Merger and Acquisition in Developing Countries: An explorative study of Employees’ Perceptions of Organizational Change

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Victoria Ajayi
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Abstract

The purpose of this study is to explore employees’ perspectives and experiences following a major change in their organization of employment. The six underlying theories by Myeong-Gu Seo and N. Sharon Hill (2005) are the main theories used for the analysis of the findings. Additional theories by various researchers included are uncertainty theory, cynicism and resistance, and sensemaking theory. It is believed that emotions run high during and after major organizational changes such as merger and acquisition and there is no exception with the organization of the case study chosen for this thesis work. This study investigates how employees perceive changes after merger and acquisition, the impact it has on their career, the consequences they face as a result, and their coping strategies.

The research was conducted in an organization that had undergone major changes following merger and acquisition. The organization is based in Nigeria. I gained easy access to the organization because; I had worked as Human Resource Assistance in the company before and throughout the period of change.

Keyword: Acquisition, merger, change, Nigeria, employee experiences, coping.
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Chapter One

1. Introduction

1:1 Background

The quest for companies to expand beyond their territory of origin calls for strategy. One of the strategies is acquiring similar businesses in another territory or collaboration in the form of merger and/or acquisition. This trend has led to an increasing number of multinational companies in the global society creating an international network of markets by pulling all firm resources together. Barney (1991) identified three basic firm resources that firms use to gain sustained competitive advantage. These resources include the physical capital resource, the organizational capital resources and the human capital resources. The human capital resource i.e. the competences of individual managers and workers should be the most sensitive part of the three because it is the only resource that has feelings and emotions. Therefore, it is expected that while companies are pulling resources together for collaboration, there should be a careful consideration of the human dimension. Merger and acquisition (M&A) takes its toll on all firm resources regardless of what part of the world but it is assumed that the toll varies in different contexts. The context could include culture. Geert Hofstede et al. (2010) identified different layers of culture; they include the national level, the regional and/or ethnic and/or religion and/or linguistic affiliation level, the gender level, the generation level, social class level and the organizational level. In dealing with organizations, the two most important types of culture that are relevant are culture at the national level which in many cases especially in the Nigerian context, is the collective one, and the organizational culture. Harrison (1972, 1987) also suggests four main types of organizational culture, including power, roles, task achievement and personal support. It is important to refer to culture at this point in this study because it is one of the major changes in the organization chosen for the case study following M&A. Altendorf (1986, British Institute of Management, 1986) points out the fact that, at the macro level, the issue of culture compatibility is frequently cited to be a potential source of merger problems for the human resource, and so ultimately source of merger failure. He further characterized culture as the symbols, values, ideologies and assumptions that operate unconsciously to guide
and fashion individual and business behavior to build cohesion in an organization. He likened organizational culture to societal culture to maintain order and regularities to the lives of it’s members which could arouse despair in their minds when there is change. In developing countries, in Africa to be precise, culture at all levels plays an exceptional role in everyday life of the people. Bearing in mind that merger and acquisition is a major organizational transition that involve restructuring, reorganizing, consolidations, layoffs, new technology and culture change, merger and acquisition in Africa have tendencies of reminding people about history of colonialism and hence, raise fear and uncertainty in employees and causing cynicism, rejection and defensive attitudes towards organizational change.

Merger and acquisition could be perceived by business owners as an opportunity for business growth, while the perception of employees may rather be disappointment. Prashant Bordia & Nicholas DiFonzo (1998) quotes; “It was the best times (for stockholders), It was the worst of times (for employees): The corporation was restructuring.” However, with this developing trend of change, there is a wakeup call for individuals to sharpen their skills and develop their potentials in preparation for the uncertainties in the ever changing world.

Description of the Organization

This thesis is based on a case of a Nigerian company. The organization is a research company that focuses it’s expertise on market research, brand and communication, customer strategies, innovation and product development, and shoppers. Their clienteles include automotive, finance, political and social, technology, A-Z services and fast moving consumer goods (FMCG). I worked in the organization first as an intern during my National Youth Service Corp (NYSC), a compulsory military service initiated to integrate and unite the Nigerian regions. This program is observed by students at the completion of higher studies. Youths are posted to organizations mostly in the government sectors, especially, schools, but when facilities are not enough to accommodate fresh graduates in the public sectors, they are allowed to observe their compulsory service in the private sector. The aim is to unite and integrate youths in the Nigerian regions and to introduce youth to working life, consequently gathering work experiences that employers often demand and opening opportunities for youths. I was retained and staffed after
my youth program as a human resource assistant (HRA). I actively participated in the merger and acquisition process but resigned my appointment just at the completion for personal reasons that have nothing to do with organization and/or the changes involved. It is important to emphasize that my resignation has nothing to do with the organization to clear readers’ mind from bias.

In the end of 2009, the case study organization celebrated its 30 years anniversary of existence. It is important to mention that the organization was founded and owned by an individual who was regarded as the “chairman” and the sole owner of the business. Though the organization was an affiliate of Gallup International (an international consortium of independent market research and polling firms), and a member of professional associations such as AMA (American Medical Association) and PAMRO (Pan-African Media Research Organization), his vision for the organization at the time was to expand its scope and coast of business beyond Africa and the UK and also strategize on how to make more profit. This led to searching for a global organization in the same line of business for collaboration. A world class leading research organization emerged and agreed to acquisition and merger. The process started at the beginning of 2010 and lasted the whole year. This decision started the event that led to the purpose of this study.

