FACULTY OF MANAGEMENT SCIENCES

Investigating challenges brought about by the Walmart/Massmart merger in South Africa

by

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DECLARATION

The Registrar (Academic)

Durban University of Technology

Dear Sir/Madam

I, Nkululeko Eugene Makhoba, student number: 19750289**,** hereby declare that this research project entitled: "***Investigating cultural challenges brought about by the Walmart and Massmart merger in South Africa***", is the result of my own investigation and research and that it has not been submitted in part or in full, for any other degree on any other institution of higher learning. All other sources are acknowledged and explicit references are provided.

Signed.

On the 14th day of May 2021

APPROVED FOR FINAL SUBMISSION

Prof. Joel Chigada.
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ABSTRACT

Mergers and acquisitions are widely used global market entry strategies, which have the potential to change the business landscape in various ways, such as cultural shift, business practices and resources transfer. Walmart's growth and global expansion strategies have and continue to be premised on acquisitions and mergers. The South African merger was fraught with challenges from civic society, groups, businesses and government who all believed that employees would lose jobs, in the hope of transforming the retailing landscape. On the other hand, the arrival of Walmart in South Africa was welcomed by Massmart, which had been struggling to sustain its competitiveness in the contemporary retail market. The market, employees and communities were apprehensive of the impact of the merger on culture; therefore, it was imperative to conduct this study to establish the challenges arising from the merger.

This study was informed by the interpretivist methodological assumption resulting in the collection of qualitative data through an inductive process. A sample of twelve participants was selected using non-probability purposive and convenience sampling techniques. Sample elements were selected for being readily available, accessible and possessing relevant data required to address the research problem. Data were collected from participants through in-depth face-to-face interviews guided by an interview protocol. Interviews were recorded with the aid of a voice recorder, of which the transcriptions were decoded into themes using NVivo 10, a qualitative data analysis programme. Emerging themes were analysed through thematic data analysis to extra rich data sets.

The study established that the merger created anxiety amongst staff, market and different stakeholders. New management embarked on a serious change management education drive to diffuse tensions and resistance. There was a paradigm cultural shift that required stakeholder involvement to ensure the success of the merger. The study recommended that, prior to engaging in mergers, firms should conduct extensive and thorough research to allay fears amongst stakeholders.

Keywords: Acquisitions, Mergers, Culture, Resource transfer, Retail landscape

DEDICATION

I dedicate this study to my late parents, Gladys Nomhlangano and Bonginkosi Abednigo Makhoba, who would have been proud of me with this achievement. I wish you were all around to celebrate my achievement today.

ACKNOWLEDGEMENTS

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LIST OF ACRONYMS

ABSA :   Amalgamated Banks of South Africa

AMCU: Association of Mineworkers and Construction Union

BMW :   Bavarian Motor Works

CNN   :   Cable News Network

COSATU   Congress of South African Trade Unions

CSR   :   Corporate Social Responsibility

DUT   :   Durban University of Technology

FAWU: Food and Allied Workers Union

GDP   :   Gross Domestic Product

JSE   :   Johannesburg Stock Exchange

M & A :   Mergers and Acquisitions

MMI   :   Metropolitan Life and Momentum Investment Holdings

MNCs :   Multi-National Corporations

NEHAWU   National Education, Health and Allied Workers Union

NUMSA   National Union of Metalworkers of South Africa

PWC :   Price Waterhouse Coopers

SA   :   South Africa

SACCAWU South African Commercial, Catering and Allied Workers Union

TDA   :   Thematic Data Analysis

UNISA   University of South Africa

USA   :   United States of America

WB   :   World Bank

CHAPTER ONE: INTRODUCTION AND BACKGROUND

1.1 INTRODUCTION

Mergers and acquisitions are widely used global market entry strategies, which have the potential to change the business landscape in various ways, such as cultural shift, business practices and resources transfer (Hill, 2014). Walmart's growth and global expansion strategies have and continue to be premised on acquisitions and mergers (Cable News Network {CNN}, 2016). The South African merger was fraught with challenges from civic society, groups, businesses and government, who believed that employees would lose jobs, in in the hope of transforming the retailing landscape. Merger regulation in South Africa requires all large mergers, such as the one between Walmart and Massmart, to be notified to the Competition Commission (Competition Commission of South Africa, 2015). After assessing the request, the Commission made a recommendation to the Competition Tribunal on whether to approve the merger unconditionally, or to approve the merger with conditions; or to prohibit the merger entirely. The Competition Tribunal invites parties to the merger and different stakeholders with vested interest in the merger to a public hearing to discuss the merger (Competition Commission of South Africa, 2015). The Competition Tribunal makes a decision about the merger, which could be appealed or reviewed by the Competition Appeal Court, and if necessary, the matter will proceed through the normal court hierarchy (Competition Commission of South Africa, 2015).

The Walmart-Massmart merger had to pass through all the processes highlighted above because of anxiety, uncertainty and challenges that were synonymous with this global business transaction. Compliance with the regulatory requirements would have passed with ease, but the shift in business practices, cultural paradigm changes and fear of loss of jobs engulfed unions, civic society, the business community and other concerned stakeholders. These hurdles had the potential to scuttle Walmart's entry into South Africa- an emerging market (Helsen and Kotabe, 2015). It is evident that entry into South Africa was driven by Massmart's loss of market share, struggling to survive against stiff competition and changing retail market environment dynamics (Walmart, 2013). In addition, the South African market provides stable political, economic and social environments.

The presence of cultural challenges may result in loss of productivity or ineffective operation of the newly formed entity. In order to counter difficulties imposed by the individual beliefs, a blending of cultural beliefs needed, is the establishment of proper communication channels and hierarchical structure. Robbins (2013) defines organisational culture as a system of shared meaning held by members that distinguishes the organization from the other organizations. When two companies merged, usually the organisational culture changes; hence, the employee attitudes, the chain of command also changes occasionally. The merged entity will have one director for the position. Venter and van Rensburg (2015) state that the cultural model offers a highly participative process in both formulation and implementing strategies, through to the lower level of employee input. The distinction between thinkers and doers is removed, and the intention is to implement marketing strategy through infusing corporate culture throughout the organisation.

This study investigates the cultural challenges brought about by the Walmart-Massmart merger - a key strategic element that should be considered by a firm's leadership when acquiring or merging with an existing entity. The background sets the contextual setting, discusses the statement of the problem, aim, objectives, questions and research plan for the study. The significance of this study is articulated, followed by a highlight of the structure of the study and then the chapter is concluded.

1.2   BACKGROUND TO STUDY

The multinational corporations (MNCs) have adopted mergers or acquisitions as business practice in order to change their growth strategies. Foreign companies are the ones that are more preferred as the best merging partners, because they pay in foreign currency which is much better as compared to African currencies.

> *"There are many reasons for such actions: the growth ethos, increasing global "reach", utilizing spare capacity, obtaining economies of scale, etc. and of course, improving profitability" (David, 2007).*

A merger is a combination of two or more entities to form one entity (Kotabe and Helsen, 2015), whilst corporate culture refers to the values and norms that are shared

among employees of an organisation (Hill, 2014). Trade unions, government and other stakeholders in South Africa were skeptical at the announcement of Walmart's entry into South Africa, particularly its intention to acquire or merge with Massmart. Panic and jittery gripped many people fearing loss of jobs. Government and the Congress of South African Trade Unions (COSATU) vehemently opposed the merger and unsuccessfully attempted to stop the merger from occurring (COSATU, 2014). The concern was that Walmart, with its huge buying power and its low-cost approach would significantly increase imports (especially from China) and this would reduce purchases from local suppliers with a knock –on effect of reducing employment, i.e., exert a negative effect on all local value chains of firms directly trading with Walmart or Massmart, and indirectly on the economy.

There are cultural challenges that usually come with the merger of two companies, whether from the same country or two countries. The issue is always the organisational culture and the way things have been done previously before the merger.

"Culture has emerged as one of the dominant barriers to effective integrations. In one study, culture was found to be the cause of 30 percent of failed companies with different cultures find it difficult, if not impossible, to make decisions quickly and correctly or to operate effectively" (Deloitte Development LLC, 2009).

"Research in the United States and Europe indicates that companies may consider investing in mergers or acquisitions for reasons, such as expansion, market entry, economies of scale and skill, geographic motivations and financial reason (Hill, 2014). Reasons stated for the success of the transaction correlate well with findings in the United States and Europe, including the prompt appointment of new leadership, the establishment of clear goals, a strong integration structure, well developed communication channels, addressing of cultural issues and active risk management." (De Villiers, 2008).

David (2007) states that a merger happens when two organisations of about equal size unite to form one enterprise. Wheelen and Hunger (2014) define merger as a transaction involving two or more corporations in which stock is exchanged, but from which only one corporation survives, mergers are usually between firms of somewhat similar size and are usually friendly.

A substantive body of theory and research on the role of culture in mergers and acquisitions (M & A) suggests that cultural differences can create major obstacles to achieving integration benefits (Brown, 2011). However, the opposite - that differences in culture between merging firms can be a source of value creation and learning - has also been advanced and empirically supported (Stahl and Voigt, 2008).

Chatterjee, Lubatkin, Schweiger and Weber (1992) state that merger literature suggests that the relationship between shareholder gains and the relatedness of merging firms is contingent upon the compatibility of the two firms' top management cultures. This hypothesis is tested by surveying the perceptions of cultural differences of top management teams of recently acquired firms, and then relating these perceptions to related stock market gains to the buying firms. The findings suggest a strong universe relationship between perceptions of cultural differences and shareholder gains, after controlling for perceptions of the buying firms' tolerance for multinationalism and relative size of firms.

Effective investigations by companies who want to be involved in a merger is of utmost importance; the company should check the status and stock of the other company in order to avoid financial loses. Merger transactions in South Africa are highly scrutinized to avoid criminal activities. A good example is the merger between Walmart and Massmart which was approved with conditions. The stakeholders that were involved in making sure that merger transactions are done properly are as follows:

    (a) Labour Unions, e.g., COSATU (Congress of South African Trade Unions);
    (b) Government; and
    (c) Community.

Ahern, Daminelle and Frcassi (2011) opine that there is strong evidence that three key dimensions of national culture (trust, hierarchy and individualism) affect merger volumes, synergy gains, deal structure, and the division of gains between bidders and targets in cross-border mergers. First, the volume and gains of cross-border mergers are lower when countries are more culturally distant. Second, firms from countries that are more trusting and hierarchical capture a larger share of combined merger gains. Finally, the use of termination fees, tender offers, and the form of payment vary systematically by cultural differences. The results are the first large-scale evidence that

cultural differences have substantial impacts on multiple aspects of cross-border mergers.

1.3 RESEARCH PROBLEM

The Walmart-Massmart merger created cultural, structural and change management challenges for the merger because two distinct corporate cultures came into play resulting in confusion and misunderstandings amongst employees, civil society and other stakeholders, in general. Awadh and Saad (2013) state that an organisation's strong culture enables effective and efficient management of workforce employees; the net profit in an organisation helps in enhancing performance of employees.

"The merger threatened to cause a decline in local manufacturing and production. The South African government believed that given Walmart's global purchasing power, the merged entity would significantly increase imports and reduce purchases from local suppliers in South Africa This would have affected the entire value chain from the suppliers of raw materials and component to the producers of the finished product" (Sapa, 2011).

In addition, Walmart does not allow workers unions in its business practices. Therefore, the merger created anxiety and fear in employees who felt the company's approach would violate employees' rights. The merger of Walmart and Massmart eventually took place with little or no major job losses as was initially anticipated. Though the merger was viewed by many stakeholders as a success; cultural issues have not been interrogated to determine what challenges were faced or are still being faced in the new entity. The critical analysis on cultural challenges faced in mergers will be presented in the section 2 highlighting the importance of corporate culture in the contemporary business environment.

1.4 AIM OF STUDY

The aim of this research is to investigate the cultural challenges resulting from the merger between Walmart and Massmart in South Africa.

1.5   RESEARCH OBJECTIVES

The research objectives were to:

- Determine the challenges brought about by the merger of Walmart and Massmart.
- Ascertain any employee attitude changes towards the merged company.
- Determine whether the merged company made any drastic changes to the existing work processes.
- Assess intervention strategies to mitigate challenges brought about by the merger; and

1.6   RESEARCH QUESTIONS

The corresponding research questions were:

- What cultural challenges were brought about by the merger of Walmart and Massmart?
- To what extent did employee attitudes change towards the merged company?
- What drastic changes were made by Walmart to the existing work processes?
- What intervention strategies were put in place to mitigate challenges brought about by the merger?
- To what extend are trade unions operational on the merged company as Walmart does not want the unions in its workplace?

1.7 RESEARCH METHODOLOGY

The research plan used to conduct this study is briefly discussed in this section. The researcher's worldview of events regarding cultural challenges arising out of a merger is premised on the interpretivist epistemological stance. The research topic was formulated first; thus, the researcher placed the belief system of the study within the continuum of interpretivism. The interpretivist paradigm is informed by a subjective epistemological stance; thus, the researcher was immersed with subjects that were investigated (Creswell, 2012). Van Wyk (2012) defines a research design as a structure or coherent plan which puts and holds together different concepts of research method to collect, analyse and interpret data. An exploratory research design was used in this study because the problem was not well-understood and that the study was

exploratory in nature (Chigada, 2014). Data were collected and contextualised to a natural setting. As the study was informed by an interpretivist philosophy, it became apparent that a qualitative research strategy was ideal for the study. The researcher collected data from a purposively and convenient sample using in-depth face-to-face interviews.

1.8 SIGNIFICANCE OF STUDY

With reference to the problem statement presented above, it is necessary to investigate the impact of organisational culture in the present case; to investigate the extent to which these organisations are compatible or incompatible; and the effects thereof on the success or failure of the merger. Different stakeholders will be involved to understand and adapt to the new culture provided by Walmart; thus, stakeholders will also contribute to the firm's product and services design strategy. Concerns were raised by government and unions that Walmart's entry into South Africa would lead to an increase in imports and displace local producers, in turn, worsening South Africa's unemployment crisis. This study highlights the positives that were brought by the merger and will, therefore, serve as an important source of information and knowledge of understanding mergers.

The significance of carrying out the study was to raise awareness of cultural challenges when two companies engage in a merger. The study might add value to the existing knowledge by highlighting the existence of challenges that relate to the organisational culture during the merger process. It may also suggest possible or further research in mergers, and it is relevant to the new business trend, where most of the companies are opting for merging or acquiring existing firms. This new business trend by companies is seen as a change in growth strategy. By doing this study, it might help the government to revisit the present commercial laws of this country and formulate laws that will accommodate future mergers between companies. The findings of this study will be published as a journal article and will give knowledge to the South African companies which intend to merge with foreign companies about the cultural challenges that are involved in mergers. The study will also help future students in the field of Business Administration; to use it as a reference in their studies.

There is now a trend of new retail space developments in most African countries, and international retailers, notably South African retailers, are competing for their share of African markets. This recent development has not only attracted South African retailers of all kinds to expand their operations further north of Africa, but also attracted the largest retailer, Walmart, into the continent on a takeover deal with one of South Africa's largest retailers - Massmart.

1.9 ORGANISATION OF STUDY

The structure of this study was organised as follows:

1.1.1 Chapter 1: Introduction and background to study

The introduction, background and motivation for undertaking the research are discussed in this first chapter. The problem under investigation is highlighted, thus providing evidence and justification for conducting the study. It is important to highlight the contextual setting of the study for readers to understand the area under investigation.

1.1.2 Chapter 2: Literature Review

In this chapter, various sources of information on the subject under investigation are consulted to establish how other scholars have approached the study. Looking at what others have said, provides an impetus for arguing and supporting ideas presented in the present study. The concept of mergers is not a new phenomenon but can be detrimental to a firm's market entry strategy if adequate care is not taken to consider cultural, business practices and stakeholder involvement.

1.1.3 Chapter 3: Research Design and Methodology

The research plan for collecting, analysing and interpretation of data for this study is discussed in this chapter. Key issues that complement the research design and methodology will also be discussed in this chapter. The research plan should be well-articulated to outline the processes and procedures followed so that a better understanding of the research project is presented.

1.1.4 Chapter 4: Presentation of Findings

The results of the study are presented, interpreted and discussed in this fourth chapter. Presentation of results is a key step in the research process because meaning should be derived from the study to make informed decisions in resolving the management problem at hand. If data are collected and no action or processing is done, then the purpose of conducting the research is defeated. Data should be processed to have meaning which will then be used for decision making.

1.1.5 Chapter 5: Summaries, Conclusion and Recommendations

In this last chapter of the study, the conclusions from both primary and secondary studies are presented showing how the research objectives and research questions were addressed to arrive at the solution. The last chapter of the study also provides a strategic direction for future research.

1.10 CONCLUSION

In conclusion, the introductory chapter highlighted pertinent issues relating to the background and problem statement of the study. It was revealed that the merger between Walmart and Massmart was met with anxiety and concern from various stakeholders, particularly with focus on how the companies managed cultural challenges. The challenges brought about this global business market entry. Strategy transaction motivated this study which investigated the cultural paradigm shift and its related challenges. The introductory chapter presented the background, research objectives and research questions that guided the study. It was paramount to discuss the significance of the study and its benefits to the two firms, stakeholders and global business environment. More specifically, an account of the pretext of the impact of mergers on culture was furnished to complete the perspective and context of the research endeavours. The research methods used to carry out this study were clearly articulated with the aid of a research onion. The structure of the study was outlined, clearly delineating the chapters and what to expect in each chapter. The introductory chapter was concluded. In the next chapter, literature will be reviewed from different sources to augment ideas and arguments raised in the current study.

