

**THE IMPACT OF AMALGAMATION ON HUMAN RESOURCES  
PRACTICE IN ETHEKWINI MUNICIPALITY**

**By**

**SIPHIWE E. MADONDO**

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**Supervisor: ----- Date: -----**

**Dr. H.L. Garbharran: B.A.; Hon.; M.P.A.; D.P.A**

## DECLARATION

This work has not been previously accepted in substance for any Master's Degree, and is not being concurrently submitted in candidature for any other and Master's Degree.

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This submission is the results of my own independent work/investigation, except where otherwise stated. Other sources are acknowledged giving explicit references. A bibliography is appended.

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I hereby give consent for my work to be available for photocopying for inter-library loan, and for the title and summary to be made available to outside organizations and future students.

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## **DEDICATION**

I hereby dedicate this research study to my mother, Ngusha Elizabeth and my late father Bhekimpi Madondo and to my family who have always inspired and motivated me to keep on studying.

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## **ABSTRACT**

The amalgamation of municipalities came into effect as a legislative requirement brought about a number of challenges for the local government. One such major challenge relates to the impact that these amalgamations will have on human resource practices of the various municipalities. Literature study reveals that during any merger or amalgamation, less attention is paid to the human element of a merger until the merger is almost complete. This lack of attention impacts negatively on the merger results. Like other municipalities, eThekweni Municipality is a product of this legislative requirement. It was formed as a result of the amalgamation of different municipal entities that had different human resource practices.

The problem facing eThekweni Municipality is the misalignment of human resources policies and their effect on the working environment. This study looks at the impact of this amalgamation on the human resources practices of the eThekweni Municipality. The sub-objectives of the study are: to ascertain employees' perceptions of amalgamation; to determine whether employees believe that the human resources' matters are handled in a manner that will bring about stability and equity in the workplace; and to establish whether different perceptions exist between employees of the former Durban Metro Central and those of the erstwhile entities.

A stratified random probability sample of 150 employees was selected. The sample was drawn from 5 former entities that now form eThekweni Municipality, namely: Inner-west, Outer-west, Metro Central, North and South Operational entities. Using face-to-face interviews, employees were asked to complete a questionnaire.

The results of the research revealed that there was generally a positive perception of the amalgamation process amongst employees. The study also revealed that different perceptions exist between the employees of the former entities and those of Metro central.

It is recommended that, during a merger, management should have detailed work plans. The plans should detail how the organization will deal with the structure of the organization, its people, culture, technology and processes. Secondly, management should consider a total reward system as opposed to total cost package.

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# **CHAPTER 1**

## **Introduction and Overview**

### **1.1 Introduction**

This chapter will look at the background to the study, which led to the research problem that is being investigated. The study objectives will be outlined and the rationale for the study and its benefits will be covered. This chapter will also focus on the limitations and the delimitations of the study.

### **1.2 Background to study**

The amalgamation of local government bodies came about as a result of the promulgation of the Municipal Demarcation Act, No. 27 of 1998 and the Municipal Structures Act, No. 117 of 1998. Consequently, different independent local councils throughout the country had to be merged by drawing up new boundaries in line with the recommendations of the act. The formation of the eThekweni Municipality is, therefore, a product of the demarcation process. In respect of the eThekweni Municipality, five different entities had to be amalgamated to form one municipality. One of the most important challenges brought about by this process was the impact of amalgamation on human resources practices in the eThekweni Municipality. The study will, therefore, be carried out in the different former entities to examine this impact.

The amalgamation of the different entities into eThekweni Municipality will impact on the existing human resources practices of the different entities. During most mergers, little effort is made to deal effectively with human resources matters, thereby creating a sense of insecurity amongst employees. A perception currently exists that the amalgamation of the entities will result in Durban Metro Central "swallowing" the entities, resulting in the imposition of its human resource, policies and practices, with no consideration

for other practices. Currently, each of the former entities has its own organizational structure, conditions of service, pay curve, culture and values.

Before the merger, each entity was fairly autonomous, with its own hierarchy and decision making powers. There were different conditions of service, for example, leave provisions, allowances, overtime regulations, car schemes and insurance benefits. Some of the smaller entities had better benefits than those of Durban Metro, in some instances. The pay structures were also different, with Durban Metro being the highest payer and this differentiation is a major bone of contention. There is a need to standardize the pay curve so that there is equity in the workplace. The challenge that faces the municipality is how to achieve a win – win situation, without incurring major costs and reducing existing benefits. Employees would like to pick as many of the better conditions as possible, without sacrificing anything.

### **1.3 Research Problem**

The problem facing eThekweni Municipality is misalignment of human resources' policies and their effect on the working environment. The situation has created uncertainty amongst the employees, morale is low and subtle tensions between management and labour have developed. It is, therefore, important for the municipality to deal with these matters decisively, in order to settle the organization and bring about stability.

### **1.4 Objectives of the study**

The aim of this study is to analyse the impact of amalgamation on human resources' practices at eThekweni Municipality.

The sub-objectives of the study are:

- To ascertain employees' perceptions of amalgamation;

- To determine whether employees believe that the human resources' matters are handled in a manner that will bring about stability and equity in the workplace; and
- To establish whether different perceptions exist between employees of the former Durban Metro Central and those of the erstwhile entities.

### **1.5 Rationale for the study**

Literature has shown that amalgamations/mergers have a tendency of creating feelings of insecurity, and powerlessness on employees (Kanter, 2003:167). Insecurity usually leads to different kinds of behaviour, such as low morale, increased absenteeism rate, high labour turnover and even strained relations. It is the researcher's view that this research will have the following benefits:

- It will highlight critical human resource issues that need to be addressed during the amalgamation to make it a success;
- The results of this research should give some indication of the level of confidence and fears that employees may have about the process;
- The result of the study can be used as a guide for both management and employees during amalgamation; and
- It will increase the level of understanding of the issues at hand and help consulting parties to narrow the gap, during consultation.

This study will also add to the body of knowledge already available on mergers, particularly in the South African context.

### **1.6 Delimitations**

Due to financial, human resources and time constraints, the study will be limited to the eThekweni Municipality.

## **1.7 Limitations**

The research will be confined to the eThekweni Municipality and, therefore, the results cannot be generalized to other organizations.

## **1.8 Summary outline per chapter**

### **Chapter 2: Literature Review**

This chapter provides an overview of the literature on mergers and amalgamations. It looks at the impact that mergers have on the human side of the organization. Areas such as organisational culture, internal communication, change management, performance management and job security are closely examined.

### **Chapter 3: Research Methodology**

This chapter looks at how the data were gathered. It provides insight into the sampling method, the questionnaire and the techniques used to analyze the results of the study. The validity and reliability of the research instrument was also assessed.

### **Chapter 4: Presentation of results**

The objective of this chapter is to present the study results as obtained from the respondents via a questionnaire. The results are depicted using statistical tools such as bar charts and descriptive statistics.

### **Chapter 5: Analysis and results**

The thrust of this chapter is the presentation of the statistical analysis of the data obtained via the questionnaire. The results presented in the previous chapter are further discussed. This chapter also examines the findings per each objective of the study.

## **Chapter 6: Conclusions and recommendations**

This chapter contains conclusions drawn out from the findings in the previous chapter. Based on the findings, recommendations are made in line with the research objectives. These recommendations are aimed at contributing towards the body of knowledge already in existence on mergers.

### **1.9 Conclusion**

This chapter looked at the background of this study, what lead to the need to carry out this research. It focused on the research problem and the objectives of the study. It also covered the rationale for the study and the benefits of conducting such a study. Finally, it presented at the summary of each of the chapters that are contained in this research study.

The next chapter will focus on the literature review.



## **CHAPTER 2**

### **Literature Review**

#### **2.1 Introduction**

The subject of mergers and acquisitions is contained in numerous literature sources, both nationally and internationally. A number of writers agree that, generally, when companies deal with mergers, more attention is paid to economic and financial viability of the merger while little is done about the people aspect, until the merger is almost complete. However, economic factors alone do not explain or help predict why some mergers will succeed while others will fail (Coffey, Garrow and Holbeche, 2002:29- 30). These argue that, during mergers, management teams often fail to carry out any form of pre-planning of human resources' issues. According to Simmons (1998: 81), there is simply not enough emphasis placed in any merger situation on the people aspects, nor on understanding the staff and their feelings and fears.

This chapter will cover the following areas: the reasons why some mergers fail; mergers and acquisition life cycle; conducive and non-conducive work environment during a merger; it will also look at the importance of skills retention during a merger, the role of organizational culture in an organization and how it impacts on a merger, managing change during mergers will also be looked and why this is important for a successful merger, and, finally the area of communication and its impact on implementing a successful merger will be discussed.

#### **2.2 Why mergers fail**

Schmidt (2002:3) states that the reason why mergers and acquisitions fail is because of people or related issues. It is not simply due to a bad strategy or paying too much to complete a deal that causes failures. During this period,

key managers and scarce talent leave unexpectedly. Valuable operating synergies evaporate because cultural differences between the companies are not understood or are simply ignored. Cuts in pay or benefits programmes create ill will, which reduces productivity. Management does not communicate its business rationale or its goals for the company and employees flounder in the ensuing confusion. Proper pre-planning is necessary to avoid failure of the merger e.g. if too little attention is paid to identifying and keeping high performing, high potential employees or no attention is paid to cultural issues, these deficiencies will come back to haunt the new organization. The implication is clear: strategic people management is as crucial to a successful merger as a sound strategic and fair valuation.

Literature review has revealed that the challenges facing eThekweni Municipality are no different from those experienced by other organizations during a merger or amalgamation. The merger of the institutions for higher education, particularly that of the two technikons in KwaZulu–Natal, is a good example. One major similarity between the two mergers is around the reasons and objectives for the merger (Jansen, 2002:128). While issues such as better service delivery and increased economies of scale are very important, given that the human aspects of mergers are increasingly considered as the main cause of merger failures (Coffey, Garrow and Holbeche, 2002: 29), it is critical that eThekweni Municipality pays special attention to this aspect of the merger.

Schmidt (2002: 3) supports this view when he states that many companies expect a merger or acquisition to provide the scale of operations, resources and capabilities, financial strength and broad market-reach, necessary for growth and long-run competitions and yet, study after study concludes that even well-conceived deals often fall short of their promised benefits. Research has shown that the major obstacles to achieving success stems from people issues such as:

- Inability to sustain financial performance;
- Loss of productivity;
- Incompatible cultures;
- Loss of key talent;

- Clash of management styles/egos;
- Inability to manage or implement change; and
- Objectives/synergies not well understood.

All these obstacles are directly or indirectly related to the strategic management of people. Literature study has also confirmed that culture is the single highest barrier to success (Schmidt, 2002:3).

### **2.3 Mergers' and Acquisition's Life Cycle**

Holbeche (1998:399) states that all mergers go through different phases: the run-up or pre-merger phase, the immediate transition phase and the integration phase. Holbeche argues that the run-up period should be used to carry out an effective human resources due diligence and develop an awareness of the likely challenges and pressure points. The run-up team should make a realistic assessment of the probable management workload and find ways of easing the burden somewhat. She suggests that a different team should be used for the transition period but there should be an effective handover between the teams.

Schmidt (2002:4) agrees with this view and he refers to this process as *mergers' and acquisition's life cycle*. He identifies the following stages:

- Pre-deal;
- Due diligence;
- Integration Planning; and
- Implementation.

These steps apply to all mergers. According to Schmidt (2002:6), in research conducted in mid 2000, it was concluded that human resources has significantly less involvement in the earliest strategic stages of a merger than during the later stages (integration planning and implementation). Research also indicated that involvement of Human Resources Practitioners during the early stages would yield positive results as this would focus management's attention on people issues.

## **2.4 Work environment**

Kanter (2003: 167) states that any merger will generally trigger uncertainty and fears of staff migration and job losses. This fear, unless it is dealt with decisively, generally causes employees to formulate their own opinions and perceptions about the merger. Usually employees think of the worst-case scenario. According to Hubbard (2001: 20), in research conducted in various organizations, employees reported having concerns in four main areas: their job security, the well-being of their work groups and colleagues, changes in role, procedures and status and, finally, concerns over changes in corporate culture.

Simmons (1988: 79) states that there are two sides to maintaining motivation during a merger: on the one side is understanding of people, their needs and reactions, and on the other side is the creation of the climate which will allow the individuals to satisfy their needs. This view is supported by Coffey, Garrow and Holbeche (2002: 32) when they describe the people aspect of mergers as both structural/mechanical as well as personal/cultural. The personal/cultural side includes assessing the psychological and cultural impact of the structural shifts.

When organizations merge, one of the biggest challenges is to accommodate all people into the new organization. This process is usually the main source of anxiety as people worry about job security. Even where some guarantees are given that there will be no job losses, people still worry about their specific positions. Mayo (2003: 241) argues that the top positions are generally filled first and more often by the members of the dominant partner. Hence, employees in the lower ranks feel threatened that an unfairly high number of positions will be allocated to members of the dominant partner. These factors increase employee anxiety and become another source of apathy and low morale. Schmidt (2002:143) points out that by encouraging employee participation during the merger process, management could go a long way in alleviating these fears. He argues that involving employees during implementation increases their commitment to the new organization and to the integration plan, builds a foundation for developing a high-performance

work environment, and connects employees to the business and with each other.

Schmidt (2002:144) identifies several principles that can be used to guide employee involvement in the integration process and thereby improve employee performance and motivation while enhancing the company's overall performance results. Employee involvement during a merger can:

- Increase employee buy-in and build a critical mass of support throughout the workforce;
- Increase employee awareness and understanding about why change is necessary;
- Challenge employees in ways that can enhance their job satisfaction;
- Motivate employees by demonstrating that their ideas and opinions are important and valued;
- Improve the quality of decision-making by incorporating diverse viewpoints;
- Unlock previously untapped organizational knowledge that can lead to better-informed and evaluated decision;
- Teach decision-making, team-process, and business-literacy skills; and
- Liberate managers from the notion that they must have all the answers.

Most important, involvement is used to change employee behaviour. During the integration process, people need to let go of the old, embrace the new, and navigate through change, while raising their individual performance levels. This process is a tall order for many employees at a time when they find themselves overwhelmed by anxiety, stress, and confusion. The temptation to check out emotionally and disengage from the integration process is high. On the other hand, when employees are engaged, they energize the change process and help build momentum to carry the organization to a higher level of performance (Schmidt, 2002:144).

Another area, particularly in the South African context, that impacts on mergers is that of employment equity. When going through amalgamation, people begin to question their job security due to the fear of equity and this

adds greater anxiety (Jansen, 2002:147). In the case of the merger of KZN Technikons, some of the primary intended benefits of the merger were increased cost effectiveness, wider skills and resources to provide better service (Jansen, 2003:128).

## **2.5 Skills retention**

One of the important challenges during any merger is the retention of skills and career development. "The most vexing problem was the establishment of a price on human resources - on skills talent, creativity, ingenuity, dedication" (Rock, 1987: xxi). Due to the level of uncertainty during a merger, the rate of turnover is very high (Kanter, 2003: 107). Usually, people who are highly marketable are the most adversely affected. Management should keep track of the turnover rate to ensure that too many people do not leave the organization during this time. If this happens, management should immediately determine the reasons (Mayo, 2003: 265). Kanter also points out the mistake that most organizations make by underestimating the problem of skills transfer. Mayo (2003: 244) supports the view that a merger should create a synergy where all people can have the opportunity to develop due to great diversity and size of the new organization and the wider career opportunities available.

In the case of the merger of two KZN Technikons, some of the primary consequences of the merger were increased cost effectiveness and wider pool of skills and resources to provide better service (Jansen, 2002:128). It is the researcher's view that these benefits apply to the amalgamation of the entities. In effect, the Constitution of the Republic of South Africa refers to the provision of efficient service. Efficient service can only be achieved if, amongst other things, employees are properly skilled.

Ongoing learning and development programmes can have an important impact on successful integration (Schmidt, 2002:193). The new organisation should communicate its strong commitment to learning and development as a powerful retention strategy during the integration-planning period and beyond.

Secondly, a performance-based culture is reinforced if managers and employees are engaged in all aspects of learning and development to ensure the success of implementation. Thirdly, web-based learning can be used to promote learning by reducing training costs and improve access to learning opportunities. This new organisational culture may include offering training for new skills, behaviours, and knowledge. It should communicate available career and development opportunities in the new organization, clarify performance expectations, and encourage behaviour that is aligned with the new culture. Schmidt (2002:193) suggests that the following learning and development questions be considered during the integration planning phase:

- What are the current best practices of each organization?
- What is the new company's vision for how learning occurs?
- What messages does the new company's management want to convey about the role of learning and development, now and in the future? Some of the messages would be that it:
  1. Builds strong, versatile leaders;
  2. Builds organization capabilities;
  3. Improves organizational performance; and
  4. Improves retention of key and "hot skill" employees.

The human resources' function can play a significant role in influencing employee attitudes about learning and development in the new organisation as it designs and delivers training that supports the integration teams.

The organization should source learning and development programmes that will build and reinforce the employee competencies that are required for the new organization to succeed. These programmes should be designed to deliver the best results at the lowest practical cost. The roles to be played by the different players such as human resources, senior business leaders, line managers and the employees in executing the learning and development strategy should be clearly defined. A holistic approach to other systems within the organization e.g. salary structures, succession planning should be revisited in order to support the learning and development initiatives. Finally

as the new organization brings together different companies with unique structures and career paths, it also needs to plan how career opportunities will change in future (Schmidt, 2002:194).