The organization was acquired and merged in 2010 by a global organization that invests in businesses in the field of market research. During the process, the organization made efforts to prepare their operational staff for the forthcoming change by investing in their professional training and development. This was a remarkable step except that the operation department was singled out to benefit from the program. There was an increasing quest for training and knowledge acquiring activities. The company invested in training both within the company and also enrolled the executive staff in the operation department in the University of Georgia to acquire proper certification as marketing research experts. Employees in this category were more prepared for the change. On the other hand, some employees were cut unprepared; some departments were outsourced which means employees in those departments automatically got laid-off from the company. Some employee competences were considered not up-to-date for the new organization. In most mergers, the experiences are painful for the employees of the
acquired company and this study is set to explore to confirm if these experiences are similar in different context.

It all started as a rumor that the organization was going to be sold out to a foreign company. Based on past events of similar occurrence in the country, employees became frightened that they might lose their jobs. The rumors about layoffs was more particular to the junior and contract staffs including the drivers, the security, the cleaners, the questionnaire editors, quality control officers, transcribers and the field interviewers that their departments are going to be outsourced and/or laid-off. Illicit behaviors such as fraudulent acts and stealing of gadgets like computers, fuel, company’s stationeries, souvenirs and toiletries, began to emerge especially among the junior/contract staffs. At this time, there was no formal communication to confirm the event from the management of the organization. Among the executives, employees that had weak appraisals in the previous year were also saddled with anxiety. It became mandatory for them to pursue high performance in their tasks. These categories of employees were initially not enrolled in the training and development program that the organization set up in order to provide the employees with necessary certification that would qualify them as researchers. This training program was an effort by the organization to prepare the employees for changes that will be accompanied along with acquisition and merger.

Organizational Structure

The organization is structured according to hierarchy. There are two categories of employees including permanent staff (management staff, senior staff and the junior staff), and temporary staff. There are seven departments in the organization namely, finance department, administration department, data processing department, Field department, executive (or Research department), Human Resource department and the directorates. Each of the departments also has subordinates; the subordinates under administration department include cleaners, drivers, protocol, secretaries, office assistance, production and the front desk. The human resource department subordinates are the audit and security.
The executive department is divided into two parts, qualitative research and quantitative research. The qualitative department has transcribing as a subsidiary department. The data processing and the field departments work closely with quantitative research department. The data processing department has a high number of contract and junior staffs. It is also divided into subordinates namely editors, coders and punchers; they are responsible for questionnaire editing, and imputing the questionnaire data electronically, these three categories comprise both junior staffs and contract employees. Data processing executives are skilled employees responsible for data analysis, they work on the prepared data and they are in the cadre of the senior staff. The field department has the highest number of contract staff with more than two thousand interviewers whose major duty is to administer quantitative questionnaires and collate them for delivery to the data processing department. The quality control is also a subsidiary of the field department. They conduct background checks and follow-up in the field.

**Present Status of the Organizational after Change**

The organization has continued to change indefinitely. In the beginning of 2016, the organization went into collaboration with a different company, making in total, three companies into one. Although the organizational structure remains the same and most departments are retained, leadership decision lies with the acquirer. Superior positions were created by the acquiring organization to lead key departments. For instance, the position of CFO (chief finance officer) was created to take over leadership in the finance department. The HOF (head of finance) used to lead the finance team but now reports to the CFO. This caused a cynic attitude in the finance department, the head of finance felt like he had been systematically demoted. He retained his position title but he had a superior from the acquiring organization. This frustrated him so much that he resigned from the organization.

Overall, the staff strength of the organization was reduced massively after the conclusion of merger and acquisition, consequently increasing the workload of retained employees. The audit department was dissolved and consultancy services of auditors are employed quarterly.
There are no written documents to refer to for information about the history of events in the organization during and after merger and acquisition as regards the employee. The information on the company’s website is basically about the business. However, the background information is information I gathered as a participant in the organization during the merger and acquisition.

1:2 Motivation

I choose to study merger and acquisition in Nigeria because I am interested in the present status of the employment relation of the country. The fast growing trend of multinational companies (MNC) and globalization translates to increasing numbers of expatriates in Nigeria. Expatriation is not the focus of this study but from my observation during my employment period in Nigeria, especially in the case study organization, expatriation was an issue and a huge discussion among employees within and in the private sector in general. Now acquisition and merger which involves not only having expatriates as colleagues and managers but transferring the whole management and structure to foreign investors? This definitely from the abstract raise concerns therefore, this study is meant to explore employees’ perspective.

In Nigeria, as far back as the 80s, there have been frequent merger and acquisition activities within the country, especially in the financial sector and some other forms of change such as privatization in the public sectors. However, considering the economic system of Nigeria, there are lots of private businesses with very minimal government interference, lack of employee trade unions and absence of collective agreement in the private sector. The problem of lack of employee trade unions and collective agreement in private sector put employees at risk of painful experiences and layoff when such private organizations decide to embark on business growth and development a strategy that involves major change. There are both local and foreign investors who invest in businesses but there is less sustainability for these businesses. Consequently, painful experiences at the workplace and job insecurity seem to be on the rise. Private businesses often consider foreign collaborations as a way to move their businesses into the global network by venturing into collaborations such as merger and/or acquisition. However, while many private companies consider the use of expatriates as a strategy to enrich their businesses, the worth of local employees is being devalued. The event during and
especially after the completion of acquisition and merger in the case study organization that I choose and which this thesis is all about aroused my curiosity and interest.

Therefore, this study is considered important because it will contribute to literatures on business evolution in Nigeria. Also the effect of unemployment on the masses poses more danger to the public health and safety on its own, losing a job or working under tension constitute severe stress and mental health of people. This in turn could result in severe public health issues. This study however, will serve as practical scenarios for therapist, organizational and occupational psychologist and career counselors to understand their prospective clients going through work related difficulties.

