Strategic Levers for Mergers and Acquisitions in the Financial Services Sector

By

RIDWAAN ASMAL

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Supervisor: Prof Abdulla Kader
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DECLARATION

I, Ridwaan Asmal, hereby declare that this dissertation is the result of my investigation and research and that this has not been submitted in part or full for any degree or for any other degree to any other University.

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…..19/04/2018….

Ridwaan Asmal (Student) Date

[redacted]

..... 19/04/2018....

Prof Kader (Supervisor) Date

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Abstract

Mergers and acquisitions (M&A) is a very topical area. Every organisation has its vision to become a reputable company which is achievable through maximising its market share and future growth. The rationale of the study was a review of mergers and acquisitions in the financial services sector in South Africa and the subsequent massive restructuring in terms of strategic importance and strategic levers from a turnaround perspective, hence we then trying to establish whether the mergers and acquisitions within that period has been effective based on brand image, culture (people effectiveness) and return on investment. The literature review documented and evaluated current and past research as well as the theoretical framework on strategic levers for mergers and acquisitions in the financial services sector. The researcher adopted the quantitative method of research by use of a survey questionnaire. The discussion was presented in a narrative format, and tables, graphs and figures emerging from the findings were used as a basis for the discussion, paying particular attention to the fundamental research objectives and questions. Relevant descriptive and inferential statistics were used to analyse the data collected uncovering some key issues through the analysis. An exploratory factor analysis was conducted and further multiple regression was applied to determine whether the independent variables of brand image and culture were significant predictors of the dependent variable, return on investment. The research findings and recommendations uncovered that from a turnaround perspective in mergers and acquisition deals, brand image, and the culture (people effectiveness) should be in sync to generate the desired return on investment. As a result of greater market share and attainment of other synergies, this would allow firms to muscle flex which lays the platform to launch into uncontested markets like Africa.

CHAPTER 1: INTRODUCTION

1.1 Background

Mohibullah, (2012:1) contends that the merger and acquisition (M&A) activity has recently been driven by the surge in global competition which demands firms to become world class suppliers of quality products or service. Every organisation has its vision to become a reputable company which is achievable through maximising its market share and future growth. Synergy, or the potential financial benefit achieved through the combining of companies, is often a driving force behind an acquisition or merger. The expected synergy achieved through a merger or acquisition can be attributed to various factors, such as increased revenues, greater market share, cost reduction, or shared talent and technology.

There seems to be a number of mergers and acquisition and hostile take overs in South Africa over the past decade and half. Whilst companies in an M&A are in most instances preoccupied in pursuit of increasing the shareholder value and securing the biggest market share through effective branding, they regrettably underestimate the “people issue” and may disregard the compatibility of the merging companies. Due to the high uncertainty associated with mergers, employees feel a lot of anxiety during this period. A key focus of the study is to also review in-depth the magnitude mergers and acquisitions have on people (staff) and their effectiveness. Due to the researcher being a client of Nedbank and because of convenience by being in close proximity to the Durban head office, permission to conduct the study was easily obtained, thus Nedbank was chosen as the sample for the study.

1.2 Historical background

Nedbank acquired 51.1% of Imperial Bank in 2001, and the merger with Bank of Executors (BoE) followed in 2002. By that time, BoE also included the assets of NBS and Boland Bank (Anon, 2010). Nedbank purchased South Africa's sixth-largest bank, BoE for 7.4 billion rand.

> "At the time, public confidence in the smaller South African banks was quickly declining and some, like BoE, were suffering a flight of liquidity… Nedbank acquired BoE to improve its retail operations, but was forced to borrow 5.5 billion rand to finance the transaction just as interest rates were about to rise…" (Tushman & Kiron, 2013:3).

In September 2003, the previous head of BoE, Tom Boardman was appointed as Nedbank's new chief executive officer (CEO). Boardman immediately began focusing the bank on its South African business, selling off many global assets that the organisation had acquired under his predecessor (Fischer, 2009). He led a massive restructuring effort that integrated both Nedbank's and BoE's client-base and sought to improve the bank's image of one that catered for the masses and not just elites. "During 2003, Nedbank's market capitalisation plummeted; its share price fell to an all-time low, shareholder animosity escalated, and 3 000 layoffs (about 12% of all employees) …" (Tushman & Kiron, 2013), making 2003 the bank's annus horribilis (horrible year).

The Nedbank brand was positioned as the 'green' bank – the bank that cares for the environment (community-based conservation). Simultaneously the brand needed to remain relevant, familiar and reassuring to its historical client base and brand franchise This is evident as awareness levels of the brand has been raised significantly across all segments of the market.

Very recently the bank repositioned itself in the market. The rebranding comes after the bank had seen its brand value nose-diving for the past two consecutive years. According to Pollard (2014:1) on average, organisations refresh their corporate brands once every seven to ten years. The bank relooked at its brand strategy for opportunities of enhancement over the next 5 years and assessed the recent changes that were occurring within the organisation to enhance client experiences. The bank believed it was now (March 2017) an opportune moment to project externally the positive changes currently happening within the organisation. In an effort to improve and enhance client service more holistically, a refreshment of the Nedbank brand was needed to reflect the momentum the bank is heading towards for the future. Through conversations with its clients the bank recognised the importance of money. Thus, its new tag line, “See money differently” reflects and reinforces the fact that where money is well managed, it has endless possibilities for good (Closing Bell, 2017).

1.3 Rationale of the study

The rationale or purpose of the study was a review of mergers and acquisitions in the financial services sector in South Africa and the subsequent massive restructuring in terms of strategic importance and strategic levers from a turnaround perspective, hence we then aimed to establish through the study whether the mergers and acquisitions within that period has been effective based on return on investment, brand image and culture (people effectiveness).

1.4 Research problem

Mergers and acquisitions is a very topical area. M&A are popular with firms for gaining market share, however M&A have been done for the wrong reasons, and if the merger has been executed poorly it can be detrimental to one's business. If return on investment (ROI), brand awareness, and the key stakeholder in an organisation (people) are not in sync the merger will not attain the required ROI, and hence the merger may not generate the desired synergies. Strong brands are a representation of the company values, furthermore a strong brand serves as a silent sales person to the customer (Kirby and Kent, 2010). A customer or client identifies quality and consistency of a product/service by the brand that the product/service is associated with (Plewa, Lu and Veale, 2011). With regards corporate culture it has become critical to understand the culture within an organisation in the preparation of policies, procedures and programmes to effectively manage the various challenges in business on a day to day basis. The theoretical literature and empirical findings of approximately the last twenty years suggest that the influence of culture differences on the integration of a merged or acquired entity is crucial for M&A success. Quite often, cross-cultural or change management is mishandled by top executives with disastrous consequences on an M&A (Weber and Tarba, 2012).

Thus, the aim of the study was to evaluate mergers and acquisitions in the financial services sector and its impact on the business in terms of image as a brand, culture (people effectiveness) and ROI.

1.5 Research objectives

The research objectives of the study were:

- To evaluate the effectiveness of mergers and acquisitions in relation to its image as a brand (brand awareness).
- To examine the impact of mergers and acquisitions in managing strategic change among its employees (people effectiveness).
- To measure the impact of mergers and acquisitions in terms of its return on investment (ROI).
- To make recommendations on future merger and acquisition deals and its potential benefits to the organisation as a whole.

1.6 Significance of the study

The three key strategic levers identified from a turnaround perspective for M&A are ROI, brand image, and people effectiveness. If these key strategic levers are not in unison, the merger will not get the required ROI, and hence the merger can actually be an absolute failure. The researcher hopes that the findings of this study and contribution to knowledge will reveal that institutions that merge in the financial services sector consolidate their position in the market only if brand image and the corporate culture are in sync allowing them to fortify and defend their positions. Furthermore, as a result of greater market share this could allow firms to muscle flex which lays the platform to launch into uncontested markets like Africa.

1.7 Research methodology

Aaker, Kumar and Day (2007:77), summarise research design to be a comprehensive blueprint that is used to guide a study toward its ultimate objective. In essence it is (research design) an overall plan to connect conceptual research problems to the pertinent empirical research. This study utilised the quantitative research method as the approach allowed for greater reliability and objectivity of the study findings. According to Collis and Hussey (2003:52), the positivistic approach (quantitative method) seeks the facts or causes of social phenomena, with scant regard to the subjective state of the individual. The study used the non-probability sampling technique as it is less complicated and more economical in terms of time and financial expenses.

According to Saunders et al. (2012:243), a population is the total number of individuals that the researcher considers to present a finding on. A sample is a portion of the population selected for the study. A sample selected in a study should be representative and accurate. The target population for this study was 310 managers of Nedbank in Kwazulu-Natal (KZN). For the purpose of this research, the non-random sampling technique was applied by specifically directing questionnaires at managers in KZN. The type of sampling selected is termed “convenience non-probability sampling”. The target population was approximately 310 managers. The entire population was targeted; hence the sample size was 310 participants.

For this study, a survey questionnaire was used to collect data from respondents. The questionnaire is a flexible means to collect primary data and consists of a set of questions presented to the respondent. A valid questionnaire should enable accurate data that measure the concepts of interest to be collected for the research study. Furthermore, a reliable questionnaire refers to consistency in the data being collected. Close-end questions were utilised for the study. The Likert scale which was used in the study is one of the most common types of rating scale utilised in questionnaires. Generally, each question provides a statement that reflects a particular attitude or opinion. Respondents were then tasked with indicating their level of agreement or disagreement with each statement (Halperin and Heath, 2012:261).

Upon receipt of feedback from respondents (completed questionnaires), data analysis was undertaken. This is an important step of the data analysis stage as any patterns or trends can be identified here or isolated from the data. According to Bloomberg and Volpe (2008:74), the process of data analysis begins with putting in place a plan to manage the large volume collected and reducing it in a meaningful way. The process is completed in identifying significant patterns and by constructing a framework for communicating the essence of what the data revealed given the purpose of the study. Descriptive statistics and inferential statistics were used to analyse the data and answer the specific research objectives. The researcher would also endeavour to ensure validity and reliability. The statistical program that would be used to analyse the data would be the Statistical Package for the Social Sciences (SPSS) as it is reliable and easy to work with.

Treiman (2009:242) states that an indicator is only considered valid if it measures the underlying concept effectively. Validity is the ability of a research instrument to measure what it was designed to measure. It entails constructing an appropriate theoretical link between the concept and the indicator. According to Saunders et al. (2016:450-451), reliability can be described as the repeatability and consistency in the measurement of a test. The most common measure of scale reliability is Cronbach's alpha. Factors are considered reliable if there are >0.7 (Field, 2009: 674). Reliability is therefore concerned with the robustness of the questionnaire. For the purpose of this study a logical link was established between the questionnaire and the research objectives, and this link was demonstrated by statistical analysis. This ensured that the research instrument was reliable and valid in proving the consistency and accuracy in the concepts being investigated.

1.8 Structure of dissertation

This research dissertation will be structured as follows:

Chapter 1: Introduction

This chapter outlines the background, rationale of the study, problem statement and research objectives. Thereafter the significance of the study and the research methodology were succinctly outlined and the chapter concludes with an outline of each chapter.

Chapter 2: Literature review

This chapter provides a theoretical framework of the strategic levers for mergers and acquisitions in the financial services sector. The literature review will document and evaluate current and past research on mergers and acquisitions in the financial services sector and its impact on M&A in terms of image as a brand, people effectiveness and return on investment.

Chapter 3: Research methodology

The methodological approach used to conduct the research is presented and discussed in this chapter. The quantitative method approach and its application in collecting the information was followed. The way data was collected and analysed will be discussed. Reliability and validity assessments will also be explained.

Chapter 4: Analysis of Data and Discussion of Results

This chapter will discuss the data once it has been collected and analysed. A description and interpretation of the results will be presented as well as a discussion and interpretation of results relative to literature will be given.

Chapter 5: Conclusion and Recommendations

This final chapter will provide the conclusions and summary of the findings. It will further outline how the findings can be addressed by proposing recommendations using a model.

1.9 Conclusion

This chapter provided a background for the study, a historical overview of the research sites, the rationale of the study, the problem statement and a brief discussion on the study's significance. The research design and methodology used was also articulated in this chapter. The following chapter explores the theoretical framework and literature in the context of strategic levers for mergers and acquisitions in the financial services sector.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter provides a theoretical framework of the strategic levers for mergers and acquisitions in the financial services sector. The literature review will document and evaluate current and past research on mergers and acquisitions in the financial services sector and its impact on M&A in terms of image as a brand, people effectiveness and return on investment.

2.2 Types of M&A

According to Firer, Ross, Westerfield and Jordan (2012: 737) a merger is a transaction whereby two companies combine to form usually a new company. An acquisition on the other hand is a takeover of a target company by an offeror or acquiror. This can be achieved either directly by becoming the owner of these assets or indirectly by obtaining control of the management of the company.

Evans (2000:2) classifies mergers into five categories, namely:

- vertical;
- conglomerate;
- market extension;
- product extension; and
- horizontal.

The first type of merger is a vertical merger. This type of a merger takes place between companies producing different goods and are operating in different levels within the same supply chain. The main aim of a vertical merger for a company is to achieve diversity in its product offerings. A conglomerate is when two firms in completely different and unrelated industries merge. This conglomerate is further split into pure and mixed conglomerate.

Market extension mergers occur between two companies that deal in the same product but in different markets (Martinova and Renneboog, 2008:8). The purpose of the market extension merger is to ensure that the merging company secures a larger client base due to the combination of the two companies. According to Buono and Bowditch (2013:63), product extension mergers take place between two firms that deal in products related to each other and are competing within the same market. Under this type of merger, products are grouped together and the new firm enjoys greater access to consumers.

A horizontal merger is a consolidation of firms that operate in the same industry with the same market offering (goods or services). The aim of this merger is to create synergy and, in the process, increase market share.

This is the type of merger and acquisition that Nedbank undertook in terms of its acquisitions' of Bank of Executors (BoE), Natal Building Society (NBS), Permanent and People's Bank.

2.3 Key Benefits of Mergers and Acquisitions (M&A)

2.3.1 Synergy (1 + 1 = 3)

Abbas et al. (2014) contend that every company has its vision to become a reputable company which is attainable by maximising its market share and future growth.

M&A create synergies which mean that the two firms are worth more together than being apart. Synergy, or the potential financial benefit achieved through the combining of companies, is often a driving force behind an acquisition or merger. Return on investment (ROI) is the gain or loss to the investor resulting from an investment or acquisition (Firer, Ross, Westerfield and Jordan, 2012:362). A high ROI means the investment gains compare favourably to investment cost. The overarching reason for combining with another firm is that the merger/union will provide for the attainment of strategic goals more speedily and inexpensively than if the company acted by itself.

In today's modern era of intense and turbulent change, fierce competition fuelled by rapid technological advances and ever-increasing globalisation, M&A allows firms to gain flexibility, share resources, leverage competencies and create opportunities that otherwise would have been unimaginable and inconceivable (Marks and Mirvis, 2001).

2.3.2 Tax Losses and Economies of Scale

A firm with net operating losses may be an attractive merger partner for an acquiring company. A profitable company can acquire a loss making one thus reducing its (acquiring company) tax liability and positively impacting on financial performance. If the per unit cost of production decreases as the level of production rises, then an economy of scale exists. The phrase "spreading overhead" is used in connection with economics of scale. This expression refers to the sharing of central facilities such as corporate headquarters, top management and computer services which in turn may impact favourably on a company's performance (Firer, Ross, Westerfield and Jordan, 2012:752).

2.3.3 Market Share

Firms may merge to increase their market share and market power. The acquiring or merged company is bound to have a larger market share as profits can be enhanced through higher prices and reduced competition. M&A is a useful approach for organisations to enter in new markets (Kalimeris 2010). It has been extensively researched globally that the consolidation of banks increased their financial capacity and enhanced their competitive advantage (Abbas et al., 2014).

Research evidence from the mergers and acquisitions literature, mainly carried out by financial economists, measures performance in terms of cost efficiency, profit efficiency (revenue enhancement), and/or shareholder value. It does not typically consider branding issues, which are the domain of marketing academics. The next section will add further value by bringing a marketing perspective to the discussion.

2.4.1 Branding

There are numerous definitions of brands and branding, however all converge around the idea that a brand identifies a product that is distinct from its competitors. A brand is a form of identification for a company and its products or services. A brand is a name, term, symbol, sign, design, or a combination of these, that identifies the seller or offeror of a product or service (Kirby and Kent 2010). A brand is what distinguishes one product/service from another in the same industry, and it forms part of the image of a company (Plewa, Lu and Veale, 2011). A brand identity is consumers' perception of a brand and portrays a set of associations that consumers have in their minds when thinking of a particular brand (Didier and Cindy, 2010: 114). A brand identity usually comprises of the product's features and attributes as well as the culture of a firm.

An organisation's name and logo are significant components of brand identity, as these are the most prominent elements in branding and corporate communications, and provide immediate recognition of the brand (Machado, et al., 2012: 418-419). According to Bottomley and Doyle (2016), there are various colours that hold different meanings and communicate a specific message to the customer. The colour green denotes sincerity of a brand. Brands that use darker colours with large bolded letters with squares target an upper-class market. Furthermore Christie (2014) argues that certain logo shapes such as squares communicate stability and straight lines imply professionalism and efficiency. Nedbank's green colours and squares logo with straight lines reflects sincerity, professionalism and stability.

A brand is an intangible asset of a company (Kirby and Kent, 2010). According to Armstrong and Kotler (2016) strong brands add value to products and gain customer loyalty. Strong brands are a representation of the company values, furthermore a strong brand serves as a silent sales person to the customer (Kirby and Kent, 2010). A customer or client identifies quality and consistency of a product by the brand that the product is associated with (Plewa, Lu and Veale, 2011). Shimp (2010) argues if a product does not belong to a brand that is reputable and established, the product is just a commodity.

2.4.2 Characteristics of a Strong Brand

Characteristics of a strong brand include the ability to educe emotions, create positive connections with customers and deliver on the organisational goals (Merrilees and Miller, 2008). Customer expectation is far higher with a strong brand than a little-known brand product thus justifying a strong brand selling goods at higher prices. Strong brands stand for the offerings of a company versus similar products in the market place (Merrilees and Miller, 2008).

Brands assist organisations in segmenting markets. An organisation that produces several brands, segments its target market based on the different markets that the different brands speak to (Armstrong and Kotler, 2016).

A strong brand contributes to superior brand equity (Shimp, 2010). Brand equity is attained when a higher value of a brand assists an organisation to increase its market share and loyalty to the brand by the customer. This allows a company to charge higher prices for a premium brand (Shimp, 2010). A higher degree of brand awareness to a particular product is usually synonymous with a strong brand (Muzellec and Lambkin, 2006).

2.4.3 Brand value

Brands are intangible assets that organisations build over a long period (usually more than 20 years). An intangible asset is an identifiable, non-monetary asset without physical substance (Service, 2012:458). Effective brands take years and huge amounts of money to develop (Muzellec and Lambkin, 2006). Brand awareness is the ability of a brand to be at the top of the mind of a customer. Through sustained, aggressive marketing campaigns a brand may be propelled to becoming a leader in its category (Simon, 2010). In this way brand awareness increases the market value of a brand.

Brand equity is very closely linked with the valuation of a brand. A true valuation of a brand is a challenge (Muzellec and Lambkin, 2006) as brands are valued by customers and the perceptions of that brand to a customer. The public can increase or decrease the value of a brand (Muzellec and Lambkin, 2006). The overall value of a company can be used as a benchmark for the value of a brand into different categories. Brand valuation can be the estimation of the financial value of a brand (Armstrong and Kotler, 2016).

Barrett Values Centre (2009) suggests that the company's brand image should be mirrored in its culture, and the culture should be mirrored in the brand image. Due to the world being highly interrelated, the brand image cannot differ from the culture.

2.4.4 Rebranding

On average, organisations refresh their corporate brands once every seven to ten years. (Pollard, 2014: 1) Rebranding is defined as a process where an organisation alters its identity by creating a new name, logo, symbol or design with the objective of establishing a new position for itself in the market place (Plewa, Lu and Veale, 2011). This could entail the creation of a new direction of an organisation or it may be a simple exercise of repositioning the brand (Muzellec and Lambkin, 2006). Rebranding is a result of constant changes in the external, internal or both environments in which the organisation exists. The goal of rebranding is to portray a change in an organisation (Plewa, Lu and Veale 2011). The process of rebranding needs to occur at three levels of the organisation. Rebranding is a costly and time-consuming process and for it to be effective it needs to occur at three levels which include the strategic, corporate and product levels.

2.4.5 Advantages and Disadvantages of Rebranding

The advantages of rebranding include the following:

- brand repositioning in the market place;
- allows for the rebuilding of trust with the customer;
- distinguishes product or service from competitors;
- gain in employees' confidence and loyalty in the brand;
- increased productivity and revenues;
- positive perception in the market place. (Merrilees and Miller, 2008)

Like any process, with advantages, come disadvantages which include the following:

- the loss of current market share;
- the rebranding process needs to be carefully charted in order to reduce costs;
- unrealistic targets and time lines can cause a rebrand to fail (Gotsi and Andriopoulos, 2007);
- information used that is not accurate can result in a rebrand disaster. For example, an incorrect logo chosen can result in the brand not being as desirable as it was previously;
- external stake holders are not consulted on the process of the rebrand (Merrilees and Miller, 2008).

Furthermore, the different touch points of the brand need to be considered when an organisation decides to rebrand itself. Rebranding needs to incorporate certain principles. These include retaining some aspects of the current brand in order to maintain brand recognition. Impractical designs can be difficult to implement. Meeting the demands of the new segments of the market is vital. Effective training and communication within the organisation should be undertaken to ensure the rebrand is successful, and a concerted effort to communicate the rebrand through marketing campaigns could be initiated (Merrilees and Miller, 2008).

2.4.6 Reasons for Rebranding

The following include some of the reasons for an organisation to be successful in its rebranding process:

- Poor performance of the organisation thus the need to keep up with the ever-changing times and demands of customers (Merrilees and Miller, 2008).
- Globalisation, strong competition communicates a change in organisational direction or strategy.
- Rebranding as a result of an M&A, revitalisation of a brand, however it should be noted that this is not simple nor cheap. Opportunity to enter a foreign market (Merrilees and Miller, 2008).
- The existing brand is in its final decline stage and no longer fits in with the environment (Muzellec and Lambkin, 2006).

2.4.7 Rebranding for Mergers and Acquisitions

Rebrands can occur as a result of M&A's. The merged entity should create a name for itself in the market place and needs to communicate this to its customers (Lambkin and Muzellec 2008). The first step in this process is deciding on a name for the merged organisation. There are different options for rebranding as a result of a merger or acquisition (Lambkin and Muzellec 2008). The marketing and financial value linked with a brand's strength in a given market refers to brand equity. Various types of M&A's between two firms create options for four generic strategies in merging their corporate brands: 'One Brand' (which is normally the brand of the acquiring organisation); 'Joint Brand' (a joint brand to combine the names and brands of both firms); 'Flexible Brand' (keeping both brands and using them selectively) and New Brand (to display a new firm (Basu, 2012); (Lambkin and Muzellec 2008).

In a study of 207 M&A deals in the United States of America (USA), Ettenson and Knowles (2006) found that in forty percent of cases the acquirer company's name replaced that of the target company immediately after an M&A. This strategy is commonly called "backing the stronger horse" which was by far the most prevalent approach. This was also the case with Nedbank's various M&A's. A flexible or mixed branding strategy is a good possible option where an acquired firm has a strong franchise in a particular market segment and would do better to continue in that way. "Citigroup's retention of Smith Barney for its private client business is a case in point. HSBC also followed this approach in retaining the household name for that business in the United States of America" (Basu, 2006:14).

The size and strength of the merged company, the types of products and services and the relatedness of markets and products form the key in determining which option for a rebrand should be adopted (Lambkin and Muzellec, 2008).

2.4.8 Process of Rebranding

The process of rebranding entails a clear analysis of the brand. This process includes the following:

- Positioning of the brand: the organisation's brand positioning in the market in relation to its competitors,
- Product: the product offering of the organisation and a detail understanding of how the product assists the customer,
- Mission: the principle of the product,
- Values: the values of the company,
- Vision: where does the company want to be in the future (Plewa and Veale, 2011).

Muzellec, (2008), elaborate on the different approaches an organisation may undertake when rebranding. These include:

- A strategy of retro branding: the reuse of a brand that an organisation may have chosen to phase out.
- The translucent warning strategy: customers are informed of the changes prior and after the process of rebranding. This could be efficaciously done by means of in-store activity and packaging of the product.
- A strategy of sudden eradication: an old brand is almost immediately removed and a new one replaces it without a phase-in or phase-out process.