## **2.6 Organizational culture**

Carleton and Lineberry (2004:18) define culture as a pattern of basic assumptions invented, discovered or developed by a given group as it learns to deal with its problems of external adaptation and internal integration, that has worked well enough to be considered valid, and, therefore, to be taught to new members (the way we do things here). Organizational culture is a critical aspect of organizational survival and the ability to analyse, understand and manage the culture of the organizations that are merging is vital. Many key organizational issues relating to effectiveness, quality, customer satisfaction, teamwork, innovation, decision- making and flexibility are primarily driven by the organization's culture. Culture cannot be dealt with in isolation. To effectively manage organisational culture is to deal with hiring, firing, incentives and compensation, decision-making organizational structure, policies, procedures, technology, workflow, management and leadership styles processes and measures (Carlton and Lineberry, 2004:19).

Organizational culture is rooted in the history, structure, environment and leadership of the organization. When organizations merge, a new organization is born. Coffey, Garrow and Holbeche (2002:199) equate a merger to a birth rather than a marriage. They state that the new organization has genes from both parents but may suffer from a traumatic birth and lack of good parenting. Some of the main elements of an organizational culture include recruitment and selection, performance management, conflict handling, reward systems, induction and socialization (Brown, 1998:166). This links well with Coffey, Garrow and Holbeche (2002:199) when they state that during a merger, issues such as fair appointments, honest communication, negotiating terms and conditions, and performance management influence employees of the new organizational culture. The culture of the organization is vital for its



success. Employees generally learn from the way matters that concern them are handled and build a new culture from those experiences.

Schmidt (2002:8) defines culture as values, norms and behaviours that characterize the company and its work environment. Cultures encompass the way people behave, how they are held accountable and the way they are rewarded. It also includes the way communication flows through the organization. He identified some of the significant cultural factors that are embedded in almost every organization:

- Management style;
- Value of teamwork and collaboration;
- Decision – making process;
- Power relationship;
- Degree of customer commitment;
- Accessibility of leadership;
- Entrepreneurial spirit;
- Performance accountability system;
- Innovation, creativity and speed to market; and
- Total reward philosophy.

One of the biggest challenges that merging organizations face is how to handle culture change. Holbeche (1998:362) states that the chaos theory suggests that while an organisation can exist in a stable or unstable state, the state most productive of change and new possibilities is the “edge of chaos”. This theory means that the organisation has to have the capacity to be stable, but also to change or evolve. If there is too much stability, however successful the organization, complacency can set in and the organization can become internally focused. Too much change can lead to chaos, lack of co-ordination and waste. The edge of chaos, where there is experimentation but within a framework, is most conducive to emergent culture change since the people who are likely to be affected by the change are the ones who introduce it.

Schmidt (2002:10) suggests that a key to success is the ability of the two combining organizations to understand each other's cultures by measuring them with specific tools and techniques, and then addressing potential issues early on. He argues that organizational and cultural problems are more likely than financial factors to sink a merger. Incomplete cultures prevent people from contributing all they can to the integration effort. People become territorial, and disputes about details become overblown. Too much time is openly spent fending over roles, longing for the past, and fighting decisions. These internal conflicts prevent people from focusing on what is important: customers, products, markets and operational efficiencies.

### **Assessing company culture**

Ideally, culture should be assessed before the implementation phase of the merger. There are various tools available to assess organisational culture. Culture profiling is one way of assessing the culture of the merging organizations. Schmidt (2002:118) states that culture profiling must be approached from two perspectives:

- a) What the company says about its culture (the company perspective); and
- b) What employees say the culture is (the employee perspective).

What the company says about its culture is revealed in two ways through interaction with:

- a) Its internal customers (internal communication); and
- b) Its external customers (external communication).

Table 1: Management perspective of company culture

<b>Internal Communication</b>	<b>External Communication</b>
Succession plan	Annual reports especially CEO's letter to employees
Replacement charts	Financial data, especially management discussions
Memos, newsletters, releases	Press releases
Performance reviews	Marketing materials
Policies and procedures	Investor relations data
Special surveys	Speeches, presentation, senior executives
Employee handbooks	
Performance reviews	

Employees, on the other hand, say what the culture of the organization is directly or indirectly, as outlined in Table 2.

Table 2: Employee perspective of company culture

<b><u>Directly</u></b>	<b><u>Indirectly</u></b>
- random interviews	- ability to attract top talent
- culture surveys	- retention activities
- focus groups	- complaints, grievance cases
- climate surveys	- union peace /avoidance

Profiling cultures during integrating planning has many benefits such as:

- Assessments can provide benchmarks;
- Provide an objective understanding;
- Provide a springboard for integrating planning; and
- It demonstrates the new company's appreciation of the good in both merging organizations.

The research results are valuable for management during integration planning. Cultural integration addresses these issues essentially by establishing a new corporate identity with which key stakeholders, including employees of the new company, can identify.

The integrating process encourages senior-level discussions that illustrate the differences and mutual aspirations of the original companies and help develop a shared vision for the future. It also provides a foundation upon which strategic and organizational systems can be built. Research indicates that integrating two cultures is an important but difficult task as there is no one 'right' culture (Schmidt, 2002:117). However, it can be argued that successful companies have made more accurate assessments of anticipated mergers and acquisition synergies, and they are capable of overcoming potential obstacles to capturing them. The involvement of human resources in the early stages of the process would ensure that all critical issues are brought to the fore and how the merger will affect the newly formed company's people.

Coffey, Garrow and Holbeche (2002:198) state "You can't paint the culture on afterwards". Culture emerges from the way the merger, transition and integration is handled. If the process is painful, management and communication poor, redundancy and appointments handled badly, then it is unlikely that the organization can suddenly decide to adopt a caring, open and respectful culture with any success.

## **2.7 Managing change during a merger**

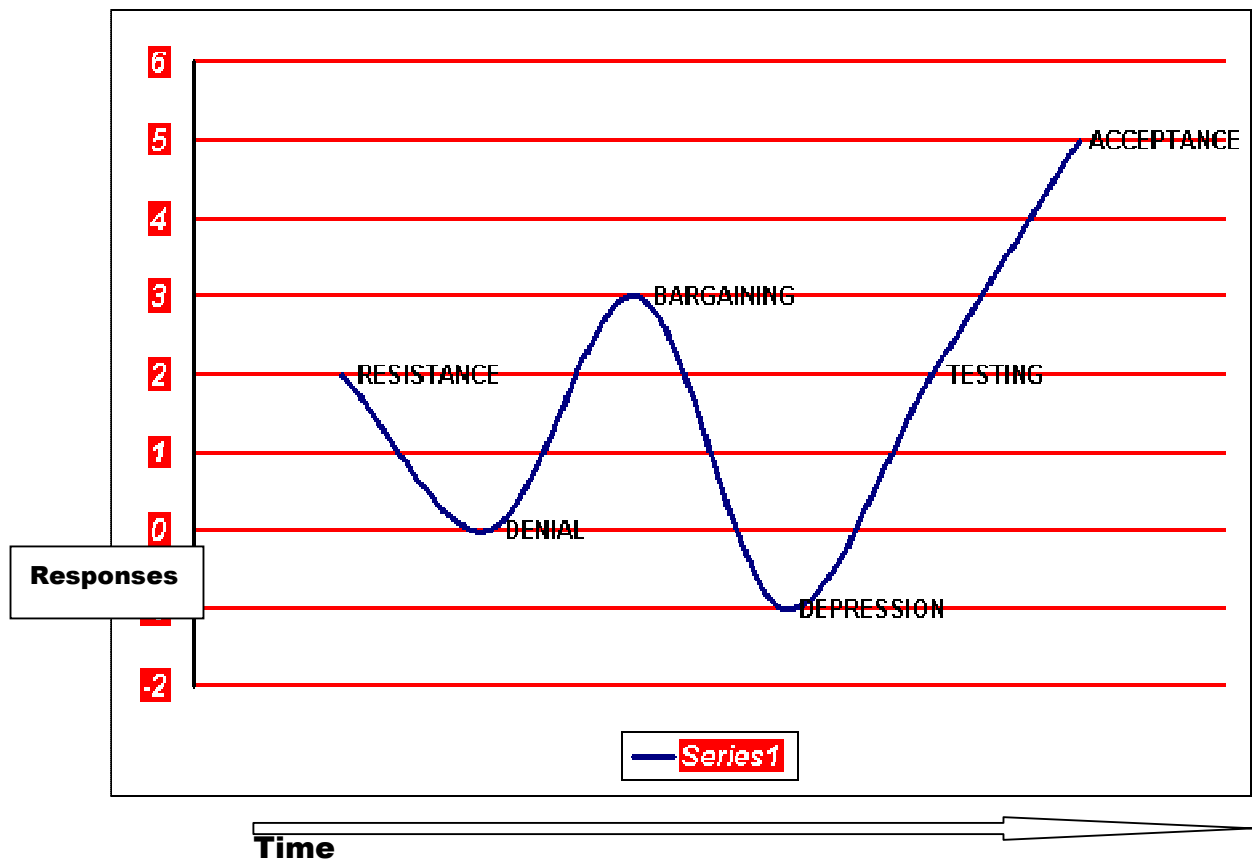
During the amalgamation process, it is important that managers are equipped with the necessary skills to deal with issues such as uncertainty and redundancy. The objective is to help the employees to cope with the fears associated with possible job losses and also to show the spirit of caring. Kanter (2003:167) states that, when people are suddenly confronted by an

amalgamation or merger, there is a feeling of powerlessness. This is usually accompanied by increased staff turnover, increased sickness and a higher absenteeism rate. Acts of sabotage and apathy can also be observed.

Organizations often underestimate the impact of change on people and tend to focus only on putting change into effect. Today's organizations need leaders at all levels who are skilled not only at implementing change but also at effectively helping their employees through the psychological process involved in coming to terms with change (Human Technology, 1999:1).

Generally, change has the potential of being both positive and negative. Its impact depends on its magnitude. During any merger or amalgamation, unless there is very clear and distinctive communication, employees have a tendency of feeling threatened. It is important that management understand the state in which their employees find themselves. Holbeche (2006:84) argues that one of the impacts of change is on the psychological control between employers and employees. Cohen (2005:87) points out that a common misconception in organizational transformation is that training will be enough to ready employees for their job changes. He argues that when people begin training without any understanding of the changes and their specific impact, they spend much of their time coming to grips with how their jobs are changing and how they will be affected. Exhibit 1 below illustrates the different phases that employees generally undergo in response to change.

Exhibit 1: Employee Responses to Change



Source: Towers Perrin analysis (Schmidt 2002)

The literature review reveals that as part of the ongoing process of the amalgamation or merger, management should have a clear model of how to deal with change during the transformation process. Cohen (2005:3) suggests that during a merger, management should mobilize leaders that are focused, committed and enthusiastic and can lead change. He refers to this team as a guiding team, whose role is solely to deal with change during the merger.

Schmidt (2002:243) argues that following any merger or amalgamation, there is a high expectation of change, particularly from the employees. Many employees are ready and willing to start afresh. This atmosphere is conducive to introduce new organization, management process, culture and human resources programmes, or even add new elements to those of the merging

organizations. Since a merger or an acquisition will bring substantial changes for everyone in merging organizations, a good plan for managing change and helping employees adjust will accelerate and smooth the transition period. Carnell (1999:195) talks about the need to have managerial skills for effective organizational change.

Another challenge that faces the merging organisation is expectation to recoup the value each company would have achieved without the deal, plus additional premium payment and the costs related to the amalgamation. This expectation implies that there must be a significant improvement in performance that outstrips the previous performance of the individual organisations before the merger. Consequently, to achieve this expectation, there is a need for a change of mindset and attitudes. This change can only be achieved by introducing a change management intervention. This intervention should help the organisation to unleash discretionary efforts in the combined work-force, it should promote the engagement of employees in the development of a shared vision and a reward system that recognises superior performance. During this period management should assist employees to make the transition to the new organisation while ensuring continuous focus on the day-to-day business of satisfying customers (Schmidt, 2002:240).

In order to achieve this goal, the company should strive to get a commitment to the process from the employees. It would be naïve of management to expect that employees would commit themselves to the organization without the company showing some willingness to go the extra mile. If employees do not buy into the deal, believing that it can enhance their careers, their teams, their business units, or the company as whole, they will resist change (Schmidt, 2002:138). Companies that hope to succeed with the merger should use the implementation stage as an opportunity to involve, inspire and inform employees.

## 2.8 Communication

The literature review has shown that during any merger, one of the fundamental causes of post merger success is the failure to communicate. Coffey, Garrow and Holbeche (2002:166) state that, at a basic level, people want to know why the merger is happening and what does it mean for the individual. They argue that effective communication has the following benefits:

- Reduces uncertainty;
- Manages expectations;
- Demonstrates concern;
- Builds trust and commitment;
- Promotes integration; and
- Encourages involvement through feedback and two-way communication.

Hubbard (2001:93) agrees with this view when she points out that, during time of change, communication is extremely important as it is used to convey the ramifications and transformation brought about by change as well as managing the day-to-day business.

It is deduced, from the literature review, that it is better to be accused of over communication than under communication as long as that communication is well structured and targeted. Hubbard (2001:93) argues that during the transition period, effective communication serves to manage employee expectations. By openly outlining the process and the plan to be followed in implementing change, employees' fears are reduced and they begin to look forward to the final results. During implementation, people in the merging organizations experience firsthand the changes they had been worrying about since the decision was first announced. Providing them with the information they need to understand and cope with these changes should be the primary objective of mergers' and acquisitions' communication strategy.

Until this point in the process, employees have been hearing about the many changes that will take place during implementation. Now these changes will



become a reality, and a well-conceived and executed communication strategy is an effective means for helping employees make sense of their changing work environment. Schmidt (2002:142) outlines some communication challenges typically faced during implementation and they include the following:

- Employee reactions to losing a position, getting a new position (promotion, demotion, transfer), or seeing colleagues leave or change positions;
- The realization among managers and employees that change is now a constant, not a short-term event;
- An overload of messages and priorities from current managers and those appointed to management positions in the new company;
- Burnout, as people continue to carry out the heavy burden of their current responsibilities while supporting implementation of the new programmes and structures; and
- Stress, as people from the combining organizations begin working with each other more closely and differences in style and approach become visible and often aggravating.

Often, communication begins and ends at the corporate level; however, most effective change occurs when communication responsibility resides at the work unit or departmental level. During this period, management should, therefore, ensure that connections are established with the business units and other operating entities of the new organization to ensure that information is developed and disseminated in ways that have a beneficial impact on performance.

Schmidt (2002:142) states that the primary goals of communication during implementation are to prepare employees for their new roles, help them accept specific changes and the reasons for them, and enable them to see how the many different change initiatives fit together during the implementation stage. In fact, communication often pertains to specific

implementation initiatives. Examples of such communication include the following:

- A hotline that responds to anonymous inquiries about rumours circulating with the workforce;
- Meetings to explain the staffing process and for presentations by each business unit function or department leaders;
- An electronic bulletin board that keeps human resources' professionals up-to-date on emerging issues and provides consistent answers to common questions;
- Articles in the new company's newsletter (with sections on regular business and merger-related news) that explain the change programmes;
- Scripts for call centre employees who answer employee questions about benefits and other issues;
- Background information and supporting reference materials for people with direct customer contact (Questions and answers, template letters for customers and scripts);
- Specific communication vehicles for managers such as a type of e-mail used only when managers need to act on the information, a web-site that provides background and detailed information, or urgent voicemails for breaking news; and
- Open houses to explain new processes, relocation issues, new programmes (e.g., benefits) and new business issues (e.g., products).

The faster the people feel connected to their new company and their work unit, the faster they are likely to fully embrace the goal of integration. One way of achieving this goal is by keeping employees informed about the integration and business-related decisions. Schmidt (2002:139) states that, according to Towers Perrin analysis, the following salient points epitomise communication best practices:

- **Provide anchors and road maps:** Provide anchors (things that will not change) and road maps (pictures of where the new organization is

going) to help employees and their managers, focus on their work, rather than on uncertainties;

- **Bundle information:** Provide information, especially about issues that matter most to employees and managers, e.g. training and development programmes and job advertisements. Bundling information enables people to see more easily how changes that are part of implementation fit together;
- **Facilitate multiple information flows:** Electronic channels for providing feedback need to be accessible and implemented by other channels e.g. manager meetings; and
- **Balance high tech and high touch:** Using the web to communicate fast-breaking news, daily updates and detailed information can be very effective. However, managers should be an integral part of that communication strategy. In general, managers should communicate information that personally affects employees, answer the hard questions, weave core messages into day-to-day work and act in ways that reinforce the new company's desired culture.

When asking people to invest their time and energy in helping implement the integration plan, the new organization must ensure that they have an opportunity to make a difference in approach and outcome. Employees do not want to be substantively involved in the integration process just for the sake of involvement. They want to make a positive contribution to the decisions and policies that shape this process. Decision-making engages employees at the highest level of involvement. Joint-decision making between management and employees may include: redesigning work processes, and determining the best ways to communicate news and information across all parts of the organization (Schmidt, 2002:142).

According to Hubbard (2001:93), studies have shown that, in the months following the merger, adequate communication correlated highly with

employees' feelings of personal control, organisational commitment, lower uncertainty, increased job performance and job satisfaction. She further argues that other findings have shown that under communication is reported as probably the single most important cause of poor motivation, general discontent and rumour generation during mergers.