1:3 Presenting the problem

The objective of this study is to explore the experiences of employees who have gone through an organizational change process involving layoffs, demotion, and other substantial changes in working conditions. Emphasis will be laid on how employees make sense of the whole process and how change is being approached. The information to be collected is expected to answer the research question:

*How do employees make sense of organizational change?*

However, to capture the whole sense making situation, the study should answer further questions such as:

a. what changes in terms of physical and intellectual materials (such as business policy and work process guide) has been made since completion of the merger and acquisition in the company;

b. what impact has the change process has on both career and working conditions of individual employees;

c. what are the perceptions of employee about the present situation of the organization;

d. what are the coping strategies of the employees in dealing with the situation.
The first sub-question emphasizes the actual change in the organization after merger and acquisition in terms of structure, process, management, culture which includes values and norms. The second sub-question aims at directly exploring the impact of change on the individual employee. The third sub-question is about sense making and perceptions of employees about merger and acquisition; their perceptions in relation to how the management value their competences, how they feel about the security of their job and the satisfaction they derive from their job. The fourth sub-question explores how employees deal with the consequences of changes after merger and acquisition.

Since this work is a case study, less emphasis will be laid on other companies that have gone through similar processes but in the later part of the paper there shall be references to other scenarios outside the case study.

1:4 Thesis Disposition

The first chapter of this study introduces the whole concept of the study including the background study, what motivates the author to write about the subject, the problem of study, the research method and the limitation(s) to this study.

The second chapter explores relevant literature that has provided theories and models to support the research topic. Chapter three is all about the research method, data collection and analysis. Chapter four presents the empirical findings. Chapter five is the section for discussion of the empirical finding. Chapter six is the concluding section of this thesis work. The reference list of books, articles, and journals used for this thesis will be listed out in chapter seven and all appendices will be in chapter eight.
Chapter Two

2: Review of Previous Studies

Hogan and Overmyer-Day (1994) noted that most of the M&A literatures that focus on the human side has not been theory driven (cited in Seo and Hills, 2005, p. 423). Schweiger and Walsh (1990) stated that researchers have rather done retrospective and inductive studies on mergers and acquisitions often based on a single case and suggest their results as generalized antidotes for the effective management of merger and acquisition integration processes (cited in Seo and Hills 2005, p. 423). In contradiction to this fact, qualitative findings are meant to seek perceptions and patterns for building theory or support an existing theory; and cannot be generalized because of the differences in context.

There are articles and other literature on merger and acquisition. In the academic literature, more emphasis is laid on outcomes of mergers and acquisition in businesses, with little concentration on the consequences of the outcome from employees’ perspective. There are old studies also on the employee experiences after a huge change that follows M&A. It is important to note that merger and acquisition is not a new concept in the business world. However, literatures that document the events of merger and acquisition are more common in the context of the United States.

Most literature that I came across during the course of my research focused on events of M&A in the US. One of them is an article by Myeong-Gu Seo and Sharon Hill (2005), Understanding the Human Side of Merger and Acquisition: an integrative frame work. These authors applied theories of behavioral science to explain the events that transpires within an organization after going through merger and acquisition and the effect of changes on the human capital of the organization.

Another work I came across is a book written by Anthony F. Buono and James L. Bowditch (2003), The Human Side of Mergers and Acquisition: Managing collisions between people, cultures and organizations. This book gave a deeper understanding of the effect of merger and
acquisition on organization’s human capital. There are quotations from different sources in this book that depict anguish and frustrations of employees and even at the extreme death of an employee. One of the quotes goes;

“I worked for 18 years and gave them everything I had. Look how I end up, just like a run-over flat can in the street. There is no loyalty, no commitment, no feeling. When it got tough, they bailed out and let us sink (in a hostile acquisition)” (Shweiger and Ivancevich, 1985, p. 47).


Since merger and acquisition is all about organizational change which could involve all or some of the organization components such as structure, culture, process, physical capital etc, I think it is relevant to refer to literature in the field of organizational change such as the likes of Helms (2003).

2:1 Theories

Anthony F. Buono and James L. Bowditch (2003) affirm that mergers and acquisitions are capable of transforming the organizational structures, processes, systems and cultures of one or both of the firms that may lead to stress, fear, frustration and confusion. It can also disorient the members of the organization. They further classify the impact of merger and acquisition into two levels; the personal level and the organizational level. On the personal level, it can lead to a sense of loss, psychosomatic difficulties, marital discord, and at the extreme, suicide. On the organizational level, the impact could be lowered commitment and productivity, increased dissatisfaction and disloyalty, high turnover among the key managers, leadership and power struggle among the leaders who stay and overall rise in dysfunctional work-related behaviors at all levels of the hierarchy. They summarized the theory; it’s source, outcomes and prescription, in the table 1 below.
<table>
<thead>
<tr>
<th>Underlying Theories</th>
<th>Sources of problems</th>
<th>Predicted Outcomes</th>
<th>Related Prescriptions</th>
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| Anxiety theory      | Uncertainty and anticipated negative impact on career and job. Prolonged anxiety and uncertainty | Low productivity  
Self-centered behaviors 
Mental and Physical illness 
Lack of motivation | Top-down communication; social support; participation in decision making; training managers to emphasis and listen to employees; golden parachutes; on-going communication; speeding up transition |
| Social identity theory | Loss of old identities (Organizational, professional, workgroup) Interacting with other organizational members | Sense of loss, anger and grief  
Denial and refusal of change 
Intergroup bias and conflict 
Acts of noncompliance | Disengagement efforts (grieving meetings); proactively assessing strengths of existing identities and framing new identities to be more appealing  
Creating a new identity, fostering cross-organizational arrangements and activities |
| Acculturation theory | Contact with or adjustment to different organizational culture | Acculturative stress and resistance  
Interorganizational tension and conflicts 
Culture clash | Cultural due diligence, fostering multiculturalism; facilitating intercultural learning; heightening awareness of thinking and behaviors that cause culture clash to develop |
| Role conflict theory | Ambiguous and conflicting roles | Low productivity  
Low job satisfaction | Two-way communication; leadership of role clarification |
<p>| Job characteristics | Changes in post | Job satisfaction and | Post-M&amp;A job redesign; |</p>
<table>
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<tr>
<th>Organization justice theory</th>
<th>M&amp;A job environment</th>
<th>commitment</th>
<th>involvement in job design; job transfer training</th>
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<tr>
<td>Perceived fair treatment of surviving and displaced employees</td>
<td>Absenteeism/turnover</td>
<td>Psychological withdrawal</td>
<td>Fair and objective human resource; equal participation in decision making; treating employees with dignity and respect</td>
</tr>
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Elizabeth Hobman et al. (2004) theory of uncertainty is also considered for this thesis work. The authors define uncertainty as “an individual’s inability to predict something accurately” (cited in Milliken, 1987, p. 136). In their theory, they designed a model which classifies change uncertainty into three connecting types; strategic, structural and job-related. One might wonder if this theory is relevant since merger and acquisition has been concluded and uncertainty in most cases is more intense during the process; but uncertainty carries on because change is inevitable, organizations that has gone through one form of change in the past tends to do so over and over. Ola Bergstrom et al. (2014) in their work Paradoxifying Organization Change identified cynicism and resistance as employees’ perception of organization change in their case study. Patterns of cynicism and resistance will also be looked into; although in this case study, expression of cynicism and resistance might take a different dimension based on the mega context which will take us back to the concept of culture.