- Strategy of counter-takeover: this strategy is exercised during a rebrand after an acquisition of a company. The acquiring company uses the brand of the acquired (target) company. This process implies that the acquiring company endorses that the acquired company has a stronger brand.
- A strategy of the phased-in or phased-out approach: there is a gradual “phase out” of the old brand over a period of time.
- A strategy of combining branding to form one parent brand: A single brand is used across the world. This may also be termed “umbrella branding.”

Rebranding occurs at three distinct levels in an organisation, as follows:

1. Corporate - refers to the renaming of a whole corporate entity. This may entail a completely new identity for the entire organisation or repositioning,
2. Strategic business unit - involves rebranding of a subsidiary of a merged organisation to create a distinct identity,
3. Product level - rebranding of an existing product. This is sometimes done as a tactical move driven by the desire to brand globally (Muzellec, 2008).

2.4.9 Successful Brand Repositioning

In order for a rebrand to be successful, it would need to satisfy certain principles.

A rebrand needs to occur after there has been sufficient research done. Brand repositioning is a costly affair and does not just entail changing the colour or logo of the organisation. The rebranding process has to have one overarching strategy-based plan formulated which sets clear objectives and milestones in implementing a new brand to an organisations product or business, for this to be successful it is critical to secure buy-in from top management (Pollard, 2014: 1).

Furthermore, the new brand needs to meet the demands of the market in which it exists and it should be aligned with all levels of the organisation. There must be extensive communication and awareness of the new brand to all levels of the company. This will further encourage an emotional bond between employee and employer which should instil a brand vision within employees. Eventually this gradual process will lead to enhanced brand loyalty amongst employees, making them want to align themselves with the company's brand.

An effective marketing campaign needs to be embarked upon and all stakeholders (employees, suppliers, customers) should be reassured of quality and service delivery throughout the rebranding. To create a successful bridge between the old and new brand there needs to be a retention of some existing brand principles as it must be remembered that the needs to service the core function of the business (Merrilees and Miller, 2008).

The repositioning of an organisation's brand displays its ability to keep abreast with the changing times and the commitment it has to its customers. Finally, to test whether the rebranding was a worthwhile exercise, customers need to perceive the rebrand as increased value (brand equity), quality excellence and genuine commitment in the product or service the organisation offers (Plewa, Lu and Veale 2011).

According to Merrilees and Miller (2008), successful rebranding, based on the corporate rebranding theory, satisfies six principles affirmed below:

1. A suitable brand vision that balances the core ideology of the brand whilst progressing the brand within the contemporary business conditions.
2. The retention of some core or peripheral brand concepts to build a bridge between the revised brand and the original brand.
3. The ability to meet new market needs.
4. A high level of brand orientation through activities such as communication, training and internal marketing.
5. The alignment of each brand element to the overall corporate brand concept in the corporate rebranding strategy implementation.
6. The successful promotion of the new brand to all stakeholders.

In South Africa, Nedbank very recently repositioned itself in the market. The rebranding comes after the bank had seen its brand value nose-diving for the past two consecutive years. This was according to UK-based branded business valuation consultancy, Brand Finance.

According to Thulani Sibeko, Nedbank Group Executive for Marketing, the bank relooked at its brand strategy for opportunities of enhancement over the next 5 years and assessed the recent changes that were occurring within the organisation to enhance client experiences. The bank believed it was now (March 2017) an opportune moment to project externally the positive changes currently happening within the organisation (Closing Bell, 2017).

In an effort to improve and enhance client service more holistically, a refreshment of the Nedbank brand was needed to reflect the momentum the bank is heading towards for the future. Through conversations with its clients the bank recognised the importance of money. Thus, its new tag line, “See money differently” reflects and reinforces the fact that where money is well managed, it has endless possibilities for good.

The bank has also realised that it has to appeal to the younger generation by being digitally and techno savvy. It concedes that the organisation has not kept up with the pace of the latest advancement in technology. Thus, it will be making a concerted effort to allow for both old and young clients to transact according to their preferred channel of choice going forward (Closing Bell, 2017).

2.4.10 Rebranding Blunders (Errors in Rebranding)

Organisations need to be cognisant of the following errors or blunders with regard to rebranding:

- Lack of a rebranding strategy: Improper strategic planning on brand implementation could result in derailment of a rebranding initiative.
- Failure to appoint a brand champion: Rebranding is an extremely complex process. As there may be several experts involved in the rebranding process, ranging from experts working on the design aspects of the brand to other teams managing the construction and implementation of it, it is therefore critical that one brand champion owns the overall project. This will ensure that there is open and ongoing communication throughout the rebranding effort.

- Lack of a centralised process: For the rebranding of a product/service to be effective the process needs to be centrally managed as this should ensure that consistencies and efficiencies are achieved across the board. For example, if different vendors are being used in different countries to create and construct a new logo without a centralised process in place, the logo in one country may appear different from the logo in another country, which can completely dilute the brand.
- Not having buy-in from executive level: Securing buy-in and support from top management is critical to a successful rebranding initiative. Without full support and backing from the executive level in an organisation, it would be very difficult to get the cooperation from the various business units as well as to engage employees around the new brand (Pollard, 2014: 1).

2.4.11 Rebranding in the Banking Industry following M&A's

According to West, Ford and Ibrahim (2015:192), brand architecture is a framework which looks at the brand portfolio as a complex structure with a variety of different types of brand roles and relationships. A further development on the topic of brand architecture has been to distinguish between a "house of brands" and a "branded house" (Aaker and Joachimstaler, 2000). A branded house refers to a firm with a single corporate brand name applied to all its services, businesses and products. However, a house of brands refers to a holding company structure with an organisation's name and a whole collection of separate names for business/service units and products (Laforet and Saunders, 1999; 2005). For example, HSBC (Hong Kong and Shanghai Bank), the global financial services company, has shown a clear preference for a single brand name (a branded house) for all its acquisitions around the world, but chose to keep the name of the internet bank (exceptional case), First Direct, having taken over and renamed its parent, the Midland Bank in the United Kingdom. The only visible sign of the acquisition was the appearance of the HSBC logo alongside the First Direct name (Muzellec and Lambkin, 2008).

Banks and other financial institutions tend to conform to the branded house category of brands, with their corporate name being applied throughout their portfolio of businesses and products. In this they are consistent with the broader category of services businesses, which tend to have narrow product lines that draw much of their brand equity from their corporate reputation. These are in direct contrast with consumer products companies, which typically have long lines of individual product brands with the corporate parent's name being downplayed or even concealed (Laforet and Saunders, 2005).

de Ruyter and Wetzels, (2000) concur that although the reason for these different branding strategies is not always apparent however it seems, in general, that the brand equity of services draws very much from an organisations' corporate reputation.

2.4.12 Brand Architecture in the Context of M&A's

In the context of mergers and acquisitions, it can be helpful to think of changes and additions in terms of how they impact different parts of the brand architecture. Changes or movements can occur in an upward or downward direction within single product lines, or they can be applied across product lines or markets. A change in the corporate brand designed to strengthen its equity can be carried down through the hierarchy to the lowest level and smallest product. For example, HSBC gradually rebrands all its subsidiaries to create synergies between the local expertise of the acquired national brands (originally, Midland Bank in the UK, Republic National Bank in Mexico and more recently CCF in France) and the global status of HSBC. This strategy gives strength to HSBC's claims to be 'The World's Local Bank' (Muzellec and Lambkin, 2008).

On the contrary, the equity of a very established brand can be leveraged upwards. This ultimately results in value adding at the corporate level of a particular branded product or service. The example of Bank of Scotland, renaming itself Halifax Bank of Scotland (HBOS) following its buy-out of the building society is a perfect case in point. HBOS has recently rebranded its Irish retail business as Halifax on the grounds that that brand has a very strong reputation in retail banking (Muzellec and Lambkin, 2008). Viewed across product lines and geographic markets, the question is whether brands can be stretched across product categories or markets or whether they have to remain within defined boundaries.

Can a brand that is closely identified with one country or region be carried over successfully into other countries? Evidence shows that most European M&A is domestic, suggesting that banking companies do not believe that they can be successful across jurisdictions (Walkner and Raes, 2005; PricewaterhouseCoopers, 2006).

Acquisitions usually result in the elimination of the acquired firm's corporate brand in favour of the acquirer (Basu, 2006). Joint brands are also likely in the case of joint ventures, for example, where a large global company partners with a local operator to enter the market. Citigroup's partnerships with Nikko Beans online bank in Japan and with ZAO Bank in Russia are examples of this. It is a temporary measure adopted by an acquirer for a year or two to gradually manage the transition.

2.4.13 Rebranding parameters in the context of M&A

In the following sections, we identify key parameters which should be considered when deciding on which rebranding strategy to adopt. The parameters considered are: the relative size and strength of the merged companies; the type of products or services offered; the relatedness of markets and products; and the geographic distance.

The following parameters were chosen since there is a considerable body of evidence attesting to their importance in M&A's (Berger et al., 1999; Bruner, 2004; King et al., 2004; Jones and Critchfield, 2005; Walkner and Raes, 2005; Kaplan, 2006, cited in Muzellec, 2008):

i. Relative size and strength

Research evidence in the financial services sector consistently shows that acquiring firms tend to be considerably larger than targets. Further studies indicate that a more efficient organisation tends to take over a smaller, less efficient one. Numerous studies in Europe have also found that large, profitable financial institutions tend to be acquirers, while smaller, unprofitable banks tend to be targets (Focarelli et al., 2002). For example, in a recent study, Altunbas and Ibanez (2004) found that acquirers were approximately seven times larger than targets on average (measured in terms of total assets). Thus, we can conclude by stating that small, weak targets (financial institutions) will tend to be rebranded while large, strong targets will probably not.

ii. Type of product: retail versus wholesale (personal versus business banking)

The markets for retail services (personal banking) differ from those for capital market services (business banking) in several respects. Firstly, retail bank customers (personal/individuals) tend to be more loyal to a brand and secondly the proximity of banks to clients is still very important for retail banks even with the advent and growing usage of electronic banking. In contrast, business banking is far more flexible and mobile, with customers following the best deal on offer and being far less brand loyal (Muzellec and Lambkin, 2008) Thus, rebranding is an easier option in business banking than in personal banking. Another way to of stating this is that there will be a higher incidence of rebranding from acquirer to acquired company in business than in personal banking.

iii. Relatedness of markets and products

Merger studies generally measure the similarity of the merging firms by means of two categories:

(1) type of merger i.e. horizontal/vertical/conglomerate; or

(2) level of overlap or similarity between lines of business.

According to Berger et al. (1999), the majority of bank mergers are horizontal. However, within the general category of horizontal mergers, there are a number of variation among firms, in their products, markets, management style and performance. Using a sample of 204 mergers completed between 1977 to 1996, Megginson et al. (2004), found that mergers that were dissimilar (decrease focus) by being different in terms of their credit risk, capital and liquidity positions, experienced significant losses in shareholder wealth and firm value over the three years following merger completion. Mergers that either preserve or increase focus result in marginal improvements in long-term performance.

These results are consistent with studies on the positive effect of corporate focus. Studies outside of financial services have also found that diversifying M&A’s are generally value-reducing, while increases in corporate focus are value-enhancing found that high market similarity is strongly related to marketing resource deployment. As the similarity of the markets served by the two firms increases, redeployment also increases.

Translating this into the context of rebranding, we may surmise that the greater the similarity between the businesses of the acquirer and the target, the more likely an integration strategy will be pursued which would favour the possibility of operating the enlarged business under a single brand name. In other words, the higher the degree of similarity between markets, the more likely that the acquirer will rebrand the target under its own name, and vice versa (Capron and Hulland, 1999; cited in Muzellec, 2008).

iv. Geographic distance

According to Muzellec (2008), cross-border mergers and acquisitions have not been a major feature of the European banking sector due to foreign banks tending to have low market shares and lower profitability than domestic rivals.

However, the trend is almost the opposite in that the presence of foreign banks in countries across Africa has increased significantly over the past two decades. Over the period 1995 to 2009, the number of cross-border bank branches or subsidiaries in Africa almost doubled from 120 to 227. At the same time, the total number of banks stayed virtually the same (421 to 442), resulting in a rise of the share of foreign banks from 29 percent to 51 percent. The cross-border expansion of African banks is due to many factors, but the pursuit of business opportunities abroad, normally led by the banks' larger corporate clients, is generally the dominant driver.

Where there has been cross-border market entry, "a majority of firms have chosen acquisition of established local firms as their mode of entry rather than taking on the cost and risk of direct entry" (Walkner and Raes, 2005:23). However, this can also be controversial because of national sensibilities about transfer of ownership to foreigners. Such factors tend to argue for leaving the local name so as to avoid drawing attention to the fact of foreign ownership. Stating these arguments as formal propositions it can be stated that the stronger the national identity of the acquired brand, the less likely the acquirer is to change it (Muzellec and Lambkin, 2008).

2.4.14 Social media and Branding

There are four stages that a customer goes through in the consumer decision process. Social media is a unique component of the consumer decision journey as it is the only form of marketing that can touch consumers at each and every stage of this process. At the first stage, consumers are bombarded with information on products or services which they will systematically eliminate options from their initial consideration set. This is then followed (evaluation stage) by consumers seeking a variety of information sources whereby new brands are added to the mix while eliminating others. The third stage is the actual buying of a product which normally entails the consumer entering the store and getting key final information to aid them in making their choice. The final stage focuses on the interaction between the consumer and the actual product (enjoyment, advocacy and bonding). At this stage it is vital that a company effectively use all of its touch points be it word-of-mouth, interactions on social media sites to reinforce the positive nature of the relationship between the consumer and the brand (West, Ford and Ibrahim, 2015).

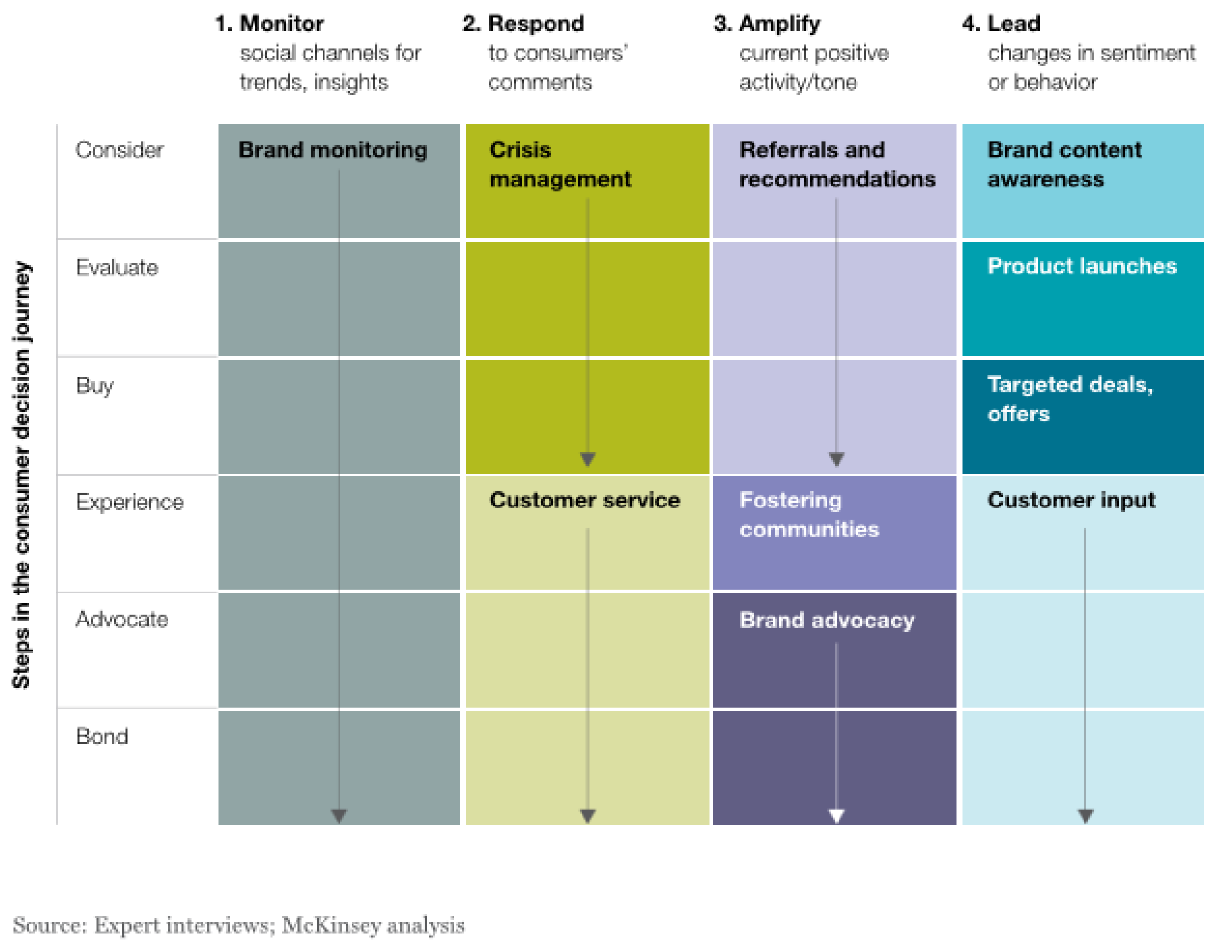

Figure 2.1: Steps in the consumer decision journey

Source: Anon; http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/demystifying-social-media.

The social media focused brand manager has to be up to date with the latest technology that are evolving rapidly, furthermore he/she must be constantly monitoring the advent of new platforms which regularly spring up. The brand manager must be cognisant of the changes in the business environment and be able to adapt quickly to maintain viable connections to consumers.

A recent move to handle social media is the appointment of a 'ringmaster' who is a new type of executive that is both digitally knowledgeable and has the skill and expertise to coordinate marketing as well as consumer-facing activities. This ringmaster in an organisation should be able to keep the consumer abreast, interact with them seamlessly and keep them engaged with the brand (West, Ford and Ibrahim, 2015).

2.5.1 People Effectiveness (Cross-Culture)

Mergers and acquisitions (M&As) around the world has been booming for the past thirty years, however the intense M&A activity is in sharp contrast with the high rate of failure. "An analysis by the Hay Group in 2007 of more than 200 major European M&A's over the preceding three years found that senior business leaders believe that only 9 percent were completely successful in achieving their stated objectives." (Weber and Tarba, 2012:18). Unfortunately, merger integration consultants, according to Buono (2015) are often brought in too late to fix the problems of an M&A post-combination.

Several recent studies point to the fact that cross-cultural differences can have both positive and negative effects on M&A performance. The theoretical literature and empirical findings of the last twenty years suggest that the influence of culture diversities on the post-merger integration process is critical for M&A success.

There are two main reasons for the apparent divergence between academic wisdom and executive or corporate practice. The first being the scholarly literature that focuses on the role of corporate culture only in the last stage of M&A (post-merger integration), rather than on all M&A stages, including planning and negotiations (Weber et al., 2011). Second, the concept of culture is not entirely clear to managers and therefore difficult to implement in practice (Weber and Tarba, 2010;2011).

Two separate management research studies have been conducted on either the pre-acquisition or post-merger integration stages. One stream that focuses on the pre-acquisition stage evaluated the relationship between firm-level indicators of financial performance and the strategic fit between the acquirer and target firms, with a focus on the potential synergy of choosing the right merger.

The second stream of research centres on the cultural fit between the two firms and the impact of its success at the post-merger stage (Stahl and Voigt, 2008). These studies have paid little attention to cross-cultural management, for example, to the role of human resource practices, given the effect of cultural differences on the success or failure of domestic and international M&As. However, there is not enough evidence of research undertaken on cross-cultural management and its success or failure in M&A’s worldwide.

Merger specialists should understand that to seize the potential of M&A that are usually identified in the pre-merger stage, the steps to be taken in the integration process must be discussed as part of the merger choice. For example, some firms have structured human resource (HR) tools for due diligence. Due diligence covers all HR aspects (legal, economic, structural, demographic and turnover data) as well as other "soft" issues especially culture (Claus, 2006). The next step is the negotiation stage which is also an essential part of a successful M&A (Weber et al., 2011).

The use of various consultants, technical staff and specialists in strategic decisions of a merger are one of the main reasons that culture and cultural differences are not assessed in the pre-merger period. Sadly, as a result this is not taken into account at the negotiation stage (Haspeslagh and Jemison, 1991).

According to Weber and Tarba (2012), chief impediments in the M&A process, during the pre-acquisition stage are activity segmentation and fragmented perspectives. The technical complexity of the analysis requires experts from various fields such as transaction advisor (i.e. legal, accounting, finance, auditing, investment banking and more) and post-merger integration consultants, each responsible for part of the analysis. For example, in the pre-combination stage of preliminary planning, transaction advisors typically drive the process without the involvement of merger integration consultants (Weber and Tarba, 2012).

A consultant's interventions should span all M&A stages. However, a major weakness is that M&A consulting is far more piecemeal and reactive as different consultants and individual teams work in isolation of one another (Buono, 2005). Due to this weakness (mentioned above) difficulties in coordinating the various areas of expertise and methods result in a formidable emphasis on quantification of estimates and their translation into financial numbers. The outcome is the underestimation or disregard of factors that are difficult to quantify, such as cultural differences within organisations.

Weber and Tarba (2012:24) summarise this aptly below:

> "Thus, in unsuccessful mergers the timely assessment of post-merger integration problems and related HR challenges due to culture clash remains outside the negotiation stage and the decision-making process at the pre-merger stage, while in successful mergers, those assessments in the pre-merger stage are implemented immediately after the deal is signed according to early planning."

Many managers attest to the fact that it is far easier to close an M&A deal than to implement it in the years following the signing of the agreement. One of the main causes of failure in M&A's is rooted in differences in the management culture and the inability to methodically integrate the two firms.

2.5.2 Culture

The word "culture" has different definitions and many meanings.

Culture can be defined as an evolving set of collective beliefs, values and attitudes. Culture in a business context can be described as the sum total of the learned behaviour, ethics and etiquette of personnel within an organisation. A business culture will encompass as organisation's vision, working style, beliefs and habits.

Management culture on the other hand is a developing system of beliefs, assumptions and values shared by managers about the desired way of managing the company so that it can adjust to its environment (Rosenblatt, 2011). Thoroughly understanding the corporate culture within an organisation is critical in the preparation of policies, procedures and programmes to effectively manage the various challenges in business on a day to day basis.

The theoretical literature and empirical findings of approximately the last twenty years suggest that the influence of culture differences on the integration of a merged or acquired entity is crucial for M&A success. Quite often, cross-cultural or change management is mishandled by top executives with disastrous consequences on an M&A (Weber and Tarba, 2012).

2.5.2.1 Kotter's eight step change model

Figure 2.2: Kotter's eight step change model

Source: Anon; http://www.educational-business-articles.com/8-step-process/

Kotter’s 8 step change process model is summarised as follows:

- Establish a sense of urgency

This would entail examining market and competitive realities. Identifying and discussing crises, or potential crises or opportunities. Creating the catalyst for change.

- Form a powerful coalition

This can be achieved by assembling a group of individuals with enough power to lead the change effort.

- Create a Vision

A vision to help direct the change effort should be created and strategies should be developed to achieve that vision.

- Communicating the Vision

Every channel and vehicle of communication possible should be used to communicate the new vision and strategies. Executive management should guide the process and lead by example.

- Empowering others to act on the vision

Obstacles to change should be removed while ideas and input into the change process should be encouraged.

- Planning for and creating short term wins

Strategies and milestones should be well planned for and executed. Employees involved in improvements to the change process should be recognised and rewarded.

- Consolidating improvements and producing more change

Employees who can implement the vision should be hired, promoted and developed. Processes should be reinvigorated with new projects, themes and change agents.

- Institutionalising new approaches

The connections between new behaviours and corporate successes should be created. Channels to ensure leadership grooming and succession should be developed (Kotter, 1995).

2.5.3 Dimensions of Organisational Culture

Weber and Tarba (2012) have identified seven (7) areas that constitute the dimensions of organisational culture.

1. Approach to innovation and activity

Managers with a passion and drive for innovation and dynamic activity encourage rapid response to competition or opportunities in the outside environment. They constantly seek to exploit opportunities for new products and markets. On the other hand, organisations with a different corporate culture prefer stability, thorough planning and a relatively high level of formality. These differences in management approaches stems from different perceptions about the urgency of response to changes.

2. Risk approach

According to Chatterjee et al. (1992), management philosophy and beliefs about risk taking are among the key factors that differentiate between organisations. The tendency to take risks affects many decisions such as investment in new projects, the level of investment in research and development (R&D) acquisition and even as far as the management of cash flow. A relatively high correlation has been found between this dimension and the previous one; approach to innovation and activity. For example, to achieve a competitive advantage using innovation entails investment in R&D, which can be risky because of uncertainty in the firm's development capabilities, the required time and the fit to market. The degree of the perceived urgency reflects management's perception of the risk of failing to respond.