CHAPTER TWO: LITERATURE REVIEW

2.1 INTRODUCTION

This chapter provides a review of the literature available on organisational culture as well as the theories and models associated with organisational culture. A review of the literature will inform the researcher's methodology for gathering empirical evidence. The review will further discuss the concept of mergers, merger between Walmart and Massmart, challenges confronted, culture, cultural impact on mergers, stakeholder involvement in mergers, impact or effect of mergers and empirical studies on mergers. The review will provide an understanding of mergers, together with the relevant examples, as well as an in-depth look at organisational culture and how the merger of Walmart and Massmart brought cultural challenges in South Africa.

2.2 CONCEPT OF MERGERS

Mergers have happened in South Africa, but they did not draw a large public scrutiny and outcry like the merger between Walmart and Massmart. There was a merger of Amalgamated Banks of South Africa (ABSA) and Barclays Bank in 2012 which was successfully completed. There have been different mergers between Universities and Technikons in South Africa that have been successfully concluded. The University of South Africa (UNISA) and Technikon South Africa were merged to form the present day UNISA. According to Stephen (2010), mergers represent a worldwide phenomenon, from which academic institutions have not been spared. In other countries, mergers of academic institutions have taken place with various results. In Germany, this was unsuccessful. Half of the mergers in the corporate playing field in Germany are flops (Ernst and Young, 2015). Good examples include deals like Bavarian Motor Works (BMW)'s short-lived ownership of British car manufacturer-Rover and the less than prosperous merger between Daimler and Chrysler come to mind. In Australia, mergers were fraught with problems, as attempts to "cobble together" disparate institutions took little note of the impact of diverse cultures on the merged institutions (Mahony 1995; Johnson 1999). It is suggested that, like the Australian example, cultural incompatibility was a major negative factor in the mergers in question. Lynley (2011), states that "the AT & T-T Mobile deal melt down is only a small blip in the grand scheme of failed mergers and acquisitions". In 1999, Australia

also experienced one of the biggest failed mergers between MCI and WorldCom and Sprint. The deal was worth more than $125 billion due to pressure from the Department of Justice and the European Union (Lynley, 2011).

All successful mergers have not had any outcry about them. It is a vote of confidence in the country's significant political, economic and social progress over past decade. "The introduction of Barclays as a committed long-term partner for ABSA has the potential to further enhance ABSA's expertise, skills and technology in provision of financial services. Barclays has committed to match or exceed broad based black economic empowerment targets set for ABSA in terms of Financial Sector Charter" (Republic of South Africa, National Treasury, 2005).

In principle, the decision to merge with or acquire another firm is a capital budgeting decision, much like any other investment decision. Mergers differ in at least five ways: firstly, the value of a merger depends on the strategic fits that are difficult to measure; secondly, the accounting, tax and legal aspects of a merger can be complex; thirdly; mergers often involve issues of corporate control and are means of replacing existing management; fourthly, mergers obviously affect the value of the firm, but they affect the relative value of stocks and bonds; and, finally, mergers are often "unfriendly" (deCamargos and Countinho, 2008; Pautler, 2001; Sherman and Hart, 2006).

Hill (2007) views internationalisation as an extension of the firm's strategy, as managers seek value creation for the benefit of their shareholders. Hill's (2007) approach, therefore, emphasizes the incentives or the cause of entering foreign markets. Walmart, itself, only accelerated the drive for internationalization in the late 1990's, having opened its first store outside the US in 1991 in Mexico (Palmer, 2005). Currently, only 24% of Walmart revenue is generated outside the United States of America [USA] (Walmart, 2011).

2.3 WALMART/ MASSMART MERGER IN SOUTH AFRICA

The Walmart/Massmart merger was viewed by some people as something that might change the South African Retail Industry, looking at the global influence that Walmart has and its purchasing of goods from China and negative stance about the unionized

workplace. Three government departments fought the proposed Walmart acquisition of Massmart from the Competition Commission all the way to Competition Appeals Court. The Department of Economic Development, Agriculture and the Department of Trade and Industry objected to the acquisition on behalf of government because of concerns around local procurement and the protection of local manufacturers (Business Day, 2012).

The concerns about the Walmart/ Massmart merger came from various stakeholders that include: Government; and Unions affiliated to the Congress of South African Unions, like FAWU (Food and Allied Workers Union), NUMSA (National Union of Metal in South Africa) and public, in general. Lewis (2002) argues that public interest considerations weigh more heavily in developing countries than in developed countries because of the greater use of industrial policy in developing economies. Lewis (2002) points out that a competition statute that simply ignores the impact of its decisions on employment or on securing a greater spread on Black ownership (in the case of South Africa) would greatly discredit competition authorities. Metropolitan Life and Momentum Investment Holdings (MMI) and African Bank have announced a partnership that will give each other exclusive rights to sell their products to the combined client base (Thompson, 2017). This merger has come up with a new growth strategy for the two companies and will improve the services they provide to the clients. The arrangement is that the Metropolitan Financial Advisors are now going to work at African Bank and their work done will be captured at Metropolitan at 60%, as compared to 100% they are used to and that has angered the advisors and their managers; hence, they have a negative attitude towards the merger (Thompson, 2017).

2.4 CHALLENGES CONFRONTED IN THE WALMART/MASSMART MERGER

Merger regulations in South Africa require all large mergers, such as the one between Walmart and Massmart, to be notified to the Competition Commission. The commission must, after assessing the merger, make a recommendation to the Competition Tribunal on whether to approve the merger unconditionally or to approve the merger with conditions or prohibit the merger entirely (Bonakele, 2011).

According to Alexander (2012), Walmart's arrival in South Africa has been heavily contested by both government and organised labour. Minister Ebrahim Patel of the Department of Economic Development, Minister Rob Davies of the Department of Trade and Industry, and Minister Tina Joemat-Pettersson of the Department of Agriculture, Forestry and Fisheries jointly opposed the acquisition of Massmart by Walmart. They were joined in this endeavor by COSATU (Congress of South African Trade Unions) affiliate SACCAWU (South African Commercial, Catering and Allied Workers Union). There has been ongoing litigation regarding whether or not to allow Walmart to acquire Massmart, and the conditions that should reasonably be imposed on the transaction.

In September 2010, Walmart put in an offer to buy the Massmart group. This offer was rejected and a 51 percent stake in Massmart was then offered for R16.5 billion, which would allow Massmart to remain listed on the JSE (Johannesburg Stock Exchange). The deal was initially unconditionally approved by the Competition Commission in February 2011.

However, this was subsequently appealed by the trade unions, most notably SACCAWU, due to the fact that it was viewed that there were issues which the Competition Tribunal did not pay adequate attention to – such as the effect that Walmart had on labour before the retailer had even officially entered South Africa (Bonakele, 2011). The trial date was rescheduled for March, but the government's delayed entry into the fray meant that the deal was again very, "reluctantly" postponed (*Engineering News*, 22 March 2011). The reason for the government's entry into the legal proceedings regarding Walmart's entry to South Africa, was due to the fact that there had been negotiations before the Competition Tribunal hearing, and the government believed that these negotiations would lead to binding accords being signed with regard to conditions that would be placed on the deal, addressing the concerns of government and trade unions (Bhana, 2011). When this did not occur, the opposing government departments' concerns regarding food security, detrimental effects on the employment in the manufacturing sector, the effect on the conditions of work for labour, and the effect on suppliers and the supply chain were not addressed in any formal way, resulting in the late entry of government into the Competition Tribunal (Bhana, 2011).

The Walmart/Massmart merger brought to the fore the public interest issues arising from mergers. This merger also raised the profile of competition law and stimulated debate on how competition law may intersect with broader government policy, such as industrial policy, as well general foreign direct investment policies (Mandiriza, Sithebe and Viljoen, 2012).

Once the Competition Tribunal reconvened, it heard expert witnesses from both sides regarding the potential effects of Walmart's entry into South Africa. There was also much debate regarding the 'public interest', an issue which was questioned in terms of its validity for debate in the Competition Tribunal. For the unions and SACCAWU, in particular, the outcome of the tribunal was weak as the only conditions that were imposed on the deal were the conditions which Walmart and Massmart volunteered to impose upon themselves. These conditions are the establishment of a R100 million supplier development fund 2, a ban on job shedding related to the merger for two years, continued recognition of SACCAWU as the official union for three years, and preferential re-employment access for the 503 workers who lost their jobs in 2012 – allegedly due to the merger (Moorad, *Bizcommunity,* 6 January 2012).

While it may seem that the conditions imposed are positive things, Bleby (*Business Day*, 1 June 2011-A) highlights that "the concern over job losses has been settled in the way companies wanted. They have successfully diverted the focus of remedies from [what] the unions and government wanted [and moved it] into territory over which they have control". Furthermore, according to Benedict, a UNI Global Union spokesperson – who worked in concert with SACCAWU, the R100 million fund that Walmart is required to establish, represents only 0.003% of annual global sales (2011). It is, therefore, difficult to say whether the deal will be of substantial benefit to workers yet.

The decision of the Competition Tribunal was once again appealed by the trade unions and a further hearing occurred in the Competition Appeals Court in October 2011, with the judgement due in early 2012. Here the unions claimed that the tribunal hearings were procedurally unfair, and "failed to place the burden of proof of the positive impact of the deal on the merging parties" (Xulu, *Financial Mail*, 27 October 2011). Judge Dennis Davis of the Competition Appeals Court states that "all the minister [Minister of

Economic Development, Ebrahim Patel] is aiming for [in the appeal] is better conditions than those imposed by the tribunal" (Fin24, 23 October 2011-B). Moorad states that, because the government and unions were "spooked by Walmart's Herculean ability to topple its local procurement master plan of manufacturing-and-production-based economic growth, the Ministers applied to the Competition Appeal Court to review and set aside the Tribunal's appeal of the deal" (*Bizcommunity*, 6 January 2012).

Therefore, it seems that the issues being debated now are simply the conditions that should be imposed on the deal, as opposed to the actual acquisition itself. SACCAWU states that Walmart will bring about increased concentration in an already oligopolistic sector; the union is concerned about the negative effects on the local market – including suppliers, manufacturers and small businesses; and is worried that Walmart's procurement policies will adversely affect the local supply base (COSATU, COSATU Today, 22 January 2011-B). Notwithstanding the above, SACCAWU has expressed concerns regarding Walmart's reputation and the fact that it is renowned for having a very poor labour relations history and has reportedly led to large-scale job losses and upset the balance of the local economy in other countries of operation (COSATU, COSATU Today, 22 January 2011-B).

This is due to the heightened pressure on other retailers to "adapt to Walmartisation in order to compete and survive" (COSATU, COSATU Today, 22 January 2011-B). National Education Health and Allied Workers Union (NEHAWU), in support of SACCAWU, states that Walmart is one of the major offenders and supporters of "capitalist globalisation that results in big economic inequalities by denying workers their rights" (NEHAWU, COSATU Today, N.D. 2011).

2.5 CULTURE

Tayeb (1994) defines culture as the arts and manifestations of human intellectual achievement regarded collectively. Culture is not a biological necessity and people will not die if they are deprived of culture. However, it is improbably impossible for a person to be devoid of the traces of his or her cultural upbringing and separated from his/her cultural context (Tayeb, 1994). There are two distinct features that help people to distinguish culture from other attributes, such as opinion. The first feature is that it is

enduring and changes very little over time, and the second feature is that culture has a social context in that it is expressed as part of a community (Brown, 2011). Elias (1983) focused on national culture as being the outcome of historical power struggles between different groups for dominance in different nation states. The ideas and values associated with the successful groups in such power struggles eventually evolve into national cultures. Key determinants for the development of culture are:

2.5.1 Symbols

According to Axtell and Fornwall (1991), every culture is filled with symbols or things that stand for something else and that often evoke various reactions and emotions. Some symbols are actually the types of non-verbal communication, while other symbols are, in fact, material objects. Axtell and Fornwall (1991) further states that a common one is shaking hands, which is done in some societies but not in others. A symbol commonly conveys friendship and is used as a sign of both greeting and departure. In the United States, for example, if people nod their heads up and down, it means yes, and shaking it back and forth, means a no. In Balgaria, however, nodding means no, while shaking the head back and forth means yes.

This information mentioned above is very important for the multinational companies who want to merge with foreign companies, because they have to respect the cultures of the host countries in order to be successful in doing business in those countries. Communities usually appreciate doing business with the company that recognises and respects their cultures. Axtell and Fornwall (1991) is also of the view that, as these examples indicate, shared symbols, both non-verbal communication and tangible objects, are an important part of any culture, but also can lead to misunderstandings and even hostility. These problems underscore the significance of symbols for social interaction and meaning.

Brown (2011) states that human cultures use symbols to express specific ideologies and social structures to represent aspects of their specific culture. Symbols carry meanings that depend upon one's cultural background; in other words, the meaning of a symbol is not inherent in the symbol itself but is culturally learned. Symbols are gained from experiences, while others are gained from culture. A good example of a symbol is language.

2.5.2 Language

The Oxford Online Dictionary (2018) defines language as the method of human communication, either spoken or written consisting of the use of words in a structured and conventional way. Language is a form of a cultural symbol by means of which human beings, as members of a social group and participants in its culture, express themselves. A company that ventures into the global market needs to understand that national culture of the country needs to be respected, especially the language that is used when promoting their products must be a well-received one. In English, the chair means something one sits on. In Spanish, the word *silla* means the same thing, as long as one agrees how to interpret these words; a shared language and, thus, society are possible. Language is crucial to communication and to any society's culture.

The capacity for language, in turn, helps make our complex culture possible. In the United States, some people consider a common language so important that they advocate making English the official language of certain cities or states or even the whole country and banning bilingual education in the public schools (Ray, 2007). Critics acknowledge the importance of English but allege that this movement smacks of anti-immigrant prejudice and would help destroy ethnic sub-cultures (Brown, 2009). Good examples of languages are English, Spanish, Hindu, Finnish, Mandarin or IsiZulu. Non-verbal language or communication includes facial expressions, gestures, handshake, body language and dress code. These facets of non-verbal communication have a strong bearing when two distinct cultures meet, and their diversity can create confusion if there is no proper acculturation. Verbal communication, on the other hand, entails the spoken words and responses thereof in a conversation (Brown, 2011).

2.5.3 Norms

Cultures differ widely in their norms, or standards and expectations for behaving (Brown, 2011). Norms form the basis of collective expectations that embers of a community have from each other and play a key part in social control and social order by exerting pressure on the individual to conform. For example, the nature of drunken behaviour depends on society's expectations of how people should behave when drunk. Many norms differ dramatically from one culture to the next, some of the best

evidence of cultural variation in norms comes from the study of sexual behaviour (Edgerton, 1976). Other evidence for cultural variation in norms comes from the study of how men and women are expected to behave in various societies. Some of the most interesting norms that differ by culture govern how people stand apart when they talk with each other (Hall and Hall, 2007).

2.5.4 Rituals

Different cultures also have different rituals, established procedures and ceremonies that often mark transitions in the course of life. In many societies, rituals help signify one's gender identity (Maybury-Lewis, 1998). Rituals are defined as a religious or solemn ceremony consisting of a series of actions performed according to a prescribed order (Brown, 2011). For example, the Bemba of Zambia, girls undergo a month–long initiation ceremony called Chisungu, in which girls learn songs, dances and secret terms that only women know (Miner, 1956). The above example of the Chisungu cultural rituals explain well the importance of the host national culture, which a foreign company should know about, for example, about the conditions of service, where the company must give the leave of absence to the girls who work for them in order to attend the initiation period. This will help the company to continue well with its operations in the country and girls will not lose their jobs because of their absence.

2.5.5 Changing norms and beliefs

Different cultures have different norms, even if they share other types of practices and beliefs. It is also true that norms change over time within a given culture. Two obvious examples here are hairstyles and clothing (Bullough and Bullough, 1977). Bullough and Bullough (1977) state that a more important topic on which norms have changed is abortion and birth control. Beliefs created and communicated among individuals, are passed down from generation as cultural traditions (Villa et al, 1993). Therefore, beliefs are assumptions and convictions that are held to be true by an individual or a group regarding concepts, events, people and things. Some of the beliefs that influence cultural practices include religion, for example, Buddhists believe and practice mantras and devotion to many gods (polytheism), while the Chinese religion followers believe in the worship of their ancestors, astrology and practice of feng shui. Christians

generally believe and practice in one God who is Father, Son and Holy Spirit (Mor, 2017).

Mor (2017) states that a spiritual belief is widely practised globally by different societies. The Chinese religion believes in good luck symbols, use of herbs to bring about healing and the burning of incense. Buddhists believe in attaining a state of Buddhahood and Christians believe in Jesus Christ. At birth, Islamic boys are circumcised, while Christian boys are not. From a Buddhist perspective, pregnant women should avoid funerals to prevent bad luck for the unborn child.

2.5.6 Values

Values are another important element of culture and involve judgements of what is good, or bad and desirable or undesirable. Cultural values are the core principles and ideals upon which an entire community exists. Values are made up of several parts that include customs - traditions and rituals: values-beliefs and culture - a group's guiding values (Brown, 2011). In Japan, for example, the central value is group harmony. The Japanese place great emphasis on harmonious social relationships and dislike interpersonal conflict (Schneider and Silverman 2010). Values are important because they help people to grow and develop; thus, the decisions made reflect a group's values and beliefs and they are always directed towards a specific purpose, which is the satisfaction of individual or collective needs.

2.5.7 Work ethics

Another important value in the American culture is the work ethic. By the 19th century, Americans have come to view hard work not just as something that has to be done but as something that is morally good to do (Gini, 2000). Cross-cultural evidence supports the importance of the work ethic in the United States (Brettell and Sargent 2009). Work ethics and working culture are standards or values generally based around consciousness. Mostly, work ethics is thought to benefit a person morally, thereby improving one's character (Brettell and Sargent, 2009). Work ethics can include preserving individual social skills, proving that you are a reliable and resource employee which is an asset to the company. Other characteristics for work ethics

include dependability and responsibility; possessing a positive attitude; adaptability; honesty and integrity; self-motivation and confidence.