Cameron Esther et al. (2015) also looked at the implication of change on the individual regardless of the level or degree of organizational change. They identified four different approaches to change; the cognitive approach, the behavioral approach, the psychodynamic approach, and the humanistic psychology approach to change. The cognitive approach will be related to the concept of sense-making. Jim Helms-Mills (2003) in his work about sense making of organization change at Nova Scotia Power, emphasizes Karl Weick’s (1995) approach to organizational sense making. Weick (1995) made a significant point that organizational sense making is different from everyday sense making though he affirms that everyday sense making can give an idea or lead to understanding the process of organization change and the behavior...
of the people who are making changes and responding to the changes. Karl Weick (1988) in his article “Enacted Sensemaking in Crisis Situation” characterized crisis by low probability and high consequence events that threaten the most fundamental goals of an organization. He further explains that the low probability of the event obstructs interpretations and makes sensemaking very difficult which will escalate the crisis situation. Therefore, theory of sensemaking will also be considered in the interpretation of the findings of this study.

All the six theories will be discussed critically in the body of the text. It is also important to describe the connection among all the theories chosen. When news of changes spring up in any context, it creates anxiety for the members. Members tend to keep their anticipations at the top. Anxiety is usually accompanied by uncertainty, as members could start to guess what, how, who and where their fate lies at the end of change. These two characters are often passed on to the new organization especially when a change is indefinite. Most times, the end result of change leads to some behavioral characters which are expressed through attitudes like cynicism and resistance. This is common among employees who have been retained and transit to the new organization. This could as well translate to how they come to make sense and perceive the whole process.

2:1 Anxiety Theory

People are often characterized by anxiety when going through challenging times. Organizational change as described by Nicholas DiFonzo and Prashant Bordia (1996) could be an ailing tonic for an organization but a bitter pill for employees to swallow. They further described change as transition that often have a negative impact on employees and can be stressful hence, reducing their morale and productivity. Therefore, it will be fair to say that organizational change of any form is a challenge for it’s members. Myeong-Gu Seo and N. Sharon Hill (2005) also recognize that M&A is encompassed with major organizational change and they consider it as a significant source of anxiety. Buono and Bowditch (1989) connote that change in itself is often associated with anxiety, tension and resistance. They further explained that the degree of anxiety among individuals varies and depends on the characteristics of the M&A. Myeong-Gu Seo and N. Sharon Hill 2005 backed up the fact that anxiety varies among individuals and added that the
manifestation differs at different stages of M&A. Seo and Hill however, focus their study on the anxiety experienced at the concluding period of M&A. They described the anxiety at this stage as a coping strategy with uncertainty by predicting what happens next to their future jobs with the organization and/or their career as a whole. Brockner et al. (1992) identified perceived threat of job loss as an influence on anxiety and distress. Schweiger Ivancevich and Power (1987) contribute that anxiety could result in self-survival instincts which employees engage in political maneuvering to protect their status, power and prestige. Seo and Hill (2005) suggest that this behavior often brings about destructive competition in the organization which could have a negative impact on organizational performance. Another form of anxiety influence identified by Astrachan (1995) is separation. Astrachan explained that in the face of a termination rumor, or during and after employees’ termination, fear of drastic change in relationships and/or in most cases putting an end to their relationships is triggered in the minds of their retained colleagues. Astrachan further pointed out depression and behaviors like hostility and withdrawal, as features of separation anxiety which depends on the proportion of people leaving and staying in the organization.

Suggestions are raised in combating anxiety problems during organizational change by authors such as Garpin and Herndon (2000) and Schweiger and Denisi (1991). Formal communication from the top management down to the employee is most frequently suggested. The communication has to include the time and precisely what should be expected to happen in the organization and especially to the employees. Timely and accurate communication reduces the ambiguity of events and curbs destructive rumors. Communication has to be continuous with counseling sessions or stress management training programs. This is suggested by Matteson and Ivancevich (1990). Scheck and Kinicki (2000) added that spouses, relatives, supervisors, coworkers and friends’ support can also help to lessen anxiety during the hard period. They further suggest that organizations, town house or focus and group and forums that offer interactive programs will be of great help as well.