## **2.9 Conclusion**

The literature review has revealed that the days following the announcement of a merger are a time of widespread uncertainty, as employees anxiously search for answers to many questions. This period impacts negatively on the merger. This chapter focused on some of the critical areas that should be examined during any merger. These include: the reasons why mergers fail, communication, managing change, organizational culture, skills retention and the work environment. The literature study revealed that people issues are critical for any merger to succeed. A merger that gets off on the wrong foot may stumble into chaos and never regain its momentum.

The following chapter describes the research design, methodology and data collection methods that will be used for this study.

## **CHAPTER 3**

### **Research design**

#### **3.1 Introduction**

Research is a focused and systematic enquiry that goes beyond generally available knowledge to acquire specialised and detailed information, providing a basis for analysis and elucidatory comment on the topic of enquiry (Johnson, 1994:11). Welman and Kruger (2003:2) state that research involves the application of various methods and techniques in order to create scientifically obtained knowledge by using objective methods and procedures.

Research design clearly indicates the methods of data collection either within a quantitative or qualitative methodology, as well as the techniques for data collection e.g. questionnaires. It also indicates the strategies to be followed during the research i.e. the actions and their sequence (Brynad and Hanekom, 1997: 25).

The purpose of this chapter is to explain how data were collected and analysed. The first section deals with the research design and questionnaire design. The second section deals with different types of analyses that were conducted on the data. Finally, this chapter looks at the issue of validity and reliability of the data.

#### **3.2 Instrument design**

The questionnaire was developed from the literature review and was pre-tested. The questionnaire was divided into two sections, the first section dealing with demographical information and section two structured along the Likert scale rating. Fink (1995b: 82) states that one major reason for asking demographic questions are to tell who the respondents are. He further states

that demographic data is also needed to help explore the findings of research and other surveys.

In this study, as supported by Fink (1995c: 55) the first section, particularly the section that asked respondents to indicate the entity before the merger, was aimed at addressing the third sub-objective, which was to find out whether a difference in perception existed between the employees of Metro Central and those of other entities.

Another reason for this section was to gather some data which could pave the way for further research e.g. if one wanted to determine whether different race groups had different perceptions about the amalgamation or the impact of amalgamation on different levels of hierarchy in the organisation.

The second section was aimed at addressing the first two sub-objectives of the study, which were:

1. To ascertain employees' perceptions of amalgamation; and
2. To determine whether employees believe that the human resources' matters are handled in a manner that will bring about stability and equity in the workplace.

### **3.3 Questionnaire construction**

#### **3.3.1 Questions reviewed by experts**

Fink (1995b:25) suggests that the questionnaire should be reviewed by experts. He defines experts as individuals who are knowledgeable about survey question-writing. These experts can tell the researcher which questions appear too complex to be administered and too long or difficult to be answered accurately.

The first draft of the survey questionnaire was handed to a small group of academic experts for the assessment of the questions and their relevance to the research topic. Some suggestions were received from the experts, which included comments on the length of the questionnaire and the format of the

questions. The view was that a questionnaire should be short and user friendly. Consequently, the questionnaire was revised from a five-page document to a two-page document. It was also suggested that the five-point scale should range from strongly disagreed to strongly agree and not the other way round. These suggestions were incorporated into the final questionnaire, annexure 4.

### **3.3.2 Pre-testing the questions**

A review by potential respondents helps guarantee that the survey's questions are meaningful and inclusive of all important ideas, (Fink, 1995b:25). Potential respondents are people who are eligible for the survey. Eligible people are the population or sample from whom a researcher wants responses. In order to ensure that the questions were relevant and appropriate for the study, a group of 10 potential respondents was selected in order to participate in the pre-testing of the questionnaire. One of their roles was to give their views on whether the neutral response or "no opinion" should be included as an option. Fink 1995e:58 states that a researcher can use the pre-test to determine whether some of the respondents resent not having a middle/ neutral choice. The researcher can also use this opportunity to assess whether responses cluster around the neutral point or not.

Pre-test results indicated that some respondents preferred the "no opinion" response to be included. It was decided that when reporting the results, both results inclusive and exclusive of the "no opinion" will be reported. This procedure also accommodated those respondents who felt, at times, that they honestly had no opinion on a particular topic.

### **3.4 Data collection**

Data were collected through the use of questionnaires and interviews. The questionnaires were administered through face-to-face interviews with each respondent. The objective of a face-to-face interview was to clarify any concerns or questions that the respondents might have had. Therefore, in this

study, primary data were collected through the use of questions. After the primary data were collected, they were analysed using various statistical tools. While collecting data, the researcher had to continuously bear the following points in mind:

- Topic of the research;
- Objectives of the research;
- Data necessary for the research;
- Contribution of the data towards the research; and
- The relationship of the data to the research topic

This research was a descriptive qualitative study using a survey and the data received fell into the following sections: nominal, ordinal and numerical, and appropriate analysis instruments were used to analyse the data.

### **3.5 Target population**

Brynard and Hanekom (1997:42) state that it often happens that the population to be studied for a particular project is of such magnitude that it could take the researcher years to complete the research. In this instance, the researcher is faced with the dilemma of selecting, from the larger group, a small group for study purposes, but which is still representative of the large group. This small group is referred to as the sample.

#### **3.5.1 Sample size**

A sample size of 150 employees was selected from a target population of 12 000 employees. The sample was drawn from five former entities, namely: Inner-west, Outer-west, Metro Central, North and South Operational entities. Sample size does not only depend on the size of population, but also on its heterogeneity. Struwing and Stead (2001:125) state that it is not possible to identify whether an ideal sample size is good or bad, but the researcher must rather consider the purpose and goals of the study. Fink (1995f:34) states that in determining sample size cognisance of other aspects such as costs, data processing and analysis ability to follow up on eligible people who fail to



respond should be taken into consideration. The sample size, although a leading contender in the sampling error arena, is just one of several factors to consider in coming up with a “good” sample.

### **3.5.2 Sampling Method**

According to Brynard and Hanekom (1997: 45), a population should preferably be divided into different, clearly recognisable sub-populations or strata e.g. first year, second year and third year students. From each stratum, a sample is then drawn to improve the reliability of the results of the research. In this study, a stratified random probability sample was used among the five entities. All eligible employees have a known chance of selection. This sample is chosen in order to ensure that the study population is more representative of the target population. According to Fink (1995c: 41), a cross-sectional design that uses random sampling is much more likely to have a study population that is representative of the targeted population.

### **3.6 Data analysis**

Wegner (1995:7) defines data as individual observations on an issue. He states that the data value in itself, conveys no useful information, only when the individual data values are collected, collated, summarised, analysed and presented does useful information for decision-making result. Once the data collection was completed, an in-depth analysis of the data was done by means of data filtering and the integration of the views of different authors. Brynard and Hanekom (1997:48) state that the researcher has to filter the massive amount of data available until only that which are critical to the research remain. The information obtained was captured using the SPSS (Statistical Programme for Social Science) version 13.0. A number of statistical analyses were carried out such as frequencies, cross tabulation, mean, t- test, u-test and the Shapiro Wilks test.

### **3.7 Frequencies**

Frequency distribution is usually a list, ordered by quantity, showing the

number of times each value appears (Wikipedia, 2007). Van Lill and Grieve 1990:2.2 state that frequency distributions are tabular representations (annexure 1) of the number of cases which occur in the different measurement categories. A frequency distribution, therefore, shows how the various cases are spread across the different measurement categories.

Table 3 is an example of a frequency table.

Table 3: Frequency table

This amalgamation will provide me with better opportunities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	9.4	9.4	9.4
	Disagree	27	18.1	18.1	27.5
	Neither Agree nor Disagree	55	36.9	36.9	64.4
	Agree	43	28.9	28.9	93.3
	Strongly Agree	10	6.7	6.7	100.0
	Total	149	100.0	100.0	

### 3.8 Cross tabulation

A cross tabulation (often abbreviated as cross tab) displays the joint distribution of two or more variables (Wikipedia, 2007). Whereas a frequency distribution provides the distribution of one variable, a contingency table describes the distribution of two or more variables simultaneously. Each cell shows the number of respondents that gave a specific combination of responses, that is, each cell contains a single cross tabulation (Annexure 2).

### Cross tabs are frequently used because:

1. They are easy to understand. They appeal to people that do not want to use more sophisticated measures;
2. They can be used with any level of data: nominal, ordinal, interval, or ratio - cross tabs treat all data as if they are nominal;
3. A table can provide greater insight than single statistics;
4. They solve the problem of empty or sparse cells; and
5. They are simple to conduct.

Table 4 is an example of a cross tabulation.

Table 4: Cross tabulation

Entities * I can cope with all the changes brought about by the amalgamation Cross tabulation								
			I can cope with all the changes brought about by the amalgamation					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	3	7	11	39	14	74
		% within Entities	4.1%	9.5%	14.9%	52.7%	18.9%	100.0%
	Durban Metro	Count	0	7	13	36	16	72
		% within Entities	.0%	9.7%	18.1%	50.0%	22.2%	100.0%
Total		Count	3	14	24	75	30	146
		% within Entities	2.1%	9.6%	16.4%	51.4%	20.5%	100.0%

### 3.9 Reliability and validity

Litwin (1995: 56) distinguishes between two types of validity: internal and external validity.

**External validity:** For the results of a survey to be applicable to the target population, the design must have external validity. To make such generalizations, researchers have to draw, as far as possible, a random

sample from the population to which they would like their results to apply (Huysamen, 1994:45).

**Internal validity:** The research design must first be internally valid before it can be externally valid to produce accurate results. The design is internally valid if it is free from non-random error or bias. A study design must be internally valid to be externally valid and produce accurate results (Fink, 1995e:56).

Goddard and Melville (2001:41) state that validity refers to the extent to which the measurement process is free of both systematic and random error. Validity refers to how well the data measure what they are supposed to measure. Reliability of the measurement refers to the extent to which the measurement process is free from random errors. It refers to the extent to which obtained scores may be generalised to different measuring situations. Leedy and Ormrod (2001:31) argue that the relationship between validity and reliability is as follows: A test can be reliable but not valid, but a test cannot be valid without being reliable first.

In order to achieve both validity and reliability, in this study, a random sample was selected. In order to avoid some of the risks of internal validity such as attrition, selection, history and maturation, this research was conducted over a period of one month, thereby avoiding a survey over a lengthy period (Litwin, 1995: 64).

### **3.10 Conclusion**

The purpose of this chapter was to explain how the data were collected and analysed. The research design and the target population, including sample size and sampling method, were clearly defined. Statistical tools used in the study, such as frequencies and cross tabulation, were also defined. Reliability and validity were dealt with in this chapter. The main focus of this chapter was on research methodology. The following chapter will focus on the presentation of results.

## CHAPTER 4

### Presentation of Results

#### 4.1 Introduction

In order to determine employees' perceptions about the amalgamation and also to determine whether employees believe that the human resources matters are handled in a manner that will bring about stability and equity in the work place, a representative sample of employees was randomly selected and was asked to fill in a questionnaire. The respondents were asked to indicate the extent to which they agreed or disagreed with the statement made, using a five point Likert scale. In analysing the results, it was decided to collapse the two ends of variation combining "strongly agree" with "agree" and "strongly disagree" with "disagree". The presentation of results was done at two levels: a) with the "no opinions" excluded; and b) with the "no opinions" included.

This presentation implies that, in one instance, only people with opinions were analysed, e.g. in statement 1 in Table 1, this means that those who "agreed" or "disagreed" taken together represent 63% of the whole, while those with no opinion equal 37%. If 36% of those who said agreed is divided by .63, the proportion giving any opinion, we can say that 57% of those with an opinion said this amalgamation will provide them with better opportunities. According to Babbie (1989: 377), whether to include or exclude the "no opinions" depends on what the researcher is trying to achieve or measure. It all depends on what the researcher wants to find out. In the preceding example the "no opinion" could mean that the issue of better opportunity is neither here nor there for them. However, in statement 2 in Figure 2, for instance, the "no opinion" response could be very important if the researcher wants to determine the extent of communication on this matter. If that were the case it would be advisable not to exclude the "no opinions". To give a balanced view, the researcher felt it was appropriate to report the data in both forms with and without the "no opinions."

## 4.2 Presentation of results

Tables and figures have been presented for the following statements and all figures shown will be in percentages.

### 1. THIS AMALGAMATION WILL PROVIDE ME WITH BETTER OPPORTUNITIES.

**Table 5: Statement 1**

<b>Disagree</b>	<b>27</b>
<b>No Opinion</b>	<b>37</b>
<b>Agree</b>	<b>36</b>
<b>Total</b>	<b>100</b>

**Figure 1: Statement 1**

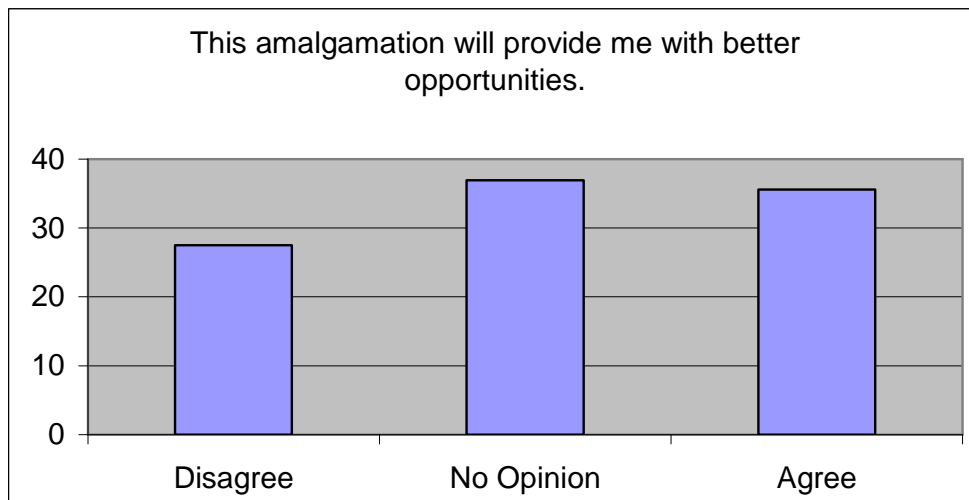


Table 5 and Figure 1 indicate that 36% of the respondents agreed that the amalgamation would provide them with better opportunities. However, it is noteworthy that 37% of the respondents had no opinion on the matter and 27% did not agree with the statement. If one considers only those who had an opinion, it is clear that more than half (57%) of the respondents agreed with the statement. The "no opinion" choice, in this case, could genuinely mean that employees did not know what opportunities exist in the new organisation. Therefore, these employees could neither agree nor disagree.

**2. IN MY UNIT ORGANOGRAM, I KNOW EXACTLY WHERE MY POSITION FITS.**

**Table 6: Statement 2**

<b>Disagree</b>	<b>9</b>
<b>No Opinion</b>	<b>15</b>
<b>Agree</b>	<b>76</b>
<b>Total</b>	<b>100</b>

**Figure 2: Statement 2**

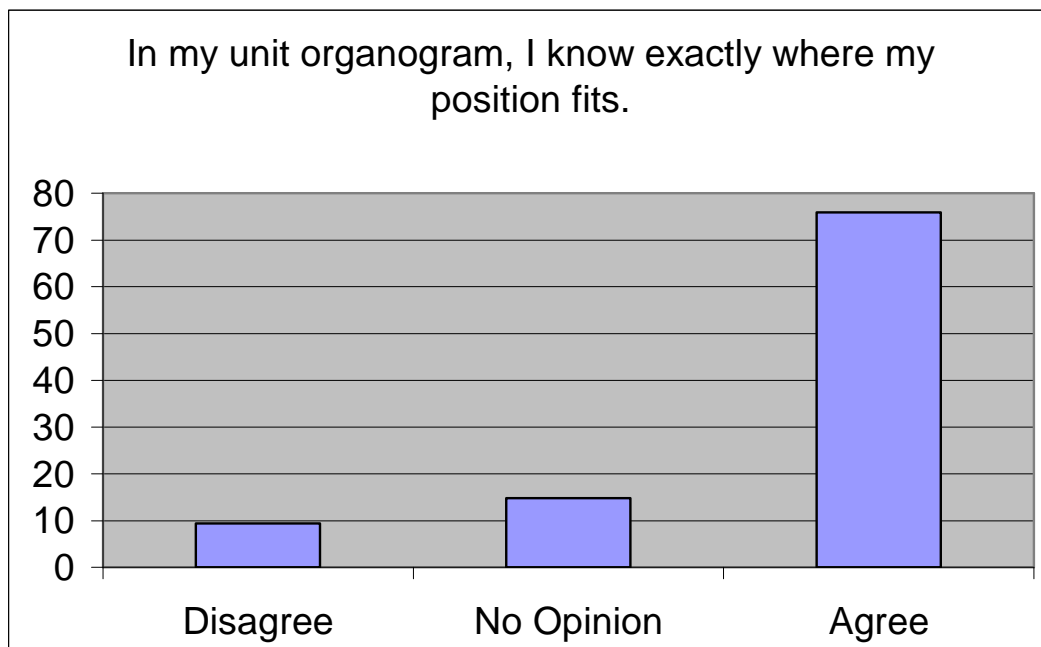


Table 6 and Figure 2, indicate that most of the respondents (76%) knew where they would fit in the new organisation. 15% of the respondents had no opinion while only 9% disagreed. If one excluded the "no opinions", it means that of those who had an opinion (89% or 76/85) agreed that they knew where their positions fit into the organogram.