3. Horizontal relationship

Organisations have different approaches with regard to co-operation and connection between the various departments/divisions of the organisation for the achievement of enterprise goals. Some organisations have complex co-ordination mechanisms, whereas others use more straightforward means of co-ordination mechanisms, such as schedules and standardisation. The prominence ascribed by management to co-operation and communication is reflected in the type of corporate culture adopted by the firm.

4. Vertical-hierarchical contact

Vertical hierarchical contact addresses management beliefs about attitudes toward subordinates, such as participation, support and understanding. These beliefs have to do with human nature and may vary quite extensively. Managers differ in the degree to which they encourage sub-ordinates to attempt fresh ideas, be creative and take calculated risks in the same way that they differ in permitting employees to overtly criticise the management and discuss conflicts.

5. Autonomy

A fundamental characteristic of top executives is the belief about the level of autonomy and responsibility that should be delegated in important decisions. These beliefs affect the form of the organisational structure, the definitions of the roles and procedures within the company and the level of formality of these definitions.

6. Performance measurement

The requirements placed on managers and their subordinates and the focus on performance evaluations are important facets of management culture. Managements' differ in their beliefs about the need to strive for constant improvement and achieve organisational goals, at times challenging ones. Differences also exist in the emphasis on the types of performances, for example, the requirement for efficiency and the quality of a task performed as opposed to the effectiveness and the achievement of goals, at the expense of quality and efficiency (Weber and Tarba, 2012).

7. Approach to rewards

Management approaches to rewards are related to beliefs about the need to reward fairly and competitively relative to other organisations in the industry and to link reward with performance. It affects the extent to which this linkage is reflected in salary, benefits and other related aspects. These dimensions of culture are important predictors of manager and employee behaviour, including executive and employee turnover and of the expected success of the merger. But these are not the only areas important for the understanding of management and organisational culture, an understanding that is instrumental for proper analysis of the situation before the agreement and for preparing the programs needed to cope with the differences in culture after the agreement, during the process of integration. The additional areas include considerations of labour relations and the influence of worker committees within the organisation and ownership of the organisation (Weber and Tarba, 2012).

There is no single ideal type of organisational culture that produces a high level of performance. Certain organisational cultures are well-suited for activity in a particular type of industry. Thus, organisational culture is related to a company's performance, but there is no single culture that produces a satisfactory level of performance, rather, there can be several corporate cultures, each one leading the organisation to adequate performance. The seven dimensions of culture should be interrogated when examining international mergers between organisations from different countries. In addition, it is necessary to examine several additional dimensions of international differences of culture, such as Hofstede's (Hofstede, 1980; 2001; Minkov and Hofstede, 2011) and (House et al., 2004) dimensions, that can raise difficulties in the integration processes.

2.5.4 Measurement and Evaluation of Culture Differences

The measurement and evaluation of culture differences is part of the planning that is undertaken before the merger and during the negotiation process.

It is possible to use primary sources of information (from the company itself) if there is considerable contact and interaction with the target company. If there is little or no contact with the target company, secondary sources of information, (i.e. within the framework of business intelligence operations) must be utilised.

The following sources can provide ad hoc information about the target company:

- Information published by the company itself which include its mission statement, describing its characteristics, and more. Press releases and the company's presentation on its website are good sources for this type of information.

- Management approaches to various issues and articles that appear about the organisation (target company) can be collected through articles and interviews in the press or media (television, websites, audio/video clips etc.)

- Lectures and speeches delivered by the target company's management team.

- Numerous research institutes or research divisions of company's collect information on other organisations in the industry sectors in which they operate.

- Interviews with managers and employees of your organisation who had interaction or a business relationship with the target company.

- Conversations and interviews with clients, competitors, suppliers and information holders, such as accountants, lawyers, management consultants, financial advisors, etc. who have worked or been in contact with the target company.

- Conversations and interactions with the managers and employees of the target company at various events, such as trade shows, workshops, seminars, conferences, etc. (Weber and Tarba, 2010).

In the case of a public company, it is also possible to analyse and evaluate its financial reports (income statement and balance sheet) which can provide valuable information about the organisational culture as well as other important financial information.

The evaluation of cultural differences is undertaken on the basis of the dimensions of culture. Additional areas of activity described above are also considered when ranking the target company on the various dimensions. All the collected information is verified for reliability and examined against other content to ensure validity. The information collected during the negotiations stage is ranked, examined for reliability, and cross-checked against information gathered from other sources.

When the cultural differences between the organisations become clear, it will be possible to define a desired shared culture. This will make it easier to cope with the challenges raised by the human factor, prevent the leaving of managers and key personnel and preserve commitment, co-operation and motivation, all of which are important factors in the post-agreement period. A fundamental understanding of cultural differences makes it possible to prepare and implement various HR practices such as communication methods, staffing, recruitment and training, as well as implementation program by integration task forces with planning, identification and capture of the synergy potential (Weber and Tarba, 2010).

Finally, measurable values of management culture and cultural differences enable good supervision, feedback and improvement until the objectives of the M&A are achieved.

2.5.5 Implications for the various M&A stages

Key information and data about the extent of cultural differences and possible integration difficulties can greatly assist and expedite the evaluations of expected cash flow, the anticipated effects on earnings per share (EPS), the effects on the change of share prices (if it is a public company) after the agreement and the risk inherent in each alternative. In this way potential mergers or acquisitions can be screened by comparing the advantages and disadvantages of each candidate for merger. During the negotiation stage, managers must be prepared for the evaluation of cultural differences in order to detect expected obstacles in communication due to differences in corporate culture.

By fully understanding the challenges of implementation, the acquirer can determine the maximum price for the acquisition, taking into account the expected course of the integration process and the anticipated implementation difficulties. When the cultural differences between the merged entities become clear, it will be less complex to define a desired shared culture, the ultimate aim being retention of talent (managers and key personnel) and a happier, committed and motivated staff compliment, all of which are important factors in the post-agreement period (Weber and Tarba, 2012). Central to the success of this is for executive management to communicate as much information as possible to managers and, especially regarding the changes that affect employees individually (Richards, 2015).

Thus, a key focus (strategic lever) of the study is to also review in-depth the magnitude mergers and acquisitions have on people (culture) and their effectiveness.

2.6 Nedbank and its turnaround strategy – 15 years since

Nedbank acquired 51.1% of Imperial Bank in 2001, and the merger with BoE followed in 2002. By that time, BoE also included the assets of NBS and Boland Bank (Anon, 2010).

Nedbank purchased South Africa's sixth-largest bank, BoE for 7.4 billion rand.

> "At the time, public confidence in the smaller South African banks was quickly declining and some, like BoE, were suffering a flight of liquidity… Nedbank acquired BoE to improve its retail operations, but was forced to borrow 5.5 billion rand to finance the transaction just as interest rates were about to rise…" (Tushman & Kiron, 2013).

In September 2003, Nedbank's CEO stepped down and was replaced by the previous head of BoE, Tom Boardman. He immediately began focusing the company on its South African business, selling off excess global assets the bank had acquired under his predecessor (Fischer, 2009). Boardman led a massive restructuring effort that integrated both Nedbank's and BoE's client-base, and sought to improve the bank's image of one that catered for the masses and not just elites.

"During 2003, Nedbank's market capitalisation plummeted; its share price fell to an all-time low, shareholder animosity escalated, and 3 000 layoffs (about 12% of all employees) …" (Tushman & Kiron, 2013), making 2003 the bank's annus horribilis (horrible year).

2.7 Legislative Framework: The Companies Act (2008)

South Africa continued to feel the effects of a slow global economy even though on a more limited basis as compared to internationally. Post the global financial meltdown (2008), the pace of mergers and acquisitions has moderately increased since 2011 up until now (2017).

The Companies Act is the basis of the South African M&A legislative framework. It was promulgated in 2008 but only took effect in May 2011 and has since significantly overhauled the existing company law regime and the M&A legislative framework in general. Among other things, the Companies Act regulates fundamental transactions, which include schemes of arrangement, amalgamation and mergers (which is new to South African company law, but which is similar to the statutory merger and amalgamation procedure applicable in the United States) and disposals of all or the greater part of the assets or undertaking of a company (bowman.co.za).

2.8.1 Return on Investment (ROI)

M&A create synergies which mean that the two firms are worth more together than being apart. Synergy, or the potential financial benefit achieved through the combining of companies, is often a driving force behind an acquisition or merger. The overarching reason for combining with another firm is that the merger/union will provide for the attainment of strategic goals more speedily and inexpensively than if the company acted by itself. Return on investment (ROI) is the gain or loss to the investor resulting from an investment or acquisition (Firer, Ross, Westerfield and Jordan, 2012:362). A high ROI means the investment gains compare favourably to investment cost. It is one of the most commonly used methods for evaluating the financial consequences of major business investments such as M&A's.

The formula is stated as follows:

Return on Investment = Net profit after interest and tax / Total Assets

ROI is an important financial metric for:

- asset purchase decisions (such as machinery, equipment, or vehicles)
- approving and funding different projects (for example, marketing programs, recruiting programs, training and development programs)
- traditional investment decisions (for example, management of share investments or the use of venture capital).

Return on equity (**ROE**) is the amount of net income/profit returned as a percentage of shareholders equity. It reveals how much profit a company earned in contrast to the total amount of shareholders' equity found on the statement of financial position (balance sheet).

ROE is one of the most important financial ratios. It is commonly known to be the ‘mother of all ratios’ as it measures how profitably a company employs its equity (Anon, 2017).

Return on equity is calculated by taking a year’s worth of earnings and dividing them by the average shareholder equity for that year, and is expressed as a percentage:

ROE = Net income after tax / Shareholder's equity

Return on assets (ROA) is a financial ratio that shows the percentage of profit that a company earns in relation to its overall resources (total assets). Return on assets is a key profitability ratio which measures the amount of profit made by a company per dollar of its assets. It shows the company's ability to generate profits before leverage, rather than by using leverage. Unlike other profitability ratios, such as return on equity (ROE), ROA measurements include all of a company's assets – including those which arise from liabilities to creditors as well as those which arise from contributions by investors. So, ROA gives an idea as to how efficiently management use company assets to generate profit but is usually of less interest to shareholders than some other financial ratios such as ROE.

Return on assets gives an indication of the capital intensity of the company, which will depend on the industry. Capital-intensive industries (such as railroads and thermal power plant) will yield a low return on assets, since they must possess such valuable assets to do business. Shoestring operations (such as software companies and personal services firms) will have a high ROA: their required assets are minimal. The number will vary widely across different industries. Therefore, when using ROA as a comparative measure, it is best to compare it against a company's previous ROA figures or the ROA of a similar company (Anon, 2017).

Return on assets is calculated by dividing a company's **net income** (usually annual **income)** by its total assets and is displayed as a percentage. There are two acceptable ways to calculate return on assets: using total assets on the *exact date* or *average* total assets:

ROA = Net Income after tax / Total assets (or Average Total assets)

2.8.2 Advantages of ROI

The merits of using ROI as a measure of the profitability of an investment are highlighted hereunder:

Good measure of profitability

ROI ensures that assets are acquired only when they are assured to give returns (profits) in line with the organisation’s policy. Thus, the major focus of ROI is on the required level of investment. “For a given business unit at a given point of time, there is an optimum level of investment in each asset that maximises earnings” (Agarwal, 2017:1). A cost-benefit analysis assists managers in determining the rate of return that can be expected from different investment proposals.

Comparative Analysis

ROI allows for comparison between different business units in terms of profitability and asset utilisation. It may be used for inter-firm comparisons, provided that the firms whose results are being compared are of comparable size and of the same industry. ROI a good measure because it can be easily compared with the related cost of capital to decide the selection of investment opportunities (Agarwal, 2017).

Consistent Financial Reporting

ROI is based on financial accounting measurements that are accepted in traditional accounting. All the data/figures required for calculating ROI are easily available in the financial statements of an organisation which are prepared in line with International Financial Reporting Standards (IFRS).

Indicator of other performance ingredients

ROI is considered probably the single most important measure of performance of an investment division and it includes other performance aspects of a business unit. A better ROI means that an investment centre has satisfactory results in other fields of performance such as cost management, effective asset utilisation, selling price strategy, marketing and promotional strategy etc. (Agarwal, 2017). A further benefit of ROI as contended by Kaplan (2012) is that it can be broken down into secondary ratios for more detailed analysis, i.e. profit margin and asset turnover.

Investment Appraisal

ROI is significant in measuring the performance of investment projects which focuses on maximising shareholders’ wealth and making appropriate decisions regarding the financial viability of acquisitions and disposal of capital assets.

2.8.3 Disadvantages of ROI

ROI has the following limitations:

Inconsistency

Profit and investment have inconsistent definitions as some authors may define profit as profit before interest and tax or profit after interest and tax. Similarly, the term investment may have many connotations such as gross book value, market value, net book value or historical cost of assets.

While comparing ROI of different companies, it is imperative that the companies use similar accounting policies and methods in respect of valuation of inventory (stock), valuation of fixed assets, treatment of research and development expenditure, etc.

Managers Dilemma

ROI may influence a divisional manager to select only investments with high rates of return (i.e., rates which are in line or above his target ROI). Other investments that would reduce the division's ROI but could increase the value of the business may be rejected by the divisional manager. It is likely that another division may invest the available funds in a project that might improve its existing ROI (which may be lower than a division's ROI which has rejected the investment) but which will not contribute as much to the enterprise as a whole.

These types of decisions are sub-optimal and can distort an enterprise's overall allocation of resources and can motivate a manager to under invest in order to preserve its existing ROI. A good or satisfactory return is defined as an ROI in excess of some minimum desired rate of return, usually based on the firm's cost of capital and the rate of inflation (Agarwal, 2017).

Business units having higher ROI and some other units having lower ROI are impacted differently by using ROI as investment selection criteria. ROI evaluation provides disincentive to the best division (having higher ROI) to grow, whereas the division with the lowest ROI will have an incentive to invest in new projects to improve their ROI. In this situation, the most profitable units are demotivated to invest in a project that does not exceed their current ROI, although the project would give a good return. This may be in conflict with goal congruence and interests of the firm as a whole.

As an example: Suppose a division's ROI is 25%

ROI = Profit R100,000 **/** Investment R400,000 x 100

Suppose, there is an opportunity to make additional investment of R200,000 which will give 20% ROI. This investment is acceptable to the company because the company requires a minimum 15% ROI for this type of investment.

This investment lowers the division's ROI to 23.3% calculated as follows:

R200,000 x 20% = R40 000

R400,000 x 25% = R100,000

New ROI = R140,000 / R600,000 =23.3%

A comparison of old ROI (25%) with the new ROI (23.3%) would imply that performance has declined. Consequently, a divisional manager might decide not to make such an investment.

Short-term gains

ROI provides focus on short term results and profitability; long term profitability focus is ignored. ROI considers current period's revenue and cost and do not pay attention to those expenditures and investments that will increase long term profitability of a business unit. Based on ROI, the managers tend to avoid the new investments and expenditure due to returns being uncertain or where returns may take some time to be realised.

Managers using ROI may cut spending on employee training, productivity improvements, advertising, research and development with the narrow objective of improving the current ROI. However, these decisions may impact long term profitability negatively. Therefore, it is advisable for the investment division or business unit to use ROI as only one parameter of an overall evaluation criteria to decide the acceptance or rejection of new investments (Agarwal, 2017). Furthermore, it may encourage the falsification of profit and capital employed figures to improve results, e.g. to obtain a bonus payment (Kaplan, 2012).

Manipulation (Unnecessary asset write-off)

Investment center managers can influence (manipulate) ROI by changing accounting policies, determination of investment size or asset, treatment of certain items as revenue or capital. Sometimes, managers may reduce the investment base by writing-off old machines that still earn a positive return but less than others. Thus, the practice of abandoning old machines that are still serviceable may be used by managers to increase their ROI and a series of such actions may be harmful to the organisation as a whole (Agarwal, 2017).

2.8.4 Ways to improve ROI

With the advent of today's technology investments being more focused on ROI, leadership teams within banks need to ensure that investments in channels pay off over a period of time. A cohesive multi-channel framework can enable banks to attain up to 20% improvement in ROI on channel investments (Shingrupe, 2012).

There are four ways shortlisted below to improve ROI on multi-channel initiatives in banking:

1. Cohesive Multi-channel Strategy

"Client centricity" is at the core as a means to enhance customer satisfaction and experience. A cohesive multi-channel system should integrate with the banking platform to address all components of the entire lifecycle of customer experience management.

Banks should provide a consistent client experience across all channels and demonstrate an ability to seamlessly move between channels. (Shingrupe, 2012). Thus, strong and effective collaboration is required for monetising customer and channel interactions to further enhance ROI. Banks have more recently taken to omni-channel banking which is a seamless and consistent interaction between customers and their financial institutions (banks) across multiple channels.

2. A Balanced Channel Strategy

There has to the right balance between self-service and traditional channels to achieve a successful channel strategy that is appropriately balanced between business and customer needs.

Demographic trends play a key role in a bank's multi-channel strategy. An increase in younger generation customer segments is having a significant impact on the retail bank's channel strategy and it provides an opportunity for revenue growth.

"Banks have realised that younger clients' need more assistance in managing finances. They require advice about how to manage their day-to-day finances, funding for education and important events, managing debt and saving for the future" (Shingrupe, 2012).

Generation X and Generation Y customers are today more techno savvy with regards to usage of devices such as smart phones, video and social networking and expect banks to address their financial needs through these devices. As a result, banks need to evaluate and consider providing the right service and channel propositions for each customer segment.

Furthermore, banks need to shift more simple transactions to their self-service and remote channels. This will reduce transaction costs and improve channel efficiency.

3. Agile Channel System

A flexible or agile channel system allows a bank to adopt a collaborative channel ecosystem. This allows its clients' the convenience and flexibility to bank from anywhere, anytime and on any device.

In order to achieve this agility, banks need to assess their efficiency and readiness in channel on-boarding. There are a few pointers for doing an 'agility check' of the existing channel system:

- Can the bank seamlessly on-board a new channel (time-to-aboard)?

- Does the bank have the right (agile) technology backbone to embrace and support emerging channels and drive growth in near future?
- Does the underlying channel technology allow for rapid channel deployment and go-to-market? (Shingrupe, 2012).

4. Collaborative Technology

A collaborative technology environment is one of the key success factors for financial institutions to monetise their channel system.

Banks should create a culture and system for an enterprise-wide collaborative platform, which will enable cross-channel interactions by sharing leads and customer insights, create a knowledge base to reduce the learning curve and deliver consistent service. The primary focus should be to reach and serve the customer via multiple channels within the same customer service lifecycle based on their preferences at the time of interaction. A collaborative channel system will drive more cross-sell and up-sell activities, thereby driving more sales revenue. The end goal should be to provide superior and consistent service, irrespective of the channel. A well-developed multi-channel offering can provide improved brand promise and loyalty (Shingrupe, 2012).

To be able to generate leads from several departments within a bank, an integrated customer relationship management (CRM) system becomes essential for making a banks' channels profitable. More qualified leads translate to more sales activity and revenue.

An integrated sales, marketing and customer service environment provides a competitive edge for banks to effectively reach and serve its customers (Shingrupe, 2012). Figures 2.3 and 2.4 illustrate omni-channel banking and multi-channel interactions.

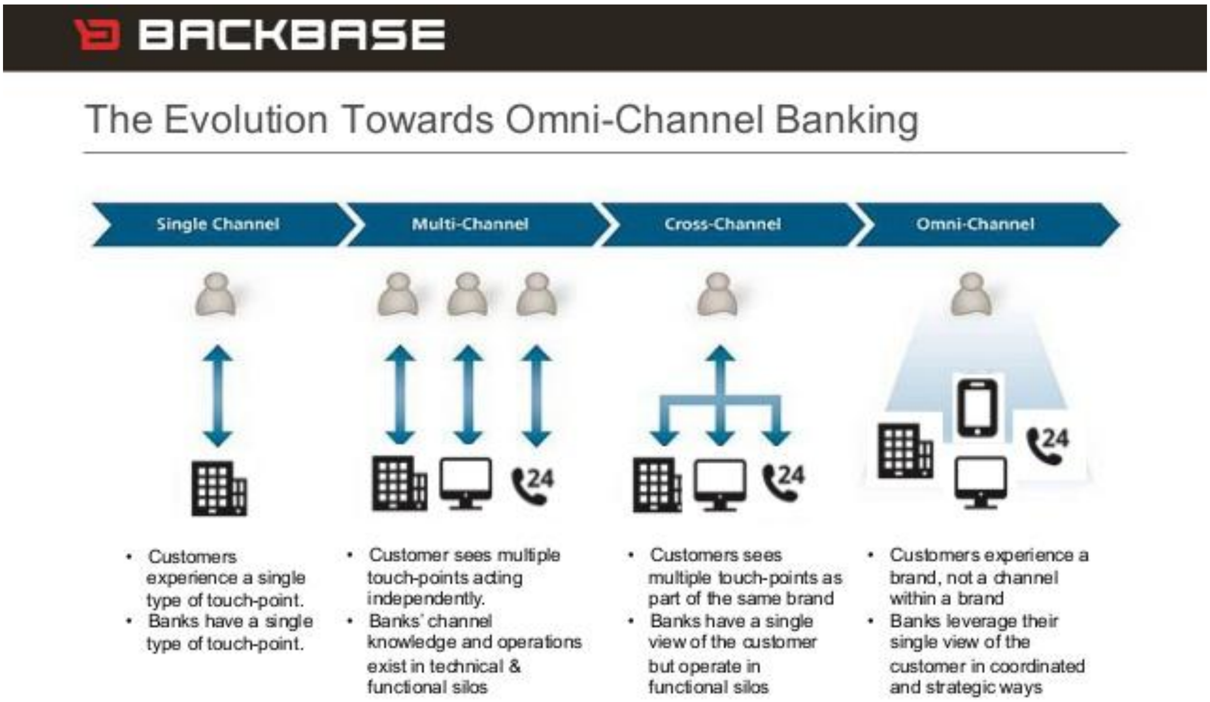

Figure 2.3: The evolution towards omni-channel banking

Source*:* Anon; https://image.slidesharecdn.com/20130528backbaseomni-channelwebinarv2jdj-130530023250-phpapp01/95/the-future-of-omnichannel-banking-4-638.jpg?cb=1369930814

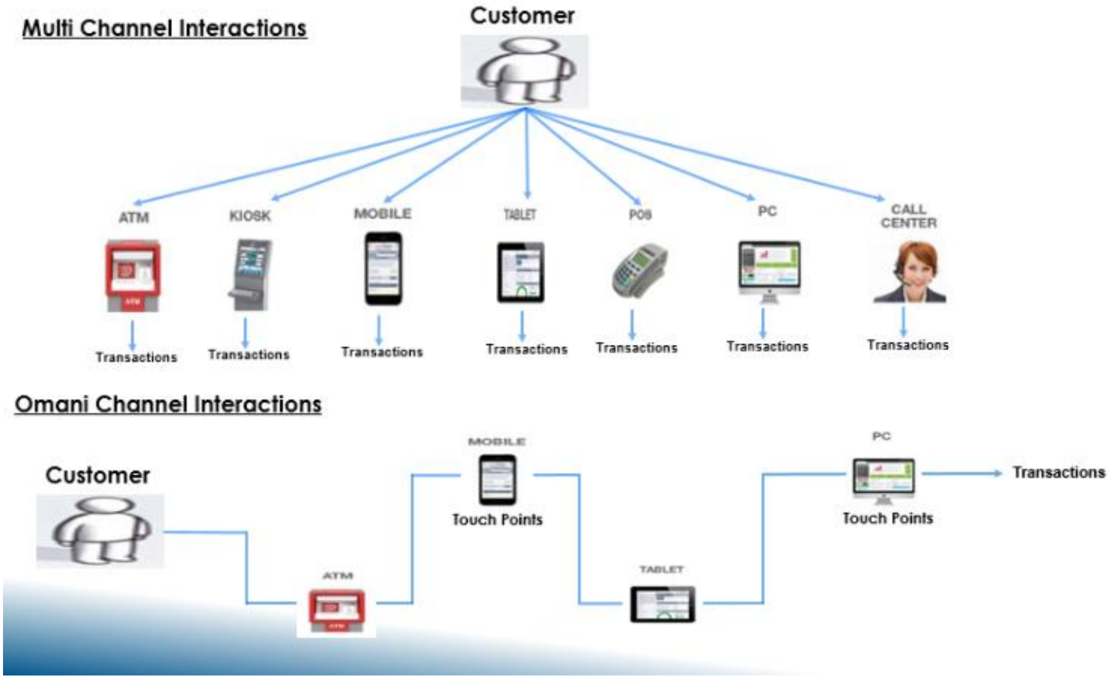

Figure 2.4: Multi-channel interactions in banking

Source: Anon; https://media.licdn.com/mpr/mpr/shrinknp800800/

2.8.5 Nedbank 2016 Financial report

Key Performance indicators (snapshot)

	2016	**2015**
ROE	16.5%	17%
Dividends per share	R12	R11.07
Employees	32 401	n/a

Table 2.1: Key performance indicators (Nedbank)

Source: *Nedbank 2016 Financial report*

- Well-regulated and stable banking system
- Strong balance sheet (financial position)
- Emerging markets under pressure, Slow SA GDP growth projection (only 0.5% in 2016)
- Rest of Africa, key markets currently expected to remain difficult in 2017, before improving in 2018 and beyond.
- Brand Repositioning (Rebranding) in 2017 (new tag line “see money differently”).