2.5.8 Artifacts

The last element of culture is artifacts, or material objects, that constitute a society's material culture. In the simplest societies, artifacts are largely limited to a few tools, the huts people live in and the clothing they wear. The artifacts are associated with this culture unknown a generation ago, e.g., wireless culture like smartphones, laptops, Global Positioning System (GPS) and notebook devices. The development of technologies created these artifacts and new languages to describe them and the functions they perform (Stafford & Miles, 2013),

Globalisation is assumed to bring about a process of convergence of cultural, political and economic aspects of life. In the globalisation debate, the multinational corporation (MNC) is often presented as a harbinger of global practices (Dicken, 1998). Knowledge is assumed to move more easily across organisational boundaries (Bartlett & Ghoshal 1989). MNCs operating in many different countries can be expected to speed up the international harmonization of technologies and organisational practices. Furthermore, even though business may become increasingly global in many respects, the MNC remains dependent upon certain local environments for its competitive advantages and renewal thereof (Solvell and Zander ,1995).

According to Stafford and Miles (2013), the new cultural integration tools offer companies the same opportunity to close the loop on merging two cultures. Using these tools, leaders can manage and measure the difficult task of persuading people to adapt their beliefs and behaviors, thereby increasing both control over outcomes and the probability that deals will show positive returns. Stafford and Miles (2013) further state that, when the merger or acquisition unexpectedly heads south, the costs are painfully clear. Morale drops, and synergies fail to materialize. Key people-those you planned to keep- start heading for the exits, a likely cause for the trouble is the culture clash.

2.6 CULTURAL IMPACT ON MERGERS

Culture drives everything that happens in organisations, good or bad (Edwards, 2017). According to Weber and Camerer (2013), citing Bouno et al (1985) and Walsh (1988), a majority of corporate mergers fail. Failure occurs, on average, in every sense. Acquiring firm stock prices tend to slightly fall when mergers are announced. Many acquired companies are later sold off and profitability of the acquired firm is lower after (relative to comparable non-merger firms). Participants report a lot of conflict during the merger, resulting in high turnover.

Gitelson, Bing and Laroche (2001) state that, according to a KPMG study, "83% of all mergers and acquisitions (M & As) failed to produce any benefit for the shareholders and over half actually destroyed value". Interviews of over 100 senior executives involved in these 700 deals over a two-year period revealed that the overwhelming cause for failure "is the people and the cultural differences". Difficulties encountered in M & As are amplified in cross-cultural situations, when the companies involved are from two or more different countries. Gitelson et al (2001) mentioned that merger success is possible; however, being part of the 17% that succeeds, rather than the 83% that does not deliver, requires more than insight. Merger success is based on acceleration, concentration and creating a critical mass for operational change (adaptation).

It has been argued – but less often been researched – that cultural differences can become a source of confusion, hostility and distrust between members of merging organisations, and create obstacles to reaping envisaged integration benefits (Buono and Bowditch,1989; Olie, 1994; Vaara, 2003). "Sociocultural integration" (Shrivastava 1986) of different organisational cultures, HR systems, managerial viewpoints, and other aspects of organizational life can lead to sharp inter-organisational conflict (Scweiger and Walsh, 1990; Cartwright, 1996; Birkenshaw, Bresman and Hakanson, 2000). Problems may be exacerbated when M & As occur between companies based in different countries.

The high rate of failures has been associated mainly to the fact that "M & As are still designed with business and financial fit as primary conditions, leaving psychological and cultural issues as secondary concerns" (Bijlsma-Frankema, 2001). Cultural

factors in M & As can be studied at both the organisational and the national levels. These two levels of culture should be treated as separate variables to show how they relate to other aspects of M & As (International Mergers and Acquisitions) (e.g., organisational structure, performance and acculturation) (Majidi, 2007).

Larsson and Lubatkin's (2001) assessment shows that most researchers: (1) have

treated organisational and national culture as one factor in their analyses; and (2) have concluded that culture clash results in a decline in shareholder value at the buying firm, it affects organisational restructuring, it causes a deterioration of operating performance at the acquired firm, and it lowers employee commitment and cooperation, resulting in greater turnover among acquired managers.

Commisceo Global (2013) mentions that, people in the intercultural world, for instance, are highly sensitive to the cultural factors at play. In the context of joint-ventures, mergers, acquisitions or alliances, they believe that 'cultural due-diligence' should be a key element in the assessment required prior to joining forces. Mohibullah (2009) states that M & As are the front-line strategic option for organisations attempting to have competitive advantage over its competitors. Organisations world-wide spend billions of dollars in pursuit of this strategy. However, the success rate is less then estimable. This is mainly due to the clashes of corporate cultures.

Acknowledging the importance of culture in the success of M & As, researchers have recommended a harmonious integration of the beliefs and values of merging firms and say that the ability to integrate organisational cultures (i.e., achieve acculturation) is more important to merger success than financial or strategic factors. In summary, researchers consider cultural synergy an important success factor (Marks and Mirvis 2001).

2.6.1 Cultural change

Cultural change may affect the merging companies in a negative or positive way, negative way might be that the national culture of the host country be unfavourable to the company that want to do business in that company and the positive is the vice versa. Embedded in our culture is the shared commitment we have to act responsibly,

conduct our business ethically and to continually earn the trust of those we serve. Our vision, mission and values are an expression of this commitment and the true essence of who we are and what we strive to be (Ryan, 2007).

An increasingly important aspect of corporate culture is a firm's corporate social responsibility (CSR) practice. Firms frequently communicate with their key stakeholders about their vision, mission and values by disclosing CRS practices in annual CRS reports; moreover, CRS policies are driven by the company's vision and mission.

2.6.2 The impact of cultural change on employee performance

Scholars like Awadh and Saad (2013), Berger and Berger (2011), among others, have strongly contended that effective and efficient management and engagement of workforce employees helps to gain insights about employees' attitudes and operations; this only happens if there is a strong organisational culture. Belcourt, McBey, Hong and Yap (2013) state that cultures, growing slowly over time, are not easy to describe, and employees are often aware of their corporate culture only when they try to integrate with people from another organisation with a different one. It is estimated that mismanagement of the culture is responsible for as high as 85 percent of all merger failures.

Belcourt et al (2013) state that, during a merger, employees undergo stress, and productivity can be expected to drop. Employees may play it safe and require constant positive reinforcement for the work they do to accomplish under the new house. The cultural change impacts positively or negatively on the employee performance. If there is a change in the management of the company, then the employees become skeptical about what will happen to their careers or jobs. If the change was negotiated with the employees and come to agreement, then it will be positive, but if it was imposed, it will lead to a negative impact (Fubini, Price & Zollo, 2014).

Peter and Waterman (1982) state that superior performance is not only determined by the organisational culture, but also the leadership style. Strong organisational culture is a culture that can creates the level of employee behaviour that supports the structure and outstanding self-control in helping the organisational performance. Awadh and

Saad (2013) state that the improvement in productivity leads to employee commitment as norms, values and objectives help in improving culture in an organisation.

2.6.3 Acculturation in mergers

M & As are mostly performed in the hope of realising an economic gain, other than social or political objections. For such a transaction to be justified, the two firms involved must be worth more together than they were apart. Some of the transactions' potential advantages include achieving economies of scale, combining complementary resources, garnering tax advantages and eliminating inefficiencies (deCamargos and Coutinho 2008; Gaughan, 2010). Other reasons for considering growth through M & As include obtaining propriety rights to products or services, increasing markets' power by purchasing competitions, sharing up weaknesses in key business areas, penetrating new geographic regions or providing managers with new opportunities for career growth and advancement (James, 2005).

2.6.3.1   Cultural challenges brought about by the Walmart/Massmart merger

Cultural challenges are those challenges that happen in the company where there are different nations' workforce, and the problem starts when the management had to deal with diverse cultural backgrounds. According to Quick and Nelson (2009), organisations compete in the global marketplace. Employees must learn to deal with individuals from the diverse cultural backgrounds. Stereotypes may pervade employee's perceptions of other cultures, and the globalisation of business and changing demographic trends present organisations with a tremendously culturally diverse workforce, which represents both a challenge and a risk.

Quick and Nelson (2009) further state that challenges that face the organisations are that of an increasing diverse workforce and doing business in a global marketplace, and it has become more important than ever for them to understand the influence challenge and a risk.

2.6.3.2 Employee attitude towards the merged company

According to Dixon (2005), culture influences how people behave and how people understand their own actions**.** As a result, culturally influenced beliefs and actions feel right to people, even while their implicit underpinnings make it difficult for those people to understand why they act the way they do or why other ways of acting might also be appropriate. Howell and Dipboye (2005) state that job satisfaction was the overall result of the employee's like and dislike degree on various aspects of the job. This finding showed that job satisfaction reflected one's attitude toward one's work, which would affect the performance of one's work. Weiss et al (2006) express job satisfaction as a basic indicator of the individual success in the workplace which had been achieved in maintaining a relationship between one and the work environment, consisting of intrinsic and extrinsic satisfaction. Walmart is bigger than Massmart. Consequently, the former has a high potential of dominating the merger and imposing its cultural system on Massmart and a negative reaction from Massmart employees might follow.

When the Walmart/Massmart merger took place, employees and various stakeholders, such as unions, government and the retail industry, were all apprehensive. None was able to foretell what would happen to employees with reference to fitting into the new organisational culture. When mergers and acquisitions take place, it is the responsibility of top management to develop one common corporate culture and involve and consult employees in the acculturation process. This is important to get buy-in as well as ensuring that everyone understands the company's ethos and values. Initially, employees were negative about the merger as there was fear of the unknown - culminating in some resistance to change. Employees feared losing their jobs because there were inaccurate reports that Walmart used automated processes which meant that a lot of people would lose their jobs. The Competition Commission Tribunal of South Africa had to deal with all these reports and needed a guarantee from Walmart that employees' fears were allayed, and their jobs were safe.

2.6.3.3   Changes made to the existing work processes

Cultural change in an organisation involves working relationship between the national culture and a company's organisational culture; the management needs to understand this relationship as it has an impact on employees' behaviour and productivity.   Quick

and Nelson (2009), Ivancevich, Konopaske and Matteson (2014), and Morosini (2001) point out that, in order for an organisation to succeed in the global economy, their managers need to understand that national and organisational cultures have a pronounced effect on behaviour within organisations. Hence, a strong culture is an organisational culture with a consensus on the values that drive the company.

Embedded in a company's culture is the shared commitment people have to act responsibly, conduct their business ethically and to continually earn the trust of those they serve. A company's vision, mission and values are an expression of this commitment and the true essence of who they are and what they strive to be (Ryan, 2007).

According to Wanjiku and Agusioma (2014), culture may have a big influence on the performance of all organisations worldwide. This is a practice that cannot just be assumed as it has both positive and negative effects as far as performance is concerned. Senn (2014) states that the merging of two corporate cultures from the same country with the same language and traditions is challenge enough, but that is compounded when differing countries' cultures and norms are added to the equation, e.g., what might be seen as a healthy, assertive "bias for action" in one society, may be seen as rude, offensive and inappropriate behaviour in another.

An increasingly important aspect of corporate culture is a firm's corporate social responsibility (CSR) practice. Firms frequently communicate with their key stakeholders about their vision, mission and values by disclosing CRS practices in annual CRS reports; moreover, CRS policies are driven by preferences of its various stakeholders, including consumers, employees, managers and investors (McWilliams and Siegel, 2001, Benabou and Tirole, 2014).

Recent research findings suggest that national cultural distance is relevant to cross-border acquisition performance (Benabou & Tirole, 2014). In context of a cross-border acquisition, national cultural distance represents distance in the norms, routines and repertories for organisational design, new product development, and other aspects of management that are found in the acquirer's and target's countries of origin (Kogut and Singh, 1988)

The deal was challenged at the Competition Tribunal and Competition Appeals Court of South Africa. The key groups which Massmart decided to testify against the deal at the competition commission, using the public interest clause as the basis of their involvement (Business Day, 2012). Merger regulation in South Africa requires all large mergers, such as the one between Walmart and Massmart, to be notified to the Competition Commission. The commission must, after assessing the merger, make a recommendation to the Competition Tribunal on whether to approve the merger unconditionally, or to prohibit the merger entirely (Bonakele, 2011).

The Competition Act, 1998 (Act No.89 of 1998, as amended) provides that, in assessing public interest issues, the competition authorities must consider the impact of the merger on a particular industrial sector or region, the impact on employment, impact on small business owned by historically disadvantaged groups, and the ability of local industries to compete in international markets. This legal framework gives the public a right to participate in mergers and acquisitions

2.6.3.4   Intervention strategies to mitigate challenges brought about by the merger

Schmidt (2002) opines that one critical issue that should take precedence in the merger or acquisition process is culture, before the firms become a single entity. With reference to challenges confronted by the Walmart/Massmart merger, the first approach would have been conducting thorough research on the South African retail industry. This would have provided Walmart leadership with a better understanding of the business environment, culture and the role players in the retail landscape. Issues raised by the Competition Commission Tribunal, government departments, unions and other stakeholders would have been dealt with ease if extensive research had been conducted. Hill (2014) states that, prior to investing in foreign markets, research and development should take centre stage before committing huge financial resources.

Hill (2014) also points out that challenges confronted in mergers can be dealt with if management is open and transparent about the merger transaction because it is the employees' livelihood at stake. Management from both firms - Walmart and Massmart - should have informed, engaged, involved and consulted employees in the whole process. Many people were caught by surprise, thus, there was a lot of apprehension and fear of the unknown.

A common intervention is to communicate openly and engage in dialogues that demystify mistrust. Management of both firms should have developed channels of communication guided through workshops or team-building sessions. These interventions help people to work in teams, understand each other's weaknesses or strengths and cultivate a degree of openness. Brown (2011) states that one effective approach to mitigating resistance to change is open dialogues and communication. Management creates platforms for questions' and answers' sessions. Where employees are not clear about the objective of the firm, management has the opportunity to clarify such issues.

2.7   STAKEHOLDER INVOLVEMENT IN MERGERS

Another important approach would be the involvement of stakeholders in mergers. The concept of stakeholder involvement is discussed in detail in this section. Stakeholder involvement in mergers is very important because it serve as a watch dog for the community, employees, suppliers and other interested parties.

JaSeung Koo (2016) opines that, after publicizing the M & As progress, all surrounding interest parties start to respond for securing their safety until after the post-acquisition stage. Thus, it is the first timing to manage and control all surrounding interest groups in a proper manner. Noticing increasing complexity of business environment nowadays, executing such a huge transaction demands manager to take care of many interest parties which can be called as stakeholders. Freeman (1984) described stakeholders as business entities affecting, and affected by a firm's achievements, performance and significant strategic decisions. Thus, the stakeholder theory provides a logical ground for accounting stakeholders' potential influence on M & As. Stakeholders would estimate their potential gains or losses when determining their response to a proposed M & A. Stakeholders would prefer to maintain their current power and benefits in their relationship with a focal firm.

Anderson, Havila and Nilsson (2012) state that a merger or acquisition is usually a challenging endeavour with a single ultimate aim: to create value for the owner. However, stakeholder theory shows how such a narrow and one-sided focus is detrimental to value-creation, in general – not only for other stakeholders within and

outside the organisation, but also for the owner. Especially in a merger or an acquisition, it is evident that there are many groups and individuals who have a stake in the success or failure of a business.

According to Bonakele (2012), the key application challenge with the stakeholder theory is the identification and sorting of stakeholders. There are many varied approaches proposed or being followed. Frooman (1999), in developing response strategies to stakeholders, proposed the following three questions be asked:

- Who are they? (their attributes)
- What do they want? (their ends)
- How are they going to get it? (their means).

The identification of stakeholders entails drawing up a list (Frooman, 2002; Preston and Sapienza, 1990). Bonakele states that , while no one list is better than the other without understanding the context of each case, a comprehensive list was provided by Freeman(1984) that mentioned activists (advocacy), groups (customer, environmental, health, minority, religious, women), Chief Executive (President and cabinet), competitors (domestic and foreign), courts, creditors (banks, bondholders), customers, directors, employees, financial analysts, legislature, the media, owners (private, public), political committees, professional associations, regulatory agencies , suppliers, trade associations, unions and terrorist organisations.

While Freeman's (1984) list has been criticised as including everything (Frooman 2002), in selecting which stakeholders to focus on, one needs to start broad and narrow them down with the assistance of context. They can also be classified as primary and secondary stakeholders on the basis of their significance to the firm. (Savage, Nix, Whitehead and Blair, (1991), Clarkson (1995); (Mitchel et al, 1997).

2.8   IMPACT OF MERGERS

Picardo (2017) is of the view that a corporate merger or acquisition can have a profound effect on a company's growth prospects and long-term outlook. However, while an acquisition can transform the acquiring company literally overnight, there is a

significant degree of risk involved, as transactions of mergers and acquisitions are estimated to only 50% chance of success.

Richards (2017) states that the effects of mergers and acquisitions on employee morale can be significant if the organization of the business is not handled effectively. During any merger or acquisition effort, there are, at least, two groups of employees involved, with different cultures and styles.

Richards (2017) further states that, while organizational mergers may make good financial sense to companies, employees of the merging companies can be left to wonder and worry about what, if any, role they will play in the new corporate structure. The effect of a merger on employee performance, productivity and attitude can range from one of optimism and excitement to one of uncertainty and resentment. Madondo (2008) states that literature reveals that, during any merger or amalgamation, less attention is paid to the human element of the merger until the merger is almost complete. This lack of attention impacts negatively on the merger results.

Schmidt (2002) posits 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-term competitiveness. Yet, the study concludes that even well-conceived deals often fall short of their promised benefits.