### 3. I AM FULLY CONVERSANT WITH THE PLACEMENT.

Table 7: Statement 3

<b>Disagree</b>	<b>16</b>
<b>No Opinion</b>	<b>27</b>
<b>Agree</b>	<b>57</b>
<b>Total</b>	<b>100</b>

Figure 3: Statement 3

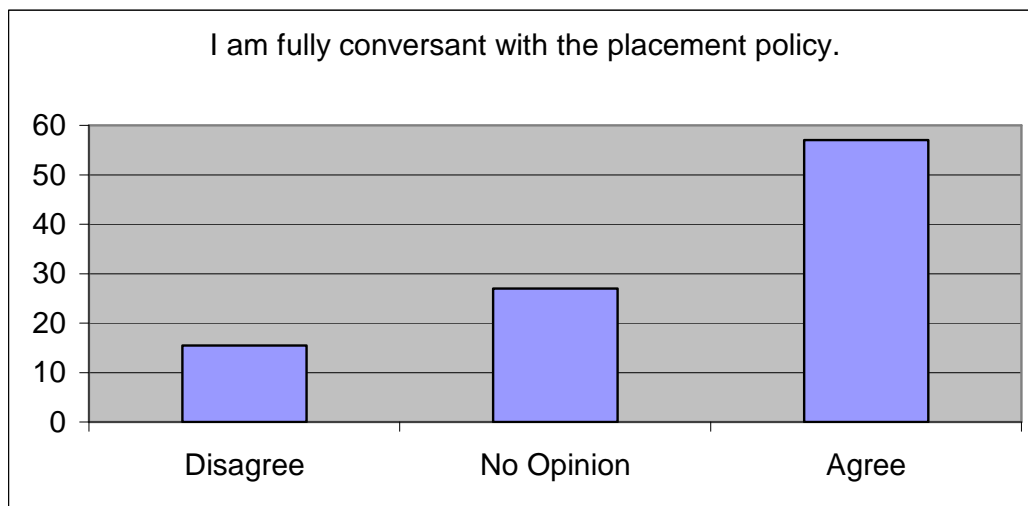


Table 7 and Figure 3 indicate that more than half of the respondents are fully conversant with the placement policy which spells out how staff will be deployed during the placement process. However, it is concerning to note that 27% of the respondents had no opinion, and 16%, disagreed with the statement, particularly where one wants to assess the extent of communication on the matter. If one excludes the "no opinion", 78% (57/73) of those with an opinion agreed that they were fully conversant with the placement policy.



**4. DURING PLACEMENT, METRO CENTRAL EMPLOYEES WILL BE GIVEN PREFERENCE OVER OTHER EMPLOYEES.**

**Table 8: Statement 4**

<b>Disagree</b>	<b>35</b>
<b>No Opinion</b>	<b>28</b>
<b>Agree</b>	<b>37</b>
<b>Total</b>	<b>100</b>

**Figure 4: Statement 4**

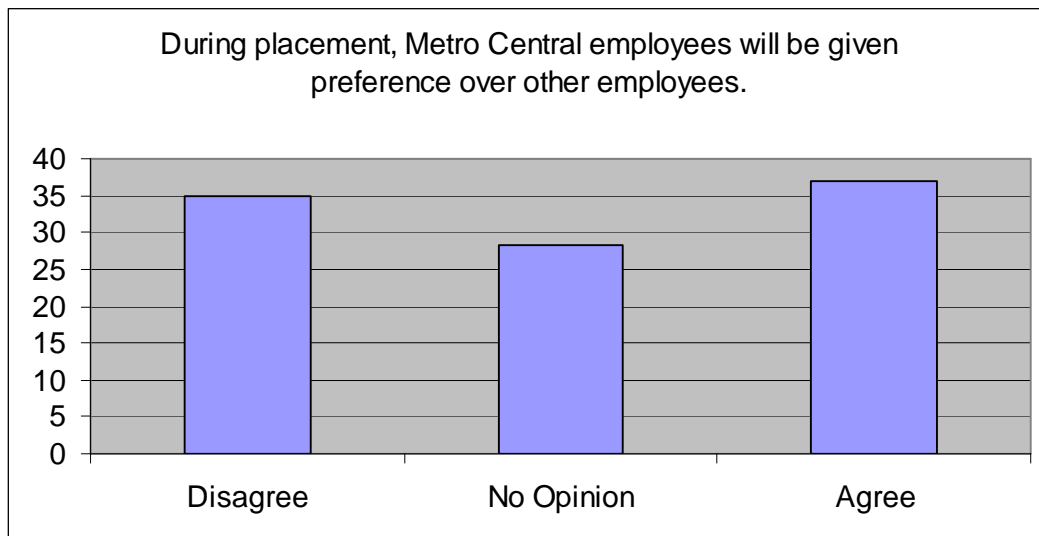


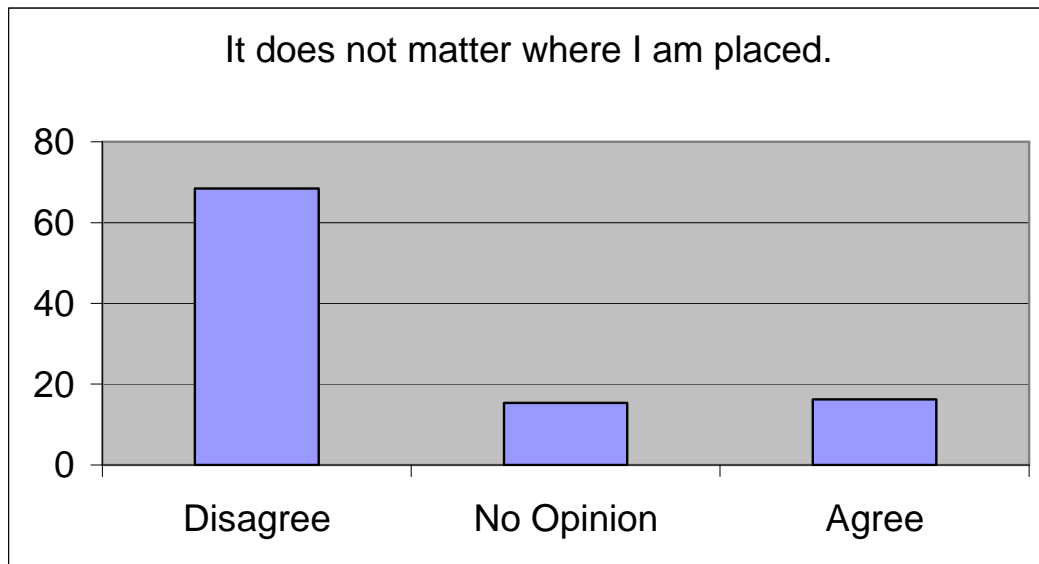
Table 8 and Figure 4 illustrate that 37% of the respondents felt that preference would be given to former Metro employees, 28% of the respondents had no opinion and 35% disagreed with the statement. If one excludes the "no opinions", 51% (37/72) of those with an opinion agreed with the statement.

## 5. IT DOES NOT MATTER WHERE I AM PLACED.

Table 9: Statement 5

Disagree	69
No Opinion	15
Agree	16
Total	100

Figure 5: Statement 5



It is clear from Table 9 and Figure 5 that only 16% of the participants agreed that just being placed was enough but where one is placed is important. 16% of the respondents had no opinion, while 69% disagreed. If the "no opinion" option is excluded, 19% (16/85) of those with an opinion agreed that it does not matter where they are placed.

**6. THE CONDITIONS OF SERVICE FOR METRO CENTRAL SHOULD BE EXTENDED ACROSS THE BOARD.**

**Table 10: Statement 6**

<b>Disagree</b>	<b>29</b>
<b>No Opinion</b>	<b>11</b>
<b>Agree</b>	<b>60</b>
<b>Total</b>	<b>100</b>

**Figure 6: Statement 6**

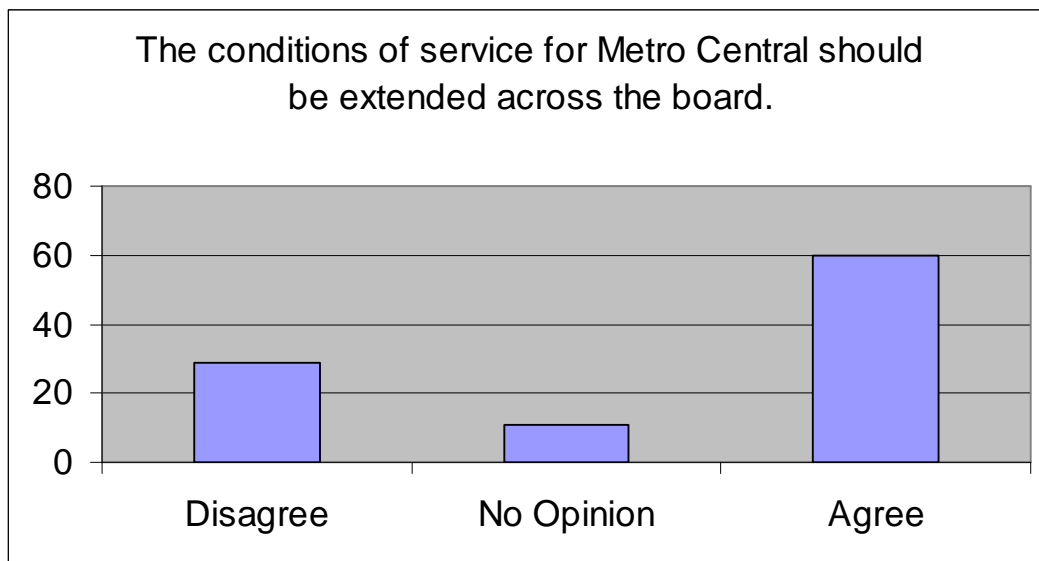


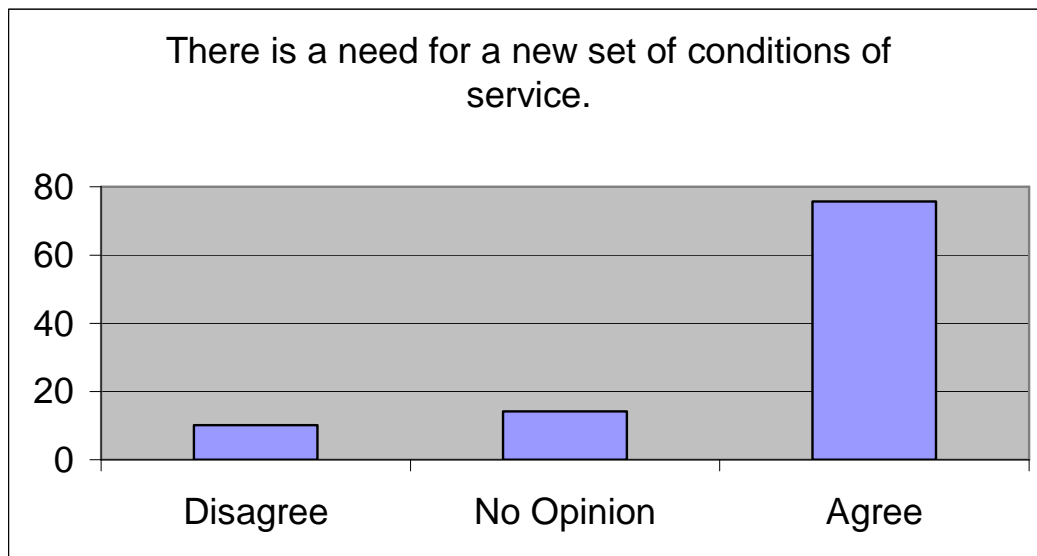
Table 10 and Figure 6 indicate that the majority of respondents (60%) agreed that the conditions of service for Metro should be extended across the board. 11% of the respondents had no opinion while 29% disagreed with this statement. If the "no opinion" option is excluded, 67% (60/89) of those with an opinion agreed with the statement

## 7. THERE IS A NEED FOR A NEW SET OF CONDITIONS OF SERVICE.

Table 11: Statement 7

Disagree	10
No Opinion	14
Agree	76
Total	100

Figure 7: Statement 7



According to Table 11 and Figure 7, an overwhelming majority of respondents (76%) agreed that there is a need for a new set of conditions of service. 14% of the respondents had no opinion while only 10% disagreed. If the "no opinion" option is excluded, 88% (76/86) of those with an opinion agreed with the statement.

**8. THE NEW CONDITIONS OF SERVICE WILL BE MORE FAVOURABLE THAN THE EXISTING ONES.**

**Table 12: Statement 8**

<b>Disagree</b>	<b>26</b>
<b>No Opinion</b>	<b>32</b>
<b>Agree</b>	<b>42</b>
<b>Total</b>	<b>100</b>

**Figure 8: Statement 8**

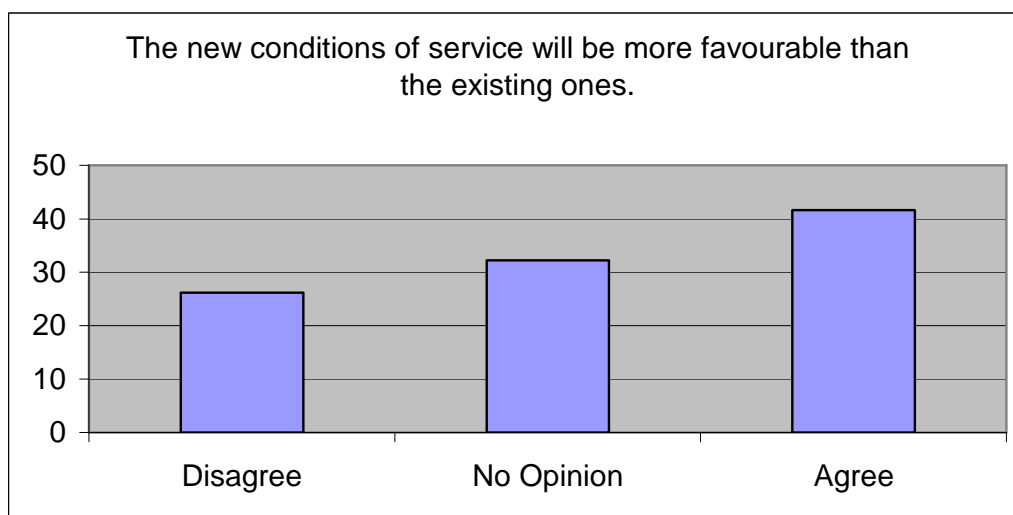


Table 12 and Figure 8 reveal that only 42% of the respondents agreed that the conditions of service will be better than their existing conditions. 32% of the respondents had no opinion, while 26% disagreed. If the "no opinions" option is excluded, 62% (42/68) of those with an opinion agreed with the statement.

## 9. COMMON CONDITIONS OF SERVICE GO HAND-IN-HAND WITH PAY PARITY.

**Table 13: Statement 9**

<b>Disagree</b>	<b>17</b>
<b>No Opinion</b>	<b>17</b>
<b>Agree</b>	<b>66</b>
<b>Total</b>	<b>100</b>

**Figure 9: Statement 9**

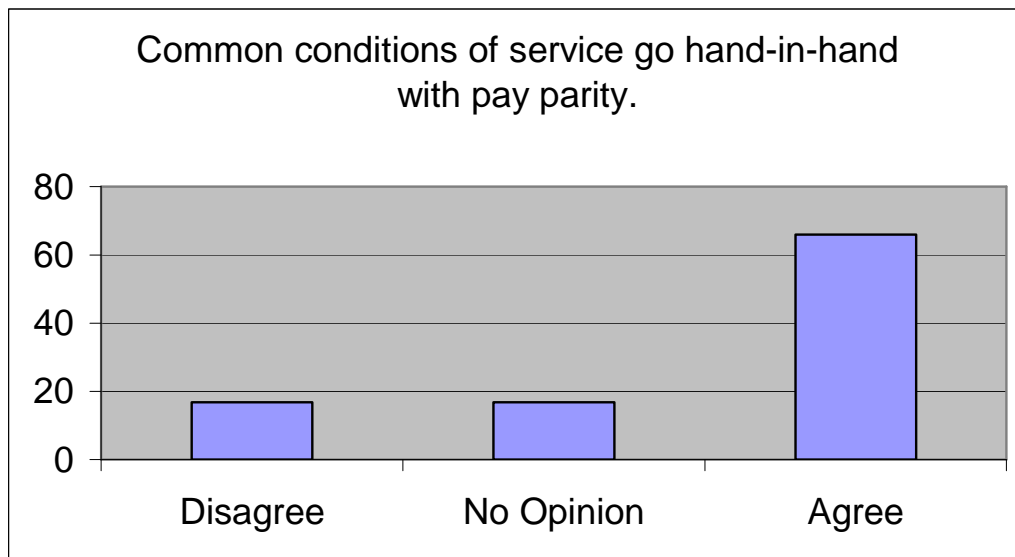


Table 13 and Figure 9 show that a large number of respondents (66%) agreed that common conditions of service go hand in hand with pay parity. 17% of the respondents had no opinion, while 17% disagreed. If the "no opinion" option is excluded, 80% (66/83) of those with an opinion agreed with the statement.