2:2 Social Identity Theory
Peter James Burke (2006) described social identity theory as a social psychological analysis of self-conception in group membership, group processes and inter-group relations. He further explained that social identity theory defines the group cognitively in terms of people’s self-conception as a group member. Burke explained that social identity theory addresses phenomena such as prejudice, discrimination, ethnocentrism, stereotyping, inter-group conflict, conformity, normative behavior, group polarization, crowd behavior, organizational behavior, leadership, deviance and group cohesiveness. Ashforth and Mael (1989) and Kramer (1991) also described social identity theory as a part of individuals’ identity that derives from membership in groups for instance, organizations and professions. Myeong-Gu Seo and N. Sharon Hill (2005) identified three identities that can be impacted during M&A process; organizational identity, professional identity, and work-group identity. They referenced Hogg and Terry (2000) who define organizational identity as distinctive attitudes that individuals associate with their membership to an organization. Myeong-Gu Seo and N. Sharon Hill (2005) affirm that, during M&A, both or one of the organizations abandon an old and adapt to a new organization identity. Haunschild et al. (1994) suggests that during this period, social identity theory predicts that employees’ will strive to attain a positive position for their group in the new organization. However, striving for attainment of a positive position could lead to complexities among the groups and could degenerate into serious conflict between the two organizations which could make the acquirer exercise its superiority by imposing its integration plan on the acquired (Marks and Mirvis, 1985). Employees’ acceptance of new identity during M&A often depends on the status of their existing group compared to the other partner (Terry and O’Brien, 2001). They illustrate their view with a scenario where an employee at a lower status organization who does not believe the other organization’s higher status is legitimate will have more negative responses to merger and will be less identified with the new organization than employees in the higher status organization, while members of the high status organization may also react negatively to the M&A because they believe their superior position is deserved and view the process as a threat to their status (Terry and O’Brien, 2001, p. 427). This could lead to exclusion of the lower status members in other words; employees in the lower status organization will like to identify with the higher status organization to enhance their status. Jean M. Mills (2003)
contribution is based on Weick’s (1995) theory of identity construction. Weick (1995) described the individual’s identity as an important aspect of sensemaking. He further described it as a mundane aspect of the process of making sense that needs to be fore-grounded to understand the problems of organizational change (Mills 2003, p 126). Referring to Erez and Earley’s work, Weick (1995, p. 20) based his approach on the individual’s process of identity construction on three areas of need, including the need for self enhancement, the self-efficacy motive to perceive oneself as competent and efficacious and the need for self-consistency, Jean M. Mills (2003, p. 126). Mills acknowledges that Weick’s work is built on the post modernist theory that a sense of self or subjectivity develops and it transforms through involvement in discursive practices.

However, one of the remedies to the problem of loss of identity during a major organizational change like Merger and acquisition is suggested by Terry and O’Brien (2001). Their suggestion aligns with other researchers: that employees’ attachment to their identities in their organizations should be examined in-depth in order to build likeable identities that employees will be attracted to in the new organization. This could be achieved by Myeong-Gu Seo’s and N. Sharon Hill’s (2005) proposition that newly formed organizations should make efforts to initiate a common in-group identity by creating a positive environment that will support interaction between the two groups. Gaertner et al. (1990) backed them up by adding that this initiative will reduce biases between the two groups when people see themselves as members of one large group under conditions of cooperative independence. Another suggestion to foster building new identity is suggested by researchers such as Bouno and Bowditch (1989) and Gutknecht and Keys (1993) include articulating anew vision, common goals, and organizational symbols, Myeong-Gu Seo and N. Sharon Hill (2005, p. 428). Myeong-Gu Seo et al. further reference researchers like Brooks et al. (2005) suggestion that corporate identity is made concrete through elements such as culture, products and communications. They further referred to Schein’s (1990) definition of organizational culture as that which is strongly rooted in the values, symbols and artifacts of an organization. Brooks et al. (2005) also suggest that the new organization can adopt one or both cultures, products and communication or integrate aspects of both or create an entirely new culture. Buono and Bowditch (1989) also suggest that
there should be a disengagement effort such as grieving meetings where people can voice out their feelings and emotions openly as a means of letting go of their old identity.

2:3 Acculturation Theory

Berry (1980) gave a definition of acculturation by anthropology as changes in both groups that occur as a result of contact between cultural groups, Myeong-Gu Seo and N. Sharon Hill, 2005 (p. 428). Argued by researchers in merger and acquisition like Elsass and Viega (1994) and Nahavandi and Malekzadeh (1988), acculturation is applicable to the process because it involves pulling different organizational cultures including values, beliefs and practices that define an organization together or imposing one on the other, Myeong-Gu Seo and N. Sharon Hill, 2005 (p. 428). Elsass and Viega (1994, p. 433) further define acculturation as a network of integrated subcultures, considering an organization as a combination of individuals and groups who own their unique cultural identities. Myeong-Gu Seo et al. added that there is variation in the degree and rate of acculturation within the network of the integrated cultures. Berry (1980) proposed four modes in which acculturation occur. They include deculturation, assimilation, separation and integration, Myeong-Gu Seo and N. Sharon Hill, 2005 (p. 428). The four modes further explained deculturation as a situation whereby members of the organization neither retain the old organizational cultures nor replace it with the new one. Assimilation on the other hand is an instance where one organization adopts the culture of the other. Separation suggests that cultures of the two organizations are retained and, integration support that both organizations be flexible with their cultures to build a common ground for the new culture. Nahavandi and Malekzadeh (1998) explained that there must be an agreement between the two organizations on the integrating mode otherwise, there will be acculturative stress also known as culture clash in the organization. Elsass and Veiga (1994) backed this up and added that acculturative stress could lead to resistance and serious inter-organizational conflicts. Marks and Mirvis (1992) described culture clash as an event when people notice the difference between the two cultures and superiority ego sets in one part of the organization to the other which could result to one part of the organization attacking the other part while defending their own culture. Marks et al. added that culture clash may arise when apart of an organization feels threatened by the
combination and losing their own norms and value. Cartwright and Cooper (1993b) suggest the effect of culture clash in an organization; they include low morale, absenteeism, turnover and decreased productivity.