2.9 Conclusion

The chapter presented a review of the literature gathered on the various research objectives related to the study. This included the effectiveness of M&A in relation to brand image and awareness, the impact of M&A on organisational culture and the impact on ROI in the pursuit of increasing shareholder wealth by following an organic growth strategy. A review of the literature supports the notion that customers need to perceive the image of a brand as increased value in the product or service the organisation offers. Furthermore, a thorough understanding of cultural differences makes it possible to prepare and implement various HR practices as well as the implementation programme by integration task forces with planning, identification and capturing of the synergy potential. Again, reinforcing the point that if the three strategic levers (ROI, brand image and culture) identified, work in sync with one another the M&A should be very effective. The following chapter outlines the research methodology used in conducting the study.

CHAPTER 3 - RESEARCH METHODOLOGY

3.1 Introduction

The previous chapter reviewed the literature pertaining to strategic levers for mergers and acquisitions (M&A) in the financial services sector. This chapter will focus on the research methodology of the study. Due to the researcher banking with Nedbank and because of convenience by being in close proximity to the Durban head office, permission to conduct the study was easily obtained, thus Nedbank was chosen as the sample for the study.

A quantitative approach was applied to study managers' perceptions of Nedbank's mergers and acquisitions and its impact on the business in terms of image as a brand, people effectiveness (culture) and return on investment. A series of steps were designed to facilitate the collection of data, the measurement of, and the subsequent analysis and presentation of the data.

3.2 Research Objectives

The research objectives of the study were:

- To evaluate the effectiveness of mergers and acquisitions in relation to its image as a brand (brand awareness).
- To measure the impact of mergers and acquisitions in terms of its Return on Investment (ROI).
- To examine the impact of mergers and acquisitions in managing strategic change among its employees (people effectiveness)
- To make recommendations on future merger and acquisition deals and its potential benefits to the organisation as a whole.

3.3 Research Design

Research design is a charter or framework for conducting research which details the procedures for collecting and analysing of data to answer research questions for the provision of useful information to serve as an aid in decision making. Aaker, Kumar and Day (2007:77), summarise research design to be a comprehensive blueprint that is used to guide a study toward its ultimate objective. In essence it is (research design) an overall plan to connect conceptual research problems to the pertinent empirical research.

According to Saunders, Lewis and Thornhill (2016:174 -176), there are five types of research designs which are:

- Causal-comparative research: The purpose of this design allows the researcher to carefully examine similar groups of variables. This is done to establish differences and to investigate causal links among variables. The causal-comparative approach in business research is very helpful in identifying possible causes for human behaviour in the commerce and management context.
- Correlational research: The purpose of this type of study is to investigate relationships between variables by using correlational statistics such as the correlational coefficient which assists in measuring the strength of this relationship. The researcher is able to explore a wide variety of different relationships in the same way.
- Explanatory research: Defines the relationship among variables and seeks to examine the degree of which the components are related.

- Descriptive research: In this type of research, the investigator already knows a substantial amount about the research problem and seeks to discover answers to questions relating to the characteristics that define the research topic.
- Exploratory research: Exploratory research is concerned with investigating what is happening and uncovering new insights about a phenomenon. Once an in-depth search has been conducted, details regarding the nature of the field of interest are pieced together.

For the reasons detailed above, the research study utilised a descriptive research design.

3.4 Research Paradigm

According to Collis and Hussey (2003:46), the term paradigm refers “to the progress of scientific practice based on people’s philosophies and assumptions about the world and the nature of knowledge”. In this context, it relates to how research should be conducted. There are two main research paradigms or philosophies. Although there is considerable blurring, the two paradigms can be labelled positivist/empiricist and phenomenological/constructivist (Collis and Hussey, 2003:47).

3.4.1. Positivist (Quantitative research)

According to Clark, Creswell and Nebraska (2008:8), the positivist paradigm underlies what are called quantitative methods. According to Collis and Hussey (2003:52), the positivistic approach seeks the facts or causes of social phenomena, with scant regard to the subjective state of the individual. Positivism is founded on the belief that the study of human behaviour should be conducted in the same way as studies conducted in the natural sciences. It is based on the assumption that social reality is independent of us and exists regardless of whether we are aware of it.

3.4.2. Phenomenological (Qualitative research)

Clark, Creswell and Nebraska (2008:8) contend that the constructivist/phenomenological paradigm underlies qualitative methods. According to Collis and Hussey (2003:53), the phenomenological paradigm is concerned with understanding human behaviour from the participant's own frame of reference. As opposed to the positivistic paradigm, it is assumed that social reality is within us for the phenomenological paradigm, therefore the act of investigating reality influences that reality. Considerable regard is paid to the subjective state of the individual. This qualitative approach stresses the subjective aspects of human activity by focusing on the meaning, rather than the measurement of social phenomena (Collis and Hussey, 2003:53).

This study utilised the quantitative research method as the approach allowed for greater reliability and objectivity of the study findings.

3.5 Research Strategy

The apparent simplicity of surveys belies the complexity of the process required to collect accurate, representative data. Planning and development efforts rise with survey complexity. Survey planning involves answering questions about who, what, when, and how of a survey. Who will be included in the survey and who will not? What is the purpose of the survey and what resources will be available to implement it? When will the survey be implemented and when do results need to be available? How will the survey be conducted? (Marsden and Wright, 2010:575).

According to Collins and Hussey (2003:66), a survey is a positivistic methodology whereby a sample of subjects is drawn from a population and studied to make inferences about the population. According to Zikmund (2003:175), surveys provide speedy, accurate, inexpensive and efficient means of assessing information about the population.

If the total population is small, it is generally standard practice to collect data about each member of the population. However, when the population is too large, it would be too time consuming and expensive to collect data about every member, and only a sample of the whole population is used. If the sample is representative, it is possible to use statistical techniques to demonstrate the likelihood that the characteristics of the sample will also be found in the population.

In other words, it would be possible to generalise from the findings. The first and most critical stage of the survey is to select the sample. It is important to ensure that your sample is not biased, and it is representative of the population from which it is drawn. Having decided on a sample, it is necessary to decide how to ask the survey questions (Collins and Hussey, 2003: 69).

3.5.1 Types of Sampling

Aaker, et al. (2007:380) state that sampling techniques comprise of two types, namely probability sampling and non-probability sampling.

In probability sampling, all members have a known probability of being included in the sample. This is the most commonly used type of sampling when survey research strategies are employed. This technique assists in making inferences from the sample of the entire population in order to answer the research questions and meet the study's objectives. According to Saunders, et al. (2016: 284), there are four types of probability sampling. These include:

1. Simple random: This includes selecting a sample at random from the sampling frame, either by using a computer or random number tables.
2. Systematic: This system involves selecting a sample at regular intervals from the sampling frame.
3. Stratified: The population is divided into two or more relevant and significant strata based on one or a number of attributes.
4. Cluster: The entire population is divided into discrete groups known as clusters. A few clusters are then selected using simple random sampling.

However, according to Saunders et al. (2012:272), non-probability sampling provides a range of alternative techniques based on a subjective judgement. According to Welman and Kruger (2005:69), the advantage of non-probability sampling is that it is less complicated and more economical in terms of time and financial expenses.

For the reasons explained above, the study used the non-probability sampling technique.

In non-probability sampling, researchers often use either of the following methods:

- Convenience Samples – people who volunteer to participate in the study.
- Purposive Sampling – this means that sampling only depends on the availability and willingness to participate.
- Snowball Sampling – this is the process of accumulating a sufficiently large sample through contacts and references.

3.5.2 Sample Size

According to Saunders et al. (2012:243), a population is the total number of individuals that the researcher considers presenting a finding on. A sample is a portion of the population selected for the study.

A sample selected in a study should be representative and accurate. The target population for this study was 310 managers of Nedbank in Kwazulu-Natal (KZN). For the purpose of this research, the non-random sampling technique was applied by specifically directing questionnaires at managers in KZN. The type of sampling selected is termed "convenience non-probability sampling". The target population was approximately 310 managers. The entire population was targeted; hence the sample size was 310 participants.

3.6 Research Instrument

For this study, a survey questionnaire was used to collect data from respondents. The questionnaire is a flexible means to collect primary data and consists of a set of questions presented to the respondent. A valid questionnaire should enable accurate data that measure the concepts of interest to be collected for the research study.

Furthermore, a reliable questionnaire refers to consistency in the data being collected. Close-end questions were utilised for the study. Close-end questions list possible questions and provide specific answers, which makes the questionnaire easier to interpret and formulate, whilst open-end questions allow respondents to answer in their own words and provide a broad range of answers (Kotler and Keller, 2012:126).

The Likert scale which was used in the study is one of the most common types of rating scale utilised in questionnaires. Generally, each question provides a statement that reflects a particular attitude or opinion. Respondents were then tasked with indicating their level of agreement or disagreement with each statement (Halperin and Heath, 2012:261).

3.6.1 Questionnaire Construction

The questionnaire was divided into four sections, each to provide insight relating to a specific research objective.

- Section A – Demographics: The first section seeks to gather information pertaining to the demographic composition of the population.
- Section B – Brand image: This section allows participants to provide their honest feedback on their feelings and opinions towards the Nedbank brand and its more recent rebranding launch/initiative.
- Section C – People effectiveness (culture): Participants are to respond to Nedbank’s numerous mergers and acquisitions and on how the restructure was managed from a human resource perspective.

- Section D – Return on Investment (ROI): This section allows participants to provide insights on whether the mergers and acquisitions were effective based on ROI.

Refer to appendix A for a sample of the questionnaire that was administered to respondents.

3.6.2 Administration of Questionnaires

The questionnaires were either emailed to or physically handed out to managers. Once participants completed the questionnaire, there were either emailed back or physically collected by the researcher. The time taken for the administration and collection of the questionnaire took almost four months and this was noted as a limitation to the study as respondents were not always available possibly due to the restructure at the time and their busy schedules as managers of Nedbank, which is the fourth largest commercial bank in South Africa.

A cover letter accompanied each questionnaire informing participants of the purpose of the study and the value that their feedback will add to the research. Participants were also assured of confidentiality and anonymity. The questionnaire concluded with the researcher thanking the participant for their voluntary participation (Halperin and Heath, 2012:263).

3.7 Pilot Study

The validity of the research instrument can be tested in the pilot study. In a pilot study the tests of the research instrument along with the procedures in issuing and collecting the research instrument are undertaken. A pilot study was conducted using 31 questionnaires. The rationale behind a pilot study is to ensure face validity which measures the transparency or relevance of a test (questionnaire) as it appears for an intended target population. The questionnaires were electronically mailed (e-mail) to the identified target population. Once the pilot study was completed, minor amendments to the questionnaire were identified and effected. The questionnaire was then administered to the sample.

3.8 Data Analysis

Upon receipt of feedback from respondents, data analysis was undertaken to understand the various constitutive elements of the researcher's data. This is an important step of the data analysis stage as any patterns or trends can be identified here or isolated from the data. According to Bloomberg and Volpe (2008:74), the process of data analysis begins with putting in place a plan to manage the large volume collected and reducing it in a meaningful way. The process is completed in identifying significant patterns and by constructing a framework for communicating the essence of what the data revealed given the purpose of the study.

Descriptive statistics and inferential statistics were used to analyse the data and answer the specific research objectives. The researcher would also endeavour to ensure validity and reliability. The statistical program that would be used to analyse the data would be the Statistical Package for the Social Sciences (SPSS) as it is reliable and easy to work with.

3.8.1 Descriptive Statistics

Ingham-Broomfield (2015:56) contend that descriptive research accurately portrays "characteristics pertinent to individuals, groups or situations in relation to certain phenomena, while statistics are used for describing and summarising the data that emanate." According to Twycross and Shields (2004), descriptive statistics which may include means, standard deviations and frequencies are used often in quantitative studies.

3.8.2 Inferential Statistics

According to Creswell (2009: 152) inferential statistics relate to variables or compare groups in terms of variables so that inferences can be drawn from the sample to a population. Once the researcher has decided that inferences need to be drawn from the sample to the whole population in a study, it is important that the most suitable statistical tests are selected to answer specific research questions (Bettany-Saltikov and Whittaker, 2013).

3.8.3 Regression Analysis

Regression analysis establishes the connections between two or more variables and can predict when a change in the dependent variable will influence changes relating to the independent variables (Zvizdojevic and Vukotic, 2015). Multiple regression investigates the possibility that more than one independent variable may influence the dependent variable.

3.9 Reliability and Validity

Treiman (2009:242) states that an indicator is only considered valid if it measures the underlying concept effectively. Validity is the ability of a research instrument to measure what it was designed to measure. It entails constructing an appropriate theoretical link between the concept and the indicator. Validity encompasses the entire experimental concept and establishes whether the results obtained meet all of the requirements of the research study.

Internal validity dictates how an experimental design is structured and encompasses all of the steps of the scientific research method. Internal validity and reliability are at the core of any experimental design. External validity is the process of examining the results and questioning whether there are any other possible causal relationships.

According to Saunders et al. (2016:450-451), reliability can be described as the repeatability and consistency in the measurement of a test. In everyday language, we use the word reliable to mean that something is dependable and that it will behave predictably every time. In research, reliability is a property of any measure, tool, test or sometimes of a whole experiment. It is in essence an estimation of how much random error might be in the scores around the true score.

The most common measure of scale reliability is Cronbach’s alpha. Factors are considered reliable if there are >0.7 (Field, 2009: 674). Reliability is therefore concerned with the robustness of the questionnaire.

The reliability and validity of any measuring instrument in quantitative research is critically important. Reliability ascertains the levels of consistency and accuracy of measuring instruments and determines whether such instruments actually measure the characteristics of the samples or not. The emergent data can look credible and authoritative, but it is possible that there can be inaccuracies and incompleteness, which can reduce reliability. This may not be of benefit when generalising to the total population (Ingham-Broomfield, 2015).

For the purpose of this study a logical link was established between the questionnaire and the research objectives, and this link was demonstrated by statistical analysis. This ensured that the research instrument was reliable and valid in proving the consistency and accuracy in the concepts being investigated.

3.10 Limitations of the study

The administration and collection of the questionnaire took almost four months, and this was noted as a limitation to the study as respondents were not always available possibly due to the restructure at the time and their busy schedules as managers of Nedbank, which is the fourth largest commercial bank in South Africa. Furthermore, the study was confined to bank managers' only in Kwazulu-Natal. The decision for this was to ensure that the study was manageable in terms of time, cost and quality. A total of 193 questionnaires were eventually collected from a total of 310 questionnaires that were administered. This equates to a 62.26% response rate which is considered acceptable for a quantitative study (Field, 2009:612).

3.11 Ethical Considerations

According to Komic, Marusic and Marusic (2015), "research ethics and integrity issues should be defined in a professional organisation's ethical code of conduct". Such a code of conduct sets moral standards that guide professional behaviours in research activities across various disciplines in contemporary societies.

To act in accordance, the researcher had to seek official permission from the Institutional Research Ethics Committee (IREC) at the Durban University of Technology. Letters of request, copy of the questionnaire and the approved research proposal were sent to the IREC board to seek the institutional consent before the survey was conducted. Only after permission was granted, the questionnaire was then administered to the target group. A gatekeeper's letter was also obtained from

Nedbank for permission to conduct the study (see Appendix A). A letter of consent was attached to the questionnaire and explained to each and every participant.

The participants were provided with informed consent. All information obtained were kept confidential and used only for the purpose of the study. Anonymity was maintained by the researcher. Participation was voluntary and the participants were informed on the requirements of the questionnaire by a covering letter.

3.12 Conclusion

This chapter discussed the research methodology which was conducted in the study. The various research techniques were outlined. It was concluded that the quantitative method of research will be used in this study. The quantitative data was analysed by an appointed qualified statistician under the guidance of the researcher's academic supervisor. The sampling procedure was outlined, as well as the strategy used to collect and analyse the data were detailed. Chapter 4 will present the research findings and a detailed discussion thereof.

CHAPTER 4 - ANALYSIS OF DATA AND DISCUSSION OF RESULTS

4.1 Introduction

In this chapter, the researcher presents the analysis, findings and interpretation of the data. The quantitative approach was adopted for the study. A questionnaire was administered to the branch managers of Nedbank from the Kwazulu-Natal (KZN) region. Once the questionnaires were received from respondents they were coded and entered into SPSS for analysis. Using SPSS, relevant descriptive and inferential statistics were extracted from the data set. The information emerging from the analysis of the data in this chapter will be presented by way of tables and figures.

Questionnaires were administered to 310 respondents and in total 193 questionnaires were completed and returned. This equates to a 62.26% response rate which is considered acceptable for a quantitative study.

4.2 Demographic profiles of the participants

Section A of the questionnaire consists of the demographic profiles of the participants.

4.2.1 Distribution of Gender

Gender	Frequency	Percent	Valid Percent	Cumulative Percent
Male	101	52.3	52.3	52.3
Female	92	47.7	47.7	100
Total	193	100	100	

Table 4.1: Distribution of Gender

These results (table 4.1) are presented using frequency distributions. There were 52.3% of respondents that were male and 47.7% of the female gender. It can be observed that the sample is representative of both gender groups.

4.2.2 Age group of respondents

Age	Frequency	Percent	Valid Percent	Cumulative Percent
<18	2	1.0	1.0	1.0
18-25	29	15.0	15.0	16.1
26-33	71	36.8	36.8	52.8
34-41	31	16.1	16.1	68.9
42-49	32	16.6	16.6	85.5
50-57	19	9.8	9.8	95.3
58-65	9	4.7	4.7	100.0
Total	193	100	100	

Table 4.2: Age group of respondents

Table 4.2 shows the age group of respondents in the survey. Fifteen percent of respondents fall in the 18-25 year age group category, whilst 36.8% are between 26-33 years of age. There were 16.1% of respondents in the 34 -41 year age group category. Just over 31% of respondents were over 41 years of age. Based on the results, the majority of respondents (68.9%) are under 42 years of age and thus it can be concluded that the organisation has a young management workforce.

4.2.3 Educational qualification

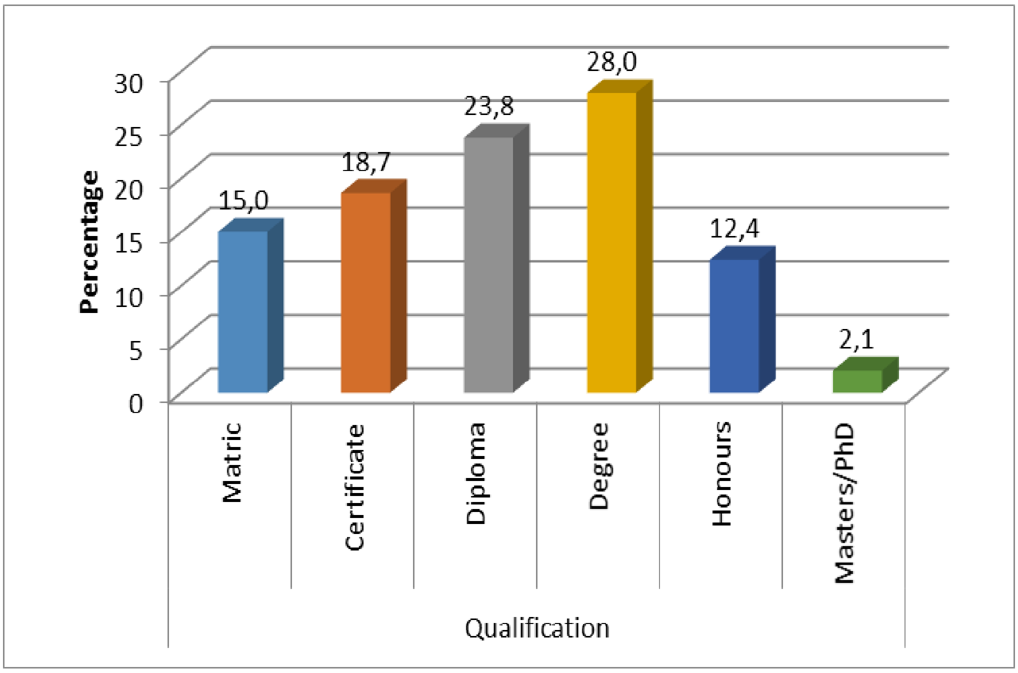

Figure 4.1: Educational qualification

42.5% of the participants had a degree or higher qualification, whilst 23.8% had diplomas, 18.7% had certificate courses and 15% had a matric qualification. Thus, it can be established that the majority of respondents are educationally qualified as 66.3% of managers have at least a diploma or higher qualification.

4.2.4 Length of service

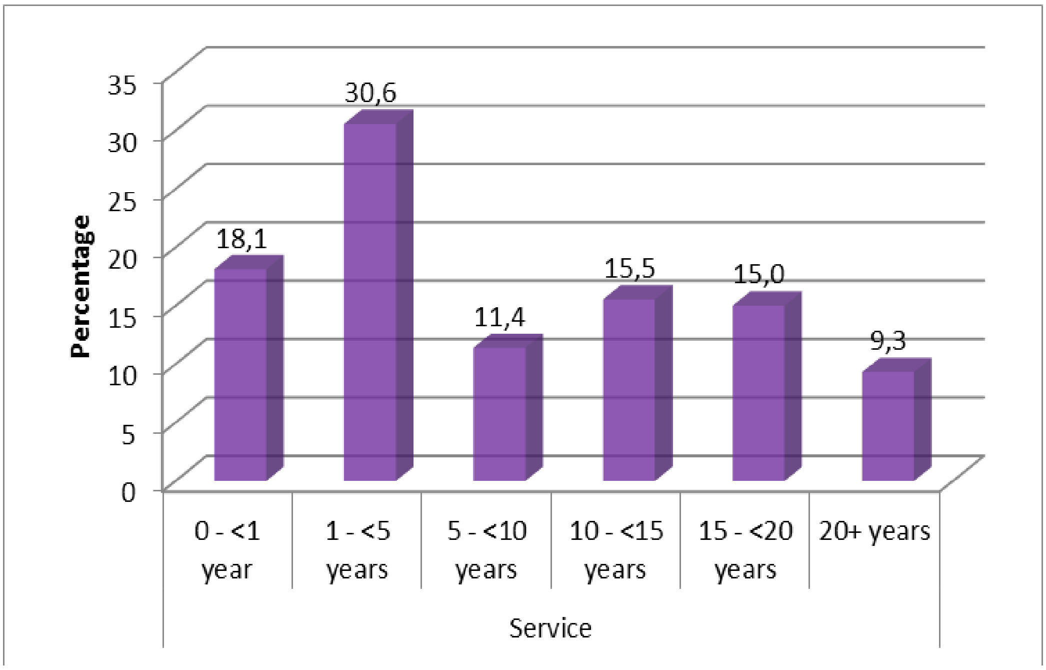

Figure 4.2: Length of service

Just over half of the respondents (51.2%) had 5 years or more service at Nedbank, whilst 30.6% had between 1-5 years of service and 18.1% had less than 1 year of service. It can therefore be surmised that the respondents have sufficient experience to provide apt and accurate responses to the questionnaire. Naong (2012) contends that the experience gained over the years and the appropriate educational qualifications for a particular job are important factors in determining a manager's capabilities.