**10. THERE SHOULD BE ONE PAY CURVE IRRESPECTIVE OF OUR JOB DIFFERENCES.**

**Table 14: Statement 10**

<b>Disagree</b>	<b>26</b>
<b>No Opinion</b>	<b>14</b>
<b>Agree</b>	<b>60</b>
<b>Total</b>	<b>100</b>

**Figure 10: Statement 10**

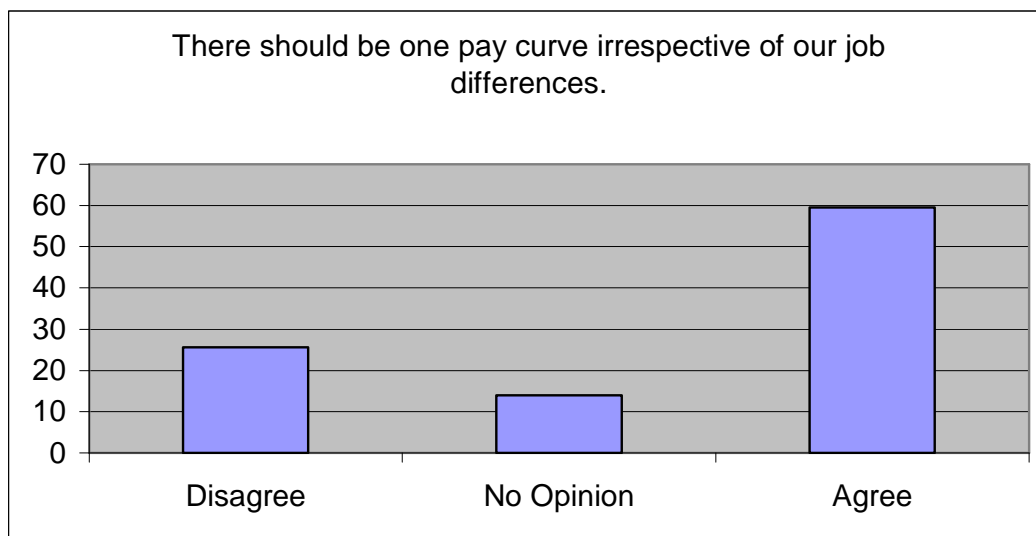


Table 14 and Figure 10, indicate that 60% of the respondents agreed that there should be one pay curve irrespective of job differences. 14% of the respondents had no opinion while 26% disagreed. If the "no opinions" options are excluded, 70% of those with an opinion agreed with the statement.

## 11. THE AMALGAMATION WILL RESULT IN JOB LOSSES.

Table 15: Statement 11

Disagree	46
No Opinion	28
Agree	26
Total	100

Figure 11: Statement 11

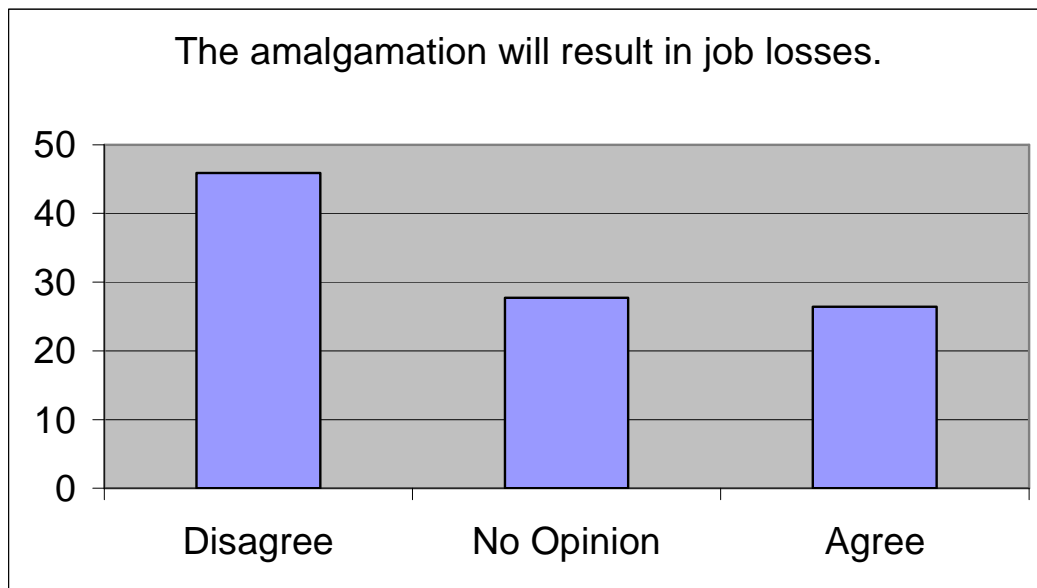


Table 15 and Figure 11 illustrate that only 26% of the respondents believed that the amalgamation will result in job losses. 28% of the respondents had no opinion, while 46% disagreed. If the "no opinions" option is excluded, 36% (26/72) of those with an opinion agreed that there will be job losses.

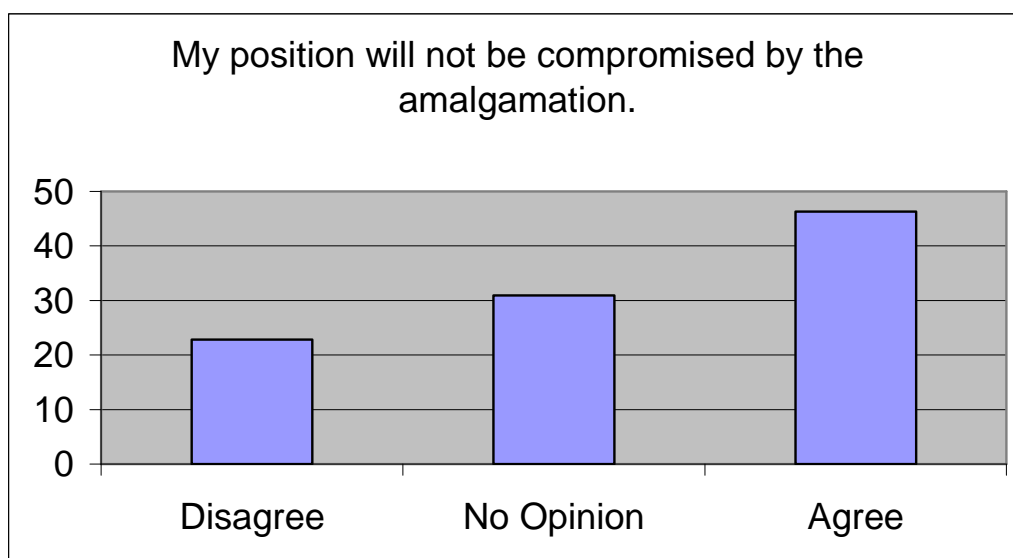


**12. MY POSITION WILL NOT BE COMPROMISED BY THE AMALGAMATION.**

**Table 16: Statement 12**

<b>Disagree</b>	<b>23</b>
<b>No Opinion</b>	<b>31</b>
<b>Agree</b>	<b>46</b>
<b>Total</b>	<b>100</b>

**Figure 12: Statement 12**



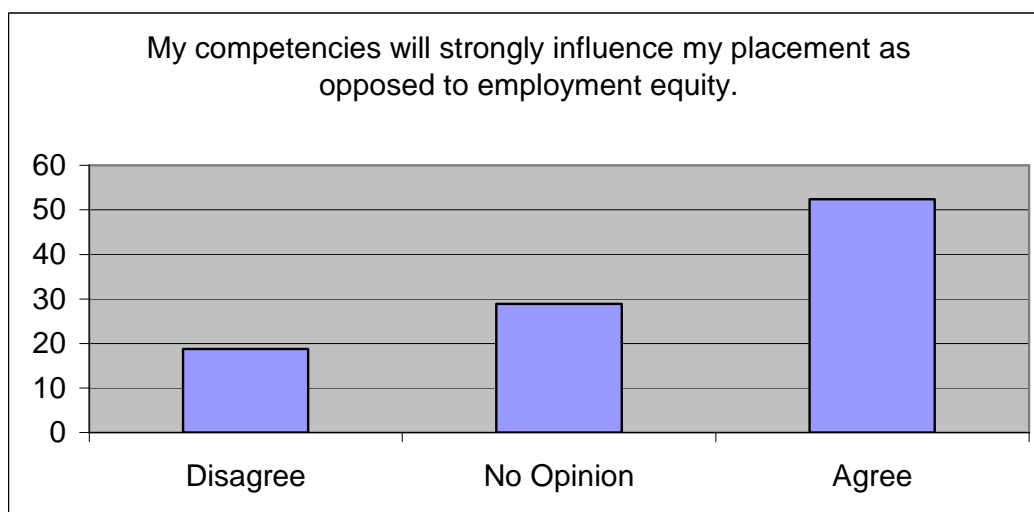
According to Table 16 and Figure 12, 46% of the respondents agreed that their positions will not be compromised by the amalgamation. 31% of the respondents had no opinion, while 23% disagreed. If the "no opinion" option is excluded, 67% (46/69) of those with an opinion agreed with the statement.

**13. MY COMPETENCIES WILL STRONGLY INFLUENCE MY PLACEMENT  
AS OPPOSED TO EMPLOYMENT EQUITY.**

**Table 17: Statement 13**

<b>Disagree</b>	<b>19</b>
<b>No Opinion</b>	<b>29</b>
<b>Agree</b>	<b>52</b>
<b>Total</b>	<b>100</b>

**Figure 13: Statement 13**



In terms of Table 17 and Figure 13, 52% of the respondents agreed that individual competencies as opposed to employment equity will influence their placement. 29% of the respondents had no opinion, while 19% disagreed. If the "no opinions" option is excluded, 73% of those with an opinion agree with the statement.

**14. THIS AMALGAMATION SHOULD BE USED TO ACHIEVE EMPLOYMENT EQUITY.**

**Table 18: Statement 14**

<b>Disagree</b>	<b>23</b>
<b>No Opinion</b>	<b>28</b>
<b>Agree</b>	<b>49</b>
<b>Total</b>	<b>100</b>

**Figure 14: Statement 14**

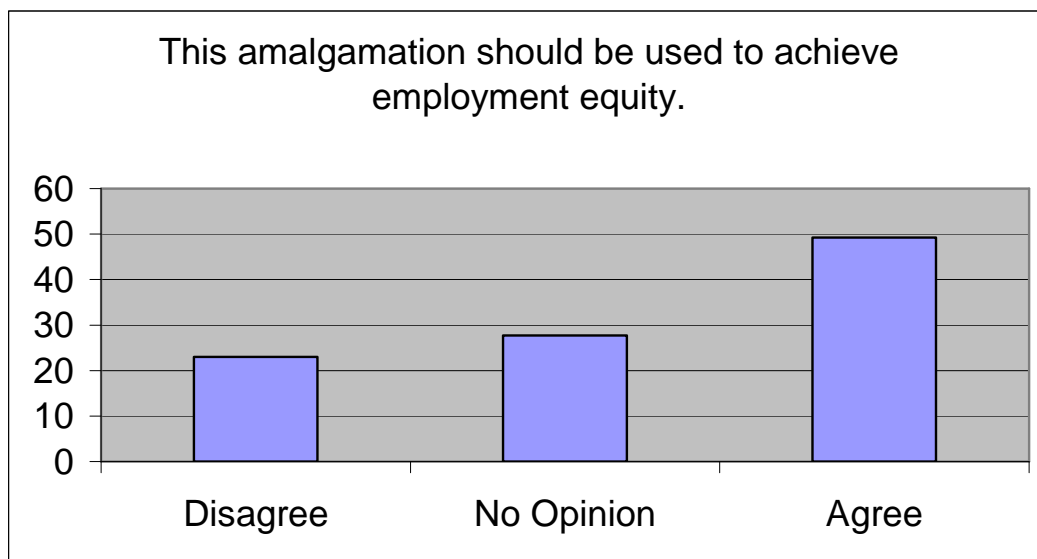


Table 18 and Figure 14 reveal that almost half the respondents (49%) agreed that the amalgamation should be used to achieve employment equity. 28% of the respondents had no opinion, while 23% disagreed. If the "no opinion" option is excluded, 68% (49/72) of those with an opinion agreed with the statement.

**15. THE AMALGAMATION WILL HAVE A SIGNIFICANT IMPACT ON THE CULTURES OF THE DIFFERENT ENTITIES.**

**Table19: Statement 15**

<b>Disagree</b>	<b>18</b>
<b>No Opinion</b>	<b>23</b>
<b>Agree</b>	<b>59</b>
<b>Total</b>	<b>100</b>

**Figure 15: Statement 15**

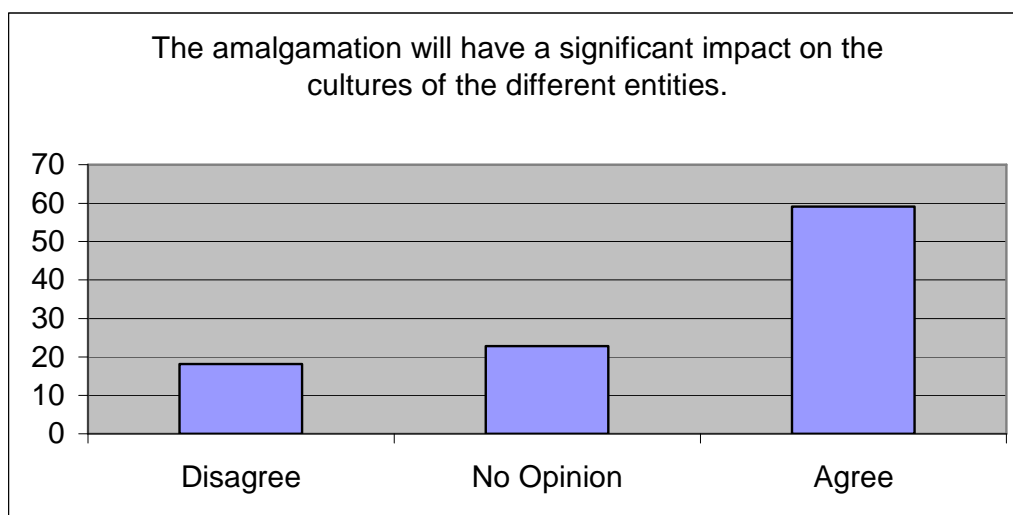


Table 19 and Figure 15, show that a large number of respondents (59%) agreed that the amalgamation will impact on the cultures of the different entities. 23% of the respondents had no opinion while 18% disagreed. If the "no opinion" option is excluded, 77% (59/77) of those with an opinion agreed with the statement.

**16. THE CHANGES BROUGHT ABOUT BY THE AMALGAMATION WILL HAVE A DIRECT IMPACT ON MY POSITION.**

**Table20: Statement 16**

<b>Disagree</b>	<b>22</b>
<b>No Opinion</b>	<b>30</b>
<b>Agree</b>	<b>48</b>
<b>Total</b>	<b>100</b>

**Figure 16: Statement 16**

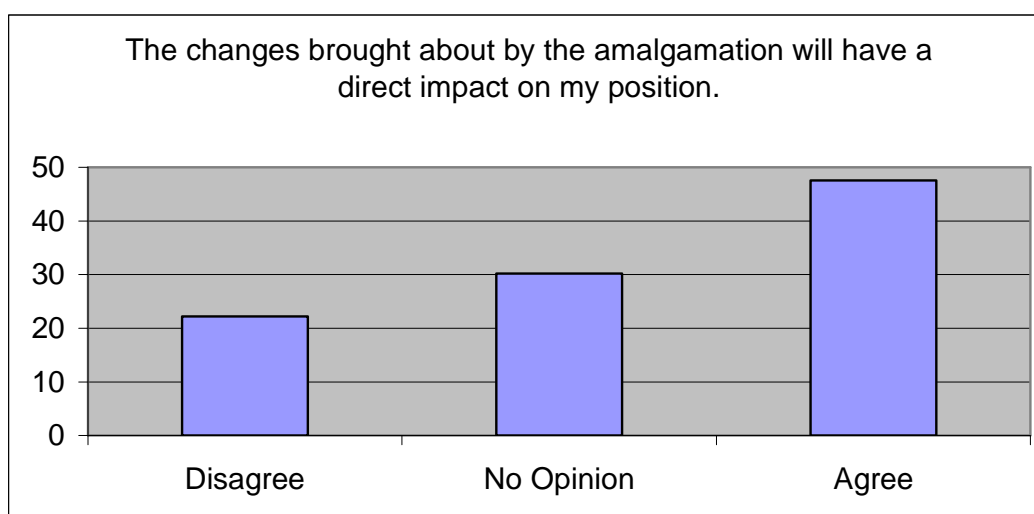


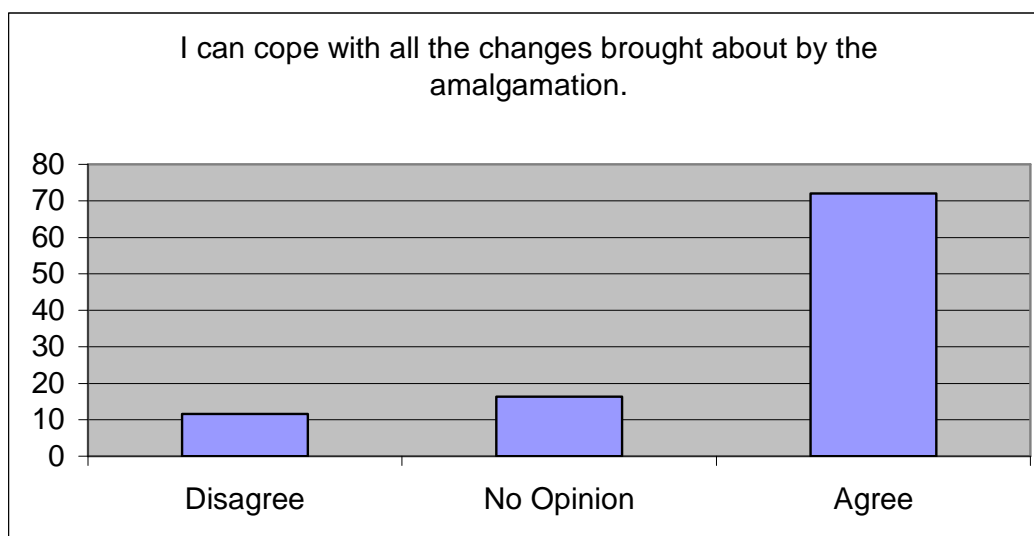
Table 20 and Figure 16 show that 48% of the respondents agreed that the changes brought about by the amalgamation will have a direct impact on their positions. 30% of the respondents had no opinion while 22% disagreed. If the "no opinion" option is excluded, 69% (48/70) of those with an opinion agreed with the statement.