Rashid and Naeem (2016) are of the view that one of the fundamental objectives of a corporate firm is to achieve the highest, effective and sustainable growth level. However, most of the firms, which are expected to speed their business, have limited resources due to lack of internally generated funds, inadequate access to financial markets, small scale of business, etc.

2.9   EMPIRICAL STUDIES ON MERGERS

Rosy (2013) states that mergers and acquisitions are important corporate strategy actions that help in quick growth and provide competitive advantage. Many big companies continue to exist today after passing through various forms of restructurings, including M & As. An entrepreneur can grow his/her business either by internal expansion. A firm grows gradually over time in the normal course of the

business through acquisition of new assets, replacement of technologically obsolete equipment and the establishment of new lines of products. However, in external expansion, a firm acquires a running business and grows overnight through corporate combinations.

The field of mergers and acquisitions has undergone tumultuous changes over the past 10 to 15 years. The 1990s witnessed the fifth merger wave -a merger wave that was truly international in scope. After a brief recessionary lull, the merger frenzy began once again, and global megamergers began to fill the corporate landscape. This was derailed by the sub-prime crisis and the credit slump that came in its wake. However, the business of M & A is one which will be ever present in the corporate world. As the economy expands M & As go along with it (Gaughan, 2012).

The South African banking sector has undergone several numerous changes in the past 20 years. The period in the early 1990s was characterised by a process of consolidation resulting from mergers of a number of banks including Allied, Volkskas and United to form ABSA and the proposed merger between Nedcor and Stanbic which failed eventually (The Banking Association of South Africa, 2012).

Recently, Telkom South Africa bought Business Connexion (BCX) in 2014, a deal which was expected to fall through, but today it is reported as a success merger (Telkom SA, 2018). In a very surprising move, online retailers Takealot.com and Naspers-owned Kalahari. com announced, in October of 2017, that they were merging their operations. The merger was motivated by lack of scale in the South African online market and that the united entity would continue to operate under the Takealot.com brand (Takealot.com, 2018).

Precious metals miner Sibanye-Stillwater and Lonmin received shareholder approval for their planned merger which would position the merged entity as one of the world's leading platinum and palladium producers. The rationale for the merger was to ensure a more sustainable and positive future for the merged entity (Sibanye, 2017). The merged entity would establish the Sibanye-Stillwater Group as the largest primary producer of platinum and second largest palladium producer with a unique geographical and platinum group metal mix (Sibanye, 2017). However, the Association of Mineworkers and Construction Union (AMCU) had attempted to stop some

inevitable layoffs with the merger threatening some 3 000 jobs. The merger rescued Lonmin, which was badly impacted by tepid platinum prices following the 2016-2017 downturn and an increase in mining costs.

Apart from corporate mergers, UNISA merged with Technikon South Africa to form the current UNISA brand. In 2002, UNISA, Vista University and Technikon SA merged to become one distance education institution. This proposal was made at the national plan for higher education in Pretoria (Marx. 2007). The distance education center of Vista University was also incorporated into the new merged entity.

2.10 CONCLUSION

This chapter discussed the merger of Walmart and Massmart based on what the literature from various theorists say about mergers and acquisitions. The following aspects were discussed, the concept of mergers, the challenges confronted in the merger, culture, cultural impact on mergers, stakeholder involvement in mergers, impact or effect of mergers and empirical studies on mergers, to show the impact that the merger brought to the South African Retail Industry and the country as a whole. This merger tested the South African labour laws and its effect in dealing with the merger's issues like the one for Walmart which is the American company. The public also showed that they were interested and very watchful to what was happening in the retail industry and the country as well. The research methodology of this study is presented in the next chapter.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 INTRODUCTION

The focus of this chapter is to describe and discuss the research design and methodology used to conduct the study. It is imperative to highlight the plan of action used to arrive at research findings so that readers understand and follow through how the findings were ascertained. This study is based on the need to uncover cultural challenges brought about by the Walmart/Massmart merger in South Africa. To this end, an appropriate research plan of action should be put in place to collect, analyse and interpret data to achieve a solution to the management problem. Open-ended research questions were developed to collect relevant facts; therefore, commensurate data collection techniques are required so that the study makes invaluable contribution to theory building and area of construction project management by medium enterprises.

The scholar used the research onion as illustrated in Figure 3.1 to discuss the research methods or plan of action used in this study. The first section will concentrate on the research philosophy followed by the research design, research approach and a discussion of the target population. The sampling procedures and sampling techniques adopted in this study will be discussed followed by the data collection process and pilot study. The data analysis section informs readers on how data were analysed. The trustworthiness and plausibility of the research instrument will show how the research instrument was tested for credibility and trustworthiness, followed by a discussion of ethical issues considered in this study. Before the chapter is concluded, readers are reminded of the study's limitations and scope, and how bias was eliminated from the study.

3.2   RESEARCH PHILOSOPHY

Creswell (2012:32) states that title formulation and designing of research questions are the first processes in any research project. The direction of the research project is provided by the topic and appropriate research questions are derived from the title. Van Wyk (2012:172) also states that topic formulation guides the whole research

endeavour. The research philosophy/paradigm is defined as the worldview or belief which guides the way people do things (Saunders, 2009:129). Saunders, Lewis and Thornhill (2012:212) posit that a research paradigm is a formal set of practices followed by people when acting on some activities. In simple terms, a research paradigm is an element of a research philosophy because it deals with epistemology (Ngulube, 2014:48). The illustration in figure 3.1 postulates four philosophies: pragmatism, Interpretivism, realism and positivism.
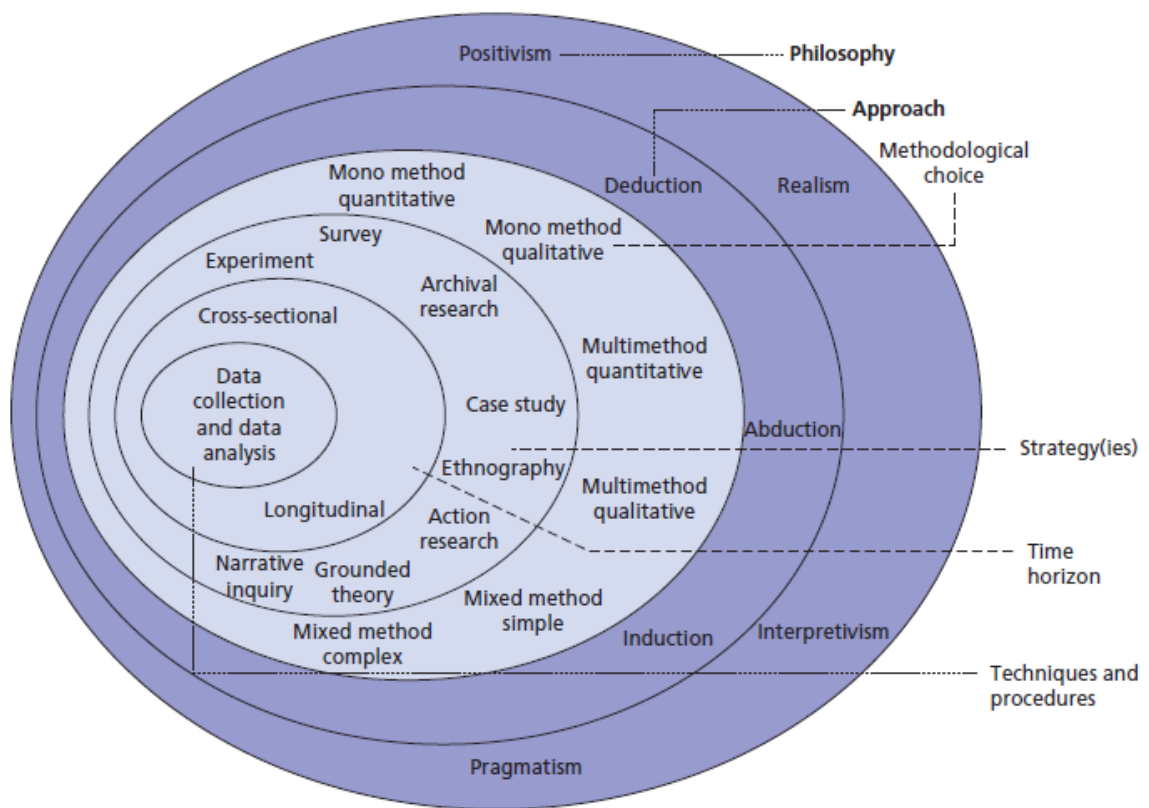
Figure 3.1 Research Methods

Adapted from Saunders and Lewis (2009)

Literature stipulates that critical realism lies between interpretivism and positivism (Creswell, 2010:32). There are various layers in Figure 3.1, namely: outer layer-represents the macro picture of the paradigms; the second outer layer-denotes the processes involved in each research paradigm; third outer layer is the progression to the research approaches informed by each research paradigm; the different research

strategies are shown in the next layer before the layer illustrating the different survey types. The inner layer shows data collection and data analysis. The researcher has made efforts to show the relationships between different concepts or pieces of the research plan.

The research topic was designed, and corresponding open-ended research questions were developed, resulting in the adoption of an interpretivist worldview. When the research questions were developed, the epistemological stance was to immerse the researcher with subjects under investigation, thus, subjectivism informed the interpretivist epistemology. Subjectivism allows interactions between subjects and the researcher. The use of interviews presented a platform for interacting with sample elements under investigation. Literature suggests that the researcher might not know in advance what the researcher might be looking for (Chigada, 2014). Ngulube (2010) posits that researchers become the main data gathering instruments when an interpretivist paradigm is adopted. Data are usually in the form of words, pictures or objects (Chigada, 2017). It became apparent that an interpretivist worldview informed this study resulting in the adoption of a qualitative research strategy, which is discussed in subsequent sections of this chapter.

3.3 RESEARCH DESIGN

Van Wyk (2012:173) defines a research design as a structure or plan which puts and holds together different concepts of research methods. This coherent structure is utilised by researchers to collect, analyse and interpret data. Literature suggests that various research designs exist, but it is the prerogative of the researcher to choose an appropriate research design that will guide the research process (Ngulube, 2014:47). Each research design is informed by the research philosophy,which means that there is a correlation between the research philosophy.research design and research approach. The synergy between these elements is paramount in research because researchers' processes are made easier. Saunders et al (2012:175) classify research designs as causal comparative which helps determine the cause and effects between two variables. When independent variables cannot be examined in controlled experiments, causal comparative research designs are found most suitable;

correlational designs are often conflated to mean causation, yet, the two designs are different. When two variables or events follow one another, it is best to determine the relationship using correlation (van Wyk, 2012:175). In many instances, the relationships/links between two events might be coincidental rather than causal. Figure 3.2 will be used to discuss the various research designs available to researchers.

Researchers can use explanatory designs when identifying the links between variables relating to the research (Ngulube, 2014:7). Explanatory designs are preferred because they offer more structured approaches and processes. In quantitative research projects, researchers use structured approaches, therefore, explanatory designs would add significant value to the study (Bryman, 2010:129). Descriptive designs can be used in both qualitative and quantitative research projects because they provide accurate and valid representation of variables that relate to research questions. In addition, descriptive designs are also structured (van Wyk, 2012:174). Lastly, exploratory designs form the other category of research designs. An exploratory design was used in this study to help address an uncertain subject. The problem under investigation was not well understood, despite a plethora of studies on the challenges confronted by firms going global or engaging in international business (Chigada, 2014:113). The merger between Walmart and Massmart created panic in the South African retail industry; thus competitors, employees and other stakeholders were apprehensive about this business transaction. The study was exploratory in nature; therefore, collecting and contextualization of data to a natural setting was achieved by using the exploratory design. The boundaries in which the problem and opportunities resided were easily identified through the exploratory lens (Saunders, and Lewis 2009:278).
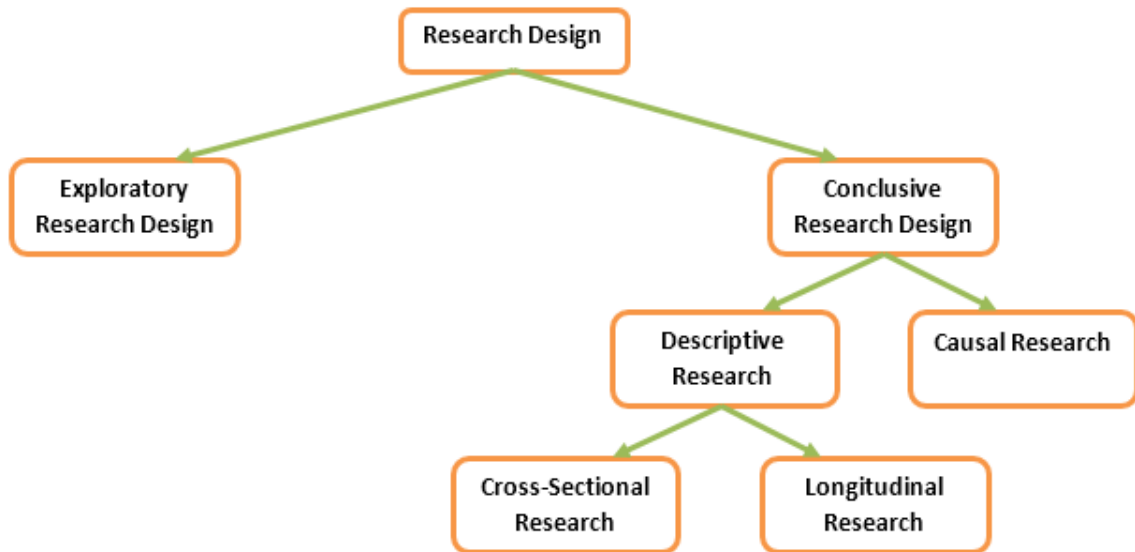
Figure 3.2 Research Designs

Adapted from Saunders et al (2012)

By using an exploratory research design, it was feasible to identify sample members, and determine where and when the study was conducted. All data for this study were collected from Walmart management in Durban. Thus, conducting this study created opportunities for the company and employees to share pertinent information of a management problem that was not easily understood or how it would be resolved. Literature posits that, when the findings provide solutions, the value addition of the study cannot be underestimated (Creswell, 2010:49). Respondents expressed opinions in their own words, allowing opportunities for probing questions.

3.4   RESEARCH METHODOLOGY

Saunders, Lewis and Thornhill (2009:85) opine that a research philosophy is either quantitative (positivist) or qualitative (phenomenological) or a combination of the two. When the methodologies are combined in one study (pragmatic approach), the result is a multi-methods research (MMR). The two research methodologies are quantitative and qualitative. In Table 3.1 below, the application of both approaches is presented. Detailed discussions and motivation for qualitative over quantitative are presented later in this section.

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Table 3.1: Quantitative and Qualitative Research

Quantitative	Qualitative
Based on confirming or disproving theory	Based on developing theory
Features are classified, counted and statistical models constructed to explain what was observed	A complete and detailed description of the study
The researcher knows in advance what he/she is looking for.	The researcher may not know in advance what he/she is looking for
Structured approach to data collection	Unstructured approach
Use of questionnaires, surveys or experiments to collect numerical data	Researcher is the data gathering instrument. Data is in the form of pictures, words or objects
Though quantitative research is more efficient by testing hypotheses, one may miss contextual detail	Use of participative observation and in-depth interviews
The researcher remains objectively separated from the subject matter	Researcher is subjectively immersed in the subject matter

Source: Simmonds-Mkhize (2015)

3.4.1   Quantitative research approach

One of the two widely used research methodologies is the quantitative approach. Quantitative research approaches are in the continuum of positivist paradigms (Ngulube, 2010:123). Welman et al (2005:8) point out that the main characteristics of the quantitative method are evaluation of objective data that consists of numbers; it is based on complex structured methods that confirm or disprove hypotheses; it deals with an abstraction of reality for the findings which are based on probabilities derived from the study of large numbers of randomly selected cases; the structure of the research is controlled and, therefore, particularistic; and that it usually aims for large numbers and the results of cases are based on statistical significance. Positivist paradigms are informed by an objectivism epistemological stance; thus, the researcher does not directly interact or engage subjects under investigation. Chigada (2014:121) states that the objective of using quantitative research approaches is to collect data from a large sample of participants who are geographically dispersed. Data are collected through the administration of questionnaires, experiments or surveys. When collecting quantitative data, respondents are given a set of options to choose from.

Likert type scales are used where respondents choose appropriate choices that represent their viewpoints.

Quantitative research approaches are ideal for testing theory or proving or disproving what is already known (Chigada, 2014:112). Aliaga and Gunderson (2009:47) posit that data collected in a quantitative research will be analysed, interpreted and presented in a statistical or mathematical format in graphs or tables. The interpretation is expressed in words to support the numerical representations. Literature suggests that quantitative approaches are more structured compared to qualitative research methodologies (Leedy and Omrod, 2010:219). The research topic was inclined towards an exploratory study; therefore, an interpretivist research paradigm was decided and adopted for the study. As soon as the research paradigm had been identified, it became imperative to use complementary research methodologies and strategies that ensured a successful completion of the research project. In this study, the objective was to explore what was not known; therefore, the quantitative approach was not adopted.

3.4.2 Qualitative research approach

In contrast, qualitative research aims to understand human behaviour from the experiences of the people concerned. It attempts to discover reasons for human behaviour towards certain situations through the use of projective techniques, such as observations, sentence completion tests and interviews. Welman et al. (2005:8) assert that the main purpose of qualitative research is to evaluate subjective data from respondents through language whilst utilizing flexible and exploratory methods. Phenomenological studies entail description of events and behaviour as they occur in a natural setting. Respondents are also able to express their opinions and viewpoints (Welman et al 2005:8). In this study, the qualitative research approach was used. Saunders, Lewis and Thornhill (2012:175) state that a subjective epistemological stance influenced the adoption of a qualitative research approach. Qualitative research approaches are used to build theory and generate new knowledge. When collecting qualitative data, face-to-face interviews, observation, and document analysis are common techniques used in exploratory studies (Saunders, Lewis and Thornhill, 2012:175).