4.2.5 Time in a managerial position

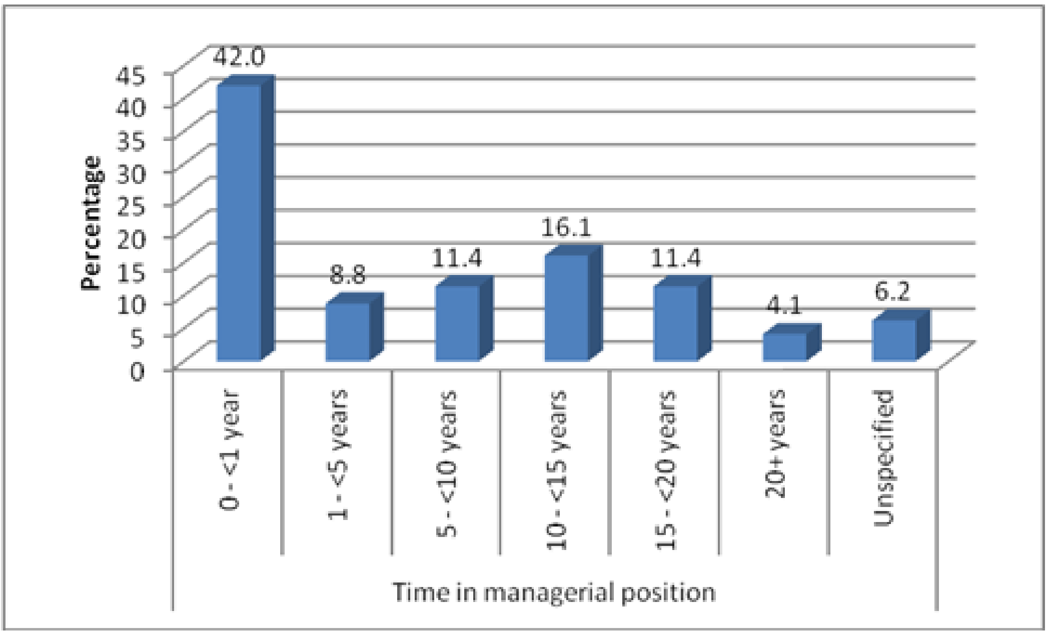

Figure 4.3: Time in a managerial position

Figure 4.3, illustrates that 11.4% of managers have worked for between five and ten years in a managerial position, whilst 31.6% of respondents have 10 or more years of experience. The organisation has a very young management team as 42% of respondents have 0-1 year of experience in a managerial position. This shows that the organisation (Nedbank) has a good blend of both young and experienced personnel in a managerial position.

4.2.6 Awareness of rebrand

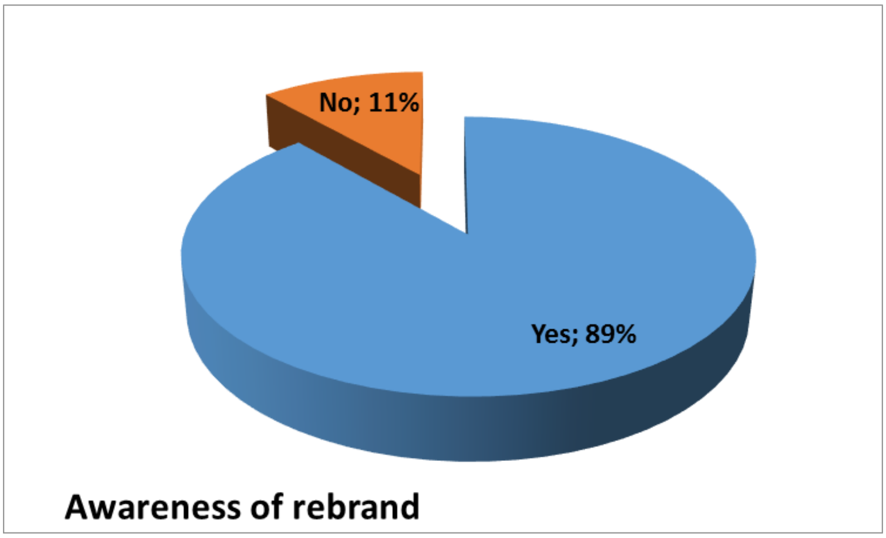

Figure 4.4: Awareness of rebrand (pie chart)

Eighty nine percent of respondents were aware of the company rebrand, whilst only 11% were unaware of the rebrand. Thus, it can be concluded that the majority of respondents (89%) were aware of the company rebrand that took place in March 2017.

4.3 Likert Scale Analysis

Section B, C and D of the questionnaire (appendix A) consisted of Likert scale questions. The questions were split into three sections namely brand image, corporate culture and return on investment.

4.3.1 Section B - Brand image

This section of the questionnaire aims to obtain information regarding the **effectiveness of the merger in relation to brand image**. The responses are illustrated in **Figure 4.5**. Thereafter each response will be presented and explained/analysed in the form of a frequency table.

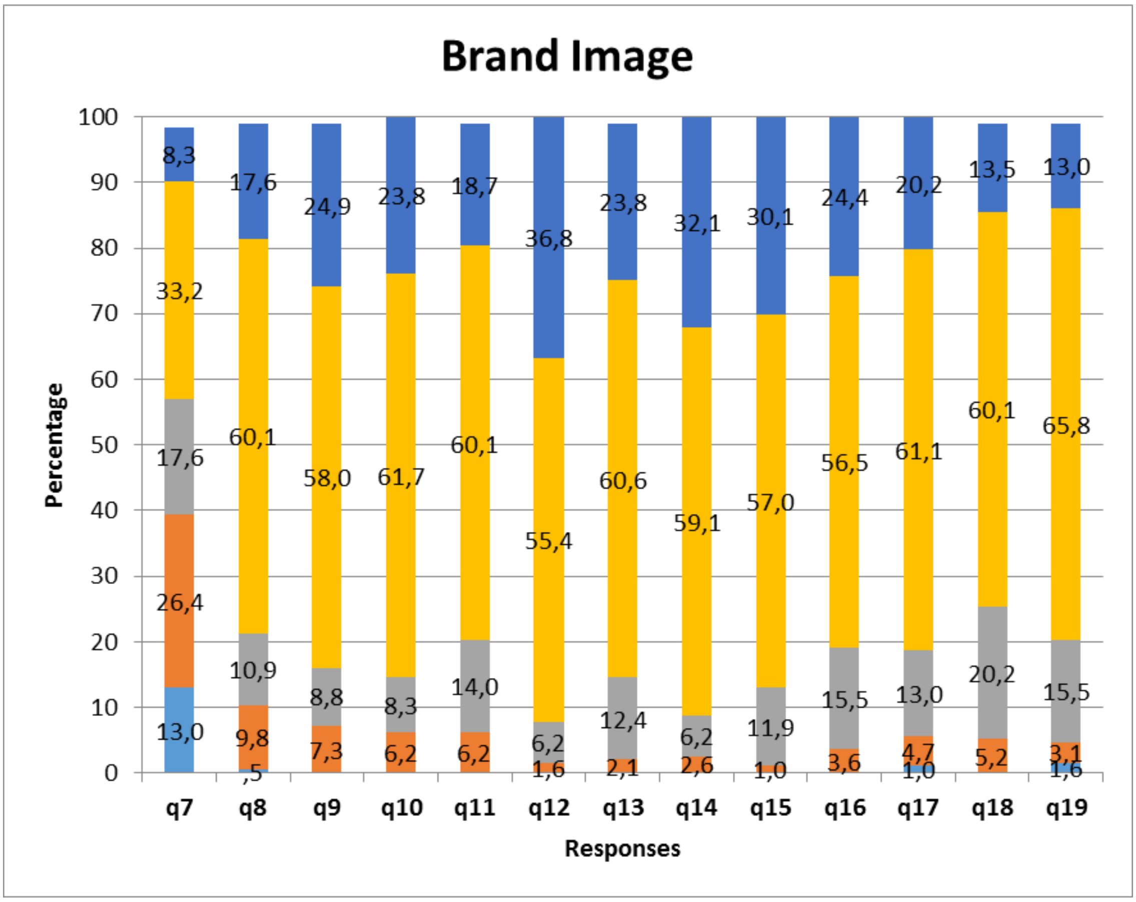

Figure 4.5: Brand image

4.3.1.1 Statement 7: I was involved in the rebranding process

Likert scale (LS)	Frequency	Percent	Cumulative Percent
Strongly disagree	25	13.2	13.2
Disagree	51	26.8	40.0
Neutral	34	17.9	57.9
Agree	64	33.7	91.6
Strongly agree	16	8.4	100.0

Table 4.3: I was involved in the rebranding process

Table 4.3 provides an illustration of the responses to section B of the questionnaire. Respondents were required to respond whether they were involved in the rebranding process. There were 8.4% of respondents who strongly agreed and 33.7% that agreed. However, 17.9% of respondents were neutral while 26.8% disagreed and 13.2% strongly disagreed to the statement. These findings are therefore neither contradictory nor supportive of the literature. Arruda (2013), argues that regardless of which industry an organisation is in, building a strong brand requires that all employees should feel connected to the corporate brand and be cognisant of their role in turning brand aspirations into reality.

Statement 8: The recent rebranding initiative created a good brand image (brand awareness) for Nedbank

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	1	.5	.5
Disagree	19	9.9	10.4
Neutral	21	11.0	21.4
Agree	116	60.7	82.1
Strongly agree	34	17.9	100.0

Table 4.4: The recent rebranding initiative created a good brand image (brand awareness) for Nedbank

Almost 61% of respondents agreed that the recent rebranding initiative created a good brand image for Nedbank. A figure of 17.9% of respondents strongly agreed with this statement and 11% chose to remain neutral to this statement. Only 9.9% of respondents disagreed with the statement. From the responses received, it can be observed that managers perceived that the recent rebranding initiative created a good brand image for the bank. This statement concurs with Plewa, Lu and Veale (2011) that the repositioning of an organisation's brand displays its ability to keep abreast with the changing times and the commitment it has to its customers. In order to test whether the rebranding was a worthwhile exercise, customers need to perceive the rebrand as increased value (brand equity), quality excellence and genuine commitment in the product or service the organisation offers.

Statement 9: I am enthusiastic about the bank's new tag line 'see money differently'.

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	14	7.3	7.3
Neutral	17	8.9	16.2
Agree	112	58.6	74.8
Strongly agree	48	25.2	100.0

Table 4.5: I am enthusiastic about the bank's new tag line 'see money differently'.

When asked whether bank managers were enthusiastic about the bank's new tag line 'see money differently', 25.2% of respondents strongly agreed with the statement while 58.6% of respondents agreed. There were 8.9% of respondents who chose to remain neutral and 7.3% were in disagreement. With a majority of 83.7% of respondents in agreement, it can be concluded that respondents are enthusiastic about the bank's new tag line. In an effort to improve and enhance client service more holistically, a refreshment of the Nedbank brand was needed to reflect the momentum the bank is heading towards for the future. Through conversations with its clients the bank recognised the importance of money. Thus, its new tag line, "See money differently" reflects and reinforces the fact that where money is well managed, it has endless possibilities for good (Closing Bell, 2017).

Statement 10: The brand is committed to customer service.

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	12	6.2	6.2
Neutral	16	8.3	14.5
Agree	119	61.7	76.2
Strongly agree	46	23.8	100.0

Table 4.6: **The brand is committed to customer service**

Almost 62% of respondents agreed that the brand is committed to customer service. A figure of 23.8% of respondents strongly agreed with this statement and 8.3% chose to remain neutral to this statement. A mere 6.2% of respondents disagreed with the statement. From the responses received, it can be observed that the majority of managers feel that the brand is committed to customer service. This statement is supported by Didier and Cindy (2010:114) who contend that a brand identity is consumers' perception of a brand and portrays a set of associations that consumers have in their minds when thinking of a particular brand. Customer service helps to promote a unique brand personality which makes customers feel connected to a brand and more likely to engage with it, which ultimately results in increased customer loyalty.

Statement 11: I understand the company’s brand architecture

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	12	6.3	6.3
Neutral	27	14.1	20.4
Agree	116	60.7	81.1
Strongly agree	36	18.9	100.0

Table 4.7: I understand the company’s brand architecture

A figure of 6.3% of respondents disagreed and 14.1% chose to remain neutral to this statement. An overwhelming 60.7% of respondents agree and 18.9% strongly agree that they understand the company’s brand architecture. According to West, Ford and Ibrahim (2015:192), brand architecture is a framework which looks at the brand portfolio as a complex structure with a variety of different types of brand roles and relationships. Banks and other financial institutions tend to conform to the branded house category of brands, with their corporate name being applied throughout their portfolio of businesses and products.

Statement 12: I live the company's values on a day-to-day basis through my job function

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	3	1.6	1.6
Neutral	12	6.2	7.8
Agree	107	55.4	63.2
Strongly agree	71	36.8	100.0

Table 4.8: I live the company's values on a day-to-day basis through my job function

When asked whether bank managers live the company's values on a day-to-day basis through their job function, 36.8% of respondents strongly agreed with the statement while 55.4% of respondents agreed. There were 6.2% of respondents who chose to remain neutral and only 1.6% of respondents disagreed with the statement. With a majority of 92.2% of respondents in agreement, it can be established that through their job function respondents live the company's values on a day-to-day basis. This statement is supported by Hansen (2010:7) that in corporate branding, employees are key contributors to an organisation's values, as they represent what the brand communicates. The company's vision statement is considered the backbone of an organisation and provides a sense of direction to all stakeholders. Thus, managers and employees need to have a clear understanding of this vision and commit to delivering on it (Hansen, 2010:7).

Statement 13: I feel motivated by the brand

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	4	2.1	2.1
Neutral	24	12.6	14.7
Agree	117	61.2	75.9
Strongly agree	46	24.1	100.0

Table 4.9: I feel motivated by the brand

Table 4.9 provides an illustration as to whether respondents feel motivated by the brand. There were 24.1% of respondents who strongly agreed and 61.2% that agreed. However, 12.6% of respondents were neutral while a mere 2.1% disagreed with the statement. With a majority of 85.5% of respondents in agreement, it can be concluded that bank managers' feel motivated by the brand. This statement concurs with Merrilees and Miller (2008) that one of the key benefits of rebranding is a gain in employees' confidence and loyalty in the brand as well as brand revitalisation.

Statement 14: I am proud to be associated with the Nedbank brand

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	5	2.6	2.6
Neutral	12	6.2	8.8
Agree	114	59.1	67.9
Strongly agree	62	32.1	100.0

Table 4.10: I am proud to be associated with the Nedbank brand

A figure of 2.6% of respondents disagreed and 6.2% chose to remain neutral to this statement. An overwhelming 59.1% of respondents agree and 32.1% strongly agree that they are proud to be associated with the Nedbank brand. This statement is supported by the Recognition Council (no date) that there needs to be an emotional bond created between employee and employer which should instil a brand vision within employees. On most occasions, employees want to be a part of the company's bigger purpose which is driven by collaboration. Although marketing and HR should be aligned on the company's branding, employees need to be incorporated into the branding process by top management by providing their (employees) insight, being trained on the brand promise and how to communicate the brand in their daily tasks, as well as be rewarded for doing it well.

Statement 15: I 'live and breathe' the brand and consider myself to be a good brand ambassador of the bank

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	2	1.0	1.0
Neutral	23	11.9	13.0
Agree	110	57.0	69.9
Strongly agree	58	30.1	100.0

Table 4.11: I 'live and breathe' the brand and consider myself to be a good brand ambassador of the bank

A figure of only 1% of respondents disagreed and 11.9% chose to remain neutral to this statement. An overwhelming 57% of respondents agree and 30.1% strongly agree that they 'live and breathe' the brand and consider themselves to be good brand ambassadors of the bank. This supports the statement that brand ambassadors of an organisation should be passionate, committed, and highly trusted employees who think like owners of the business (Recognition Council, no date).

Statement 16: I do my best to educate my team on the company's brand

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	7	3.6	3.6
Neutral	30	15.5	19.1
Agree	109	56.5	75.6
Strongly agree	47	24.4	100.0

Table 4.12: I do my best to educate my team on the company's brand

When asked whether respondents do their best to educate their team on the company's brand, 24.4% of respondents strongly agreed with the statement while 56.5% of respondents agreed. There were 15.5% of respondents who chose to remain neutral and only 3.6% of respondents disagreed with the statement. With a majority of 80.9% of respondents in agreement, it can be established that respondents do their best to educate their team on the company's brand. This statement concurs with Merrilees and Miller (2008) that effective training and communication within the organisation should be undertaken to ensure the rebrand is successful, and a concerted effort to communicate the rebrand through marketing campaigns should be initiated.

Statement 17: Social media has had a positive impact on promoting the brand image of the company

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	7	3.6	3.6
Neutral	30	15.5	19.1
Agree	109	56.5	75.6
Strongly agree	47	24.4	100.0

Table 4.13: Social media has had a positive impact on promoting the brand image of the company

Table 4.13 provides an illustration as to whether respondents perceive social media as having a positive impact on promoting the brand image of the company. There were 24.4% of respondents who strongly agreed and 56.5% that agreed. However, 15.5% of respondents were neutral while a mere 3.6% were in disagreement with the statement. With a majority of 80.9% of respondents in agreement, it can be concluded that social media has had a positive impact on promoting the brand image of the company. This statement is supported by West, Ford and Ibrahim (2015) that social media is a unique component of the consumer decision journey as it is the only form of marketing that can touch consumers at each and every stage of this process.

Statement 18: The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers.

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	10	5.2	5.2
Neutral	39	20.4	25.6
Agree	116	60.7	86.3
Strongly agree	26	13.7	100.0

Table 4.14: The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers

When asked whether respondents feel that the brand manager of an organisation should be cognisant of the changes in the market and be able to adapt rapidly to maintain viable connections to consumers, 13.7% of respondents strongly agreed with the statement while 60.7% of respondents agreed. There were 20.4% of respondents who chose to remain neutral and only 5.2% of respondents disagreed with the statement. West, Ford and Ibrahim (2015) concur with this statement that the social media focused brand manager has to be up to date with the latest technology that are evolving rapidly, furthermore he/she must be constantly monitoring the advent of new platforms which regularly spring up. The brand manager must be cognisant of the changes in the business environment and be able to adapt quickly to maintain viable connections to consumers. At this stage it is vital that a company effectively use all of its touch points be it word-of-mouth, interactions on social media sites to reinforce the positive nature of the relationship between the consumer and the brand.

Statement 19: The company's brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture.

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	3	1.6	1.6
Disagree	6	3.1	4.7
Neutral	30	15.7	20.4
Agree	127	66.5	86.9
Strongly agree	25	13.1	100.0

Table 4.15: The company's brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture

A figure of only 1.6% and 3.1% of respondents strongly disagreed and disagreed respectively to this statement. 15.7% chose to remain neutral to this survey question. With regards to whether the company's brand-image is mirrored in its culture, 66.5% of respondents agree and 13.1% strongly agree with this statement. Barrett Values Centre (2009) suggests that the company's brand image should be mirrored in its culture, and the culture should be mirrored in the brand image. Due to the world being highly interrelated, the brand image cannot differ from the culture.

4.3.2 Section C – Corporate Culture/People Effectiveness

This section of the questionnaire aims to obtain information regarding the **impact of mergers and acquisitions in managing strategic change among its employees** (Corporate Culture/People Effectiveness). The responses are illustrated in **Figure 4.6**. Thereafter each response will be presented and explained/analysed in the form of a frequency table.

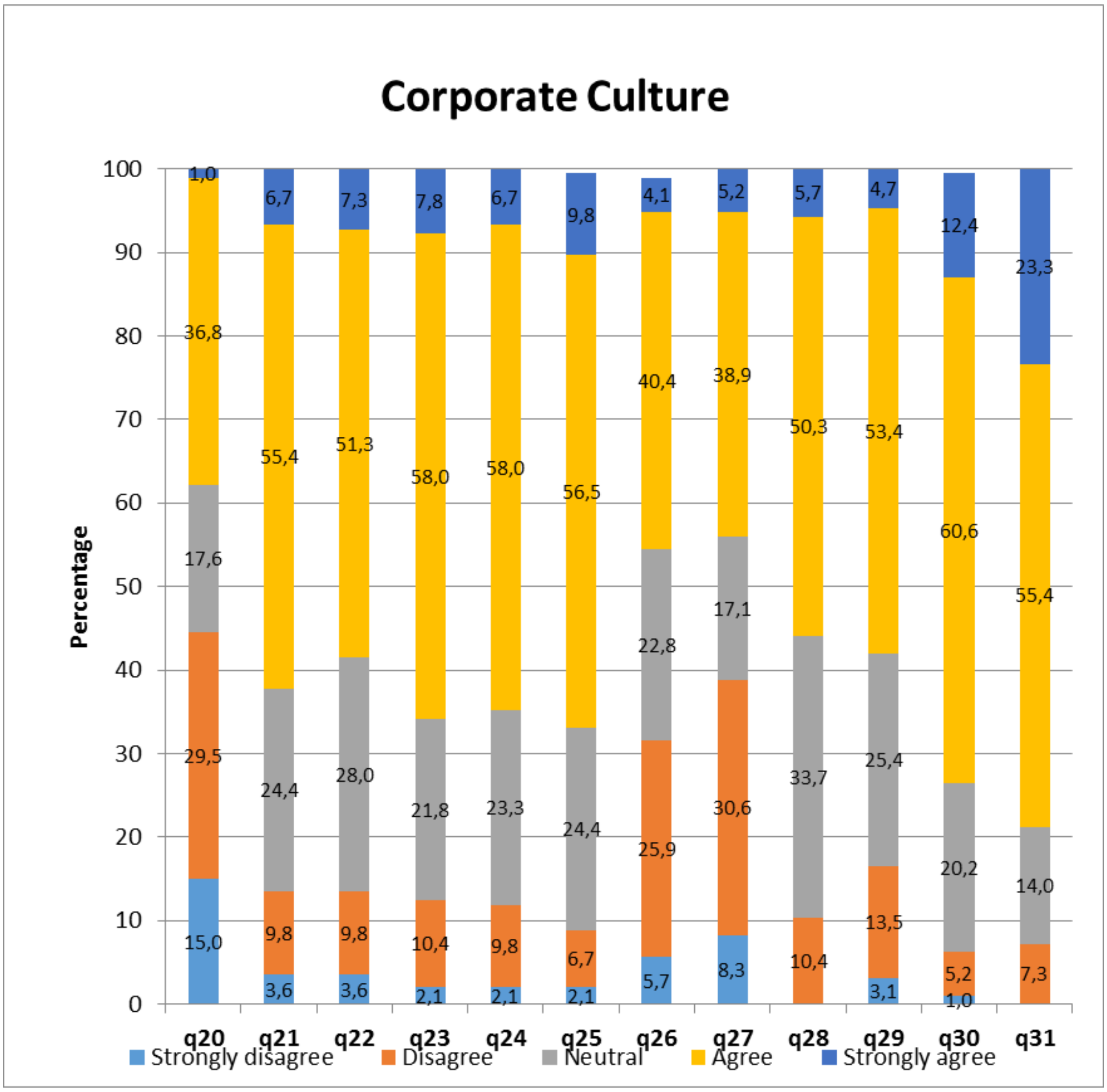

Figure 4.6: Corporate Culture

Statement 20: I was given an opportunity to give input into the merger process

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	29	15.0	15.0
Disagree	57	29.5	44.5
Neutral	34	17.6	62.1
Agree	71	36.8	89.9
Strongly agree	2	1.1	100.0

Table 4.16: I was given an opportunity to give input into the merger process

Table 4.16 provides an illustration as to whether respondents were afforded an opportunity to give input into the merger process. There were 36.8% of respondents who agreed with the statement. However, 17.6% of respondents were neutral, 29.5% disagreed and 15% strongly disagreed with the statement. Thus, giving employees opportunities to voice concerns without fear and giving input is essential in any merger or acquisition deal (Anon. 2008).

Statement 21: The vision and objectives of the merger were clearly communicated to me

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	7	3.6	3.6
Disagree	19	9.8	13.4
Neutral	47	24.4	37.8
Agree	107	55.4	93.2
Strongly agree	13	6.8	100.0

Table 4.17: The vision and objectives of the merger were clearly communicated to me

A figure of only 3.6% and 9.8% of respondents strongly disagreed and disagreed respectively to this statement. 24.4% chose to remain neutral to this survey question. With regards to whether the vision and objectives of the merger were clearly communicated to bank managers, 55.4% of respondents agree and 6.8% strongly agree with this statement. With a majority of 62.2% of respondents in agreement, it can be established that the vision and objectives of the merger were clearly communicated to respondents. This statement is supported by Richards (2015) that it is essential for executive management to communicate as much information as possible to managers and, especially regarding the changes that affect employees individually. This should start with the crafting and communicating of the ‘vision’ of a better future for an organisation.

Statement 22: Executive management communicated all the relevant information about the merger timeously with branch managers

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	7	3.6	3.6
Disagree	19	9.8	13.4
Neutral	54	28.0	41.4
Agree	99	51.3	92.7
Strongly agree	14	7.3	100.0

Table 4.18: Executive management communicated all the relevant information about the merger timeously with branch managers

Twenty eight percent of participants chose to remain neutral to this survey question. A figure of only 3.6% strongly disagreed and 9.8% of respondents disagreed with this statement. With regards to whether executive management communicated all the relevant information about the merger timeously with branch managers, 51.3% of respondents agree and 7.3% strongly agree with this statement. With a majority of 58.6% of respondents in agreement, it can be established that executive management communicated all the relevant information about the merger timeously with branch managers. It is imperative for senior management to communicate as much information as possible to managers and, especially regarding the changes that could affect them (Richards, 2015).