**17. I CAN COPE WITH ALL THE CHANGES BROUGHT ABOUT BY THE AMALGAMATION.**

**Table 21: Statement 17**

<b>Disagree</b>	<b>12</b>
<b>No Opinion</b>	<b>16</b>
<b>Agree</b>	<b>72</b>
<b>Total</b>	<b>100</b>

**Figure 17: Statement 17**



In terms of Table 21 and Figure 17, many respondents (72%) agreed that they can cope with the changes brought about by the amalgamation. 16% of the respondents had no opinion while 12% disagreed. If the "no opinion" option is excluded, 85% (72/85) of those with an opinion agreed with the statement.

**18. THERE IS A NEED FOR A CHANGE MANAGEMENT INTERVENTION TO ASSIST EMPLOYEES COPE.**

**Table 22: Statement 18**

<b>Disagree</b>	<b>2</b>
<b>No Opinion</b>	<b>16</b>
<b>Agree</b>	<b>82</b>
<b>Total</b>	<b>100</b>

**Figure 18: Statement 18**

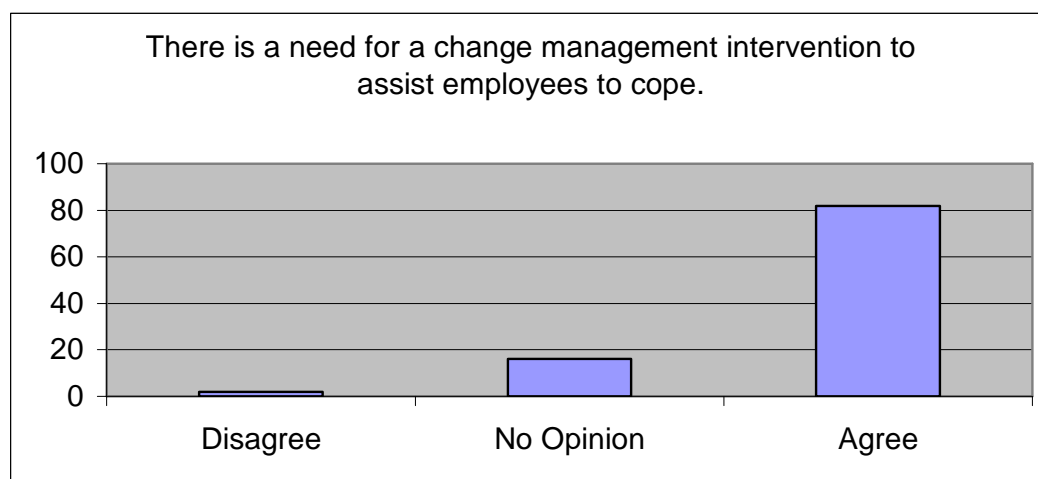


Table 22 and Figure 18 reveal that an overwhelming majority of the respondents (82%) agreed that there is a need for a change management intervention to help employees to cope with change. 16% of the respondents had no opinion while only 2% disagreed. If the "no opinion" option is excluded, 97% (82/84) of those with an opinion agreed with the statement.

### **4.3 Conclusion**

In this chapter, the main focus was on the presentation of the results with the aid of tables and figures. The objective was to present the outcome of the study and to show the different responses given by the respondents. The differences between those who agreed and disagreed with questions asked were also highlighted. The following chapter will deal with the analysis and discussion of these results.

## **CHAPTER 5**

### **Analysis and discussion of results**

#### **5.1 Introduction**

The previous chapter dealt with the presentation of the results without going into detailed analysis. This chapter will deal the analysis of the results and attempt to give meaning to the responses given. The responses will be to linked to each study objective. The objective of this study was to analyze the impact of amalgamation on human resources' practices at eThekweni Municipality. Underpinning this objective were the following three sub-objectives:

- 1. To ascertain employees' perceptions of amalgamation;**
- 2. To determine whether employees believe that the human resources matters are handled in a manner that will bring about stability and equity in the workplace; and**
- 3. To establish whether different perceptions exist between employees of the former Durban Metro Central and those of the erstwhile entities.**

Brown (1998:166) states that some of the main elements of an organizational culture include recruitment and selection, performance management, conflict handling, reward systems induction and socialization. Coffey, Garrow and Holbeche, (2002:199) confirm this view when they say that during a merger, fair appointments, honest communication, negotiating terms and conditions, performance management all influence employees' perceptions of the new organizational culture. The study of human resources management covers, amongst other things, areas such as recruitment and selection, labour relations, performance management, collective bargaining, training and development and policy development. It, therefore, follows that there is a



strong connection between organizational culture and the human resources practices of an organization. It can, therefore, be argued that human resources' practices play a significant role in shaping the culture of the organization.

### **5.1 To ascertain employees' perceptions of the amalgamation**

The objective here was to find out the general perceptions of employees about the amalgamation from all merging entities. The responses to the statements were recorded as follows:

- **This amalgamation will provide me with better opportunities.**

The majority of those respondents with an opinion agreed with this statement. This finding is in line with Mayo (2003:244), who states that a merger should create a synergy where all people can have the opportunity to develop in terms of the diversity and size of the new organization and the wider opportunities available. These findings indicate that some employees believed that the amalgamation would bring better opportunities in areas such as career development, promotional aspects and, possibly, better rewards and recognition.

- **The new conditions of service will be more favourable than the existing ones.**

More respondents agreed that the new conditions of service would be better than their existing ones. This finding also indicates that employees were more optimistic about the amalgamation. Schmidt (2002:243) argues that, following any merger or amalgamation, there is a high expectation of change, particularly from the employees. Many employees are ready and willing to start afresh.

- **The amalgamation will result in job losses**

A large number of respondents with an opinion disagreed with this statement. This response indicates a degree of confidence in the process. Literature study (Hubbard, 2001:19) indicated that fear of job losses is one of the biggest concerns that employees have around mergers. This concern is largely caused by poor communication and lack of transparency about the merger. As a result, employees become despondent and disillusioned about their future in the organization. Therefore, this positive response can be attributed to an effective and transparent communication strategy by the organization.

- **The amalgamation will have a significant impact on the cultures of the different entities.**

Coffey, Garrow and Holbeche (2002:198) state that “you can’t paint the culture on afterwards”. Culture emerges from the way the merger, transition and integration is handled. In a merger, a new organization is effectively born. It would appear that the respondents also believed that, with the amalgamation, a new culture would be born as a large number of them agreed with the statement.

- **The changes brought about by the amalgamation will have a direct impact on my position.**

The majority of those with an opinion agreed that the changes would have an impact on their positions.

- **I can cope with all the changes brought about by the amalgamation.**

Human Technology Inc. (1999:1-1) states that organizations often underestimate the impact of change on people and tend to focus only on putting change into effect. Today’s organizations need leaders at all levels

who are skilled not only at implementing change but also at effectively helping their employees through the psychological process involved in coming to terms with change. An overwhelming majority of respondents indicated that they can cope with the changes brought about by amalgamation. While this may seem plausible, Holbeche (2006:66) states that managing change is not about managing change, it is about managing people. She argues that change has both positive and negative aspects on people. Change has the potential to liberate individuals, provide opportunities for development and variety. Conversely, change can be very threatening to an individual. This may have a damaging effect on individuals depending on the magnitude of change. It is important to bear this threat in mind in managing change in order to minimise those aspects of change that have a damaging effect.

- **There is a need for a change management intervention to assist employees to cope.**

One of the biggest challenges for both managers and employees during any merger is coping with change. Sudarsanam (2003:582) states that the intergration process is fraught with uncertainty, fear and anxiety that may lead to withdrawal of commitment and lack of morale. During this time, the organization should come up with interventions to help everyone to cope with change. Whilst a large percentage of respondents said they could cope with change, an overwhelming majority of respondents agreed that there was a need for a change management intervention. Managers suddenly find themselves having to deal with both the challenges and change, while they themselves are going through the change process. The findings of this research also confirm the notion that the eThekwini Municipality should come up with professional interventions to assist managers and employees to cope with change.

## **5.2. To determine whether employees believe that the human resources' matters are handled in a manner that will bring about stability and equity in the workplace**

In this research, one of the sub-objectives was to determine whether employees believe that the human resources matters were handled in a manner that will bring about stability and equity in the workplace. The human resources practices in this study refer to: organizational structure, conditions of service, pay structure, organizational culture, fair appointments, equity in the workplace and effective communication. The analyses of the responses from the research participants indicated that, to a large extent, the human resources' matters were handled in a proper manner. This finding is in line with Schmidt (2002: 139) where he states that management should have detailed work plans that must address all of the major elements for building the new combined organization. The plan should include, among other things, the following:

**Structure:** Decisions must be made about the architecture of the new organization (e.g., whether it will be largely centralized or decentralized; whether it will be organized around products, markets, or geographies), plus the structures for all component units – both the business units and the functional support units (such as Finance, Human Resources, and Legal/Regulatory).

**People:** Assessment and selection of staff for the new company; integration or new design of HR systems; and ongoing attraction, retention, and development of staff are among the most important people-related issues for integration-planning.

**Culture:** This permeates everything in the new company: the way people work with each other, the way people are rewarded and promoted, the work behaviours that are valued by the company, and the manner in which communication flows across the organization.

### **5.2.1 Effective communication, organizational structure, and placement**

Kanter (2003:167) states that any merger will generally trigger uncertainty and fears of staff migration and job losses and unless these fears are dealt with decisively, they generally compel employees to formulate their own opinions about the merger. The following research findings confirm the importance of dealing with fears and uncertainty:

- **In my unit organogram, I know exactly where my position fits;**
- **I am fully conversant with the placement policy; and**
- **The amalgamation will result in job losses.**

The responses to the above statements indicate that the majority of the respondents were fully aware of where their positions fit in the new organizational structure.

Secondly, the respondents were fully conversant with the placement policy. This policy sets out how the staff migration will be carried out into the new organization.

Thirdly, the majority of those with an opinion disagreed that there will be job losses.

This type of response can be attributed to effective communication and proper consultation that aimed at addressing the fears and concerns of employees. This finding is in line with Hubbard (2001:93), who states that effective communication serves to manage employee expectations during the transition period. By openly outlining the process and the plan to be followed in implementing the change, employees' fears are reduced and employees begin to look forward to the end result.

### **5.2.2. Conditions of service, equity and pay parity**

Simmons (1998:79) states that there are two sides to maintaining motivation during a merger: on the one side, is understanding of people, their needs and reactions and, on the other side, is the creation of the climate which will allow the individuals to satisfy their needs. In order to achieve stability and equity in the workplace during or after a merger, issues such as conditions of service and pay parity usually come to the fore. The following statements were posed to the respondents in respect of the above areas:

- **The conditions of service for Metro Central should be extended across the board;**
- **There is a need for a new set of conditions of service;**
- **There should be one pay curve irrespective of our job differences; and**
- **Common conditions of service go hand in hand with pay parity.**

Respondents agreed that there was a need for a single set of conditions of service across the board either by extending the Metro Central conditions of service or by creating a new set of conditions of service. It would appear that the support for this route stems from the premise that in order for the process to be perceived as fair, all parties should go into a merger as equal partners. Creating a new set of conditions of service will serve two objectives: (a) it will be seen as levelling the playing field so that everyone has a fresh start; and (b) it will give all parties the opportunity to negotiate a better deal. Developing a new set of common conditions of service is critical in bringing about equity and stability in the organization.

During any merger, pay parity between employees of the merging organizations is generally a thorny issue. It is also linked to the issue of conditions of service. The general view is that once employees begin to work for the same organization, equity must prevail. In this research, the majority of the respondents agreed that there should be a single pay curve for all employees, irrespective of their previous employer. This finding also

confirmed that employees expect that once they work for the same organization, there should be equity in terms of both pay and conditions of service. More respondents agreed that this amalgamation should also be used to achieve employment equity, not just in terms of race, but, in terms of gender, disability, culture and beliefs.

### **5.2.3. Fair Appointments**

In order to determine the principle of fair appointments, the following questions were posed to the respondents:

- **My competencies will strongly influence my placement;**
- **During placement, Metro Central employees will be given preference over other employees; and**
- **It does not matter where I am placed.**

The majority of the respondents agreed with the first statement. It was clear that the majority of employees believed that this choice would be a fair process of appointment, where competencies will determine the placement or non-placement of an individual.

The second statement was aimed at finding out whether the respondents believed that there would be any preferential treatment during the placement process. There was a very small distinction between those who agreed and those who disagreed. Nonetheless, more people disagreed with this statement. This finding shows that while there were employees who felt that there will be favoritism, there were slightly more employees who believed that this will be a fair process. This view was pertinent mainly amongst the respondents from the former entities. This view is in line with Mayo (2003: 241) who states that employees, particularly in the lower ranks, feel threatened that an unfairly high number of positions will be allocated to members of the dominant partner.

In response to the statement, “it does not matter where I am placed”, the majority of respondents disagreed. Where one is placed, has a number of implications such as the impact on the role, status and possibly relocation. Therefore, respondents were sensitive to this statement. These findings are in line with Coffey, Garrow and Holbeche (2002:33), who state that people are concerned first and foremost about their job security, relocation and possibly family repercussions and, thereafter, with possible changes in role and status.

### **5.3. To establish whether different perceptions exist between employees of the former Durban Metro and those of the erstwhile entities**

#### **5.3.1 Brief description of statistical test used**

In order to establish whether different perceptions exist between the employees of Metro Central and those of Erstwhile Entities, the following statistical tests were used.

The *Shapiro Wilks test* is an analysis of variance that detects a broad range of different types of departure from *normality* in a sample of data (Wikipedia, 2007). The null hypothesis for this test is that the data are normally distributed. If the chosen confidence level is 0.05 and the *p*-value is less than 0.05, then the null hypothesis that the data are normally distributed is rejected.

The *Mann-Whitney U test* is a [\*non-parametric\*](#) test for assessing whether two [samples](#) of observations come from the same distribution (Wikipedia, 2007). The [null hypothesis](#) is that the two samples are drawn from a single population, and, therefore, their [probability distributions](#) are equal. If the chosen confidence level is 0.05 and the *p*-value is less than 0.05, then the null hypothesis is accepted.

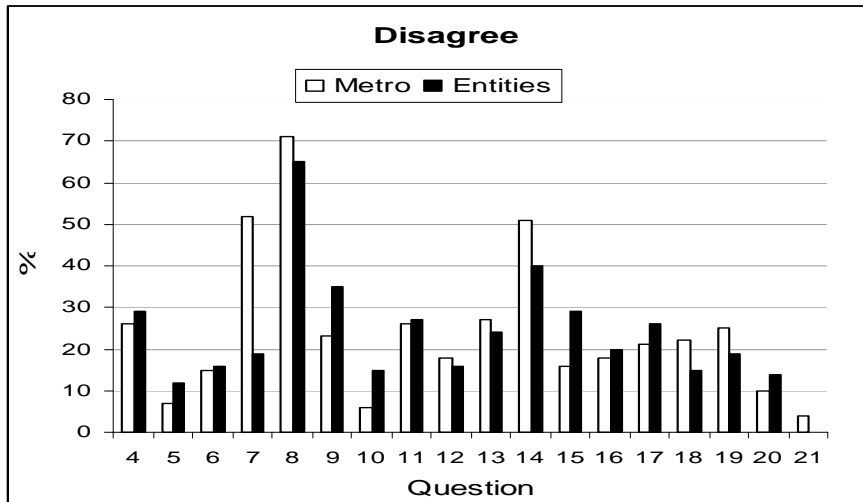
The *T test* is a *parametric* test for assessing whether two [samples](#) of observations come from the same distribution (Wikipedia, 2007). The [null hypothesis](#) is that the two samples are drawn from a single population, and, therefore their [probability distributions](#) are equal. If the chosen confidence



level is 0.05 and the  $p$ -value is less than 0.05, then the null hypothesis is accepted.

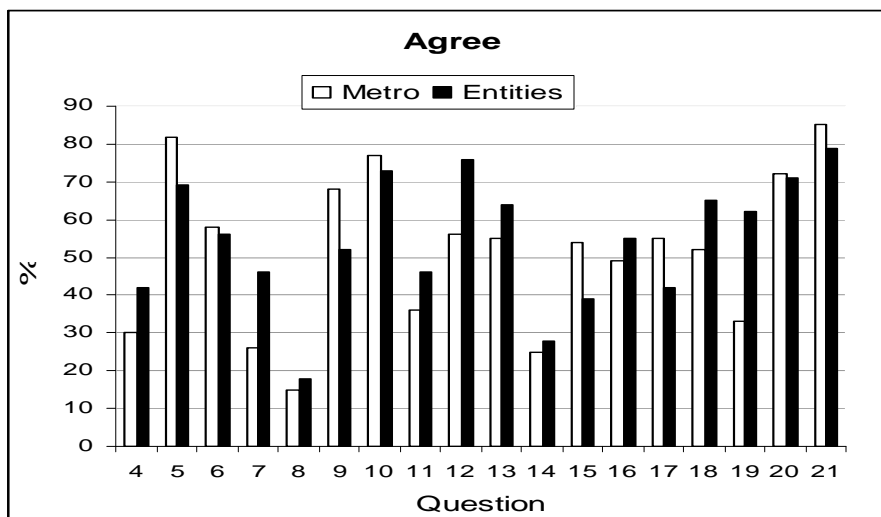
## Results

The results for the abovementioned tests are reflected in Figures 19, 20 and 21 and Tables 22, 23 and 24, respectively.