In the present study, there was no theory testing or need to disprove or prove what was already known, but to build new concepts regarding the cultural dynamics in the merger of two competitive retail giants. Open-ended questions were used to collect data from respondents; thus, the interview process created engaging platforms where personal experiences were shared. Feelings and opinions were expressed in respondents' own words without restrictions (Leedy and Omrod, 2010:218). When collecting data, the researcher was immersed with the subjects under investigation as pointed out by Ngulube, Romm and Mathipha (2014:12) who state that subjectivism epistemological stances compel the researcher to engage and be immersed with respondents in order to collect rich sets of data.

The adoption of the qualitative research approach was attributable to the research topic, research questions and the research paradigm that were formulated and adopted when the research plan was developed. Open-ended questions are ideal when the research problem is not understood and there is high degree of uncertainty and ignorance (van Wyk, 2012:32), as was with this study. The research problem lied in boundaries that could be determined by using the exploratory research design because there was little known information about the problem under investigation. With reference to earlier discussions regarding the epistemological stance of this study, subjectivism informed the interpretivist, which, in turn. informed the qualitative research approach. There is a relationship that had to be maintained right from the onset of topic formulation until the data were collected. Infusion of a different research approach would have altered the plan and course of action; thus, a high probability of failure would have occurred.

3.5   RESEARCH STRATEGY

Stangor (2011:110) defines a research strategy as a series of steps or plan of action that gives and guides the researcher direction during the study, resulting in a systematic approach that produces high quality results and detailed reporting. Saunders *et al*. (2012:243) states that research strategies include experiments and scientific procedures that are undertaken to prove or disprove what is already known or make a discovery. Experiments are conducted in laboratories in controlled

environments. Bryman and Bell (2010:321) state that surveys are some of the most common research strategies applied in social research. Surveys also encompass measurement procedures that involve asking questions. There are different surveys that include questionnaires, interviews, cross-sectional and longitudinal surveys. Each of these surveys is applicable to specific studies and situations (van Wyk, 2012:178).

Other research strategies include ethnography, action research, grounded theory and case studies. Leedy and Omrod (2010:179) define ethnography as the study or scientific description of people's cultures. In an ethnography study, the focus is to explore/observe society's behaviours, habits and mutual differences. Action research entails studying an activity or occupation to improve the methods and approach of subjects involved (Leedy and Omrod, 2010:179). Grounded theory research combines paradigms with pragmatic theory of action, while case studies allow a combination of quantitative and qualitative data collection techniques in one study. In the present study, one case was used to collect and contextualize the findings to a natural setting. Yin (2009:12) states that case studies are appropriate strategies when conducting exploratory studies because data can be collected within a short space of time, whereas other strategies require more time. In addition, the case study helped to conduct an in-depth study of the prevailing situation as well as its related contextual conditions. Yin (2009:23) further points out that case studies are empirical enquiries that investigate phenomena within their real-life context, especially when the boundaries of the phenomena are not clearly evident and where there are also multiple sources of evidence used. It is acknowledged that the six research strategies discussed in this section cannot be regarded or thought of as discrete entities, but these strategies can be combined in the same research project.

3.6   TARGET POPULATION

Collins and Hussey (2009:62) define a population as a group of people or objects from where data are collected. Saunders et al (2012:238) state that a population is the total number of all inhabitants of a place. Ngulube et al (2014:47) define a population as a group of individuals sharing the same characteristics, behaviours and way of doing things but occupying a particular geographic area. The definition by Ngulube et al

(2014:47) succinctly fits into the context of this study. The population of interest were section managers, general managers and senior managers at Walmart and employees from various departments at Walmart, Durban. A total of 25 people comprised the population for the study. All population elements could have been considered for this study because they all possessed some data required for the study.

However, due to the size of the population, it was not feasible to include all elements in the study. Thus, the researcher had to select sample elements possessing relevant data for this phenomenological study. A smaller sample was considered because literature states that collecting data through face-to-face interviews is time consuming and requires novice researchers (Creswell, 2012:45). Therefore, the sample size should be small and manageable. Creswell (2012:45) suggests a sample of between 6 and 10 participants, while Bryman and Bell (2010) propose between 8 and 12 participants. Ngulube et al (2014:49) suggest between 6 and 15 participants. With reference to the varying suggestions, a sample of 10 participants were selected for the study.

3.7   SAMPLING STRATEGIES

Creswell (2014:32) defines sampling as the process of selecting elements from a population of interest. The two sampling strategies are probability and non-probability sampling (Creswell, 2010), as illustrated in figure 3.3 below. Sample members have a known and equal chance of inclusion in the study when probability sampling was used, while there was no known chance of inclusion in non-probability sampling (Leedy and Omrod, 2010:175). In this instance, non-probability purposive and convenience sampling techniques were used to select members for the study. The sample members were selected from the 25 people (population group) so that, by studying the sample, it was easier to generalise the findings back to the population. The sample size for the study were 10 participants drawn from different departments, genders, positions/titles and possessing knowledge and experiences related to the merger of the two companies and how cultural shocks were mitigated. The selection of the ten participants was not done on a random basis, but a systematic approach of selection was used.

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With reference to probability simple random sampling, Chigada (2014:125) states that the lottery system is a computer programme that generates random unique numbers, and randomly selects numbers. Each selected unique number depicts a selected sample element. The lottery system randomly selects sample members without human involvement; thus, this sampling technique mitigates bias associated with most non-probability sampling techniques. Other probability sampling techniques are stratified and systematic which possess a randomisation element (Bryman and Bell, 2010: 298). With reference to cluster sampling, population elements are clustered and randomly selected.

Classification of Sampling Techniques
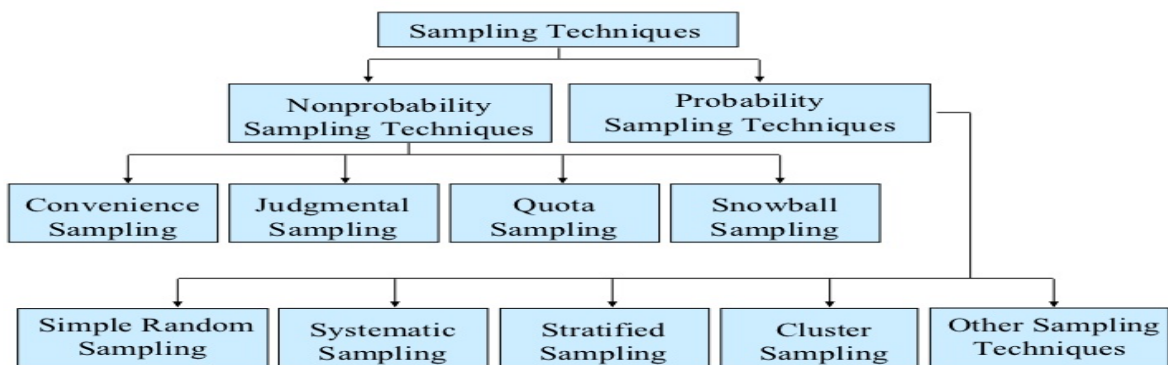
Figure 3.3 Sampling Techniques

Adapted from Saunders *et al*. (2009)

With reference to non-probability sampling, there is human intervention where sample members are selected based on meeting some criterion (Leedy and Omrod, 2010:218). Key non-probability sampling techniques include judgmental sampling, where one's judgement is used to select participants for the study; and non-probability convenience sampling envisages selection of sample members readily available and accessible when the study is being carried out. The participants will have to be available, accessible and willing to participate in the study; non-probability quota sampling entails pre-setting criteria, such as age, experience, qualifications, gender or title. Population elements satisfying those criteria are then selected (Saunders et al., 2012:201). Non-probability purposive sampling requires the researcher to select

members possessing data relevant for the study. For example, in this study, non-probability purposive sampling was used to select the 10 sample members because these individuals possessed relevant data. Though non-probability sampling strategies do not produce representative samples, the selected members possessed vast experiences and knowledge and understanding of the challenges confronted during the merger transaction; therefore, they had relevant facts required in this study (Chigada, 2014:112).

3.8   RESEARCH INSTRUMENT

In this qualitative research, the main data collection instruments were face-to-face interviews and industry and company reports. An interview guide with a set of open-ended questions was designed, as illustrated in Appendix C, and used during the interviews. The interview guide comprised two sections: biographic data and the actual research questions. The biographic section collected data related to gender, position/title, marital status and years in the company. This information was useful to determine if the study was fairly conducted by involving relevant participants. The open-ended questions enabled respondents to answer research questions in their own words. Open-ended questions allow engagements and probing questions to be asked for clarity (Creswell, 2012). Company and industry reports were consulted to understand the operations and activities in the South African retail industry. Information from the reports was used to support or argue the feedback provided during the interviews.

A total of 13 open-ended questions were asked during the interviews. The first question sought to understand the organisational culture in place before the merger which was followed up by a question that sought to understand the culture after the merger. Respondents were asked to indicate if they were happy to work for the new company or they had reservations. Other questions related to cultural dynamics included the working conditions, growth prospects, communication strategies, salary structure, how employees adapted to the transition and the role of trade unions. Semi-structured interviews were conducted to address the above research questions. The advantages of using semi-structured interviews where it was feasible to collect data associated with

respondents' personal experiences, attitudes, behaviours and understanding of events surrounding them; respondents provided answers in their own words without restrictions; and it was possible to ask probing questions (Matthews and Ross, 2010:221). Semi-structured interviews also allow one to observe body language and identify sensitive questions. The main drawback of semi-structured interviews is the time it takes to complete one interview session. Each interview session was scheduled to last 35 minutes, but, in most cases, there were longer because of probing questions that arose.

3.9   PILOT STUDY

Literature suggests that it is important to conduct a pilot or small-scale study before the main study as a form of fine-tuning the research instrument (Chigada, 2014:111). Stangor (2011:121) posits that pilot studies are imperative prior to the main research because it is the only platform where researchers can get constructive criticism on the research instrument. A small-scale study was, therefore, undertaken with two (2) participants to ascertain the plausibility and trustworthy of the research instrument. Chigada (2014:121) defines a pilot study as a quality control study designed to get first-hand information regarding the quality of the research instrument.

Creswell (2012:34) states that a pilot study helps uncover ambiguities and errors in the research instrument, creating an opportunity to fine-tune the final research instrument. Respondents were able to provide feedback regarding the clarity of research questions. For example, the first question sought to establish the culture in the organisation before and after the merger. Respondents suggested that the question should be split into two questions. This recommendation was adopted, and two questions were developed, as illustrated by the new research instrument in the appendix C. Both respondents indicated the need for editing and formatting of the questions. There were a lot of grammatical and syntax errors which distorted the meanings of the questions; thus, some confusion could easily arise. The pilot study helped determine if the research instrument measured what it was designed to measure. Respondents were able to tell if the research questions captured fundamental issues that help address the research problem at hand.

From the responses provided, it was established that the research instrument measured what it was designed to measure. If there were missing or irrelevant questions, the pilot study helped uncover anomalies. For example, respondents felt that there was a repetition between questions four and question five; therefore, it was ideal to integrate the questions. Respondents also indicated that there were too many questions (18) in total and there was a possibility of getting similar responses. The suggestion was to rework the questions and capture fundamental issues in line with cultural challenges that existed during the merger of Massmart and Walmart. These suggestions were vital in fine-tuning the final interview guide (Appendix C) which is appended to the back of this study. The two participants for the pilot study were advised of the amendments to the research instrument. The participants were also politely informed that they would not partake in the final study to mitigate duplication of responses.

3.10 DATA ANALYSIS

Literature defines data analysis as adding meaning to raw facts so that appropriate decisions can be made (Braun and Clarke, 2006:76). Ngulube (2014:5) defines data analysis as the process of transforming facts into usable information so that decisions are made to solve a management problem. The online Oxford Dictionary (2017) defines data analysis as the process of adding meaning to data so that informed decisions can be made. Chigada (2017) defines data analysis as the process of cleaning data, making it ready for computation to produce meaning (information) so that an appropriate decision can be made. It is no use collecting data over a certain period of time, using valuable resources, but then failing to act on that data to solve a management problem. Therefore, data analysis is designed to uncover and understand the big picture. Data analysis entails labelling and coding of data so as to recognise similarities and differences (Braun and Clarke, 2006:97). The Nvivo 10, a qualitative data analysis programme was used to capture and analyse interview transcriptions. Emerging themes were coded and analysed through thematic data analysis (TDA). TDA allowed the researcher to pinpoint, examine and record patterns within data sets.

Braun and Clarke (2006:38) state that thematic data analysis is the ideal approach when analysing qualitative data because qualitative data cannot be analysed statistically. Data collected from company and industry reports, were analysed through content analysis. Content analysis helped to determine patterns of recurring words (Yin, 2014:34). In addition, content analysis helped to examine the data obtained in an attempt to establish the theory (Yin, 2014:6). Content analysis provided the means to determine the occurrence of specific concepts from the interviews and allowed for the meaning of such concepts to be inferred (Rowley, 2002).

3.11 TRUSTWORTHINESS OF THE RESEARCH INSTRUMENT

The ability of a research instrument to perform consistently producing the same results in different settings, but under the same conditions, is referred to as reliability of the instrument (Yin, 2009:43). In the event that the instrument is not reliable, the findings from the study might be questionable, resulting in civil lawsuits and discrediting remarks from other scholars or stakeholders interested in the study (Yin, 2009:43). The following steps were conducted to ensure that the research instrument was trustworthy:

3.11.1 Credibility

The Online Dictionary (2017) defines credibility as the verification of a research instrument. In order to verify the research instrument, a pilot study was conducted prior to the main study. The objective was to perform quality control and quality assurance. Respondents provided their feedback and suggestions which were incorporated into the study. The pilot study provided a platform for constructive criticism of the research instrument. Creswell (2012:32) suggests the use of other researchers or independent analysts to verify the trustworthiness of findings before releasing the results to the public.

3.11.2 Transferability

Moving from one person to the other or from one location to another and performing consistently under similar conditions denotes the degree of transferability of the research instrument (Creswell, 2014:32). In addition, the findings from one study

should be generalizable to other settings. By conducting a pilot study, the objective was to determine if the research instrument could be used in other settings or places under similar conditions. Though the research instrument was designed to uncover cultural challenges confronted when Massmart merged with Walmart, there was a high probability that it was applicable to other settings or retailers or firms that were planning to merge or had merged.

3.11.3 Dependability

Saunders, Lewis and Thornhill (2009:219) defines dependability as the quality of be relied upon. The records and audit trails should be up-to-date and contain accurate information which can be referenced in future. For example, mistakes made are good lessons that should be recorded to mitigate potential future mistakes. In as much as mistakes are recorded, successes, decisions made and any strategies taken should be recorded and kept in a safe for a period longer than five years (Saunders, Lewis and Thornhill, 2012:382). Steps were taken to verify all records with various stakeholders before locking away the reports in a safe.

3.11.4 Confirmability

Literature defines confirmability as the process of thoroughly checking for accuracy (Leedy and Omrod, 2010:287). It was imperative to confirm and verify data accuracy with respondents before releasing the findings. Independent analysts were politely asked to audit or recheck the findings before release of the same. Independent opinions provided different perspectives and interpretations, which helped solidify the findings.

3.12 LIMITATIONS OF THE STUDY

This study used a small sample of 10 participants; therefore, the findings are not representative enough of the population (25) from which data were collected. This limitation would have been mitigated had a different research methodology been used. If a quantitative or mixed methods research approach had been adopted, the sample sizes would have been larger; thus, the reliability and validity of findings would have improved. The other limitation of the study was the calibre of sample elements chosen

for the study. Only senior managers were considered for the study, which excluded employees who might have felt the most pain when distinct cultures were fused into one new corporate culture. Senior managers might not have stated all facts accurately because they might have been to blame for some of the problems that were faced during the merger. For example, when discussing how the merger deal was communicated to employees, no definitive responses were forthcoming. In addition, managers were not comfortable discussing policy-related issues, though some respondents had a lot of data but were not open enough to discuss the finer details, which is an indication or assumption that they might have been involved in the problems.

3.13 ELIMINATION OF BIAS

The aim of this study was to investigate cultural challenges brought about by the Walmart/Massmart merger in South Africa. That aim could have been easily obliterated if respondents were allowed to provide answers in their vernacular languages. For example, one executive requested that, "Since the researcher is a black African the researcher should be conversant in many South African languages. There was no need to use English Language". The request was politely refused, and the participant was offended and did not partake in the study. Allowing participants to dictate the pace of interviews is a recipe for bias; therefore, the researcher was firmly in control and ensured that all interviews were conducted in English as the official business communication language. Using the vernacular language would have provided opportunities for misinterpretation and incorrect responses would have been provided, thus, defeating the purpose of the interviews. In addition, topics unrelated to the issues under discussion were avoided and not entertained to avoid scope creep. Discussing irrelevant subject matters easily deviates the conversations. Leading questions were avoided from the onset. The pilot study was a very helpful quality assurance process because the constructive criticism helped fine-tune the interviewing process and approach.

3.14 ETHICAL CONSIDERATIONS

Ethical concerns are essential in research; therefore, it is important to take cognizance of ethical issues before one gets into trouble. The ethical issues considered in this study, were:

3.14.1 Ensuring no harm to participants

Cozby and Bates (2012:23) define harm as both emotional and physical injury suffered by a person. Emotional harm might be caused by asking sensitive questions which may evoke emotions; therefore, a pilot study was conducted to ensure that all sensitive questions are removed before conducting the interviews. Physical harm might include exposing respondents to unhealthy interview conditions which might injure or inflict injuries to them. Interviews were conducted at participants' offices to mitigate travel and punctuality challenges.