Marks (1999) however suggest that to address the problem of culture clash, there should be an assessment for potential culture clash followed by procedures for bringing both cultures together. He further suggests that a cultural due diligence or audit should be conducted as part of a merger and acquisition procedure to assess the cultural differences that exist between the two organizations and consequently enabling proactive planning of interventions to address potential acculturation problems. Mark tagged the differences as “people related” and they include corporate values, organization structure, decision making process, and reward systems.

Elsass and Veiga (1994) also suggest multiculturalism where both cultures will be integrated and valued by both parts of the organization. Buono and Bowditch (1989) added to this point by suggesting facilitation of intercultural learning through workshops and presentations where the similarities and differences between the two organizations will be showcase and constructing a mutual problem solving strategy. Schweiger and Walsh (1990) added their view that this kind of interaction will either lead to intercultural tolerance or assimilation.

2:4 Role Conflict Theory

Myeong-Gu Seo and N. Sharon Hill, 2005 (p. 430) defined role as a set of expectations about behavior for opposition. They further define role ambiguity as uncertainty about what is expected in a role. Katz and Kahn (1978) connote the view of role conflict theory that psychological tension is triggered when an individual engages in incompatible roles. Researchers (e.g Marks and Mirvis 1992 and Ivancevich et al. 1987) reported that during merger and acquisition organizational culture, structure and job descriptions are in disarray, hence making organizational transition procedures very ambiguous, hence prolonging organizational integration which often results to role conflict and ambiguity. Schweiger et al. (1987) highlight some cause of role conflict during M&A. They include new job demands related to the merger. Secondly, employees are turned between being loyal to the old customers or to their coworkers
and implementing the change required by the M&A and, finally, threat of job loss, Seo and Hill, (2005, p. 430). However, two way communications is considered the most effective remedy to this problem. The communication as proposed by Bastien (1987) should consist of both active listening to the sources of role conflict and ambiguity and promptly responding to the role-related issues. In addition Marks and Mirvis (1992) proposed a grounded managerial leadership where managers engage in personal discussion with the individual employees in the merged organization, to negotiate and clarify the expectations of their new roles.

2:5 Job Characteristics Theory

Hackman and Oldham (1975) reviewed job characteristics theory and came up with their conclusion that core job characteristics has influence on perception of the work environment and consequently has influence on motivation and job satisfaction. Job satisfaction can be defined by its characteristics; it includes skill variety, task identity, task significance, task autonomy and task feedback.

It is a clear fact that following a major organizational change like merger and acquisition, employees’ attitudes and behavior change as well. These changes in attitudes and behaviors however could be as a result of job characteristics and the environment. Therefore, Seo and Hill, (2005) suggest that job characteristics theory is the only theory that relates to changes in perception of the work environment.

Seo and Hill (2005) also point out that job characteristic theory focuses mainly on core characteristics of job task but they took a broader view of job characteristics and included other dimensions of the work environment such as career path, work relationships, support network, status differences, geographic transfer and job security, all which was supported by researchers like Schweiger and Walsh (1990) who connote that it can have a huge impact on employee attitude, and behavior after merger and acquisition.

It is advised that during post mergers and acquisitions employees’ job satisfaction and organizational commitment should be considered when it comes to job redesigning. This
suggestion is proposed by Seo and Hill, (2005, p. 431), they argued that jobs should be redesigned in a way that sustains or increase employees’ job satisfaction and commitment to the organization. Cameron, Freeman and Mishra (1991) backed their point up and suggest that employees should be involved in the process of job redesigning. They suggest that this will reduce possible resistance and foster positive attitude during the transition period. Schweiger et al. (1987) also suggest that employees should be engaged in adjustment training; Newmann’s and Kryztolfiak’s (1993) suggestion supports adjustment training, they added that it will help employees have a clear understanding of how the change will affect their work environment and the reason for the change. Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 431), also suggest leadership, leaders are advised to come up with coping strategies for employees should there be a negative change in their work environment.

2:6 Organization Justice Theory

Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 431) suggest that organizational justice theory is meant to provide insights into the perception and behavior of surviving employees regarding how reselection and displacement of employees are being made after merger and acquisition. Cobb, Wooten and Folger (1995) point out that when employees experience a change process as fair, they tend to exhibit supportive attitudes towards change even under unpleasant circumstances of adversity and loss, Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 431). Merger and acquisition researchers have come up with three types of fairness perceptions that can influence employees’ reaction to an organizational change. The first one was identified by Adams (1965) namely, distributive justice. This explains the fairness of outcome received compared to an individual’s standard of fairness. The second one was identified by Thibaut and Walker (1975) and it is called procedural justice which implies the fairness procedures used to determine the outcomes. The third is the interactional justice i.e. how the organizational members are treated by those responsible for determining outcomes and procedures, Seo and Hill (2005 p. 431).