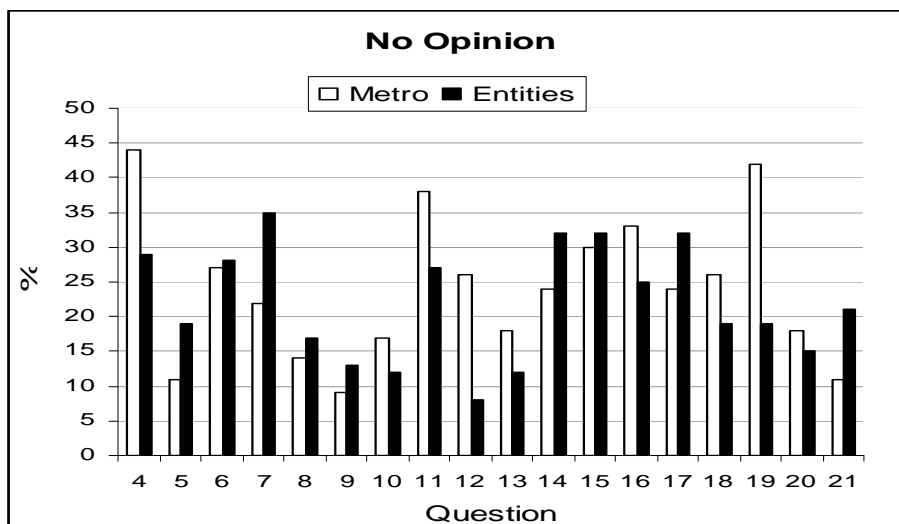
**Figure 19:**

Percentage comparison of Metro and Entities' employees who 'disagreed' with each statement.



**Figure 20:**

Percentage comparison of Metro and Entities' employees who 'agreed' with each statement.



**Figure 21:**

Percentage comparison of Metro and Entities' employees who had 'no opinion' on each statement.

**Table 22: Shapiro Wilks test**

MetroD W = 0.8453, p-value = 0.007145	EntitiesD W = 0.8765, p-value = 0.02285	Shapiro- wilks ( $p < 0.05$ ) non parametric
MetroNO W = 0.9547, p-value = 0.5036	EntitiesNO W = 0.944, p-value = 0.3384	T test ( $p > 0.05$ ) parametric
MetroA W = 0.9583, p-value = 0.5693	EntitiesA W = 0.9623, p-value = 0.6461	T test ( $p > 0.05$ ) parametric

D=Disagree

A= Agree

NO=No opinion

2. Significant difference between groups (unequal variance assumed)  
“parametric”

**Table 23: T test**

Class	Test statistic	Result
MetroNO & EntitiesNO	$t = 0.691$ , $df = 32.371$ , $p\text{-value} = 0.4945$	$p\text{-value}(0.4945) > 0.05$ (i.e. confidence level)
MetroA & EntitiesA	$t = -0.4857$ , $df = 32.776$ , $p\text{-value} = 0.630$	$p\text{-value}(0.6304) > 0.05$ (i.e. confidence level)

3. Significant difference between groups “nonparametric”

**Table 24: U test**

Class	Test statistic	Result
MetroD & EntitiesD	$W = 156.5$ , $p\text{-value} = 0.8742$	$p\text{ value } (0.8742) > 0.05$

### 5.3.3 Interpretation

$H_0$  (Null hypothesis) Metro perceptions = Entities perceptions

Perceptions are defined as agree, disagree and no opinions.

In all three cases there is sufficient statistical evidence ( $p$ -value) at a 0.05 confidence interval to conclude that the perceptions between Metro and Entities are not the same.

In respect of the Shapiro Wilks test, the null hypothesis is rejected as the  $p$ -value is less than 0.05.

In respect of the Mann-Whitney U test, the null hypothesis is rejected as the  $p$ -value is greater than 0.05.

In respect of the Student t test, the null hypothesis is rejected as the  $p$ -value is greater than 0.05.

#### **5.4 Conclusion**

Analysis of the results indicates that respondents generally had a positive perception of the amalgamation. In the majority of the cases, respondents were optimistic about the outcome of the amalgamation. However, they did indicate the areas they had concerns. In their responses to statements that seek to assess the level of understanding of the process, the respondents showed a high degree of confidence. Literature study showed that, during mergers/ amalgamations, employees generally have concerns over the following areas: job security, role/status change, change in organizational culture and the well-being of their colleagues. These areas were quizzed out during the research process. The results also indicated that there were differences in perception between employees from the former entities and those of Durban Metro.

# CHAPTER 6

## Conclusions and Recommendations

### 6.1 Introduction

The main focus of this chapter is on conclusions that have been drawn out from this research study as well as to make some recommendations based on the literature study and empirical findings. The aim of this study was to analyse the impact of amalgamation on human resources' practices at the eThekweni Municipality. Literature has revealed that, during most mergers or amalgamations, management teams often fail to carry out any form of pre-planning for human resources' issues (Coffey et al., 2002:32)

### 6.2 Conclusions

#### 6.2.1 Pertinent issues during a merger

There are numerous pertinent issues that must be addressed if any merger is to be implemented successfully (Schmidt, 2002:241). This study has revealed that these issues are as critical for eThekweni Municipality as they are for any other organization. These factors include:

#### ➤ **Creating a new culture**

A merger can have a strong impact, either positive or negative, on the cultures of the affected organization. It is, therefore, important to integrate culture in a thoughtful way for the success of the newly formed organization. Most mergers entail some degree of cultural melding. Incomplete cultures prevent people from contributing all they can to the integration effort. People become territorial, and disputes about details become overblown. Too much time is spent openly fending over roles, longing for the past, and fighting decisions. These internal conflicts prevent people from focusing on what is important: customers, products, markets and operational efficiencies.

Cultural integration addresses these issues essentially by establishing a new corporate identity with which key stakeholders, including employees of the new company, can identify. The integrating process encourages senior-level discussions that illustrate the differences and mutual aspirations of the original companies and help develop a shared vision for the future. It also provides a foundation upon which strategic and organizational systems can be built.

➤ **Retention of key talent**

To a large extent, the success of a merger depends on retaining the key talent. Loss of key talent is problematic and, in some cases, it can be catastrophic. Talent is always portable and marketable. During that volatile period of a merger, key talent is vulnerable. Those who have been long with the organisation with good pension and attractive severance packages may simply decide to retire or change careers or employer. Retaining key talent must be treated as a top priority for leadership of the new organisation, particularly if the new organization wants to hit the ground running.

➤ **Ability to manage or implement change**

Following any merger or amalgamation, there is a high expectancy of change, particularly from the employees. Many employees are ready and willing to start afresh. This atmosphere is conducive to introduce new organization, management process, culture and human resources' programmes, or even add new elements to those of the merger organizations. Since a merger or acquisition will bring substantial changes for everyone in merging organizations, a good plan, on managing change and helping employees adjust, will accelerate and smooth the transition period.

➤ **Wrong people for key jobs**

A careful evaluation of top talent from merging organizations must be made before integration begins in order to ensure that the right people are selected for the key jobs. This evaluation requires a coherent selection process. While this evaluation will minimize the problem of wrong selection, it cannot eliminate it completely. Errors of judgement will still happen.

➤ **Lack of communication**

During time of uncertainty, rumour-mongering is rife. If there is no formal source of communication from management, these rumours could cause a lot of damage. This situation calls for a comprehensive communication strategy to allay any unnecessary fears. It is better to over-communicate than to under-communicate. Ideally, effective communication should commence well before the actual process commences. Input from employees is the most common form of involvement used during a merger or acquisition and it can provide critical information about employee perceptions, feelings and attitudes.

➤ **Managing conflict during a merger**

When organizations merge, there is usually a clash of management styles. This clash generally permeates to the staff and it needs to be managed properly as it has the potential of dividing the employees and hinder the process of amalgamation. The ability to manage conflict is, therefore, crucial at this stage. The implementing team should be vigilant and proactively identify areas of potential conflict. Strategies to resolve conflict must be devised.

### **6.2.2 Research findings**

This study has shown that it is important for management to properly communicate the process in order to alleviate fears, particularly around

possible job losses. It was obvious that the respondents had some concerns about certain areas, such as the impact on the organizational culture, their future roles and status but they did not believe that there would be job losses. This response could only be attributed to a deeper understanding of the process and its potential consequences. The degree of confidence displayed by most respondents with regard to the knowledge of the organizational structure and the placement process indicated that employees had been fully briefed on these issues. This necessity showed that management had developed an effective communication and consultation strategy on these matters.

The above findings are in line with the views of Coffey, Garrow and Holbeche (2002:32) who state that mergers are both structural/mechanical as well as personal/cultural. The structural elements include business strategy, communication strategy, the organizational structure, and managing appointments. These elements are the aspects of mergers that tend to receive management attention. The personal/cultural aspects involve assessing the psychological and cultural impact of the structural shifts. These aspects receive relatively little management attention. People are concerned, first and foremost, about their job security, relocation and potential family repercussions, then about possible changes in role and status and the way in which their colleagues and organizational culture will be affected. These issues are closely related to the so -called psychological contract.

The responses related to the psychological/cultural element such as the common conditions of service, pay parity, preferential treatment and corporate culture, indicated that employees expect that once the amalgamation is complete, there will be equity in the workplace. This equity would go a long way in promoting stability in the organization and boost the morale of the employees.

## 6.3 Recommendations

### 6.3.1 Detailed work plan

Schmidt (2002: 139) states that management should have detailed work plans that must address all of the major elements for building the new combined organization. The plan should include, among other things, the following:

- **Structure:** Decisions must be made about the architecture of the new organization (e.g., whether it will be largely centralized or decentralized; whether it will be organized around products, markets, or geographies), plus the structures for all component units – both the business units and the functional support units (such as Finance, Human Resources, and Legal/Regulatory). While the research results of the eThekweni Municipality indicated that during implementation phase, there was generally good consultation process on the organizational structure, it should be remembered that organizations are not static. This dynamism implies that during any future change contemplated, management should take employees with them through consultation. This process will build trust between management and employees and help employees to feel valued by the organization.
  
- **Processes:** During a merger, there is not enough time at the outset of integration to make major changes to administrative and operating processes. “Re-engineering” is better left for later, when there is less risk of major disruption within the new organization. However, key management processes, such as the manner in which major business and investment decisions will be made in the new company, must be clarified. It is clear from the research that a number of interventions will have to be undertaken by the Municipality in order to fully align the organization. These interventions include: a change management model, perception/culture study to map the way forward on organizational culture, and a new performance management system.



- **People:** Assessment and selection of staff for the new company; integration or new design of HR systems; and ongoing attraction, retention, and development of staff are among the most important people-related issues for integration-planning. In addition, the immediate integration concerns for HR plans are pay, including base pay, short- and long-term incentives, and executive compensation; and benefits, including retirement, stock, savings, and health and welfare plans. Training, performance management, work/life programmes, and other elements of the new company's HR offering can usually follow near-term integration activities.

Having said that, transition programmes are needed for employees who stay and those who leave involuntarily. For remaining employees, these plans typically include special retention arrangements to keep key staff at least through the initial period when the bulk of the integration tasks must be accomplished and when the risk of lost business is the greatest. Special arrangements may also be required in the event of staff relocation or retraining. For departing employees, special arrangements will also be needed to ease their transition out of the new company. These arrangements might include severance payments or special retirement benefits, immediate vesting of retirement benefits, and outplacement services.

- **Culture:** This permeates everything in the new company: the way people work with each other, the way people are rewarded and promoted, the work behaviours that are valued by the company, and the manner in which communication flows across the organization. Integration planners must be sensitive to and understand significant cultural differences, decide what culture will be most successful going forward, and establish plans for making any related changes. With five entities coming together, there is bound to be culture clashes. Various interventions will be required in order to develop a new culture of the organization, e.g. leadership development programmes, a new salary pay structure, and standardized conditions of service.

- **Technology:** Major decisions will have to be made regarding applications software and systems architecture. Technology changes require the longest time to implement, and they carry the largest implementation costs. Delays in designing and implementing technology integrations plans can, moreover, seriously affect customer service, the speed and accuracy of information available to management and employees, and the realization of anticipated cost savings. In order to complete the alignment process, the municipality will have to look at the integration of its human resources/ pay roll system.

Development of the high-level organization architecture, or superstructure, and the associated staffing and selection processes are two factors that require priority attention during integration planning.

### **6.3.2 Total Rewards System**

Literature review has shown that the latest trend in human resources is to look not only at the total cost package of an employee but also at a total rewards system. This system includes not just pay and benefits but also learning and development and the work environment. Studies have shown that learning and development and the work environment are the major elements in the effort to attract and retain the right talent (Schmidt, 2002:171).

Table 24 indicates what total rewards encapsulates.

Table 24: Total rewards system

<b>PAY</b>	<b>BENEFITS</b>
-Basic salary	-Health care
-Vehicle pay	-Retirement
-Recognition	-Savings
-Stock (where practiced)	-Time off
<b>LEARNING &amp; DEVELOPMENT</b>	<b>WORK ENVIRONMENT</b>
-Performance management	-Leadership
-Career Management	-Culture
-Learning Management	-Line of sight/involvement
-Orientated training	-Work/Life balance
-Succession Planning	-Diversity

Source: Towers Perrin analysis (Schmidt, 2002)

This model incorporates the company perspective, the employee perspective, competitive factors and internal realities. These characteristics are used in assessing important trade-offs. If this approach is adopted during the merger, it will ensure the adoption of best practices, not simply the most expensive ones .

#### **6.4 Recommendations for further research**

The objective of this study was to assess the impact of amalgamation on human resources' practices at eThekweni Municipality. The study attempts to compare how the human resources' matters were handled in practice, during the amalgamation process as opposed to what literature review reveals and recommend. It is the researcher's view that during most amalgamations or

mergers, a big gap exists between what happens in practice and what the literature study reveals and recommends.

As a result, a scope exists for further research particularly in the following areas:

- people focused pre-planning during mergers;
- organizational culture as a key driver for merger success; and
- identifying an appropriate change management intervention for merger success.

It is hoped that this further research will assist mainly human resource practitioners, merger drivers and organisations generally involved in mergers and take-overs.

## **6.5 Conclusion**

The results of this study should be seen as noteworthy as they included respondents from different entities with different backgrounds, cultures and beliefs. It also included different race groups and hierarchical levels in the organization. The findings of this study are no different from other findings done in so called profit-driven organizations whose mergers are predominantly based on profit margins and increased market share. The feelings and the views of employees are similar. Their fears and concerns are similar.

It can, therefore, be concluded that the impact of amalgamation on human resource practices at eThekweni Municipality are no different from other mergers. Issues surrounding people need to be dealt with in a transparent and effective way. These issues need to be given the prominence they deserve.

The area of change management is critical as it helps both management and employees to cope with the demands of change. An effective change

management intervention can bring to the fore those personal/cultural issues that might be overlooked by management and thereby stabilize the psychological contract.

Research has shown that during the amalgamation process, the pace of decision-making drops significantly. This decline can be attributed to numerous factors such as unfamiliar process, forms, rules and techniques and yet during this period quick decision-making is crucial for the organization to avoid leaving things hanging for long. Top management must drive the strategic direction of the new organization and define the business model and lead the way. There should be no ambiguity in their message. Their vision must be clearly defined and understood by all.