3.14.2 Informed consent of participants

Bryman and Bell (2010:278) define informed consent as the right granted by one to partake in a study or use one's information. Before conducting interviews, the participants were approached and requested for their willingness to partake in the study. Consent was granted verbally and telephonically.

3.14.3 Personal information

Ngulube and Mathipha (2014:101) state that failure to protect participants' personal information can lead to lawsuits. Therefore, it is important for researchers to assure participants that their personal information will be kept safe. In this study, participants' personal information: was used solely for research purposes; was not shared with any third parties; and was to be kept in a safe for five years before being destroyed or incinerated.

3.14.4 Ensuring that permission is obtained

Before conducting research, permission was granted by the Durban University of Technology (DUT) Research Department as well as Game (Durban), a subsidiary of Walmart that participated in this study.

3.15 CONCLUSION

In conclusion, this chapter discussed the research plan that was adopted to collect, analyse and discuss research data. The importance of this chapter cannot be over-emphasized because readers are more interested in finding out how the research was conducted to arrive at certain findings. From the onset, the research topic and research questions were highlighted as the main starting points from which a research action plan is developed. The research philosophy for the study was in the realm of interpretivism which informed the adoption of a qualitative research methodology. The research plan is depicted by Figure 3.1. In the next chapter, the research findings are discussed and presented.

CHAPTER FOUR: RESULTS, DISCUSSION AND INTERPRETATION OF FINDINGS

4.1 INTRODUCTION

The objective of this chapter is to present, analyse and discuss research findings relating to the subject area investigated. The findings are presented to understand the impact of the Walmart/Massmart merger and how corporate culture impacted the merger. The role and contribution of the retail industry, especially foreign direct investment into the South African economy, cannot be overlooked. Therefore, it was imperative to conduct this study and uncover pertinent issues so that attention and appropriate strategies can be devised. In order to collect relevant data, open-ended questions were posed, and participants provided their responses in an open, transparent manner, in their own words and without restrictions. The responses from participants were expressed in words; thus, the recordings were transcribed, summarised into themes and discussed in line with the restated research objectives. The structure for this chapter will entail the introduction, restatement of research objectives, presentation and discussion of primary findings, content analysis from industry reports and conclusion. The research objectives that guided the study were to:

- Determine the cultural challenges brought about by the merger of Walmart and Massmart.
- Ascertain any employee attitude changes towards the merged company.
- Determine whether the merged company made any drastic changes to the existing work processes.
- Assess intervention strategies to mitigate challenges brought about by the merger; and
- Establish if the trade unions are operational on the merged company as Walmart does not want the unions in its workplace.

The selection of twenty sample participants was not randomly performed, but, non-probability purposive technique was used. Sample participants were selected for being readily available and accessible when the study was commencing. In addition, the sample comprised of key decision-makers and managers who possessed vast experiences and knowledge managing their companies; therefore, they had relevant facts required in this study. Employees were selected because the researcher believed that this cohort of sample elements was affected by the merger and there was fear of job losses. The demographic distribution of respondents for face-to-face interviews was as follows:

- Five African male managers.
- One Indian senior manager.
- Two Coloured female manageresses; and
- Two African female manageresses.

For the face-to-face interviews, the 10 employees selected for the study comprised six female and four male participants. From the demographics presented, there was an equal participation of both female and male genders; thus, this distribution helped to mitigate bias. The objective of inclusion of both genders gave a fair perspective of the study. The study was conducted at Game Stores, a subsidiary of the Walmart South Africa Group. The motivation for gathering data from Game stores was because Walmart Head Office approved and recommended that one of their stores should be used as a case study; therefore, the author did not have much choice or options to use other stores.

4.2   DEMOGRAPHIC VARIABLES

The author has alluded already that both male and female participants were involved in this study to ensure fairness and that different opinions were gathered and used in this study. The participants were between 18 years and 65 years. In research, it is discouraged to use minors or people below the age of 18 years and to involve people older than 65 years because most of these people would have retired. It would have

been difficult to find employees above 65 years, as that would have meant that Walmart was not adhering to labor relations issues as far as retirement age was concerned.

With reference to marital status, the author decided not to ask this question because it might have posed some sensitivity. In addition, the marital status of participants would not have influenced the opinions and data required for this study. Of the 10 participants, two participants indicated that they possessed commercial bachelor's degrees, while 2 participants had diplomas in a variety of disciplines, such as computing, administration, sales and marketing, accounting and finance. Six participants stated that they had matric. All participants indicated that they had been with the Massmart Group for more than 5 years, which, from the researcher's perspective, was good. These individuals were experienced and understood the organisation's processes, culture and were all permanent members of staff. From the above narratives, it was clear that the participants had the data and information relevant for the study.

4.3   EMERGING THEMES

From the 13 statements presented in the research protocol, the following themes arose during the interviews:

- Theme 1: Organisational culture at the merged entity.

- Theme 2: Impact of working conditions on employee morale.

- Theme 3: Customer services at the merged entity.

- Theme 4: Employee growth and promotion prospects at the merged entity.

- Theme 5: Employees' reaction to the merger.

- Theme 6: Managing change during the merger.

- Theme 7: Employee unions at the merged entity; and

- Theme 8: Interventions to mitigate challenges during the merger.

4.3.1 Thematic Data Analysis

Each of the eight themes is analysed in this section.

- **Theme 1: Organisational culture at the merged entity**

The first theme is directly linked to the first objective of` the study. It sought to establish the corporate culture before and after the merger. This theme was imperative because it helped to highlight the impact that happens when mergers and acquisitions take place, specifically focusing on cultural challenges. The following responses were received:

"Most of us were surprised and taken aback. We had to adjust a lot of things, processes and approaches to work. There is a huge cultural shift" [Respondent A]

"There is a new corporate culture at the merged entity. The old guard is gone, and everything is new" [Respondent B]

"There is a new culture in place. Obviously, there are vast differences between the old corporate and new corporate cultures. We are happy with the current culture" [Focus Group 1]

"Not everyone was happy with the merger. A lot of cultural changes were implemented" [Focus Group 2]

"The culture is different from what we were used to" [Respondent E]

"There are some changes I must say. The culture is leaning more towards American. We need to adjust along the way" [Respondent F]

"The new company brought in a new culture and everyone is expected to adjust, though it is not easy. Employees had to engage in team building sessions" [Respondent G]

"Management did its best to engage employees as a way of involving and getting buy-in from all staff" [Focus Group 1]

"There are instances where management pushed instructions down to employees and this incensed the unions. However, things have changed after a series of meetings between employees and management" [Focus Group 2]

With reference to the extracts above, the revelations from the respondents denote that there is a new corporate culture. Cultural change may affect the merging companies in a negative or positive way. One negative way might be that the national culture of the host country is unfavourable to the company that want to do business with the other company and vice versa. Embedded in our culture is the shared commitment we have to act responsibly, conduct our business ethically and to continually earn the trust of those we serve. Our vision, mission and values are an expression of this commitment and the true essence of who we are and what we strive to be (Ryan, 2007). The views raised by participants are not peculiar to the Walmart/Massmart merger, but many mergers, globally, have reported similar challenges. It is the dominant firm (acquirer) whose corporate culture will be implemented in the firm. A plethora of draft measures should be put in place to ensure that all stakeholders are involved in crafting the new culture for the firm.

- **Theme 2: Impact of working conditions on employee morale**

In this theme, the key issue was to establish how the merger impacted on employee morale. In addition, the culture in the merged entity posed challenges which were likely to have caused some discomfort to employees. Respondents stated that:

"Everyone was apprehensive and fear of the unknown gripped employees" [Respondent C]

"New processes, procedures and management expectations affected our morale" [Respondent D]

"Our morale was affected because all of us did not know what the new management expected of us" [Respondent E]

"When change occurs, there is uncertainty and people are not sure of what to do especially when there are rumors of job losses" [Respondent G]

"Even now staff morale is low because every day there are talks and suggestions that people will be replaced by technology" [Focus Group 1]

"There is no job security and people are just not happy as we speak. Recent communication from management seems to suggest that there will be retrenchments" [Focus Group 2]

"The merger has created some discomfort in many employees who feel their worth is not appreciated" [Focus Group 1]

"The working conditions are not conducive at the moment because employees' voices are not heard, there are no Unions to represent them" [Focus Group 1]

"Employees feel that there is no freedom of expression, no Union representation, they are spied on and there is a breakdown of trust between new management at employees" [Focus Group 2]

The above narratives demonstrate that employee morale was low at the merged entity. An important issue raised during the interviews shows the breakdown of trust between new management and staff in the merged entity. Picardo (2017) is of the view that a corporate merger or acquisition can have a profound effect on a company's growth prospects and long-term outlook. However, while an acquisition can transform the acquiring company literally overnight, there is a significant degree of risk involved, as transactions on mergers and acquisitions are estimated at only 50% chance of success.

Richards (2017) states that the effects of mergers and acquisitions on employee morale can be significant if the organization of the business is not handled effectively. During any merger or acquisition effort, there are at least two groups of employees involved, with different cultures and styles. Hill (2014) also points out that challenges confronted in mergers can be dealt with if management is open and transparent about the merger transaction because it is the employees' livelihood at stake. Management from both firms - Walmart and Massmart - should have informed, engaged, involved and consulted employees in the whole process. Many people were caught by surprises; thus, there was a lot of apprehension and fear of the unknown.

- **Theme 3: Customer services at the merged entity**

When two entities are merged, a number of issues arise that include decrease in customer services delivery or employee resignations. In this theme, the focus was to establish the quality of customer services at the merged entity. The following responses were provided:

"Due to confusion and time required for people to get used to new processes and procedures, customers services were compromised" [Focus Group 1]

"A lot of complaints were received from customers complaining about bed customer services" [Respondent B]

"There are still complaints about poor customer services. In addition, employees are still trying to understand the processes and approaches to deal with customers" [Respondent C]

"The existing customer complaints channels have been changed making it difficult for both customers and employees to resolve queries speedily" [Respondent D]

"It is true that after a merger, changes are bound to occur and in this case our processes have changed affecting customer services. We are all still learning the processes" [Respondent E]

"In my section we did not change processes much, but the few changes affected customer delivery in some ways" [Respondent F]

"The merged entity has come out a better place to work for. Customer services is likely to improve once everyone understands the processes" [Respondent G]

"We are concerned about the time it will take employees to adjust and proffer better customer services" [Respondent H]

"With time, customer services will improve" [Focus Group 2]

"With fear of making mistakes and loss of jobs, customer services are not the best that are expected at this point in time" [Focus Group 1]

"Yes, the processes and new order will help improve customer services" [Focus Group 2]

The feedback from respondents indicates that the merged entity is providing the expected services; however, with the progression of time, understanding of processes and procedures, better training, employees will provide excellent services. According to Wanjiku and Agusioma (2014), culture may have a big influence on the performance of all organisations worldwide; this is a practice that cannot just be assumed as it has both positive and negative effects as far as performance is concerned. Senn (2014) states that merging of two corporate cultures from the same country with the same language and traditions is challenging enough, but that is compounded when differing country cultures and norms are added to the equation, e.g., what might be seen as a healthy, assertive "bias for action" in one society, may be seen as rude, offensive and inappropriate behaviour in another.

- **Theme 4: Employee growth and promotion prospects at the merged entity**

Reports suggest that mergers and acquisitions pose challenges for personal employee growth. For example, growth opportunities through promotions might be limited because the merged entity might streamline processes which result in retrenchments. In order to understand the notions about employee growth and promotion prospects, the researcher asked respondents to provide their opinions and viewpoints to issues taking place. Respondents stated that:

"Some experienced employees are promoted" [Respondent A]

"Due to reconfiguration of the business, some employees are promoted whilst others are laid off" [Respondent B]

"There are limited growth and promotion opportunities" [Respondent C]

"Existing structures and policies do not offer opportunities for growth and promotion, except in exceptional cases" [Respondent D]

"The absence of Workers Unions has exercabated the challenges. There are limited and very few people who have been promoted. Instead, there are demotions and resignations" [Respondent E]

"There is a glimmer of hope, but we have not witnessed any tangible promotions. People are in acting positions. As the business has been reconfigured, a few experienced and qualified individuals have been promoted" [Focus Group 1]

"There is some hope of personal growth, however the challenges are that most employees do not have adequate time to advance themselves academically or professionally" [Focus Group 2]

"Personal growth and promotion are available for experienced and learned individuals" [Respondent F]

"As long as one has the qualifications, experience and keen to learn, there are high chances of promotion" [Respondent H]

Initially, when the responses indicated that there were no prospects of personal growth and promotion, it was worrying. However, as the interviews progressed, some respondents clarified that chances of promotion were slim and only those individuals with qualifications and experience were considered. This became clear because management at the merged entity would be confronted with a mammoth task if promotion was done on the basis of one or a few variables, such as long service, experience without considering the qualifications, job fit and possessing a culture of learning. Howell and Dipboye (2005) state that job satisfaction was the overall result of the employee's like and dislike degree on various aspects of the job; this showed that job satisfaction reflected a person's attitude toward one's work, which would affect the performance of one's work. Weiss et al (2006) expressed job satisfaction as a basic indicator of the individual success in the workplace which had been achieved in

maintaining a relationship between oneself and the work environment, consisting of intrinsic and extrinsic satisfaction.

- **Theme 5: Employees' reaction to the merger**

The Walmart/Massmart merger in the retail industry was received with mixed feelings and reactions. Various stakeholders were not sure of how to react, but, in the end, it was successfully concluded. These are some of the views provided by participants during the face-to-face interviews:

"There was a lot of apprehension from employees" [Respondent B]

"Some employees protested because of fear of losing their jobs" [Respondent C]

"There was resistance to change" [Respondent D]

"Some employees were keen to see the benefits of the merger, whilst others were shocked about the announcements" [Respondent E]

"I was not happy about the news of the merger. I feared for my job" [Respondent F]

"I was shocked to read about the merger in the newspapers" [Respondent G]

"Rumors were swelling indicating massive retrenchments; thus o was already searching for another job until I was assured that my job was safe" [Respondent H]

"There was uncertainty and apprehension because our jobs were on the line. Some people were and are still looking for jobs elsewhere" [Focus Group 1]

"Everyone was anxious and impatient. As we speak now, we are not so sure of the company management's future plans. Some people are busy looking for jobs as there are rumours that new technologies will replace human beings" [Focus Group 2]

When the Walmart/Massmart merger took place, employees and various stakeholders, such as unions, government and the retail industry were all apprehensive. None was able to foretell what would happen to employees with reference to fitting into the new organisational culture. When mergers and acquisitions take place, it is the responsibility of top management to develop one common corporate culture, involve and consult employees in the acculturation process. The responses from the interviews concur with the above narrative. Respondents were apprehensive and not sure of their jobs. It has been stated that employees' jobs are not secured, as demonstrated by the number of people looking for jobs elsewhere. It was discussed in the literature review that, initially, employees were negative about the merger as there was fear of the unknown - culminating in some resistance to change. Respondents also demonstrated that their jobs might be replaced by new technologies. Employees feared losing their jobs because there were inaccurate reports that Walmart used automated processes and that meant a lot of people would lose their jobs. The Competition Commission Tribunal of South Africa had to deal with all these reports and needed a guarantee from Walmart that employees' fears were allayed, and their jobs were safe.

- **Theme 6: Managing change during the merger**

In this theme, respondents were asked to provide their opinions regarding the change process that took place. Brown (2011) states that managing change is a huge task that requires everyone's participation to ensure that the change process is successful. The only constant that does not change is change; therefore, great efforts from all concerned stakeholders are required. The following responses were provided:

> *"As I was not sure of what was happening, I resisted the changes, however, with fear gripping me, I had to oblige" [Respondent A]*

> *"A lot of employees resisted change because management did not communicate properly their intentions" [Respondent B]*

> *"It was a difficult process to manage the merger because employees resisted. I am one of those that resisted" [Respondent C]*

"It is not easy to integrate new culture into an old culture and with people who have been with the company for a long period. Definitely resistance is bound to happen" [Respondent D]

"Management conducted some workshops, team building sessions and meetings to avert protests whilst mitigating resistance to change" [Respondent E]

"I believe management was able to manage the change process, however, there were many challenges they had to deal with [Respondent F]

"One cannot certainly say that the change process was well-managed. Management had to deal with processes, culture, organisational structure and other administrative related assignments. Having received a barrage of criticisms from different stakeholders, management must have managed this change under difficult conditions" [Focus Group 1]

"The truth is that managing change is not an easy job. We endured long working hours with little or no compensation because systems, processes and procedures had to be moved over to the current system. In addition, adapting to new organisational culture was a key issue that took more time in the change process. Management did their best to manage the process, however, there are still some grey areas that require attention" [Focus Group 2]

"The change process was well-managed because employees did not lose their jobs as was anticipated" [Respondent G]

"Yes, management of the change process was successful" [Respondent H]

"The process was well-managed" [Respondent I]

Mixed responses were provided in this theme. The consensus was that the change management process was and will not be an easy assignment. Respondents indicated that with apprehension and fear of the unknown, there was a lot of anxiety and resistance to change. Eventually, the change process was successfully managed. The high rate of failures has been associated mainly to the fact that "M & As are still

designed with business and financial fit as primary conditions, leaving psychological and cultural issues as secondary concerns" (Bijlsma-Frankema, 2001). Though managed the merged entity set its objectives on financial goals, successfully managing change was key to achieving those financial objectives. Brown (2011) states that change is a result of any shift in strategy, structure and systems. One of the key drivers for this merger was the waning marketshare for Massmart against a declining economy; therefore, a partner was required to bail out Massmart whilst saving thousands of jobs. This merger (change) was paramount because it helped the merged entity to adopt the required behaviours needed to realise the change. Focus Group 1 indicated that, prior to the approval of the merger, Walmart endured a barrage of criticisms from different sections of society. Therefore, managing change in such a volatile environment was difficult because the merged entity had to meet specified requirements.