Statement 23: Open and honest communication was relayed at all times during the merger

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	4	2.1	2.1
Disagree	20	10.4	12.5
Neutral	42	21.8	34.3
Agree	112	58.0	92.3
Strongly agree	15	7.7	100.0

Table 4.19: Open and honest communication was relayed at all times during the merger

Fifty eight percent of respondents agreed and 7.7% strongly agreed that open and honest communication was relayed at all times during the merger. A figure of 10.4% disagreed and 2.1% strongly disagreed, whilst 21.8% of respondents chose to remain neutral to this statement. With a majority of 65.7% of respondents in agreement, it can be established that open and honest communication was relayed at all times during the merger.

Statement 24: Executive management effectively implemented the merger process

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	4	2.1	2.1
Disagree	19	9.8	11.9
Neutral	45	23.4	35.3
Agree	112	58.0	93.3
Strongly agree	13	6.7	100.0

Table 4.20: Executive management effectively implemented the merger process

A figure of only 2.1% strongly disagreed and 9.8% of respondents disagreed to this statement. 23.4% chose to remain neutral to this survey question. With a majority of 64.7% of respondents in agreement, it can be established that executive management effectively implemented the merger process. These findings are therefore contradictory to the literature. Weber and Tarba (2011) attest that the concept of culture is not entirely clear to managers and therefore difficult to implement in practice. A major weakness is that M&A consulting is far more piecemeal and reactive as different consultants and individual teams work in isolation of one another (Buono, 2005). Due to this weakness difficulties in coordinating the various areas of expertise and methods result in a formidable emphasis on quantification of estimates and their translation into financial numbers. The outcome is the underestimation or disregard of factors that are difficult to quantify, such as cultural differences within organisations.

Statement 25: The merger was well handled by executive (top) management

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	4	2.1	2.1
Disagree	13	6.8	8.9
Neutral	47	24.5	33.4
Agree	109	56.8	90.2
Strongly agree	19	9.8	100.0

Table 4.21: The merger was well handled by executive (top) management

Table 4.21 provides an illustration as to whether the merger was well handled by executive (top) management. There were 56.8% of respondents who agreed and 9.8% that strongly agreed. However, 24.5% of respondents were neutral, 6.8% disagreed and 2.1% strongly disagreed with the statement. These findings are therefore contradictory as the theoretical literature and empirical findings of approximately the last twenty years suggest that the influence of culture differences on the integration of a merged or acquired entity is crucial for M&A success. Quite often, cross-cultural management is mishandled by top executives with disastrous consequences on an M&A (Weber and Tarba, 2012).

Statement 26: I felt resistance to accept the change initiative

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	11	5.8	5.8
Disagree	50	26.2	32
Neutral	44	23.0	55.0
Agree	78	40.8	95.8
Strongly agree	8	4.2	100.0

Table 4.22: I felt resistance to accept the change initiative

Twenty three percent of participants chose to remain neutral to this survey question. With regards to whether respondents felt resistance to accept the change initiative, 40.8% agreed and 4.2% strongly agreed to this statement. On the contrary, 26.2% of respondents disagreed and 5.8% strongly disagreed to this statement. These findings are therefore neither contradictory nor supportive of the literature. Richards (2015), explains that due to two or more cultures merging, some employee’s may lose their jobs, whilst others may be redeployed in the organisation. Such concerns, fears etc. need to be addressed between the employer and employee to path the best possible solution (Richards, 2015).

Statement 27: The merger was stressful for me

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	16	8.3	8.3
Disagree	59	30.6	38.9
Neutral	33	17.1	56.0
Agree	75	38.9	94.9
Strongly agree	10	5.1	100.0

Table 4.23: The merger was stressful for me

Table 4.23 provides an illustration as to whether the merger was stressful for respondents. There were 38.9% of respondents who agreed and only 5.1% that strongly agreed. However, 17.1% of respondents were neutral, 30.6% disagreed and 8.3% strongly disagreed with the statement. Richards (2015) argues that one of the main challenges facing employees in an M&A is stress more especially if they are not kept informed of the changes in an organisation that could impact on their jobs.

Statement 28: The corporate culture improved after the merger

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	20	10.4	10.4
Neutral	65	33.7	44.1
Agree	97	50.3	94.4
Strongly agree	11	5.6	100.0

Table 4.24: The corporate culture improved after the merger

A figure of 10.4% of respondents disagreed to this statement. 33.7% chose to remain neutral to this survey question. With a majority of 55.9% of respondents in agreement, it can be established that the corporate culture improved after the merger. These findings are supportive of the literature. Weber and Tarba (2015) contend that when the cultural differences between the merged entities become clear, it will be less complex to define a desired shared culture, the ultimate aim being retention of talent (managers and key personnel).

Statement 29: The recent merger has improved my working conditions

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	6	3.1	3.1
Disagree	26	13.5	16.6
Neutral	49	25.4	42.0
Agree	103	53.3	95.3
Strongly agree	9	4.7	100.0

Table 4.25: The recent merger has improved my working conditions

Table 4.25 provides an illustration as to whether the recent merger has improved working conditions. There were 53.3% of respondents who agreed and only 4.7% that strongly agreed. However, 25.4% of respondents were neutral, 13.5% disagreed and 3.1% strongly disagreed with the statement. This statement is supported by Weber and Tarba (2010) that when the cultural differences between the organisations become clear, it will be possible to define a desired shared culture. This will make it easier to cope with the challenges raised by the human factor, prevent the leaving of managers and key personnel and preserve commitment, co-operation and motivation, all of which are important factors in the post-agreement period. A fundamental understanding of cultural differences makes it possible to prepare and implement various HR practices such as communication methods, staffing, recruitment and training, as well as implementation program by integration task forces with planning, identification and capture of the synergy potential.

Statement 30: Since the merger I want to continue working for Nedbank

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	2	1.0	1.0
Disagree	10	5.2	6.2
Neutral	39	20.3	26.5
Agree	117	60.9	87.4
Strongly agree	24	12.6	100.0

Table 4.26: Since the merger I want to continue working for Nedbank

A figure of only 1.0% strongly disagreed and 5.2% of respondents disagreed with this statement. 20.3% chose to remain neutral to this survey question. With regards to whether bank managers would want to continue working for Nedbank since the merger, 60.9% of respondents agreed and 12.6% strongly agreed with this statement. With a majority of 73.5% of respondents in agreement, it can be established that post the merger respondents would want to continue working for Nedbank.

Statement 31: I would recommend Nedbank to my family and friends

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	14	7.3	7.3
Neutral	27	14.0	21.3
Agree	107	55.4	76.7
Strongly agree	45	23.3	100.0

Table 4.27: I would recommend Nedbank to my family and friends

Table 4.27 provides an illustration as to whether respondents would recommend Nedbank to family and friends. There were 55.4% of respondents who agreed and 23.3% that strongly agreed. However, 14% of respondents were neutral and 7.3% disagreed with the statement. With an overwhelming majority of 78.7% of respondents in agreement, it can be established that respondents would recommend Nedbank to family and friends. This statement is supported by West, Ford and Ibrahim (2015) that brand ambassadors of an organisation should be well motivated, committed, and highly trusted employees who would promote the image of a corporate entity.

4.3.3 Section D – Return on Investment (ROI)

This section of the questionnaire aims to obtain information regarding the **impact of mergers and acquisitions in terms of ROI**. The responses are illustrated in **Figure 4.7**. Thereafter each response will be presented and explained/analysed in the form of a frequency table.

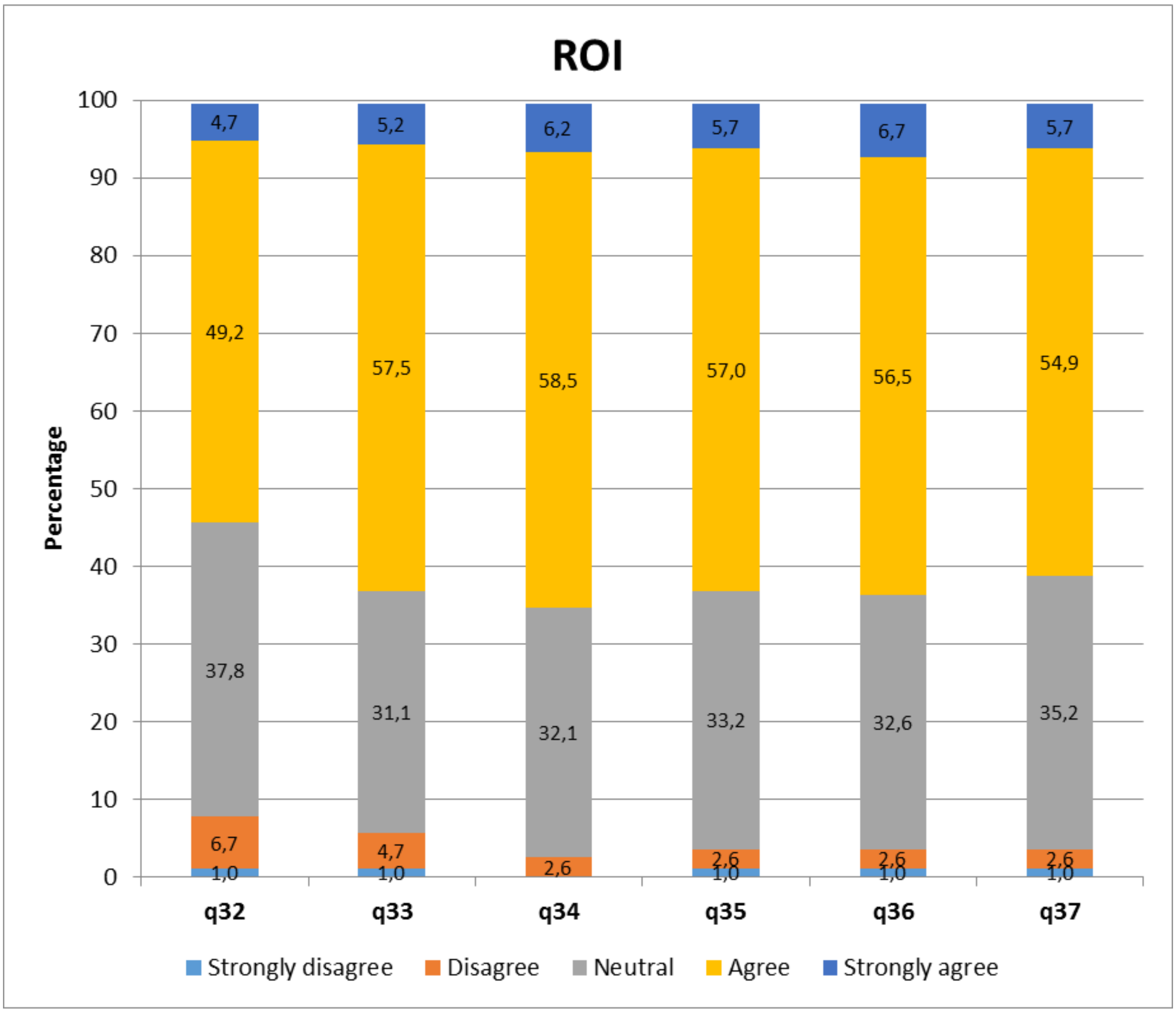

Figure 4.7: The impact of mergers and acquisitions in terms of ROI

Statement 32: The merger led to greater turnover (sales revenue)

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	2	1.0	1.0
Disagree	13	6.8	7.8
Neutral	73	38.0	45.8
Agree	95	49.5	95.3
Strongly agree	9	4.7	100.0

Table 4.28: The merger led to greater turnover (sales revenue)

Thirty eight percent of participants chose to remain neutral to this statement.

With regards to whether respondents perceived that the merger led to greater turnover, 49.5% agreed and 4.7% strongly agreed to this statement. On the contrary, 6.8% of respondents disagreed and only 1% strongly disagreed to this statement. This statement is supported by Mohibullah (2012: 1), that every organisation has its vision to become a reputable company which is achievable through maximising its market share and future growth. The expected synergy achieved through a merger or acquisition can be attributed to various factors, such as increased revenues, greater market share, cost reduction, or shared talent and technology.

Statement 33: The merger increased the profitability of the bank

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	2	1.0	1.0
Disagree	9	4.7	5.7
Neutral	60	31.3	37.0
Agree	111	57.8	94.8
Strongly agree	10	5.2	100.0

Table 4.29: The merger increased the profitability of the bank

Table 4.29 provides an illustration as to whether the merger increased the profitability of the bank. There were 57.8% of respondents who agreed and only 5.2% that strongly agreed. However, 31.3% of respondents were neutral and 4.7% disagreed whilst only 1% strongly disagreed with the statement. With a majority of 63% of respondents in agreement, it can be established that the merger increased the profitability of the bank. This statement is supported by Firer, Ross, Westerfield and Jordan, (2012:362) that the acquiring or merged company is bound to have a larger market share as profits can be enhanced through higher prices and reduced competition.

Statement 34: The merger created financial synergies

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	-	-	-
Disagree	5	2.6	2.6
Neutral	62	32.3	34.9
Agree	113	58.9	93.8
Strongly agree	12	6.2	100.0

Table 4.30: The merger created financial synergies

A figure of only 2.6% disagreed whilst 32.3% of respondents were neutral with regard to whether the merger created financial synergies. However, 58.9% of respondents agreed and 6.2% strongly agreed with this statement. Firer, Ross, Westerfield and Jordan, (2012:362) endorses this statement that synergy, or the potential financial benefit achieved through the combining of companies, is often a driving force behind an acquisition or merger. Furthermore, ROI ensures that assets are acquired only when they are assured to give returns (profits) in line with the organisation's policy. Thus, the major focus of ROI is on the required level of investment.

Statement 35: The merger increased market share

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	2	1.0	1.0
Disagree	5	2.6	3.6
Neutral	64	33.4	37.0
Agree	110	57.3	94.3
Strongly agree	11	5.7	100.0

Table 4.31: The merger increased market share

A figure of 33.4% of respondents were neutral with this statement. One percent strongly disagreed whilst 2.6% of respondents disagreed that the merger increased market share. However, 57.3% of respondents agreed and 5.7% strongly agreed with this statement. With a majority of 63% of respondents in agreement, it can be established that the merger increased the bank's market share. Firms may merge to increase their market share and market power. The acquiring or merged company is bound to have a larger market share as profits can be enhanced through higher prices and reduced competition. M&A is a useful approach for organisations to enter in new markets (Kalimeris, 2010).

Statement 36: The merger consolidated the bank's position

LS	Frequency	Percent	Cumulative Percent
Strongly disagree	2	1.0	1.0
Disagree	5	2.6	3.6
Neutral	63	32.8	36.5
Agree	109	56.8	93.2
Strongly agree	13	6.8	100.0

Table 4.32: The merger consolidated the bank's position

One percent of participants strongly disagreed that the merger consolidated the bank's position, whilst only 2.6% disagreed and 32.8% chose to remain neutral with regard to this statement. However, 6.8% of respondents strongly agreed and 56.8% agreed with this statement. Thus, it can be concluded that the majority of 63.6% of respondents are in agreement that the merger consolidated the bank's position. This statement is endorsed by Abbas et al. (2014) that it has been extensively researched globally that the consolidation of banks increased their financial capacity and enhanced their competitive advantage.

Statement 37: The merger resulted in economies of scale

LS	**Frequency**	**Percent**	**Cumulative Percent**
Strongly disagree	2	1.0	1.0
Disagree	5	2.6	3.6
Neutral	68	35.4	39.0
Agree	106	55.2	94.2
Strongly agree	11	5.8	100.0

Table 4.33: The merger resulted in economies of scale

Table 4.33 provides an illustration as to whether the merger resulted in economies of scale. There were 55.2% of respondents who agreed and 5.8% that strongly agreed. However, 35.4% of respondents were neutral and 2.6% disagreed whilst only 1% strongly disagreed with the statement. With a majority of 61% of respondents in agreement, it can be established that the merger resulted in economies of scale. Furthermore, the phrase “spreading overhead” is used in connection with economics of scale. This expression refers to the sharing of central facilities such as corporate headquarters, top management and computer services which in turn may impact favourably on a company’s performance (Firer, Ross, Westerfield and Jordan, 2012:752).

4.4 Univariate Statistics

In this section, the univariate statistics related to the study are analysed and discussed. The presentation of data is done per section of the questionnaire. One-sample *t* tests are also provided and discussed in the course of this section.

The purpose of the *t* test is to establish significance of the test items in the questionnaire. This is done using a 95% confidence interval. A 95% confidence interval means that at least 95% of the confidence intervals tested would contain the mean value. Furthermore, if the average agreement score (mean) is greater than 3 it implies agreement and if mean <3 it implies disagreement.

One-Sample Statistics

	N	Mean	Std. Deviation
7. I was involved in the rebranding process	190	2.97	1.215
8. The recent rebranding initiative created a good brand image (brand awareness) for Nedbank	191	3.85	.846
9. I am enthusiastic about the bank's new tag line 'see money differently'.	191	4.02	.798
10. The brand is committed to customer service.	193	4.03	.756
11. I understand the company's brand architecture	191	3.92	.760
12. I live the company's values on a day-to-day basis through my job function	193	4.27	.647
13. I feel motivated by the brand	191	4.07	.669
14. I am proud to be associated with the Nedbank brand	193	4.21	.668

15. I ‘live and breathe’ the brand and consider myself to be a good brand ambassador of the bank	193	4.16	.662
16. I do my best to educate my team on the company’s brand	193	4.02	.739
17. Social media has had a positive impact on promoting the brand image of the company	193	3.95	.782
18. The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers.	191	3.83	.723
19. The company’s brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture.	191	3.86	.734

Table 4.34: Descriptive Statistics for Brand image

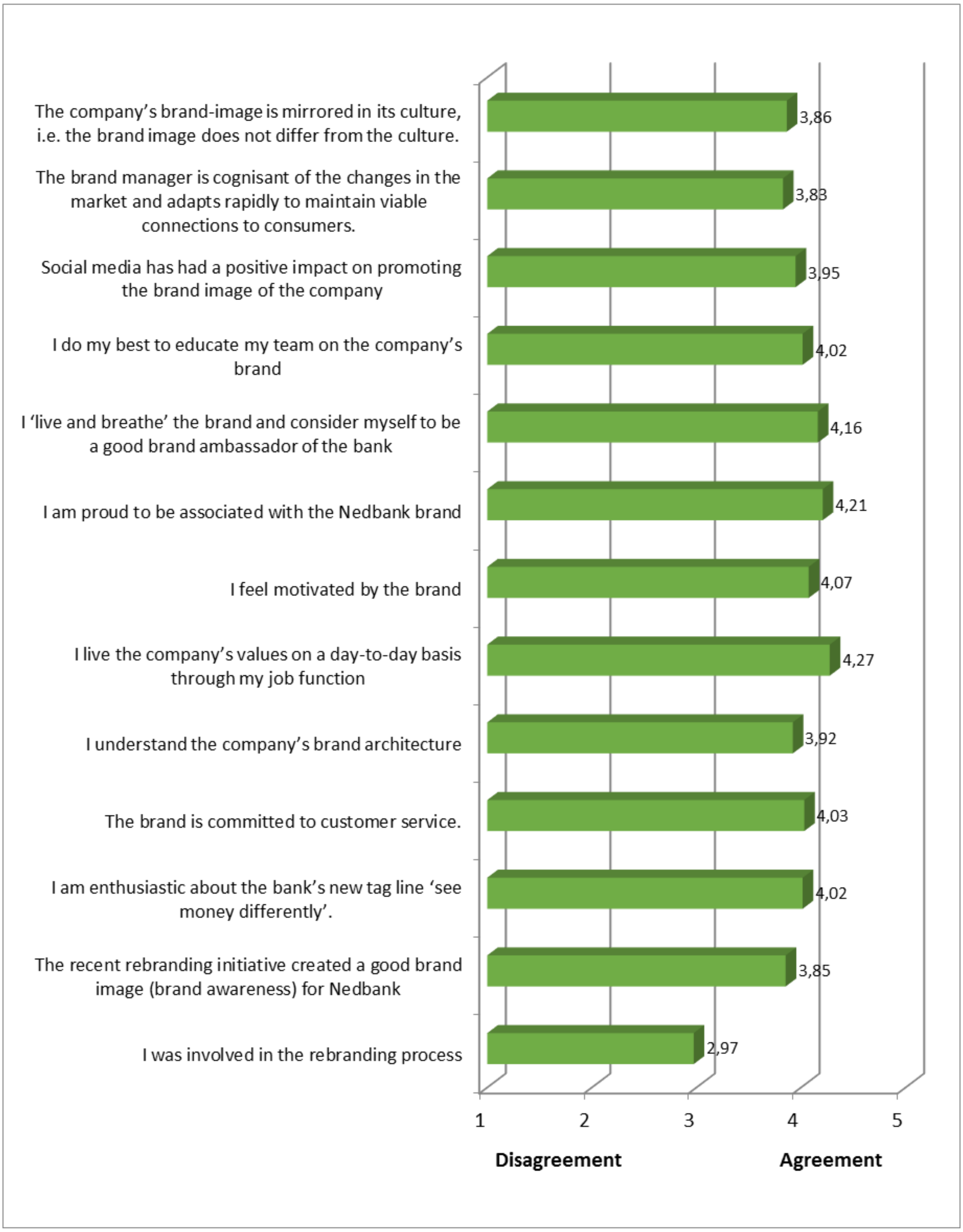

Figure 4.8: Mean values (Brand image)

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
7. I was involved in the rebranding process	-.299	189	.766	-.026	-.20	.15
8. The recent rebranding initiative created a good brand image (brand awareness) for Nedbank	13.946	190	.000	.853	.73	.97
9. I am enthusiastic about the bank's new tag line 'see money differently'.	17.594	190	.000	1.016	.90	1.13
10. The brand is committed to customer service.	18.941	192	.000	1.031	.92	1.14
11. I understand the company's brand architecture	16.751	190	.000	.921	.81	1.03
12. I live the company's values on a day-to-day basis through my job function	27.356	192	.000	1.275	1.18	1.37
13. I feel motivated by the brand	22.181	190	.000	1.073	.98	1.17
14. I am proud to be associated with the Nedbank brand	25.102	192	.000	1.207	1.11	1.30
15. I 'live and breathe' the brand and consider myself to be a good brand ambassador of the bank	24.374	192	.000	1.161	1.07	1.25

16. I do my best to educate my team on the company's brand	19.082	192	.000	1.016	.91	1.12
17. Social media has had a positive impact on promoting the brand image of the company	16.840	192	.000	.948	.84	1.06
18. The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers.	15.814	190	.000	.827	.72	.93
19. The company's brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture.	16.258	190	.000	.864	.76	.97

Table 4.35: One-Sample Test for Brand image

Tables 4.34, 4.35 and figure 4.8 provide the descriptive statistics related to brand image. Table 4.35 shows that significant agreement exists among the respondents. The data for question 7 is not significant and means that there is neither significant agreement nor significant disagreement that respondents were involved in the rebranding process (M=2.97, SD=1.215), t (189) = -.299, p=.766.

There is significant agreement that the recent rebranding initiative created a good brand image (brand awareness) for Nedbank (M=3.85, SD=.846), t (190) = 13.946, p<.0005. Respondents agreed that they are enthusiastic about the bank's new tag line 'see money differently' and is supported by significance at the 95% confidence level (M=4.02, SD=.798), t (190) = 17.594, p<.0005. There is significant agreement that the brand is committed to customer service ($M=4.03$, $SD=.756$), $t(192) = 18.941$, $p<.0005$. Significant agreement was obtained that respondents understand the organisation's brand architecture ($M = 3.92$, $SD = .760$), $t(190) = 16.751$, $p < .0005$. The mean values and *t* statistic show significance that respondents live the company's values on a day-to-day basis through their job function ($M = 4.27$, $SD = .647$), $t(192) = 27.356$, $p <.0005$. There is significant agreement that respondents feel motivated by the brand ($M=4.07$, $SD=.669$), $t(190) = 22.181$, $p<.0005$. Respondents agreed that they are proud to be associated with the Nedbank brand and is supported by significance at the 95% confidence level ($M=4.21$, $SD=.668$), $t(192) = 25.102$, $p<.0005$.

The mean values and *t* statistic show significance that respondents 'live and breathe' the brand by being a good brand ambassador of the bank ($M = 4.16$, $SD = .662$), $t(192) = 24.374$, $p <.0005$. Significant agreement was obtained that respondents are doing their best to educate their team on the company's brand ($M = 4.02$, $SD = .739$), $t(192) = 19.082$, $p < .0005$. Respondents agreed that social media has had a positive impact on promoting the brand image of the company and is supported by significance at the 95% confidence level ($M=3.95$, $SD=.782$), $t(192) = 16.840$, $p<.0005$. There is significant agreement that the brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers ($M=3.83$, $SD=.723$), $t(190) = 15.814$, $p<.0005$. The mean values and *t* statistic show significance that the company's brand image is mirrored in its culture ($M = 3.86$, $SD = .734$), $t(190) = 16.258$, $p <.0005$.