Robert G. Folger, Russell Cropanzano (1998, p3) the subjectivity of inputs is one reason for the subjectivity of fairness. Their analysis that explains the subjectivity concept can be illustrated by
comparing the employment relation in Sweden to Nigeria. In Sweden, when an organization embarks on layoffs, the last employed is usually the first to go; in the Nigerian context, the decision is solely by the management and Human resource. They set the criteria for selection which could be based on for instance, qualification, performance etc. However, if there is an event of layoff in an organization based in Sweden and the last employed is relieved of duty, it will be fair to employees because it is a clear rule in the Swedish employment relation. On the contrary, in Nigeria, since there is no written law or collective agreement in the private sector, layoff selection decision will be at the discretion of the organization. Greenberg (1987) like several researchers note that employees often pay attention to how people are treated in terms of distributive, procedural and interactional fairness Seo and Hill (2005, p. 432). Seo and Hill (2005, p. 431), also note that merger and acquisition researchers such as Fried et al. (1996), Gutknetcht and Keys (1993) and others, often discover that both surviving and displaced employees’ perception of fairness during M&A are often influenced by their attitude (psychological withdrawal) and behaviors (turnover). Adams (1965) gave a description of fairness as the giving and receiving of equivalent value much like the concept of reciprocity that Gouldner (1960) called a universal norm of fairness, Folger and Cropanzano (1998,p6).

The procedural justice refers to fairness issues concerning the methods, mechanisms, and processes used to determine outcomes Folger and Cropanzano (1998, p. 26). Folger et al. illustrate procedural justice that issues might involve considerations about the proper way to conduct a decision-making process a dispute resolution process, an allocation process or layoffs in an organization under merger and acquisition for instance. The interactional justice is the informal procedure constraints on roles and behavior, Folger and Cropanzano (1998, p. 26). Both procedural justice and interactional justice are oppositely related, there are no laid down rules or protocols to follow for decision making in interactive justice.

Several suggestions are raised towards managing organizational justice perceptions during organizational restructuring such as merger and acquisition. Cobb et al. (1995 cited in Seo and Hill, 2005) suggest that outcome regarding the distributive justice that there should be clear and distinct information about employee role in the new organization. Cartwright and Copper (1996)
however made their suggestion based on the procedural justice perceptions by adding that employees from both organizations should be more involved in important decision making including displacement of employees. Harrison (1998) and Krupar and Krupar (1988) suggest that human resource management policies and procedures in the merged organization should be reviewed using accurate, objective, unbiased and consistent across both organizations, Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 432). Fried et al. (1996), Gutknecht and Keys (1993) finally suggested that the displaced employees should be treated with respect. Furthermore, they added that the need for organizational change and the adversities that it has brought upon employees should be well communicated. Marks (1997) also suggest the use of integration manager who has good leadership skill and versatile during the process of M&A, Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 432).

2.7 Uncertainty Theory

DiFonzo et al. (1994) defined uncertainty as a psychological state of doubt about what an event signifies or portends, DiFonzo and Bordia (1998, p 296). DiFonzo et al. in their work emphasises connections among three attributes namely; uncertainty, rumor and communication. Their work studied and analyzed the connection among these three concepts but for the purpose of this study, their suggestions and findings on uncertainty is the relevant aspect to this study. From my observation, uncertainty is a common issue in everyday work life in Nigeria. Frequent organizational change such as privatization, structure and/or management change and especially the subject of the case study in this thesis work, merger and acquisition are influenced by the Nigeria’s economic instability and/or continuous strategic attempt of business owners to maximize profit, facilitate growth and/or upgrade their businesses to meet up with global standards. I observed that uncertainty is often caused by rumors in the organization during acquisition and merger. Such rumors include layoffs, closing of plant, and/or management and structure change; all these causes chaos and panic within the organization during acquisition and merger. Blake and Mouton (1983), Hunsaker and Combs (1988) and Mirvis (1985) also admitted to the fact that employees naturally experience insecurity, uncertainty and a loss of sense of control during an organizational change. One might wonder
how uncertainty theory is relevant to employees’ experience after an organizational change; most theories about uncertainty often focus on uncertainty during change process. My observation is that uncertainty continues after organizational change and employees’ insecurity is not lessened. DiFonzo and Bordia (1998, p 296) also note that organizational transformation often portends unpredictable future events and/or is accompanied by unexplained present occurrences.

Researchers like Berger and Bradac (1982) and Heider (1958) suggest communicating accurate and timely information as well as activities such as interpersonal interactions as an aid to reduce uncertainty in an attempt to regain predictive and explanatory control of tension during acquisition and merger.

2:8 Cynicism and Resistance

Ola et al. (2014) in their article about cynicism and resistance reported that cynicism has been viewed as a form of resistance driven by unsuccessful implementation of organizational change or, in contrast, as a direct negative attitude towards management, Ola Bergstrom, Alexander Styhre and Per Thilander (2014, p. 384). They further explained that organizational cynicism can be seen as organizational members’ response to perceived changes and an effort to create a consistent image of everyday activities and formal organizational structures. Ola et al. referenced Dean’s et al. (1998) definition of organizational cynicism as a negative attitude towards ones employing organization comprising three dimensions: a belief that the organization lacks integrity, negative affect towards the organization, and tendencies to disparaging and critical behavior towards the organization that are consistent with these beliefs and affects, Bergstrom, Alexander Styhre and Per Thilander (2014, p. 387). In Nigerian employment relations, the case study company in this thesis work for instance, these three dimensions are very much related. Due to the economic situation of the country, employees often perceive their employers as not having integrity. This is because business owners are constantly looking for strategies for business growth and often make decisions that affect employees negatively. Employees’ lack of confidence in their employers often put fear of losing
their jobs in employees. Constant fear consequently prevents employees to function at their best which backs the second point of Dean et al dimensions of organizational cynicism.