- **Theme 7: Employee unions at the merged entity**

Employees and employers' unions are pivotal in an organisational set-up to diffuse tensions and conflicts. In this study, unions were cited as a major player concerned about the Walmart/Massmart merger because there were fears that jobs would be lost. The responses from the participants demonstrated that:

"The merged entity banned unions and staff representations" [Respondent B]

"We are concerned by the banning and abolishing of employee Unions" [Respondent C]

"The merged entity does not subscribe to the notion of Workers' Unions" [Respondent E]

"Employees are vulnerable as their grievances cannot be addressed collectively, but, rather individually. There are no Unions to represent and negotiate on behalf of employees" [Focus Group 1]

"The merged entity does recognise Unions. Actually, Unions area barred and all of the ones that were there before, have all been abolished. This has instilled more fears into employees. Morale is at its lowest ebb" [Focus Group 2]

"There are no Unions" [Respondent F)

"Employees have been rendered powerless and voiceless" [Respondent G]

With reference to the feedback above, the study demonstrates that the merged entity has abolished and barred the formation of Workers' Unions. Focus group interview responses illustrate that employees cannot collectively raise their grievances because of the absence of unions. Thus, they have been rendered voiceless and powerless. The opinions provided in this theme clearly show that the merged entity was on an offensive path because it is the same unions that were vocal and did not want the merger. The extract below summarises why the merged entity does not tolerate unions:

"SACCAWU states that Wal-Mart will bring about increased concentration in an already oligopolistic sector; the union is concerned about the negative effects on the local market – including for suppliers, manufacturers and small businesses; and is worried that Wal-Mart's procurement policies will adversely affect the local supply base (COSATU, COSATU Today, 22 January 2011-B). Notwithstanding the above, SACCAWU has expressed concerns regarding Wal-Mart's reputation and the fact that it is renowned for having a very poor labour relations history and has reportedly led to large-scale job losses and upset the balance of the local economy in other countries of operation (COSATU, COSATU Today, 22 January 2011-B).

National Education Health and Allied Workers Union (NEHAWU), in support of SACCAWU, states that Wal-Mart is one of the major offenders and supporters of "capitalist globalisation that results in big economic inequalities by denying workers their rights" (NEHAWU, COSATU Today, N.D. 2011)".

- **Theme 8: Interventions to mitigate challenges during the merger**

The last theme focused on the interventions that could have been taken to mitigate the challenges confronted during the merger. The responses were:

"Involving all stakeholders from conception and inception of the merger idea" [Respondent A]

"Open communication and dialogues with all concerned parties would have built trust" [Respondent B]

"Extensive research regarding the South African retail industry, culture and business climate" [Respondent C]

"Conducting workshops and team building sessions" [Respondent D]

"involving and empowering all stakeholders in the decision-making process" [Respondent E]

"Rewarding employees and managers who championed the merger processes" [Respondent G]

"If management had consulted widely, these challenges would have been averted" [Respondent H]

"Clear articulation of the benefits and how jobs were secured" [Respondent I]

"Open dialogue, government and Union Interventions would have helped a lot. We feel that communication with all stakeholders would have sufficed" [Focus group 1]

Various interventions were suggested during the data gathering process. What is vivid from the suggestions is that participants were not against the merger; however, it was important for management to take precautions to ensure friction and conflicts were avoided. The field of mergers and acquisitions has undergone tumultuous changes over the past 10 to 15 years. The 1990s witnessed the fifth merger wave- a merger wave that was truly international in scope. After a brief recessionary lull, the merger frenzy began once again, and global megamergers began to fill the corporate landscape. Richards (2017) further states that, while organizational mergers may make good financial sense to companies, employees of the merging companies can be left to wonder and worry about what, if any, role they will play in the new corporate structure. The effect of a merger on employee performance, productivity and attitude can range from one of optimism and excitement to one of uncertainty and resentment.

4.4 CONTENT ANALYSIS

Various industry reports were consulted to ascertain the activities, challenges and successes of the retail industry. The importance of the retail industry in South Africa cannot be ignored. This is one industry that creates a large portion of the job market. Competition in the retail industry is intense, with more than 25 million square metres of formal retail space currently (Broll Report, 2018). It is stated that there are more than 2 000 existing shopping centres and close to three million square metres of formal retail space in the pipeline (Broll Report, 2018). In the face of increased competition, shopping centre owners, developers, managers and retailers need to be alert to and agile in responding to the latest trends, consumer behaviour and technology in a fast-paced, ever-evolving industry (Broll Report, 2018).

South African consumers still rely on in-store purchases for their shopping experience; however, combining online and offline environments is essential for brand growth (Walmart, 2018). The Nielsen Research (2017) states that South African shoppers do not view shopping options as either-or, but instead are interested in a hybrid approach to their shopping experience. This is one of the objectives that motivated the Walmart/Massmart merger. The merged entity provides a hybrid shopping experience. Consumers can shop and purchase online or still have the option to walk into a Game Store and physically see the products they want to buy. Walmart has and continues to drive its service offerings through the use of information communication technologies. The Retail News (2018) points out that hybrid shopping experience is enhanced by the accessibility of mobile solutions in South Africa despite high data costs.

Retailers are resenting their brands with an opportunity to create awareness of their products in an environment that lends itself to visual and tactile experiences. Game stores are using tried and tested branding activations combined with digital platforms to create a more integrated customer experience. As convenience retail continues to grow as an industry sector, retailers must remain focused on the most significant trends that will see their businesses flourish. The merged entity is a by-product of the trends in the retail sector globally; thus, merging was designed to strengthen the retail giant's standing in the competitive retail environment. It has been reported in various industry

reports that Walmart is also facing a decline in sales due to declining consumer spending amid rising costs (Walmart, 2018). The decline in the general goods retailers share price followed a similar fall in the share prices of clothing retailers. A rise in the Value-Added Tax (VAT), higher fuel prices and below inflation pay increases have put South African consumers under severe economic strain.

With reference to a plethora of challenges confronting the retail sector, it is imperative that firms should find ways and interventions to consolidate market share. One strategy adopted by Massmart, after realising that the company was losing business to competition, it was imperative to merge with Walmart. This merger was resisted but eventually became a success. Rashid and Naeem (2016) are of the view that one of the fundamental objectives of a corporate firm is to achieve the highest, effective and sustainable growth level. However, most of the firms, which are expected to speed their business, have limited resources due to lack of internally generated funds, inadequate access to financial markets, small scale of business, etc.

4.5   CONCLUSION

In conclusion, the focus of this chapter was to present, analyse and interpret research findings in line with research objectives and research questions. The research objectives were restated in the introductory section of this chapter in an attempt to remind and show the reader how the findings were linked to the objectives. Research data were collected from 10 participants selected using the non-probability purposive sampling technique. These participants were readily available at the time of conducting the study. Face-to-face interviews allowed dialogues, probing of questions for clarity as well as giving respondents the opportunity to answer questions in their own words without restrictions. The diverse group of participants provided comprehensive and diverse responses which addressed the research questions. This was attributable to their knowledge, expertise and understanding of the Walmart/Massmart merger. From the emerging themes, it became apparent that the merger posed problems and apprehension amongst employees and other stakeholders. The findings from face-to-face interviews were augmented by analysing the retail sector reports. The content analysis also revealed the same challenges highlighted by the players. The motivation for merging two entities was to consolidate market share and remain relevant to the

market. Appropriate remedial action contained in the reports concurred with the literature review as well as suggestions made by participants. In the next chapter, the conclusions and recommendations from this study will be made.

CHAPTER FIVE: SUMMARIES, CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

The previous chapters provided the foundation, reviewed relevant literature, and outlined the research plan that was used to collect, analyse and interpret data that resulted in the findings presented in the preceding chapter. The chronology of events is paramount to arriving at a summary of findings, conclusions, recommendations and final conclusion of the study. Therefore, the focus of this chapter is to present summaries of literature review, primary study and content analysis. The findings will show how emerging themes were discussed to address research questions. Conclusions drawn in this chapter will be a summary of key issues replicating themselves or common in both primary, content and literature review. With reference to the summaries/conclusions, appropriate recommendations will be made. Areas believed to require further research will be discussed followed by the final conclusion that ties together all the five chapters. This chapter will also highlight how the research aim was achieved to illustrate the significance of conducting this study.

5.2 FINDINGS FROM THE STUDY

The findings will be presented in three sections, namely, literature review, content analysis and primary study. Specific industry reports were consulted to establish trends, challenges and successes faced in the retail industry. Key issues will be identified and teased out from the three studies to synthesize ideas and information for theory generation and building of new knowledge.

5.2.1 Findings from Literature Review

It was imperative to review or look at what other scholars have said, done and how they arrived at their findings. Therefore, literature review is important in research because new ideas, concepts and knowledge are found and integrated into the current study. The study established that mergers and acquisitions are global strategies adopted by many firms to enter new markets principles. With reference to the intensity of competition in the retail industry, firms are devising strategies to strengthen their

standings and respond to customer needs and expectations.

According to David (2010), mergers represent a worldwide phenomenon, from which academic institutions have not been spared. In other countries, mergers of academic institutions have taken place with various results. In Germany, this was unsuccessful. Half of the mergers in the corporate playing field in Germany are flops (Ernst and Young, 2015). In principle, the decision to merge with or acquire another firm is a capital budgeting decision, much like any other investment decision. Mergers differ in at least five ways: first, the value of a merger depend on such things as strategic fits that are difficult to measure; second, the accounting, tax and legal aspects of a merger can be complex; third, mergers often involve issues of corporate control and are means of replacing existing management; fourth, mergers obviously affect the value of the firm, but they affect the relative value of stocks and bonds; and, finally, mergers are often "unfriendly" (deCamargos & Countinho, 2008)

The Walmart and Massmart merger was viewed by some people as something that might change the South African Retail Industry, looking at the global influence that Walmart has and its purchasing of goods from China and the negative stance about the unionized workplace. Three government departments fought the proposed Walmart acquisition of Massmart from the Competition Commission all the way to Competition Appeals Court. The Department of Economic Development, Agriculture and the Department of Trade and Industry objected to the acquisition on behalf of government because of concerns around local procurement, and the protection of local manufacturers (Business Day, 2012).

Alexander (2012) states that Walmart's arrival in South Africa has been heavily contested by both government and organised labour. Minister Ebrahim Patel of the Department of Economic Development, Minister Rob Davies of the Department of Trade and Industry, and Minister Tina Joemat-Pettersson of the Department of Agriculture, Forestry and Fisheries jointly opposed the acquisition of Massmart by Walmart. They were joined in this endeavour by COSATU (Congress of South African Trade Unions) affiliate SACCAWU (South African Commercial, Catering and Allied Workers Union). There has been ongoing litigation regarding whether or not to allow

Walmart to acquire Massmart, and the conditions that should reasonably be imposed on the transaction.

Belcourt et al (2013) state that, during a merger, employees undergo stress, and productivity can be expected to drop, employees may play it safe and may require constant positive reinforcement for the work they do to accomplish under the new house. The cultural change impacts positively or negatively on the employee performance. If there is a change in the management of the company, the employees become skeptical about what will happen to their careers or jobs. If the change was negotiated with the employees, then it will be positive, but if it was imposed, then it will lead to a negative impact (Fubirie, Price & Zollo, 2014).

Tayeb (1994) defines culture as the arts and manifestations of human intellectual achievement regarded collectively. Culture is not a biological necessity and people will not die if they are deprived of culture. However, it is improbable for a person to be devoid of the traces of his or her cultural upbringing and separated from his/her cultural context (Tayeb, 1994). There are two distinct features that help people to distinguish culture from other attributes, such as opinion. The first feature is that it is enduring and changes very little over time, and the second feature is that culture has a social context in that it is expressed as part of a community (Brown, 2011).

Picardo (2017) is of the view that a corporate merger or acquisition can have a profound effect on a company's growth prospects and long-term outlook. However, while an acquisition can transform the acquiring company literally overnight, there is a significant degree of risk involved, as transactions on mergers and acquisitions are estimated at only 50% chance of success. Richards (2017) states that the effects of mergers and acquisitions on employee morale can be significant if the organization of the business is not handled effectively. During any merger or acquisition effort, there are at least two groups of employees involved, with different cultures and styles.

When the Walmart/Massmart merger took place, employees and various stakeholders, such as unions, government and the retail industry, were all apprehensive. None was able to foretell what would happen to employees with reference to fitting into the new organisational culture. When mergers and acquisitions take place, it is the responsibility of top management to develop one common corporate culture and

involve and consult employees in the acculturation process. This is important to get buy-in as well as ensure that everyone understands the company's ethos and values. Initially, employees were negative about the merger as there was fear of the unknown - culminating in some resistance to change. Employees feared losing their jobs because there were inaccurate reports that Walmart used automated processes and that meant a lot of people would lose their jobs.

Different cultures have different norms, even if they share other types of practices and beliefs. It is also true that norms change over time within a given culture. Two obvious examples here are hairstyles and clothing (Bullough & Bullough, 1977). Bullough and Bullough (1977) state that a more important topic on which norms have changed is abortion and birth control.

Hill (2014) also points out that challenges confronted in mergers can be dealt with if management is open and transparent about the merger transaction because the employees' livelihood is at stake. Management from both firms - Walmart and Massmart - should have informed, engaged, involved and consulted employees in the whole process. Many people were caught by surprise; thus, there was a lot of apprehension and fear of the unknown.

A common intervention is to communicate openly and engage in dialogues that demystify mistrust. Management of both firms should have developed channels of communication guided through workshops or team-building sessions. These interventions help people to work in teams, understand each other's weaknesses or strengths and, thus, cultivate a degree of openness. Brown (2011) states that one effective approach to mitigating resistance to change is open dialogues and communication. Management creates platforms for questions' and answers' sessions. Where employees are not clear about the objective of the firm, management has the opportunity to clarify such issues.

5.2.2 Findings from Primary Study

Primary findings for this study are presented in this section. The findings are discussed in line with the research objectives that were restated in the preceding chapter. Ten participants provided answers which were summarised in this section.

5.2.2.1 Determining the cultural challenges brought about by the merger of Walmart and Massmart

The first objective of the study sought to determine the cultural challenges brought about by the merger of Walmart and Massmart. This objective was key because it was derived from the research title and, effectively, it informed the statement of the problem. The study revealed that there were new beliefs, values, norms and ways of doing things differently from the old entity. Respondents indicated that the merger between the two entities brought some discomfort because new cultures were introduced. For example, respondents stated that the merged entity banned workers' unions. This approach incapacitated the voices of workers. Workers cannot protest as a way of showing their dissatisfaction.

The views raised by participants are not peculiar to the Walmart/Massmart merger, but many global mergers have reported similar challenges. It is the dominant firm (acquirer) whose corporate culture will be implemented in the firm. A plethora of draft measures should be put in place to ensure that all stakeholders are involved in crafting the new culture for the firm.

Respondents also indicated that management did not engage or consult employees in the whole process; however, respondents acknowledged that management eventually conducted some workshops. These workshops were designed to mitigate any further resentment from employees. A key observation from the study is that the merged entity has a new way of promoting the career growth for employees. The approach is that qualified, experienced and knowledgeable individuals apply and compete for positions. Indications for the interviews also demonstrated that, to date, a few individuals had been promoted on the basis of qualifications, experience and knowledge. The consensus from participants is that there is a paradigm shift from what they were used to. Therefore, there was every reason to adjust and toe the line.

5.2.2.2 Ascertain any employee attitude changes towards the merged company

The second objective of the study was to establish the participants' attitude towards the merged company. It has been stated that, whenever mergers and acquisitions take place, not all parties to the transaction will be happy. Respondents indicated that the change process (merger) was not properly communicated to all stakeholders; hence, there was a lot of resentment from various government departments, unions, players in the retail industry as well as employees.

It was revealed in the study that there was a lot of apprehension and resistance to change when the merger was taking place. Fear of the unknown and loss of jobs played major roles in employees' morale and perception of the merged entity. Respondents expressed their unhappiness towards the abolishment and banning of workers' unions within the merged entity. In addition, employee morale is very low because of a variety of changes, such as lack of growth and promotion opportunities, and job security as a result of proposed technologies to replace processes and human beings. Respondents revealed that, soon after the merger, no jobs were lost. They were grateful to new management for honouring that commitment.

5.2.2.3 Determining if the merged entity made any drastic changes to the existing work processes

The third objective sought to determine if the merged entity had made any drastic changes to existing work processes. With reference to the feedback provided, respondents indicated that there were many changes. Good examples of changes are experienced when customer bring back fault goods and the processes of replacing such goods within the 7day exchange period has changed. Therefore, this was affecting customer service delivery. The study revealed that there is an increase of customer complaints because employees are still learning the new processes.

With a bringing together of changes in processes and procedures, employees are afraid to make mistakes that will cost their jobs. Providing high quality services is impeded by fear, and the lack of understanding new processes and procedures. However, respondents indicated that, as time goes by, the new processes will enhance customer services delivery quality. It is expected that, when change occurs, a learning

process should be allowed to give employees adequate time to adjust and acquaint themselves with change.

5.2.2.4 Assessing intervention strategies to mitigate challenges brought about by the merger

This theme arose when participants were probed to clarify what could have been done better to mitigate the challenges brought by the merger. Several suggestions were made including establishing proper and clear lines of communication. The study revealed that, if management had openly communicated their intentions, there would have been minimal resistance from employees, workers' unions, government departments and other players in the retail industry.

The respondents also indicated that engaging and involving various stakeholders would have ameliorated the standoff. It is the responsibility of management to craft a clear implementation change management plan which has input from different stakeholders. With reference to resistance to change, workshops, team building sessions and training were recommended during the interviews.