One-Sample Statistics

	N	Mean	Std. Deviation
20. I was given an opportunity to give input into the merger process	193	2.79	1.127
21. The vision and objectives of the merger were clearly communicated to me	193	3.52	.896
22. Executive management communicated all the relevant information about the merger timeously with branch managers	193	3.49	.902
23. Open and honest communication was relayed at all times during the merger	193	3.59	.856
24. Executive management effectively implemented the merger process	193	3.58	.839
25. The merger was well handled by executive (top) management	192	3.66	.829
26. I felt resistance to accept the change initiative	191	3.12	1.030
27. The merger was stressful for me	193	3.02	1.113
28. The corporate culture improved after the merger	193	3.51	.758
29. The recent merger has improved my working conditions	193	3.43	.894
30. Since the merger I want to continue working for Nedbank	192	3.79	.767
31. I would recommend Nedbank to my family and friends	193	3.95	.815

Table 4.36: Descriptive Statistics for People Effectiveness (Corporate Culture)

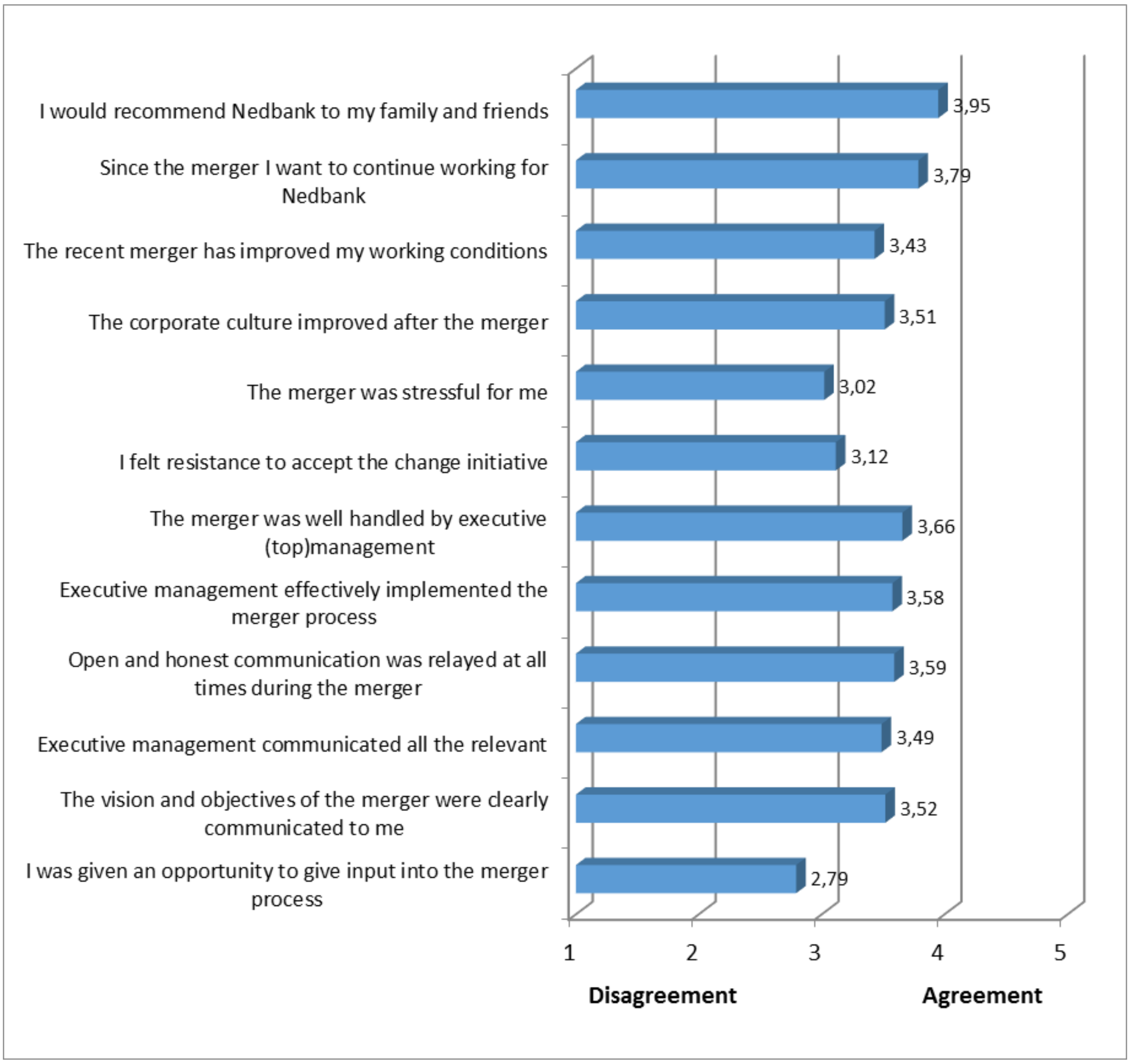

Figure 4.9: Mean values (Corporate Culture)

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
20. I was given an opportunity to give input into the merger process	-2.556	192	.011	-.207	-.37	-.05
21. The vision and objectives of the merger were clearly communicated to me	8.032	192	.000	.518	.39	.65
22. Executive management communicated all the relevant information about the merger timeously with branch managers	7.501	192	.000	.487	.36	.62
23. Open and honest communication was relayed at all times during the merger	9.587	192	.000	.591	.47	.71
24. Executive management effectively implemented the merger process	9.523	192	.000	.575	.46	.69
25. The merger was well handled by executive (top)management	10.967	191	.000	.656	.54	.77
26. I felt resistance to accept the change initiative	1.546	190	.124	.115	-.03	.26

27. The merger was stressful for me	.259	192	.796	.021	-.14	.18
28. The corporate culture improved after the merger	9.405	192	.000	.513	.41	.62
29. The recent merger has improved my working conditions	6.686	192	.000	.430	.30	.56
30. Since the merger I want to continue working for Nedbank	14.215	191	.000	.786	.68	.90
31. I would recommend Nedbank to my family and friends	16.166	192	.000	.948	.83	1.06

Table 4.37: One-Sample Test for Corporate Culture (people effectiveness)

Tables 4.36 and 4.37 provide the descriptive statistics related to culture. Table 4.37 shows that significant agreement exists among the respondents. For question 20 there was disagreement by respondents on whether they were given an opportunity to give input into the merger process (M=2.79, SD=1.127), t (192) = -.2.556, p=.011. However, there is significant agreement that the vision and objectives of the merger were clearly communicated to respondents (M=3.52, SD=.896), t (192) = 8.032, p<.0005. Respondents agreed that executive management communicated all the relevant information about the merger timeously with branch managers and is supported by significance at the 95% confidence level (M=3.49, SD=.902), t (192) = 7.501, p<.0005. There is significant agreement that open and honest communication was relayed at all times during the merger (M=3.59, SD=.856), t (192) = 9.587, p<.0005. Significant agreement was obtained by respondents that executive management effectively implemented the merger process (M = 3.58, SD = .839), t (192) = 9.523, p < .0005. The mean values and *t* statistic show significance that the merger was well handled by executive (top) management. (M = 3.66, SD = .829), t (191) = 10.967, p <.0005. There is significant agreement that respondents felt resistance to accept the change initiative (M=3.12, SD=1.03), t (190) = 1.546, p =.124. Respondents agreed that the merger was stressful (M=3.02, SD=1.113), t (192) = .259, p =.796.

The mean values and *t* statistic show significance that the corporate culture improved after the merger (M = 3.51, SD =.758), t (192) = 9.405, p <.0005. Significant agreement was obtained that respondents' working conditions improved post the merger (M = 3.43, SD = .894), t (192) = 6.686, p < .0005. Respondents agreed that since the merger they would want to continue working for Nedbank and is supported by significance at the 95% confidence level (M=3.79, SD=.767), t (191) = 14.215, p<.0005. There is significant agreement that respondents would recommend Nedbank to their family and friends (M=3.95, SD=.815), t (192) = 16.166, p<.0005.

One-Sample Statistics

	N	Mean	Std. Deviation
32. The merger led to greater turnover (sales revenue)	192	3.50	.738
33. The merger increased the profitability of the bank	192	3.61	.707
34. The merger created financial synergies	192	3.69	.628
35. The merger increased market share	192	3.64	.680
36. The merger consolidated the bank's position	192	3.66	.691
37. The merger resulted in economies of scale	192	3.62	.684
32. The merger led to greater turnover (sales revenue)	192	3.50	.738
33. The merger increased the profitability of the bank	192	3.61	.707
34. The merger created financial synergies	192	3.69	.628
35. The merger increased market share	192	3.64	.680
36. The merger consolidated the bank's position	192	3.66	.691
37. The merger resulted in economies of scale	192	3.62	.684

Table 4.38: Descriptive Statistics for Return on Investment (ROI)

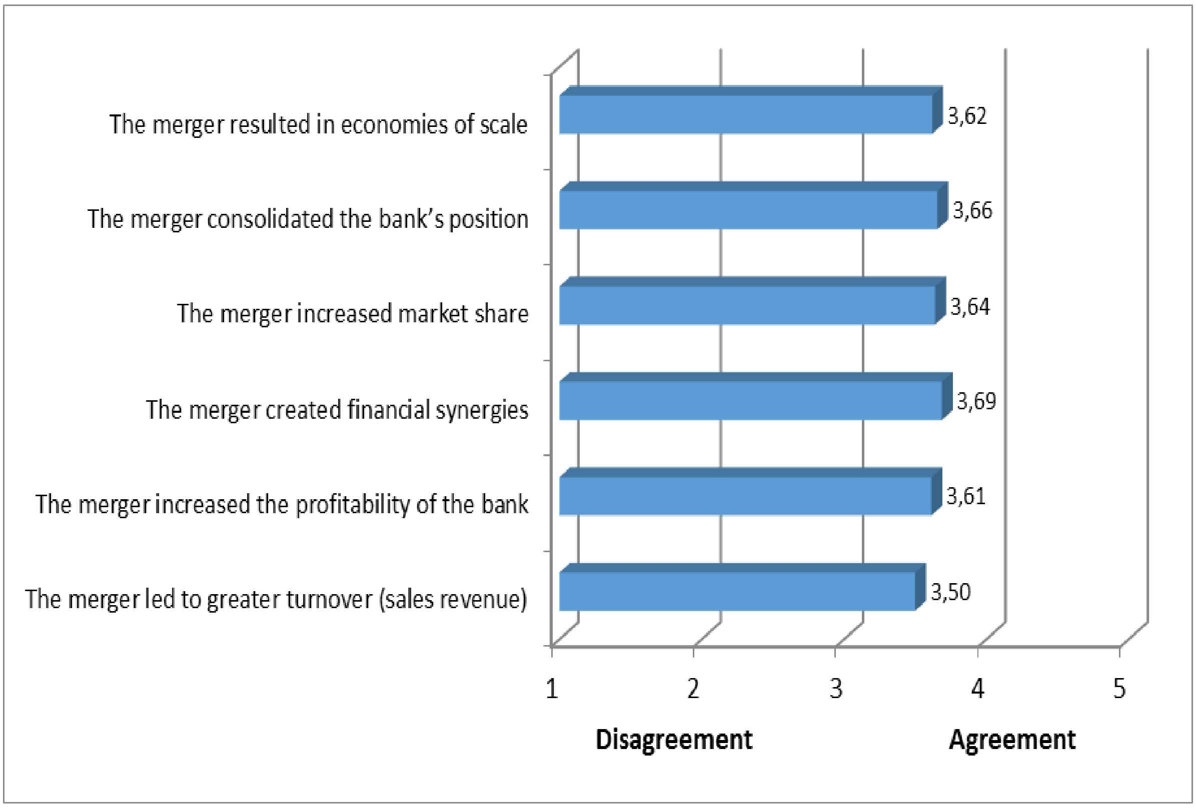

Figure 4.10: Mean values (ROI)

One-Sample Test						
	Test Value = 3					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
32. The merger led to greater turnover (sales revenue)	9.389	191	.000	.500	.39	.61
33. The merger increased the profitability of the bank	12.045	191	.000	.615	.51	.72
34. The merger created financial synergies	15.177	191	.000	.688	.60	.78
35. The merger increased market share	13.063	191	.000	.641	.54	.74
36. The merger consolidated the bank's position	13.151	191	.000	.656	.56	.75
37. The merger resulted in economies of scale	12.564	191	.000	.620	.52	.72
32. The merger led to greater turnover (sales revenue)	9.389	191	.000	.500	.39	.61
33. The merger increased the profitability of the bank	12.045	191	.000	.615	.51	.72
34. The merger created financial synergies	15.177	191	.000	.688	.60	.78
35. The merger increased market share	13.063	191	.000	.641	.54	.74

36. The merger consolidated the bank's position	13.151	191	.000	.656	.56	.75
37. The merger resulted in economies of scale	12.564	191	.000	.620	.52	.72

Table 4.39: One-Sample Test for return on investment (ROI)

Respondents agreed that the merger led to greater turnover (sales revenue) and is supported by significance at the 95% confidence level (M=3.50, SD=.738), t (191) = 9.389, p<.0005. Significant agreement was obtained by respondents that the merger increased the profitability of the bank (M = 3.61, SD = .707), t (191) = 12.045, p< .0005. There is significant agreement that the merger created financial synergies (M=3.69, SD=.628), t (191) = 15.177, p<.0005. The mean values and t statistic show significance that the merger increased market share (M = 3.64, SD = .680), t (191) = 13.063, p<.0005. There is significant agreement that the merger consolidated the bank's position (M=3.66, SD=.691), t (191) = 13.151, p<.0005. Respondents agreed that the merger resulted in economies of scale and is supported by significance at the 95% confidence level (M=3.62, SD=.684), t (191) = 12.564, p<.0005.

4.4 Inferential Statistics

According to Creswell (2009: 152) inferential statistics relate to variables or compare groups in terms of variables so that inferences can be drawn from the sample to a population.

4.4.1. Factor Analysis

According to Schmitt (2012: 119), "Factor analysis is a set of methods used to examine how the underlying mathematical model influences the responses (x) on the number of variables (y) measured”. Factor analysis, therefore, aims to identify various factors that describe key variables, which provides meaning during interpretation.

In this study, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of sphericity (This test examines whether a variance–covariance matrix is proportional to an identity matrix) were used to determine whether the data were adequate for factor analysis. Chi-square tests are concerned with establishing whether the discrepancies between observed frequencies and expected frequencies are in fact, statistically significant. The KMO criterion postulates that various factors with eigen values of the correlation matrix that are greater than one can be used (Field, 2009: 639).

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.800
Bartlett's Test of Sphericity	Approx. Chi-Square	968.079
	df	45
	Sig.	.000

	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
Factor	Total	% of Variance	Cum %	Total	% of Variance	Cumulative %	Total
1	4.802	48.018	48.018	4.459	44.592	44.592	3.640
2	1.437	14.373	62.391	1.024	10.240	54.833	2.857
3	1.135	11.348	**73.739**	.896	8.961	63.794	2.246
4	.577	5.767	79.507				
5	.541	5.407	84.914				
6	.447	4.472	89.386				
7	.370	3.698	93.084				
8	.311	3.109	96.193				
9	.218	2.175	98.369				
10	.163	1.631	100.000				

Table 4.40: Brand Image (KMO, Bartlett's Test and Extraction Method: Principal Axis Factoring)

	Factor		
	1	2	3
12. I live the company's values on a day-to-day basis through my job function	.816		
13. I feel motivated by the brand	.761		
14. I am proud to be associated with the Nedbank brand	.751		
15. I 'live and breathe' the brand and consider myself to be a good brand ambassador of the bank	.687		
8. The recent rebranding initiative created a good brand image (brand awareness) for Nedbank		.771	
10. The brand is committed to customer service.		.679	
7. I was involved in the rebranding process		.646	
11. I understand the company's brand architecture		.550	
19. The company's brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture.			.963
18. The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers.			.565

Extraction Method: Principal Axis Factoring

Rotation Method: Oblimin with Kaiser Normalisation

Table 4.41: Brand Image (Pattern Matrix)

Generally, a KMO statistic above 0.6 is considered adequate for the conducting of factor analysis. For the purposes of this study, exploratory factor analysis and principal axis factoring were conducted to extract factors based on the variables considered. "Once the factors have been extracted, rotation is used to determine how well the variables load onto these factors" (Field, 2009: 642).

KMO value of 0.800 (table 4.40) indicates that the sample size is large enough to reliably extract factors. In addition, the significance of Bartlett's test shows that there is an acceptable level of correlation between items.

The final factor structure is found in the table 4.41. Three factors, accounting for **73.74%** of the total variance, were extracted. Factor 1 can be labelled Brand Emissary/Ambassador (BIF1), Factor 2 (Brand Image) (BIF2) and Factor 3 (Brand Awareness) (BIF3). Factor 1 has a Cronbach's alpha value of 0.87, whilst factor 2 and factor 3 have a value of 0.759 and 0.830 respectively. This shows that the results for these factors can all be considered reliable as there are >0.7. These results are encouraging for the effectiveness of the image of a brand in merger and acquisition deals.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.756
Bartlett's Test of Sphericity	Approx. Chi-Square	1094.010
	df	45
	Sig.	.000

Factor	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings
	Total	% of Variance	Cum %	Total	% of Variance	Cumulative %	Total
1	4.637	46.368	46.368	4.288	42.885	42.885	3.802
2	1.729	17.291	63.659	1.295	12.951	55.836	1.532
3	1.004	10.045	**73.704**	.686	6.855	62.691	2.772
4	.840	8.400	82.104				
5	.482	4.815	86.919				
6	.411	4.109	91.028				
7	.301	3.006	94.034				
8	.263	2.625	96.659				
9	.217	2.165	98.825				
10	.118	1.175	100.000				

Table 4.42: Culture/People Effectiveness (KMO, Bartlett's Test and Extraction Method: Principal Axis Factoring)

	Factor		
	1	2	3
25. The merger was well handled by executive (top) management	.858		
24. Executive management effectively implemented the merger process	.716		
31. I would recommend Nedbank to my family and friends	.675		
29. The recent merger has improved my working conditions	.642		
23. Open and honest communication was relayed at all times during the merger	.602		
30. Since the merger I want to continue working for Nedbank	.584		
26. I felt resistance to accept the change initiative		.757	
27. The merger was stressful for me		.690	
20. I was given an opportunity to give input into the merger process			-.774
21. The vision and objectives of the merger were clearly communicated to me			-.759

Extraction Method: Principal Axis Factoring.

Rotation Method: Oblimin with Kaiser Normalisation

Table 4.43: Culture (Pattern Matrix)

KMO value of 0.756 indicates that the sample size is large enough to reliably extract factors. In addition, the significance of Bartlett's test shows that there is an acceptable level of correlation between items.

The final factor structure with regards to people effectiveness (culture) in M&A is found in the table 4.43. Also, three factors, accounting for 73.7% of the total variance, were extracted. Factor 1 can be labelled Implementation of change

(CCF1), Factor 2 (Resistance to change) (CCF2) and Factor 3 (Inclusion in change) (CCF3). Factor 1 has a Cronbach's alpha value of 0.874, whilst factor 2 and factor 3 have a value of 0.768 and 0.767 respectively. This shows that the results for these factors can all be considered reliable as there are >0.7. On closer analysis of these results on the impact of mergers and acquisitions in managing strategic change (people effectiveness), there was moderate resistance to change by respondents. With regards to inclusion in the change process (Factor 3), the organisation's workforce needed to be included in the change process. It is quite clear that they were not afforded an opportunity to give input into the merger process.

4.4.2 Return on Investment (ROI)

These items all load onto a single factor and a single measure for this construct yields a very high reliability measure (Cronbach's alpha) of 0.941.

4.4.3 Analysis of factors

Effectiveness of mergers in relation to brand image, corporate culture and return on investment is presented in table 4.44 that follows.

Brand image is broken down as BIF1, BIF2 and BIF3; culture by CCF1, CCF2 and CCF3; and return on investment by ROI.

	Test Value = 3					
					95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)	Mean Difference	Lower	Upper
BIF1	29.078	192	.000	1.17703	1.0972	1.2569
BIF2	13.733	192	.000	.69214	.5927	.7916
BIF3	17.560	192	.000	.84715	.7520	.9423
CCF1	14.195	192	.000	.66373	.5715	.7560
CCF2	.893	192	.373	.06218	-.0752	.1996
CCF3	2.356	192	.019	.15544	.0253	.2856
ROI	14.184	191	.000	.61979	.5336	.7060

Table 4.44: One-Sample Test (Analysis of factors)

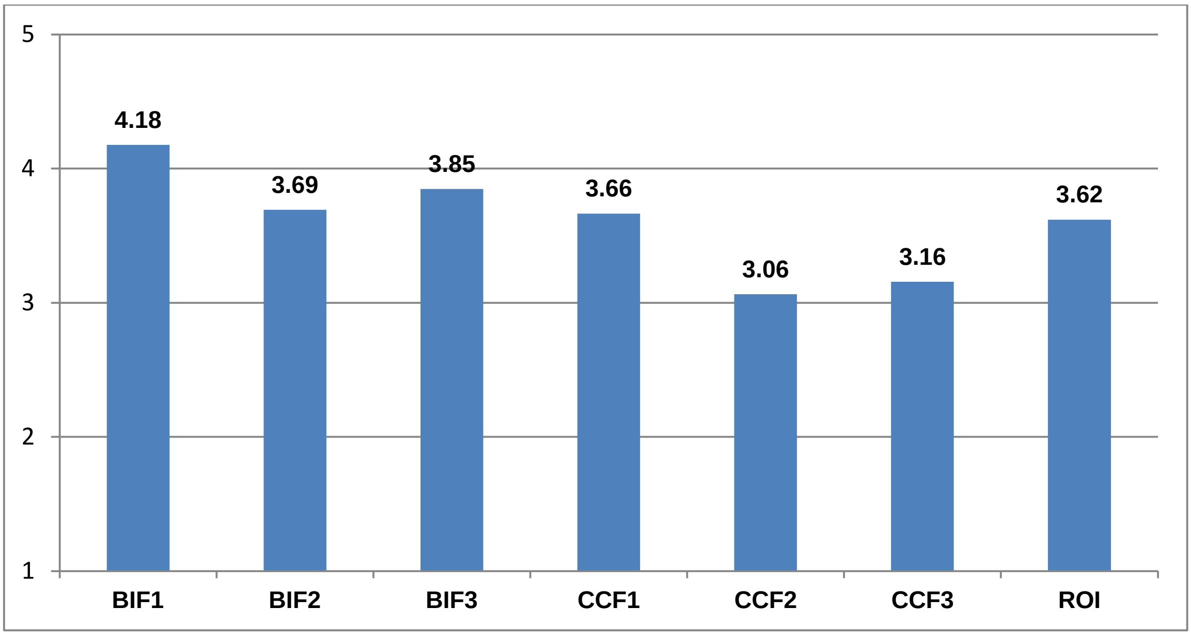

Figure 4.11: Mean values to compare factors

In figure 4.11, mean scores are used to compare factors. On closer analysis of these results on the impact of mergers and acquisitions in managing strategic change (people effectiveness), there was moderate resistance to change (Factor 2-CCF 2) by respondents. With regards to inclusion in the change process (Factor 3-CCF 3), the organisation's workforce needed to be included in the change process. It is quite clear that they were not afforded an opportunity to give input into the merger process. The balance of the factors related to brand image and ROI have done reasonably well and are solidly reliable.

4.5 Multiple Regression

Multiple regression investigates the possibility that more than one independent variable may influence the dependent variable. This study used one comprehensive model to test all six independent variables in one model. The results are presented in table 4.45.

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.573[a]	.328	.307	.50418	1.796

a. Predictors: (Constant), BIF3, CCF2, BIF2, CCF1, CCF3, BIF1

b. Dependent Variable: ROI

Table 4.45: Model Summary[b]

Table 4.45 shows the model summary for the multiple regression. "R is referred to as the coefficient of multiple regression as it tests the association between the independent and dependent variables. R square is known as the coefficient of determination and measures the proportion of variance in the dependent variable that is explained by the independent variable" Field (2009:179). The model is able to explain 32.8% of the variation in return on investment (ROI) (R2 = .328).

The Durbin-Watson statistic tests the data set for autocorrelation. "Autocorrelation occurs when the error terms display correlation. The Durbin-Watson statistic ranges from 0 to 4 with 0 meaning perfect positive autocorrelation, a value of 2 meaning no autocorrelation and a value of 4 meaning perfect negative autocorrelation" Field (2009: 220-221). The Durbin-Watson value for this study was 1.796 which means there is positive correlation present.