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# Annexures

## Annexure 1

### Frequency Table

This amalgamation will provide me with better opportunities					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	9.4	9.4	9.4
	Disagree	27	18.1	18.1	27.5
	Neither Agree nor Disagree	55	36.9	36.9	64.4
	Agree	43	28.9	28.9	93.3
	Strongly Agree	10	6.7	6.7	100.0
	Total	149	100.0	100.0	

In my Unit organogram, I know exactly where my position fits					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.0	2.0	2.0
	Disagree	11	7.4	7.4	9.4
	Neither Agree nor Disagree	22	14.8	14.8	24.2
	Agree	71	47.7	47.7	71.8
	Strongly Agree	42	28.2	28.2	100.0
	Total	149	100.0	100.0	

I am fully conversant with the placement policy					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.7	2.7	2.7
	Disagree	19	12.8	12.8	15.4
	Neither Agree nor Disagree	41	27.5	27.5	43.0
	Agree	54	36.2	36.2	79.2
	Strongly Agree	31	20.8	20.8	100.0
	Total	149	100.0	100.0	

During placement, Metro Central employees will be given preference over other employees					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	27	18.1	18.1	18.1
	<b>Disagree</b>	25	16.8	16.8	34.9
	<b>Neither Agree nor Disagree</b>	42	28.2	28.2	63.1
	<b>Agree</b>	28	18.8	18.8	81.9
	<b>Strongly Agree</b>	27	18.1	18.1	100.0
	<b>Total</b>	149	100.0	100.0	

It does not matter where I am placed					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	60	40.3	40.3	40.3
	<b>Disagree</b>	42	28.2	28.2	68.5
	<b>Neither Agree nor Disagree</b>	23	15.4	15.4	83.9
	<b>Agree</b>	19	12.8	12.8	96.6
	<b>Strongly Agree</b>	5	3.4	3.4	100.0
	<b>Total</b>	149	100.0	100.0	

The conditions of service for Metro Central should be extended across the board					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	21	14.1	14.1	14.1
	<b>Disagree</b>	22	14.8	14.8	28.9
	<b>Neither Agree nor Disagree</b>	16	10.7	10.7	39.6
	<b>Agree</b>	53	35.6	35.6	75.2
	<b>Strongly Agree</b>	36	24.2	24.2	99.3
	<b>6</b>	1	.7	.7	100.0
	<b>Total</b>	149	100.0	100.0	

There is a need for a new set of Conditions of Service					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	2.7	2.7	2.7
	Disagree	11	7.4	7.4	10.1
	Neither Agree nor Disagree	21	14.1	14.1	24.2
	Agree	70	47.0	47.0	71.1
	Strongly Agree	42	28.2	28.2	99.3
	6	1	.7	.7	100.0
	Total	149	100.0	100.0	

The new conditions of service will be more favourable than the existing ones					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	10	6.7	6.7	6.7
	Disagree	29	19.5	19.5	26.2
	Neither Agree nor Disagree	48	32.2	32.2	58.4
	Agree	40	26.8	26.8	85.2
	Strongly Agree	22	14.8	14.8	100.0
	Total	149	100.0	100.0	

Common Conditions of Service go hand-in-hand with Pay Parity					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	12	8.1	8.1	8.1
	Disagree	13	8.7	8.7	16.8
	Neither Agree nor Disagree	25	16.8	16.8	33.6
	Agree	60	40.3	40.3	73.8
	Strongly Agree	39	26.2	26.2	100.0
	Total	149	100.0	100.0	

There should be one pay curve irrespective of our job differences					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	15	10.1	10.1	10.1
	Disagree	23	15.4	15.5	25.7
	Neither Agree nor Disagree	22	14.8	14.9	40.5
	Agree	41	27.5	27.7	68.2
	Strongly Agree	47	31.5	31.8	100.0
	Total	148	99.3	100.0	
Missing	System	1	.7		
Total		149	100.0		

The amalgamation will result in job losses					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	24	16.1	16.2	16.2
	Disagree	44	29.5	29.7	45.9
	Neither Agree nor Disagree	41	27.5	27.7	73.6
	Agree	22	14.8	14.9	88.5
	Strongly Agree	17	11.4	11.5	100.0
	Total	148	99.3	100.0	
Missing	System	1	.7		
Total		149	100.0		

My position will not be compromised by the amalgamation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	12.1	12.1	12.1
	Disagree	16	10.7	10.7	22.8
	Neither Agree nor Disagree	46	30.9	30.9	53.7
	Agree	51	34.2	34.2	87.9
	Strongly Agree	18	12.1	12.1	100.0
	Total	149	100.0	100.0	

My competencies will strongly influence my placement					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	12	8.1	8.1	8.1
	<b>Disagree</b>	16	10.7	10.7	18.8
	<b>Neither Agree nor Disagree</b>	43	28.9	28.9	47.7
	<b>Agree</b>	57	38.3	38.3	85.9
	<b>Strongly Agree</b>	21	14.1	14.1	100.0
	<b>Total</b>	149	100.0	100.0	

This amalgamation should be used to achieve employment equity					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	12	8.1	8.1	8.1
	<b>Disagree</b>	22	14.8	14.9	23.0
	<b>Neither Agree nor Disagree</b>	41	27.5	27.7	50.7
	<b>Agree</b>	42	28.2	28.4	79.1
	<b>Strongly Agree</b>	31	20.8	20.9	100.0
	<b>Total</b>	148	99.3	100.0	
<b>Missing</b>	<b>System</b>	1	.7		
<b>Total</b>		149	100.0		

The amalgamation will have a significant impact on the cultures of the different entities					
		Frequency	Percent	Valid Percent	Cumulative Percent
<b>Valid</b>	<b>Strongly Disagree</b>	12	8.1	8.1	8.1
	<b>Disagree</b>	15	10.1	10.1	18.1
	<b>Neither Agree nor Disagree</b>	34	22.8	22.8	40.9
	<b>Agree</b>	52	34.9	34.9	75.8
	<b>Strongly Agree</b>	36	24.2	24.2	100.0
	<b>Total</b>	149	100.0	100.0	

The changes brought about by the amalgamation will have a direct impact on my position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	3.4	3.4	3.4
	Disagree	28	18.8	18.8	22.1
	Neither Agree nor Disagree	45	30.2	30.2	52.3
	Agree	44	29.5	29.5	81.9
	Strongly Agree	27	18.1	18.1	100.0
	Total	149	100.0	100.0	

I can cope with all the changes brought about by the malgamation					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.0	2.0	2.0
	Disagree	14	9.4	9.5	11.6
	Neither Agree nor Disagree	24	16.1	16.3	27.9
	Agree	76	51.0	51.7	79.6
	Strongly Agree	30	20.1	20.4	100.0
	Total	147	98.7	100.0	
Missing	System	2	1.3		
Total		149	100.0		

There is a need for a change management intervention to assist employees to cope					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.0	2.0	2.0
	Neither Agree nor Disagree	24	16.1	16.1	18.1
	Agree	63	42.3	42.3	60.4
	Strongly Agree	59	39.6	39.6	100.0
	Total	149	100.0	100.0	

## Annexure 2

### Cross Tabulation

			This amalgamation will provide me with better opportunities					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	5	17	22	26	5	75
		% within Entities	6.7%	22.7%	29.3%	34.7%	6.7%	100.0%
	Durban Metro	Count	9	10	32	17	5	73
		% within Entities	12.3%	13.7%	43.8%	23.3%	6.8%	100.0%
Total		Count	14	27	54	43	10	148
		% within Entities	9.5%	18.2%	36.5%	29.1%	6.8%	100.0%

Entities * In my Unit organogram, I know exactly where my position fits Crosstabulation								
			In my Unit organogram, I know exactly where my position fits					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	2	7	14	41	11	75
		% within Entities	2.7%	9.3%	18.7%	54.7%	14.7%	100.0%
	Durban Metro	Count	1	4	8	30	30	73
		% within Entities	1.4%	5.5%	11.0%	41.1%	41.1%	100.0%
Total		Count	3	11	22	71	41	148
		% within Entities	2.0%	7.4%	14.9%	48.0%	27.7%	100.0%

Entities * I am fully conversant with the placement policy Crosstabulation								
			I am fully conversant with the placement policy					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	1	11	21	29	13	75
		% within Entities	1.3%	14.7%	28.0%	38.7%	17.3%	100.0%
	Durban Metro	Count	3	8	20	24	18	73
		% within Entities	4.1%	11.0%	27.4%	32.9%	24.7%	100.0%
Total		Count	4	19	41	53	31	148
		% within Entities	2.7%	12.8%	27.7%	35.8%	20.9%	100.0%

Entities * During placement, Metro Central employees will be given preference over other employees Crosstabulation								
			During placement, Metro Central employees will be given preference over other employees					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	8	6	26	19	16	75
		% within Entities	10.7%	8.0%	34.7%	25.3%	21.3%	100.0%
	Durban Metro	Count	19	19	16	9	10	73
		% within Entities	26.0%	26.0%	21.9%	12.3%	13.7%	100.0%
Total		Count	27	25	42	28	26	148
		% within Entities	18.2%	16.9%	28.4%	18.9%	17.6%	100.0%



Entities * It does not matter where I am placed Crosstabulation								
			It does not matter where I am placed					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	30	19	13	11	2	75
		% within Entities	40.0%	25.3%	17.3%	14.7%	2.7%	100.0%
	Durban Metro	Count	29	23	10	8	3	73
		% within Entities	39.7%	31.5%	13.7%	11.0%	4.1%	100.0%
Total		Count	59	42	23	19	5	148
		% within Entities	39.9%	28.4%	15.5%	12.8%	3.4%	100.0%

Entities * The conditions of service for Metro Central should be extended across the board Crosstabulation									
			The conditions of service for Metro Central should be extended across the board						Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	6	
Entities	Erstwhile Entities	Count	13	13	10	26	13	0	75
		% within Entities	17.3%	17.3%	13.3%	34.7%	17.3%	.0%	100.0%
	Durban Metro	Count	8	9	6	26	23	1	73
		% within Entities	11.0%	12.3%	8.2%	35.6%	31.5%	1.4%	100.0%
Total		Count	21	22	16	52	36	1	148
		% within Entities	14.2%	14.9%	10.8%	35.1%	24.3%	.7%	100.0%

Entities * There is a need for a new set of Conditions of Service Crosstabulation									
			There is a need for a new set of Conditions of Service						Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	6	
Entities	Erstwhile Entities	Count	3	8	9	36	19	0	75
		% within Entities	4.0%	10.7%	12.0%	48.0%	25.3%	.0%	100.0%
	Durban Metro	Count	1	3	12	34	22	1	73
		% within Entities	1.4%	4.1%	16.4%	46.6%	30.1%	1.4%	100.0%
Total		Count	4	11	21	70	41	1	148
		% within Entities	2.7%	7.4%	14.2%	47.3%	27.7%	.7%	100.0%

Entities * The new conditions of service will be more favourable than the existing ones Crosstabulation								
			The new conditions of service will be more favourable than the existing ones					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	5	15	20	25	10	75
		% within Entities	6.7%	20.0%	26.7%	33.3%	13.3%	100.0%
	Durban Metro	Count	5	14	28	15	11	73
		% within Entities	6.8%	19.2%	38.4%	20.5%	15.1%	100.0%
Total		Count	10	29	48	40	21	148
		% within Entities	6.8%	19.6%	32.4%	27.0%	14.2%	100.0%

Entities * Common Conditions of Service go hand-in-hand with Pay Parity Crosstabulation								
			Common Conditions of Service go hand-in-hand with Pay Parity					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	5	7	6	34	23	75
		% within Entities	6.7%	9.3%	8.0%	45.3%	30.7%	100.0%
	Durban Metro	Count	7	6	19	25	16	73
		% within Entities	9.6%	8.2%	26.0%	34.2%	21.9%	100.0%
Total		Count	12	13	25	59	39	148
		% within Entities	8.1%	8.8%	16.9%	39.9%	26.4%	100.0%

Entities * There should be one pay curve irrespective of our job differences Crosstabulation								
			There should be one pay curve irrespective of our job differences					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	4	14	9	15	32	74
		% within Entities	5.4%	18.9%	12.2%	20.3%	43.2%	100.0%
	Durban Metro	Count	11	9	13	25	15	73
		% within Entities	15.1%	12.3%	17.8%	34.2%	20.5%	100.0%
Total		Count	15	23	22	40	47	147
		% within Entities	10.2%	15.6%	15.0%	27.2%	32.0%	100.0%

Entities * The amalgamation will result in job losses Crosstabulation								
			The amalgamation will result in job losses					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	6	24	24	14	7	75
		% within Entities	8.0%	32.0%	32.0%	18.7%	9.3%	100.0%
	Durban Metro	Count	18	19	17	8	10	72
		% within Entities	25.0%	26.4%	23.6%	11.1%	13.9%	100.0%
Total		Count	24	43	41	22	17	147
		% within Entities	16.3%	29.3%	27.9%	15.0%	11.6%	100.0%

Entities * My position will not be compromised by the amalgamation Crosstabulation								
			My position will not be compromised by the amalgamation					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	12	10	24	25	4	75
		% within Entities	16.0%	13.3%	32.0%	33.3%	5.3%	100.0%
	Durban Metro	Count	6	6	22	26	13	73
		% within Entities	8.2%	8.2%	30.1%	35.6%	17.8%	100.0%
Total		Count	18	16	46	51	17	148
		% within Entities	12.2%	10.8%	31.1%	34.5%	11.5%	100.0%

Entities * My competencies will strongly influence my placement as approved to employment equity Crosstabulation								
			My competencies will strongly influence my placement as approved to employment equity					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	4	11	19	31	10	75
		% within Entities	5.3%	14.7%	25.3%	41.3%	13.3%	100.0%
	Durban Metro	Count	8	5	24	25	11	73
		% within Entities	11.0%	6.8%	32.9%	34.2%	15.1%	100.0%
Total		Count	12	16	43	56	21	148
		% within Entities	8.1%	10.8%	29.1%	37.8%	14.2%	100.0%

Entities * This amalgamation should be used to achieve employment equity Crosstabulation								
			This amalgamation should be used to achieve employment equity					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	8	11	24	25	7	75
		% within Entities	10.7%	14.7%	32.0%	33.3%	9.3%	100.0%
	Durban Metro	Count	4	11	17	17	23	72
		% within Entities	5.6%	15.3%	23.6%	23.6%	31.9%	100.0%
Total		Count	12	22	41	42	30	147
		% within Entities	8.2%	15.0%	27.9%	28.6%	20.4%	100.0%

Entities * The amalgamation will have a significant impact on the cultures of the different entities Crosstabulation								
			The amalgamation will have a significant impact on the cultures of the different entities					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	3	8	14	29	21	75
		% within Entities	4.0%	10.7%	18.7%	38.7%	28.0%	100.0%
	Durban Metro	Count	9	7	19	23	15	73
		% within Entities	12.3%	9.6%	26.0%	31.5%	20.5%	100.0%
Total		Count	12	15	33	52	36	148
		% within Entities	8.1%	10.1%	22.3%	35.1%	24.3%	100.0%

Entities * The changes brought about by the amalgamation will have a direct impact on my position Crosstabulation								
			The changes brought about by the amalgamation will have a direct impact on my position					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	2	12	14	31	16	75
		% within Entities	2.7%	16.0%	18.7%	41.3%	21.3%	100.0%
	Durban Metro	Count	3	15	31	13	11	73
		% within Entities	4.1%	20.5%	42.5%	17.8%	15.1%	100.0%
Total		Count	5	27	45	44	27	148
		% within Entities	3.4%	18.2%	30.4%	29.7%	18.2%	100.0%

Entities * I can cope with all the changes brought about by the amalgamation Cross tabulation								
			I can cope with all the changes brought about by the amalgamation					Total
			Strongly Disagree	Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	3	7	11	39	14	74
		% within Entities	4.1%	9.5%	14.9%	52.7%	18.9%	100.0%
	Durban Metro	Count	0	7	13	36	16	72
		% within Entities	.0%	9.7%	18.1%	50.0%	22.2%	100.0%
Total		Count	3	14	24	75	30	146
		% within Entities	2.1%	9.6%	16.4%	51.4%	20.5%	100.0%

Entities * There is a need for a change management intervention to assist employees to cope Crosstabulation							
			There is a need for a change management intervention to assist employees to cope				Total
			Strongly Disagree	No Opinion	Agree	Strongly Agree	
Entities	Erstwhile Entities	Count	0	16	34	25	75
		% within Entities	.0%	21.3%	45.3%	33.3%	100.0%
	Durban Metro	Count	3	8	29	33	73
		% within Entities	4.1%	11.0%	39.7%	45.2%	100.0%
Total		Count	3	24	63	58	148
		% within Entities	2.0%	16.2%	42.6%	39.2%	100.0%

## **Annexure 3**

### **LETTER OF CONSENT**

12 Stirling Place  
Westville  
3629

15 August 2005

**Attention:** Respondent

**Subject:** Letter of Consent: Research on the Impact of Amalgamation on Human Resources Practices in eThekweni Municipality.

Dear Respondent,

I am currently conducting research for my Master's Degree in Business Administration at the Durban University of Technology.

I have chosen to conduct research on the impact of amalgamation on human resources practices in eThekweni Municipality. The main objective of this study is to examine the extent to which human resources matters such as Organizational structure, Staff Placement, Conditions of Service and Pay Parity are dealt with during the amalgamation process.

I will, therefore, be interviewing people working in various areas of eThekweni Municipality, including your area.

I hereby request your consent and support in conducting this research by completing the attached questionnaire. Your responses are highly confidential and will be treated as such.

Thank you for your co-operation and assistance.

Yours sincerely,

Siphiwe Madondo



## Annexure 4

### Questionnaire

#### Section A

Tick the appropriate block for each of the following statements/questions

1 In which category does your position fit?

Professionally qualified/Mid Management	
Junior Management/Supervisor/Foreman	
Skilled Artisan/Secretary	
Basic skilled	

2 Which one of the following best describes you?

African	
Indian	
White	
Coloured	
Other	

3. Which entity do you come from?

North Operational Entity	
South Operational Entity	
Metro Central	
Inner West Operational Entity	
Outer West Operational Entity	

## Section B

No	Statement	SD 1	D 2	NA/ND 3	A 4	SA 5
4	This amalgamation will provide me with better opportunities					
5	In my Unit organogram, I know exactly where my position fits.					
6	I am fully conversant with the placement policy					
7	During placement, Metro Central employees will be given preference over other employees					
8	It does not matter where I am placed					
9	The conditions of service for Metro Central should be extended across the board					
10	There is a need for a new set of Conditions of Service					
11	The new conditions of service will be more favourable than the existing ones.					
12	Common Conditions of Service go hand-in-hand with Pay Parity.					
13	There should be one pay curve irrespective of our job differences					
14	The amalgamation will result in job losses					
15	My position will not be compromised by the amalgamation					
16	My competencies will strongly influence my placement					
17	This amalgamation should be used to achieve employment equity					
18	The amalgamation will have a significant impact on the cultures of the different entities.					
19	The changes brought about by the amalgamation will have a direct impact on my position					
20	I can cope with all the changes brought about by the malgamation					
21	There is a need for a change management intervention to assist employees to cope					