It was revealed during the interviews that rewarding and incentivising individuals who championed the change process would have been a noble intervention. There are employees and managers who took ownership, responsibility and championed the merger. These individuals could have been rewarded to motivate others. Motivation in the form of financial rewards, holidays, vouchers or thank you could have been adequate.

5.2.2.5 Establish if the trade unions are operational on the merged company as Walmart does not want the unions in its workplace

After probing respondents on their views regarding workers and trade unions, the study revealed that the merged entity abolished and banned all workers' unions. This approach taken by management has incensed participants as there is a strong feeling that their human rights have been violated. In addition, banning unions incapacitated the voiceless and powerless in the firm. This objective is self-explanatory because

Walmart does not want unions in the workplace; therefore, it was logical for the company to ban all unions.

Respondents indicated that there were reports from SACCAWU castigating Walmart's labour relations reputation. For example, notwithstanding the viewpoints raised by respondents, SACCAWU had expressed concerns regarding Walmart's reputation and the fact that it is renowned for having a very poor labour relations history and has reportedly led to large-scale job losses and upset the balance of the local economy in other countries of operation. The above extract could have been a huge trigger for Walmart to ban unions.

5. 2.2.6 Determining how the change process was managed

During the interviews, participants raised pertinent issues regarding the management of change or the merger. Prior to the arrival of Walmart onto the South Africa retail industry landscape, many reports had been received stating that jobs would be lost; thus, fear gripped many employees. Respondents indicated that there was a lot of anxiety and fear of the unknown.

The Walmart/Massmart merger is not peculiar or an exception to the norm. Globally, firms engaging in mergers and acquisitions attract some negativity, barrage of criticism or protests that can culminate in the abandonment of the process. Various stakeholders were reportedly against Walmart's arrival and entrant into the South African retail space. Grappling with a lot of negativity, Walmart retained most staff members. Management realized that it was imperative to take corrective action. Respondents indicated that workshops, open dialogues, team building sessions and other forms of relationship building be put into action. The change process was successfully managed. Respondents were happy that no jobs were lost; however, there was a drastic adjustment in cultural shift.

5.2.2.7 Content Analysis

Various retail industry reports were consulted to ascertain the trends. The reports demonstrated that the retail industry creates a large portion of the job market. However, there is intense competition in the retail sector. In the face of increased competition,

shopping centre owners, developers, managers and retailers need to be alert and agile in responding to the latest trends, consumer behaviour and technology in a fast-paced, ever-evolving industry (Broll Report, 2018).

Reports also state that South African consumers still rely on in-store purchases for their shopping experience; however, combining online and offline environments is essential for brand growth. The motivation for the Walmart/Massmart merger was attributable to offer consumers a hybrid approach to shopping experience. Consumers can shop and purchase online or still have the option to walk into a Game store and physically see the products they want to buy. Walmart has and continues to drive its service offerings through the use of information communication technologies. The Retail News (2018) points out that hybrid shopping experience is enhanced by the accessibility of mobile solutions in South Africa despite high data costs.

As convenience retail continues to grow as an industry sector, retailers must remain focused on the most significant trends that will see their businesses flourish. The merged entity is a by-product of the trends in the retail sector globally; thus, merging was designed to strengthen the retail giant's standing in the competitive retail environment. It has been reported in various industry reports that Walmart is also facing a decline in sales due to declining consumer spending amid rising costs (Walmart, 2018). The decline is in the general goods retailers' share price followed a similar fall in the share prices of clothing retailers. A rise in the Value-Added Tax (VAT), higher fuel prices and below inflation pay increases have put South African consumers under severe economic strain.

With reference to a plethora of challenges confronting the retail sector, it is imperative that firms should find ways and interventions to consolidate market share. One strategy adopted by Massmart, after realising that the company was losing business to competition, was the merger with Walmart. One of the fundamental objectives of a corporate firm is to achieve the highest, effective and sustainable growth level. However, most of the firms, which are expected to speed their business, have limited resources due to lack of internally generated funds, inadequate access to financial markets, and small scale of business.

5.3 CONCLUSIONS

In this section, the conclusions were based on the primary findings, literature review and content analysis. The conclusions were:

The first objective sought to determine the cultural challenges brought about by the merger of Walmart and Massmart. The study established that there was a paradigm shift at the merged entity. The merger brought some cultural challenges that included dress code, and language to use when communicating with customers. Both primary and literature review findings concurred that, when mergers and acquisitions take place, there is no guarantee of success because bringing two distinct cultures into one entity is problematic everywhere. There were and continue to be cultural changes in the merged entity, thus; employees are required to adjust and adopt to the new culture. The study established that, managing mergers and acquisitions, or simply put, managing change is a mammoth task that requires concerted efforts from different stakeholders. With a lot of anxiety and fear of the unknown, respondents indicated that the merger was received with mixed feelings. However, management took some interventions to mitigate potential challenges that could have arisen from the merger process.

In the second objective, the study revealed that employees developed some negativity towards the merger. This negativity was caused by fear of losing jobs, management's failure to articulate the objectives and lack of open dialogue. With some level of mistrust, it became apparent that the working relationships between management and employees was somewhat strained. In order to mend the relationships, management conducted workshops, team-building sessions and undertook other interventions to build trust.

The merger brought some operational and process changes; thus, the status quo of serving customers has changed. It was reported during the interviews that customer complaints were increasing because employees were still learning the new processes. However, there is an acknowledgement from respondents that, with time, the new

processes will enhance customer service delivery. The current situation is a temporary set-back, but, in future, better services will be delivered.

Both literature review findings and primary findings revealed that Walmart has a reputation for poor labour relations, and it came as no surprise that trade and workers' unions have been banned. Employees cannot belong to and be represented by any union. The abolishing of unions has been cited as a major drastic change that has derailed employee morale.

5.4 RECOMMENDATIONS

The recommendations made in this section are attributable to the conclusions presented in the preceding section. Cognisance was taken to arrive at these recommendations because there were suggestions already made to improve the management of change during a merger.

5.4.1 Thorough research in a foreign market

Both literature and primary study findings stated that thorough research prior to investing in foreign markets is paramount. This research provides insights on business processes, stakeholders, culture and ascertain the power brokers. It would seem as if Walmart had not done extensive research in the South African retail space. This is evidenced by reports that government departments, Competition Commission Tribunal and various trade unions were against the merger. If Walmart had done its research widely, there is a high probability that the company would have devised appropriate strategies to deal with resentment and a barrage of criticism. Hill (2014) states that the success of foreign direct investment is, to a great extent, influenced by the level of research and development done prior to going into a foreign market. Therefore, the study recommends that firms or organisations deciding to invest in mergers or acquisitions should conduct thorough market research.

5.4.2 Stakeholder involvement

One of the issues raised during the interviews was that managing change requires management to involve, consult and engage all concerned stakeholders. Brown (2011) posits that resistance to change can be mitigated by bringing all parties together round

the table and discuss the changes. Failure to involve everyone can be consequential to the change process. In the literature review, it has been discussed that stakeholders are key to any change in a project; therefore, their inputs cannot be overlooked. The different players that were against the merger should have been involved and consulted from conception of the merger. Earlier, in the first recommendation, the study indicated that Walmart could have done thorough research and development. This would have helped the company to identify the main stakeholders. This study concurs with findings from literature and the primary study that stakeholders should be consulted, engaged and involved from idea generation, conception throughout the change/merger process.

5.4.3 Team building, workshops and training

The study revealed that some of the strategies that could have been used by management to mitigate resistance to change include training and rewards management. Respondents indicated and acknowledged that management realised their shortfalls and eventually conducted some team building sessions. Team building sessions help teams to work together, uncover their weaknesses and strengths. Team building sessions are important because a cross-pollination of skills is pooled together to work on simulations or real work scenarios. Training is paramount in imparting skills and knowledge to individuals which can be ploughed back into the firm. The study recommends that, prior to carrying out major changes, such as merging two entities, it is important to expose employees and management to training and development, workshops and team-building sessions. These interventions prepare managers and employees for change.

5.4.4 Employee empowerment and rewards management

It was reported that management pushed instructions down to lower levels. Respondents indicated that management could have engaged and empowered employees and thrust them into decision-making structures. This would have created a sense of ownership and accountability. There are individuals who were excited about the merger and they did exceptionally very well to ensure that other employees committed.   Respondents   suggested   that   incentives   and   rewards   or acknowledgements would have motivated these change champions. The study

recommends that rewarding and incentivising change champions is an effective strategy to mitigate resistance to change. Brown (2011) also recommends rewarding and acknowledging individuals who exude desire, competences and the will to propagate change. Globally, change champions are recognised and acknowledged in various forms. When UNISA, Technikon SA and Vista were merged, the Department of Higher Education acknowledged, rewarded and incentivized change management champions.

5.4.5 Trade and worker's unions

The study revealed that Walmart's bad labour relations is demonstrated by the company's culture of abolishing labour unions. SACCAWU had expressed concerns regarding Walmart's reputation and the fact that it is renowned for having a very poor labour relations history and has reportedly led to large-scale job losses and upset the balance of the local economy in other countries of operation. NEHAWU, in support of SACCAWU, states that Walmart is one of the major offenders and supporters of "capitalist globalisation that results in big economic inequalities by denying workers their rights" (COSATU, COSATU Today, 22 January 2011-B).The study recommends that the merged entity should adhere to the dictates of SA labour laws, business practices and allow employees to belong to any unions of their choice. Banning of unions should be revisited by the merged entity and government intervention.

5.5   AREAS FOR FURTHER STUDY

The present study focused on the impact of culture on the Walmart/Massmart merger and how the merged entity changed in relation to employee morale, customers' service delivery and generally on the concept of mergers in the retail sector in South Africa. Further studies could be conducted on corporate governance issues in merged entities. This is a key concern which has not been extensively interrogated. Corporate governance in Information Technologies can also be thoroughly interrogated. Reports coming from the merged entity indicate that human beings might be replaced by technologies; thus, there are grounds for investigating this phenomenon in detail.

5.6   FINAL CONCLUSION

In conclusion, this study focused on the cultural challenges resulting from the merger between Walmart and Massmart in South Africa. The first chapter provided the introduction, contextual setting, background and problem statement that motivated the researcher to conduct the study. The literature reviewed in chapter two of the study augmented the concepts of mergers and acquisitions, cultural impact from mergers and how mergers have been handled in other parts of the world. Diverse views and opinions were consulted to augment discussions presented in the study.

The research plan of the study was guided by a research onion adopted from Saunders. It was revealed that an interpretivist worldview was adopted resulting in the use of a qualitative research methodology. Data were gathered from twenty participants all from Game stores in Durban. Eight themes emerged during the interviews and were coded, analysed and presented through thematic data analysis. NVivo 10 was used in the process, enabling the author to present and discuss the findings, as demonstrated in the fourth chapter of this study. In this last chapter, summaries, conclusions and recommendations were made.

It is evident that the research problem under investigation was achieved by collecting, analysing and presenting relevant data from the selected sample elements. The objectives of the study were addressed by responses, an indication that the researcher was in the right trajectory of resolving the problem at hand.

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Appendix A: Consent Form

CONSENT

Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, Mr Nkululeko Eugene Makhoba, about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: N/A,

- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.

- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.

- In view of the requirements of research, I agree that the data collected during this study can be processed in a computerised system by the researcher.

- I may, at any stage, without prejudice, withdraw my consent and participation in the study.

- I have had sufficient opportunity to ask questions and (of my own free will) declare myself prepared to participate in the study.

- I understand that significant new findings developed during the course of this research which may relate to my participation will be made available to me.

_____   _____   _____   _____

Full Name of Participant   **Date**   **Time**   **Signature /
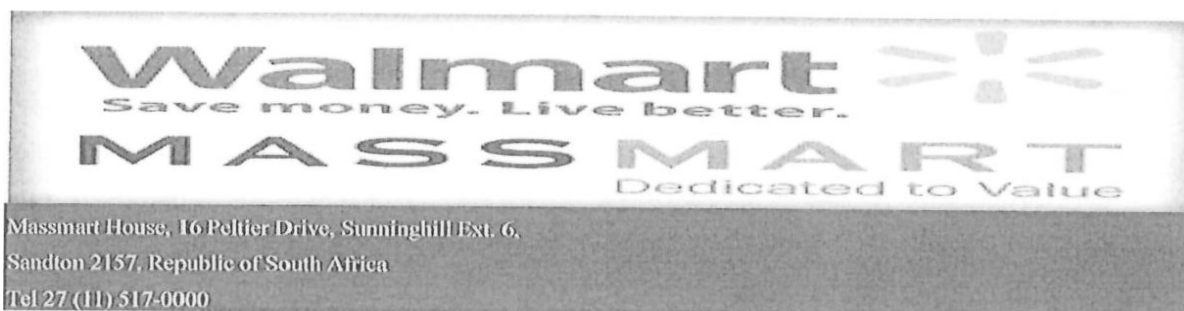Right Thumbprint**

I, Mr. Nkululeko Eugene Makhoba, herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

Nkululeko Eugene Makhob.   _____   _____

Full Name of Researcher   **Date**   **Signature**

_____   _____   _____

Full Name of Witness (If applicable)   **Date**   **Signature**

_____   _____   _____

Full Name of Legal Guardian (If applicable) Date   **Signature**

Appendix B: Gatekeeper's Letter

Walmart >|<
Save money. Live better.
MASSMART
Dedicated to Value

Massmart House, 16 Peltier Drive, Sunninghill Ext. 6,
Sandton 2157, Republic of South Africa
Tel 27 (11) 517-0000

12 December 2017

Mr. N.E. Makhoba

K 1059 Kwehle Road

KwaMash11

4360, Durban

Dear Ml'. Makhoba

RE: PERMISSION TO CONDUCT RESEARCH AT MASSMAR'I' INSTITUTIONS

Reference is made to your recent application to conduct an empirical research entitled, "Investigating Cultural Challenges brought about by the Walmart-Massmart merger in South Africa", has been approved subject to the following conditions:

1. It is the researcher to make all the arrangements concerning the research and interviews.

2. When conducting the interviews, work processes should not be interrupted.

3. The research should be conducted between 01 March 2018 and 30 June 2018, failure of which this approval will lapse.

4. The identity of participants should remain anonymous.

5. A copy of this letter will be submitted to managers and workers.

6. Your research interviews will be limited to shops in Durban area approved by the management.

7. Upon completion of the research, a brief summary of the findings, recommendations or full report, dissertation, thesis must be submitted to the head office of Massmart through the company's Durban office.

Sincerely,

J.B Bosman

Operations

Board: Non- Executive Directors: Chairman: K, Dlamini BA (Hons)(KZN), MPhil (Oxon); Dr. N. Gwagwa MSc (KZN), MSc (LSE), PhD (UCL); P. Langeni BCom (Natal), BC'.om Hons (UNISA), E. Ostale MSc (LSE), C. Seabrooke BCom, BAcc, MBA, FCMA; R. BSc Geography; S. Muigai.

Appendix C: Interview Guide

SECTION A

   1. Age …………………………………..

   2. Gender ………………………………

   3. Marital status ……………………….

   4. Education level………………………

   5. Ethnic group……………………

   6. How long have you been employed at Game Stores? ....

SECTION B

Facilitator's welcome, introduction and instructions to participants

Welcome and thank you for volunteering to take part in this focus group discussion. You have been asked to participate as your point of view is important. I realize you are busy, and I appreciate your time.

Introduction: This focus group discussion is designed to assess the cultural challenges that has been brought by the merger of Walmart and Massmart in South Africa. We will also look at whether the merger has benefited the workers, the customers and the management at large. The focus group discussion will not take more than two hours. May I tape the discussion to facilitate its recollection? (If yes, I will switch on the recorder after the participants have signed the consent form on audio recording).

Anonymity: Despite being taped, I would like to assure you that the discussion will be anonymous. The tapes will be kept safely in a locked facility until they are

transcribed word for word, then they will be destroyed as explained on the consent form. The information that I am gathering is for academic purposes only and any responses you give will be totally confidential. It will only be used as part of my study. No names will appear in the report. The transcribed notes of the focus group will contain no information that would allow individual subjects to be linked to specific statements. You should try to answer and comment as accurately and truthfully as possible. I and the other focus group participants would appreciate it if you would refrain from discussing the comments of other group members outside the focus group. If there are any questions or discussions that you do not wish to answer or participate in, you do not have to do so; however please try to answer and be as involved as possible.

Ground rules

- The most important rule is that only one person speaks at a time. There may be a temptation to jump in when someone is talking but please wait until they have finished.

- There are no right or wrong answers

- You do not have to speak in any particular order

- Does anyone have any questions or additional rules? (Answers).

- OK, let's begin

Guiding questions

1. How was the organizational culture before merger of Walmart and Massmart?

2. How is the organizational culture after the merger?

3. Are you motivated to work for the new merged company?

4. Have the conditions of service changed or not? If yes, please explain.

5. Is the customer service and products standard changed or not? If yes, please explain.

6. Does the company allow employee growth through education and promotion to the higher positions, if yes, please explain?

7. Were the employees informed about the merger before it happened?

8. What was the reaction of the employees after the merger has been approved?

9. Has the pay structure changed? If yes, please explain.

10. Have managers adapted to the new change? If yes, please explain.

11. Are the trade unions allowed to operate on the merged entity, as Walmart is known of not allowing unions in their workplace? If not, what are your feelings about that?

12. Were there any retrenchments instituted by the merged company? If yes. What was the cause of it, please explain?

Concluding question

- Of all the things we've discussed today, what would you say are the most important issues you would like to express about the cultural challenges in the merged entity?

Thank you for participating. This has been a very successful discussion. Your opinions will be a valuable asset to the study. I would like to remind you that any comments featuring in this report will be anonymous.