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	22.996	6	3.833	15.077	.000[a]
	Residual	47.027	185	.254		
	Total	70.023	191			

a. Predictors: (Constant), BIF3, CCF2, BIF2, CCF1, CCF3, BIF1

b. Dependent Variable: ROI

Table 4.46: ANOVA[b]

Table 4.46 shows the analysis of variance (ANOVA) for the model. The results are statistically significant at the 95% level of confidence (p =.000). The results for the model show that BIF3, CCF2, BIF2, CCF1, CCF3 and BIF1 are significant predictors of ROI.

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1.637	.355		4.611	.000		
	CCF1	.325	.073	.350	4.436	.000	.584	1.714
	CCF2	.073	.042	.117	1.726	.086	.794	1.259
	CCF3	.055	.053	.083	1.039	.300	.566	1.766
	BIF1	-.153	.088	-.142	-1.743	.083	.547	1.830
	BIF2	-.003	.065	-.004	-.047	.963	.645	1.551
	BIF3	.271	.068	.301	3.971	.000	.631	1.585

a. Dependent Variable: ROI

Table 4.47: Coefficients[a]

Table 4.47 shows the collinearity statistics (coefficients) for the model under consideration. The results for the ANOVA (refer to Table 4xx) show that the model is statistically significant.

With multiple regressions it is advised to test the data for the presence of multicollinearity. Multicollinearity occurs when the independent variables are correlated. Determining this requires the calculation of the Variance Inflation Factor (VIF). Field (2009: 224) suggests that VIF values should not exceed 10. Values greater than 10 are cause for concern as multicollinearity is present. The VIF values for all the factors in the model are greater than 1 but does not exceed 10 which show no cause for concern regarding multicollinearity.

4.6 Conclusion

This chapter presented the analysis and interpretation of data. The discussion was presented in a narrative format, and tables, graphs and figures emerging from the findings were used as a basis for the discussion, paying particular attention to the fundamental research objectives and questions. Relevant descriptive and inferential statistics were used to analyse the data collected uncovering some key issues through the analysis. An exploratory factor analysis was conducted and further multiple regression was applied to determine whether the independent variables of brand image and corporate culture were significant predictors of the dependent variable, return on investment. The analysis uncovered that from a turnaround perspective in mergers and acquisition deals, brand image, and the culture (people effectiveness) should be in sync to generate the desired return on investment. The next chapter provides a summary of all the chapters, makes recommendations from the key findings, presents the strategic lever model for M&A derived from the study, and draws conclusions.

CHAPTER 5

CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter presents the findings from the study and recommendations on strategic levers for mergers and acquisitions in the financial services sector.

The research objectives of the study were:

- To evaluate the effectiveness of mergers and acquisitions in relation to its image as a brand (brand awareness).
- To examine the impact of mergers and acquisitions in managing strategic change among its employees (people effectiveness).
- To measure the impact of mergers and acquisitions in terms of its Return on Investment (ROI).
- To make recommendations on future merger and acquisition deals and its potential benefits to the organisation as a whole.

5.2 Findings from the study

The aim of the study was to evaluate mergers and acquisitions in the financial services sector and its impact on the business in terms of image as a brand, people effectiveness (HR) and return on investment (ROI).

The following sections highlight the key findings of the study based on each research objective:

Research objective 1: To evaluate the effectiveness of mergers and acquisitions in relation to its image as a brand (brand awareness).

The researcher found that 78.5% of respondents agreed that the recent rebranding initiative created a good brand image for Nedbank. This statement concurs with the literature that the repositioning of an organisation's brand displays its ability to keep abreast with the changing times and the commitment it has to its customers (Plewa, Lu and Veale, 2011). In order to test whether the rebranding was a worthwhile exercise, Nedbank's clients need to perceive the rebrand as increased value, quality excellence and genuine commitment in the service the bank offers.

In an effort to improve and enhance client service more holistically, a refreshment of the Nedbank brand was needed to reflect the momentum the bank is heading towards for the future. Here it must be noted that a majority of 83.7% of respondents are enthusiastic about the bank's new tag line that was introduced in March this year (2017). Through conversations with its clients the bank recognised the importance of money. Thus, its new tag line, "See money differently" reflects and reinforces the fact that where money is well managed, it has endless possibilities for good (Closing Bell, 2017). Furthermore, the evidence from the research attested to the fact that in corporate branding, employees are key contributors to an organisation's values, as they represent what the brand communicates. The company's vision statement is considered the backbone of an organisation and provides a sense of direction to all stakeholders (Hansen, 2010:7).

Managers and employees must have a clear understanding of the bank's vision and be committed to delivering on it.

Emotional motivators (which will be discussed under the recommendations 5.3) should be created between the client and the bank's employees. For this to happen employees need to be a part of the company's bigger purpose which is driven by collaboration into the branding process by executive management. This would entail providing managers and staff insight on the brand promise and training on how to communicate the brand in their daily tasks. There should also be recognition and rewards for outstanding work performance

An overwhelming 87% of respondents agreed that they 'live and breathe' the brand and consider themselves to be good brand ambassadors of the bank. The mean values and *t* statistic show significance that respondents 'live and breathe' the brand by being a good brand ambassador of the bank. This supports the statement that brand ambassadors of an organisation should be passionate, committed, and highly trusted employees who think like owners of the business (Recognition Council, no date).

With a majority of 80.9% of respondents in agreement, it can be established that respondents do their best to educate their team on the company's brand. This statement concurs with Merrilees and Miller (2008) that effective training and communication within the organisation should be undertaken to ensure the rebrand is successful. It is worth noting that 42.5% of respondents have a degree or higher qualification. In addition, the bank has a young management workforce as the majority of respondents (68.9%) are under 42 years of age but 43% of respondents have spent five or more years in a managerial position. The bank has a good blend of both young, enthusiastic as well as older, experienced managers thus the older and more experienced personnel are in a prime position to train, mentor and coach the younger management team members.

Research objective 2: To examine the impact of mergers and acquisitions in managing strategic change among its employees (people effectiveness).

According to Kumar et al. (2013: 1), “Human resource in any institution is the most valuable asset and it works as an engine to provide a sustainable service delivery”. Only 37.8% of respondents indicated that they were afforded an opportunity to give input into the merger process ($M=2.79$, $SD=1.127$), t (192) = -.2.556, $p=.011$. This was noted as a major weakness. The literature supports the notion that affording employees’ opportunities to voice concerns without fear and giving input is essential in any merger or acquisition deal (Anon, 2008).

The researcher also found that a major cause for concern for Nedbank is a lack of communication by top management. This contributes to work stress as 44.1% agree that the merger was stressful. Richards (2015) argues that one of the main challenges facing employees in a merger or acquisition is stress, more especially if they are not kept informed of the changes in an organisation that could impact on their jobs.

It is imperative for senior management to communicate openly and honestly as much information as possible to managers and, especially regarding the changes that could affect them (Richards, 2015).

According to Kumar et al. (2013: 1), “Human resource in any institution is the most valuable asset and it works as an engine to provide a sustainable service delivery”. With a majority of 64.7% of respondents in agreement, it can be established that executive management effectively implemented the merger process and that nearly two-thirds of respondents agreed that the merger was well handled by executive (top) management. These findings are therefore contradictory to the literature as Weber and Tarba (2011) attest that the concept of culture is not entirely clear to managers and therefore difficult to implement in practice. A major weakness is that M&A consulting is far more piecemeal and reactive as different consultants and individual teams work in isolation of one another (Buono, 2005). Quite often, cross-cultural management is mishandled by top executives with disastrous consequences on an M&A (Weber and Tarba, 2012).

With regards to whether respondents felt resistance to accept the change initiative, only 45% agreed with this statement. These findings are therefore neither contradictory nor supportive of the literature. Richards (2015), explains that due to two or more cultures merging, some employee’s may lose their jobs, whilst others may be redeployed in the organisation. Such concerns, fears etc. need to be addressed between the employer and employee to path the best possible solution.

The majority of bank managers were in agreement that the corporate culture improved and that they would recommend Nedbank to family and friends. These findings are supportive of the literature. Weber and Tarba (2015) contend that when the cultural differences between the merged entities become clear, it will be less complex to define a desired shared culture, the ultimate aim being retention of talent.

Furthermore, West, Ford and Ibrahim (2015) contend that brand ambassadors of an organisation are well motivated, committed, and highly trusted employees who would promote the image of a corporate entity.

Research objective 3: To measure the impact of mergers and acquisitions in terms of its Return on Investment (ROI).

Approximately 65% of respondents were in agreement that the merger created financial synergies ($M=3.50$, $SD=.738$), $t(191) = 9.389$, $p<.0005$. Synergy is often the driving force behind an acquisition or merger. Furthermore, ROI ensures that assets are acquired only when they are assured to give returns in line with the organisation's policy as profitability on its own is not sufficient enough to sustain an organisation's bottom line. Mohibullah (2012: 1) explains that every organisation has its vision to become a reputable company which is achievable through maximising its market share and future growth. The expected synergy achieved through a merger or acquisition can be attributed to various factors, such as increased revenues, greater market share, cost reduction, or shared talent and technology. One of Nedbank's key strategies is getting to scale in Africa and this usually takes a long time (over 10 years) but the potential for future organic growth are still formidable (Bonorchis, 2017).

Thus, it can be concluded that the merger consolidated the bank’s position as endorsed by Abbas et al. (2014), that through extensive researched globally the consolidation of banks increased their financial capacity and enhanced their competitive advantage**.**

Research objective 4: To make recommendations on future merger and acquisition deals and its potential benefits to the organisation as a whole.

This section will be discussed under Recommendations (5.3).

5.3 Recommendations

The findings of the research should enable organisations in the financial services sector to make recommendations on future merger and acquisition deals. These recommendations are presented as a **proposed model** of strategic levers for M&A which encapsulates the findings from both the literature review and primary research (data).

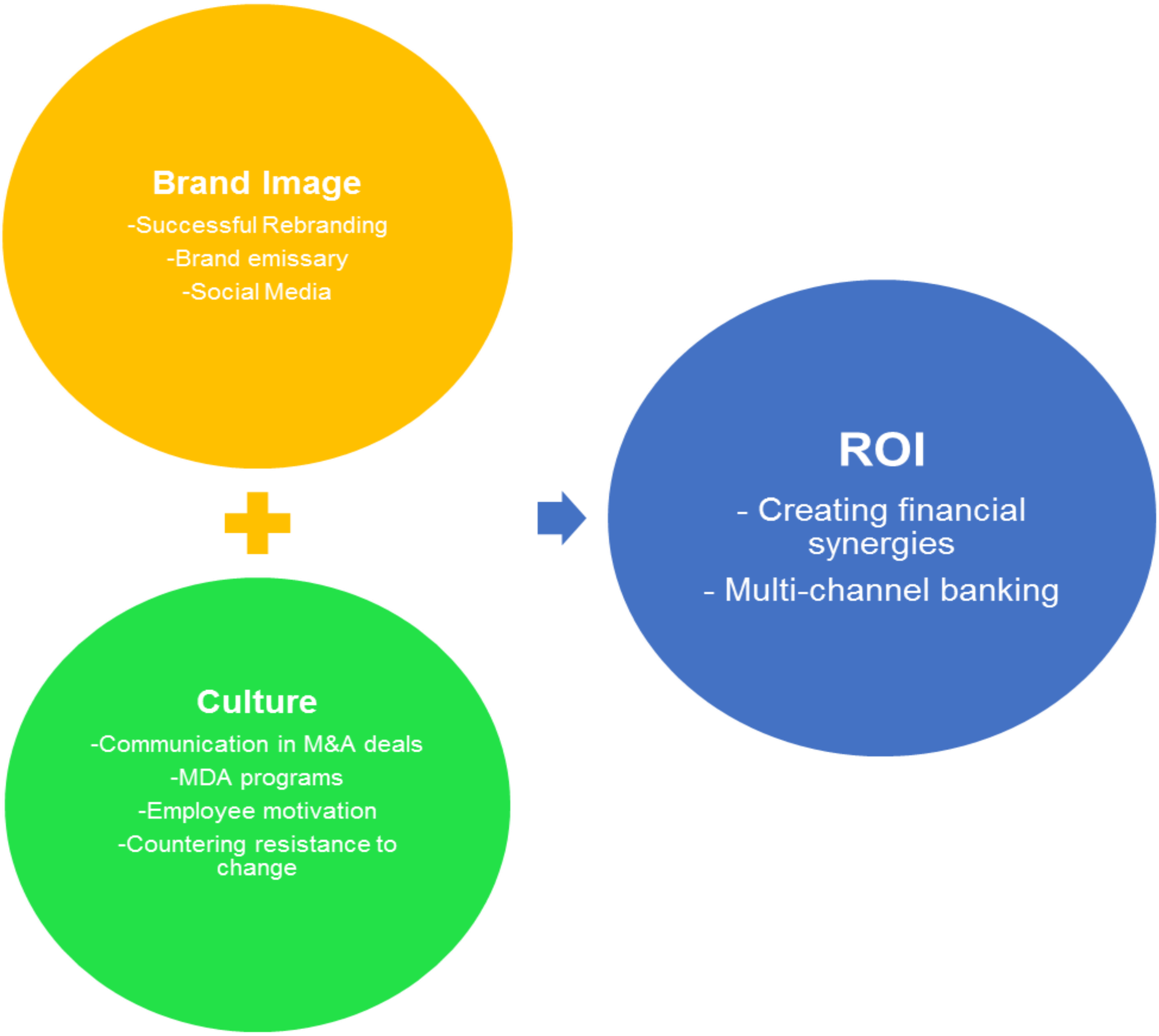

Figure 5.1: Strategic Lever Model for M&A

- **Successful rebranding**

Emotional motivators should be created between the client and the bank's employees. For this to happen employees need to be a part of the company's bigger purpose which is driven by collaboration into the branding process by executive management. This would entail providing managers and staff insight on the brand promise and training on how to communicate the brand in their daily tasks. There should also be recognition and rewards for outstanding work performance.

Research has shown that moving customers of a bank from highly satisfied to fully connected could have up to three times the return of moving them from unconnected to highly satisfied clients. Customers who engage in an omni-channel experience, for example, are much more emotionally connected and therefore consistently more profitable (Magids, Zorfas and Leemon, 2015).

- **Brand emissary**

It is imperative that managers 'live and breathe' the brand and consider themselves to be good brand ambassadors/emissaries of the bank. If managers and employees do not feel part of the brand and cannot "live and breathe the brand" in their job function it could have an impact on customer service, external communication, and on employee productivity. Executive management needs to determine the reason if staff are not feeling a part of the brand and introduce initiatives, such as workshops, to reduce the gap. A complete overview of the company should be presented to new managers/employees upon joining the organisation, preferably at the induction phase. This workshop could be dubbed the "living the brand" induction seminar. This will allow personnel in managerial positions to make an easy transition into the company.

- **Social media**

Due to the world being highly connected and operating almost as one global village, the brand image cannot differ from the culture, i.e. the brand image of the company should be mirrored in its culture. In today's modern technologically advanced world, social media is playing a huge part in marketing, either positively or negatively. However as argued by West, Ford and Ibrahim (2015), social media is a unique component of the consumer decision journey as it is the only form of marketing that can touch consumers at each and every stage of this process. The brand manager must be cognisant of the changes in the business environment and be able to adapt quickly to maintain viable connections to consumers. Therefore, it is vital that a company effectively use all of its touch points, be it word-of-mouth or interactions on social media sites to reinforce the positive nature of the relationship between the consumer and the brand.

- **Communication in M&A deals**

Affording employees opportunities to voice concerns without fear and giving input is key in any merger or acquisition deal. A culture of transparency, inclusivity and open communication should be cultivated. Effective decision-making is characterised by inclusivity and transparency. Every channel and vehicle of communication possible should be used to communicate the new vision and strategies. Executive management should guide the process and lead by example. A modern way to leading is the 21st century delegation - 'be willing to be lead' approach. Assigning tasks that requires subordinates to think 'out of the box' and even to the extent of 'without the box' can inspire employees to creatively provide a new direction to the organisation. In this way managers will not be deprived an opportunity of learning from their subordinates. Every employee wants to know that his/her boss have trust and confidence on him/her to execute their job function in the best possible manner.

- **Management development programmes (MDP)**

The bank has a good blend of both young, enthusiastic as well as older, experienced managers, thus the older and more experienced personnel are in a prime position to train, mentor and coach the younger management team members. A learning organisation prioritises staff development. The benefit of this investment in human capital is usually reflected and felt right at the bottom-line. A culture of continuous improvement should be imbibed, and teamwork must be encouraged to create the best influence of synergy by offering team building training and rewarding team efforts with group incentives.

- **Employee motivation**

Winning the "hearts and minds" of staff personnel and cultivating motivation and commitment amongst team members should remain a key focus. Strategies and milestones should be well planned for and executed. Employees involved in improvements to the change process by implementing the organisation's vision, should be recognised, promoted and rewarded.

- **Countering resistance to change**

Due to two or more cultures merging, an organisational restructure may result in some employee's losing their jobs, whilst others may be redeployed in the organisation. Such concerns, fears etc. need to be addressed between the employer and employee to path the best possible solution. A 'bottom-up' approach to decision-making is probably the solution to countering resistance to change since employees will be part of such decision-making. It is unlikely that employees will resist and be suspicious of the intention of such a decision. In this way a manager or leader can be assured of their unconditional support. Consistence therefore, needs to be a virtue for managers, not an exception to the rule.

- **Creating financial synergies**

The term financial synergy is closely linked to return on investment (ROI). Every organisation has its vision to become a reputable company which is achievable through maximising ROI. The evidence of this research study indicates that Nedbank should be considering growing further into Africa as opportunities arise to acquire control of smaller assets at reasonable valuations and although getting to scale in Africa may take a longer time, the seeds for this future growth should be planted on an opportunistic basis (Bonorchis, 2017).

- **Multi-channel banking**

The most effective way to maximise customer value is to move beyond just customer satisfaction and connect with clients at an emotional level by tapping into their deep, often unspoken emotional needs (Magids, Zorfas and Leemon, 2015). Research has shown that moving customers of a bank from highly satisfied to fully connected could have up to three times the return of moving them from unconnected to highly satisfied clients. Strong and effective collaboration is required for monetising customer and channel interactions to further enhance ROI. Banks have more recently taken to omni-channel banking which is a seamless and consistent interaction between customers and their financial institutions (banks) across multiple channels *(See literature review, 2.8.4 - Ways to improve ROI).* Customers who engage in an omni-channel experience, for example, are much more emotionally connected and therefore consistently more profitable, ultimately maximising ROI and minimising risk (Magids, Zorfas and Leemon, 2015).

5.4 Area of further study

The following themes for future research within the context of this study are proposed:

- Strategic levers for mergers and acquisitions (M&A's) in other service sectors
- Strategic levers for M&A's in other non-service sectors, (e.g.: food and beverage, IT, etc.)
- Cross-cultural leadership and management and its success or failure in M&A's worldwide
- Future research endeavours should focus on how cultural differences affect M&A performance.
- Future research endeavours should focus on the multi and omni-channel experience of emotional marketing (brand image) in other service as well as non-service sectors and assess whether this ultimately impacts favourably on ROI.

5.5 Conclusion

The objectives and the research questions as outlined in the first chapter was covered in the study. This included the effectiveness of M&A in relation to brand image and awareness, the impact of M&A on organisational culture and the bearing on ROI in the pursuit of increasing shareholder wealth by following an organic growth strategy. A review of the literature supports the notion that customers need to perceive the image of a brand as increased value in the product or service the organisation offers. Furthermore, a thorough understanding of cultural differences makes it possible to prepare and implement various HR practices as well as the implementation programme by integration task forces with planning, identification and capturing of the synergy potential. The analysis uncovered that from a turnaround perspective in mergers and acquisition deals, brand image, and the culture (people effectiveness) has to be in unison to generate the desired return on investment.

The significance of the study and the humble contribution of the researcher to new knowledge reveal that institutions that merge in the financial services sector will consolidate their position in the market only if brand image and the corporate culture are in sync, allowing them to fortify and defend their positions. As a result of greater market share this could allow firms to muscle flex which lays the platform to launch into uncontested markets like Africa. Furthermore, what has emerged as new learnings from the study were elements of change management philosophies rather than hard core issues. It is evident from the research study that in order for firms to maintain an organic growth trajectory, the softer issues such as HR (people effectiveness) are important and should be prioritised. For effective M&A deals, both qualitative and quantitative aspects need to be considered in a balanced way.

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APPENDICES

Appendix A:

TITLE: STRATEGIC LEVERS FOR MERGERS AND ACQUISITIONS IN THE FINANCIAL SERVICES SECTOR

Dear Participant

You are invited to participate in our survey on Strategic Levers for Mergers and Acquisitions in the Financial Services Sector. The completion of this study should take approximately fifteen minutes of your time. Participation in the completion of this questionnaire is completely voluntary. All information provided in this questionnaire will be kept confidential and used for the purpose of the study. Your identity will be kept anonymous. Thus, your complete honesty will be appreciated. There are no known or anticipated risks for participating in this study.

Thank you very much for participating in this survey.

Yours Sincerely

Ridwaan Asmal (DUT Doctorate student: 20008976)

084 2555 200 (cell)

ridwaan.asmal@mancosa.co.za

QUESTIONNAIRE

Make your selection by marking an **"X"** in the appropriate block. Select **one answer** only per question.

Section A – Demographics

1. Gender

Female	Male

2. Age group.

<18 years	18 - 25 years	26 – 33 years	34 – 41 years	42 – 49 years	50 - 57 years	58 – 65 years	> 65 years

3. Highest level qualification

Matric	Certificate	Diploma	Bachelor's Degree	Honours	Masters /Doctorate	Other

4. Length of service at Nedbank

0 -<1 year	1-<5 years	5-<10 years	10-<15 years	15-<20 years	20+ years

5. Length of time in a managerial position at Nedbank

0 -<1 year	1-<5 years	5-<10 years	10-<15 years	15-<20 years	20+ years

6. Are you aware of the company rebrand that took place in March 2017?

Yes, I am aware	No, I am not aware

Section B – Brand image

Indicate your agreement with the following statements regarding the effectiveness of the merger in relation to brand image

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7. I was involved in the rebranding process					
8. The recent rebranding initiative created a good brand image (brand awareness) for Nedbank					
9. I am enthusiastic about the bank's new tag line '*see money differently'*.					
10. The brand is committed to customer service.					
11. I understand the company's brand architecture					
12. I live the company's values on a day-to-day basis through my job function					
13. I feel motivated by the brand					
14. I am proud to be associated with the Nedbank brand					
15. I 'live and breathe' the brand and consider myself to be a good brand ambassador of the bank					
16. I do my best to educate my team on the company's brand					
17. Social media has had a positive impact on promoting the brand image of the company					
18. The brand manager is cognisant of the changes in the market and adapts rapidly to maintain viable connections to consumers.					
19. The company's brand-image is mirrored in its culture, i.e. the brand image does not differ from the culture.					

Section C – Corporate culture

Indicate your agreement with the following statements regarding the impact of mergers and acquisitions in managing strategic change among its employees

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
20. I was given an opportunity to give input into the merger process					
21. The vision and objectives of the merger were clearly communicated to me					
22. Executive management communicated all the relevant information about the merger timeously with branch managers					
23. Open and honest communication was relayed at all times during the merger					
24. Executive management effectively implemented the merger process					
25. The merger was well handled by executive (top) management					
26. I felt resistance to accept the change initiative					
27. The merger was stressful for me					
28. The corporate culture improved after the merger					
29. The recent merger has improved my working conditions					
30. Since the merger I want to continue working for Nedbank					
31. I would recommend Nedbank to my family and friends					

Section D – Return on Investment

Indicate your agreement with the following statements regarding the impact of mergers and acquisitions in terms of its return on investment (ROI)

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
32. The merger led to greater turnover (sales revenue)					
33. The merger increased the profitability of the bank					
34. The merger created financial synergies					
35. The merger increased market share					
36. The merger consolidated the bank's position					
37. The merger resulted in economies of scale					

End of survey

14 November 2016

DURBAN UNIVERSITY OF TECHNOLOGY

TO WHOM IT MAY CONCERN

RESEARCH IN NEDBANK

Asmal Ridwaan, has discussed his intention to research the following topic as part of his dissertation i.e. **Strategic Levers for Mergers and Acquisitions in the Financial Services Sector** ‘using KZN as a case study.

Permission is granted on the basis that the research data will be securely stored at DUT for a period of 5 years, and will then be disposed of in accordance with the instructions from the ethical clearance committee. (Shredding after analysis)

Yours faithfully

[redacted]

FAYZEL OMAR
REGIONAL GENERAL MANAGER
NEDBANK BRANCH NETWORKS, KZN

NEDBANK

NEDBANK INTEGRATED CHANNELS • KWAZULU-NATAL • HUMAN RESOURCES

3RD Floor Nedbank Kingsmead 90 Ordnance Road Durban 4001 PO Box 1529 Durban 4000 South Africa
Tel 031 3641000 Fax 031 364 2902 www.nedbank.co.za