of M&A in organisations always seem to be accompanied by losses in skills especially in management positions, it will be interesting to find out what is the deciding factor that encourages leaders to decide to leave or stay in the organisation;
- Even after years of an M&A process between organisations, surviving members of the organisations have been noticed to still be reminiscing about the old organisational culture and refusing to fully accept the culture of the established entity. The research would be with the aim of understanding what type of culture needs to be created to warrant commitment and belonging to organisations in such a manner;
- Determining what social support structures employees use to cope and determine how effective such strategies are to encourage and support changes brought about by M&A processes.

The study revealed the importance of the involvement and commitment of both employees and management in the M&A process to be a success. Employees should, therefore, be allowed to take responsibility and ownership of the process to activate escalation in commitment and motivation towards the changes introduced. Communication was identified as one of the key components for change, without sufficient and effective communication the entire process can be compromised and fail, organisations should place measures that ensure that every step of the change is sufficiently communicated and that the vision for the change is created. The organisational culture is also believed to play a major role, meaning a considerable amount of effort should be invested in ensuring that the two organisational cultures are congruent and compatible to enforce acceptance and belonging to the new organisation. In conclusion, the culture of organisations should also be able to reward and stimulate acceptance and easy adaption to organisational change among employees.

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