One suggestion made to prevent or resolve cynicism in an organization that is going through some form of changes is that management should engage in communicating the reasons for change and involve workers in the process, Brown and Cregan (2008). Wanous, Reichers and Austin (2000) backed up Brown et al.’s point and added that this type of communication will make employees see things more from the management’s perspective.

2:9 Sensemaking Theory

Karl’s work on sensemaking has been a foundation for all other theories on sensemaking. I noticed that his theories are cited in most sensemaking literature I come across in the course of this thesis work. As mentioned earlier in the text, Weick (1995) made a significant point that organizational sense making is different from everyday sense making though he affirms that everyday sense making can give an idea or lead to understanding the process of organization change and the behavior of the people who are making changes and responding to the changes. Karl E Weick (1988) noted that sensemaking in crisis condition is made difficult because events that are used to understanding the crisis often intensify the crisis. He explained that this dilemma is interpreted from the perspective that people enact the environments which constrain them. It is argued that commitment, capacity and expectations affect sensemaking during crisis and the severity of the crisis itself. It is proposed that the core concepts of enactment may comprise an ideology that reduces the likelihood of crisis, Karl (1988, p. 305). Karl emphasizes that straight forward proposition conceals a difficult dilemma because people think by acting. He suggests that to sort out a crisis as it unfolds often requires action which simultaneously generates the raw material that is used for sensemaking and affects the unfolding crisis itself. Cameron Esther et al. (2015) came up with four different approaches to change, namely the cognitive approach, the behavioral approach, the psychodynamic approach and the humanistic psychology approach to change. Consequently, how employee makes sense of their retention after acquisition and merger could be view from the four named perspectives. The behavioral approach to change focuses on employees’ attitudes towards change and what
motivates such attitudes. Cameron et al. mentioned non-financial reinforcement such as feedback and social reinforcement as a means to help employees through sensemaking. They explained that the feedbacks could take positive or negative forms depending on the managerial style. They explained that the cognitive approach to change is about individual’s decision making ability to solving problem during crisis. Relating this to employee in acquisition and merger, the way individual thinks and interpret the event of change will determine their attitude towards organizational change.

Cameron et al. used Kubler-Ross work to explain the psychodynamic approach to change. Ross used the findings from her seminal work “On Death and Dying” in 1969. Her work described the psychological stages terminally ill patients went through in coming to terms with their conditions. Subsequently, her research was considered relevant to other people experiencing a significant change process. She categorized her findings into five stages namely; denial, anger, bargaining, depression and acceptance. Employees that have went through a major change event and gained retention after the process first find it difficult to comprehend and adjust to the changes at work. Thus, I classify the adjustment period as a denial period, when the individual employee struggles to adjust to the changes. This will follow by anger and frustration especially when the disparity between the old and new organizational culture is pretty wide. Employees then get to a compromise stage where though angry about the event, will bargain with his/herself to find a common ground adjustment and accept it.
Chapter Three

3.1 Research Methodology

A qualitative method is a way of thinking about and studying social reality, Anselm Strauss and Juliet Corbin (1990). Therefore, this thesis work is approached using a qualitative method. Saunders et al. (2003) gave three kinds of research methods namely; exploratory research, descriptive research and explanatory research. Employees’ perceptions are explored and described using related theories. Joseph A. Maxwell (2012) presents a five component model to address specific sets of concerns. The five components include goals, conceptual framework, research questions, methods and validity. All these components have served as guides to cohesively put this thesis work together. Maxwell gave comprehensive explanations to all the components mentioned above. He defined goals as a set of convictions for the worth of study. It emphasizes issues that will be clarified, the benefits of the result and the practices and policies the study is meant to influence. The conceptual framework elaborates the concept of the study plan. It clarifies the theories, beliefs and previous results which guides the research work and has served as guide to choosing suitable literature and preliminary studies needed to understand the content of study. The research questions capture the researcher’s curiosity about the content of study in simple phrase(s). Method is a step by step protocol that will be followed for collecting information. It gives detailed information about the relationship established, the selection method and criteria for selection, the time and location, the technology used for retrieving information, strategies for analysis and techniques and documents that helped in retrieving information. Validity clarifies all biases and establishes conviction and also answer the research question.

I have carefully selected nine participants who have been retained after merger and acquisition. The method used to gather information for this study was through consented recorded interviews. However, the respondents are anonymous as is the organization of study. Among the nine participants, there are two respondents who have risen to managerial positions in the research department, one data processing executive who has also risen to the position of data processing manager since the conclusion of merger and acquisition, the executive assistant who
has the longest term of service, the IT manager; we were retained together in the organization after our compulsory military service, two data processing assistants who were contract staffs but got their appointment revised to permanent employees after merger and acquisition, one production assistant and one office assistant, who have both remained on contract employment.

I chose the interview method for gathering information because it is considered most suitable especially for the context of the case study. The interviews were conducted via Skype since I could not afford to travel down to Nigeria to meet my respondents personally. Interview sections gave the respondents the opportunity to self expression which include gestures, body language and allowed me to know when the respondents are holding back on information that they consider to be sensitive. It is also important to mention that respondents were very comfortable with me as an ex-colleague and had no problem opening up to me.

**Case Selection**

A single case study is selected for this study. Based on the purpose of the study, it is important to select a company that has gone through merger and acquisition and still have employees from the old organization retained in the new organization. It is important to note that this study is focused on the retained employees from the old organization to explore their perceptions and experiences since the changes that have taken place in the organization after acquisition and merger.

**3.2 Data Collection and Analysis**

Saunders et al. (2003) gave two types of data i.e. the primary data and the secondary data. However, Saunders suggests that strengths and weaknesses should be considered for which ever type of data chosen for a research. Primary data is defined as data that an individual collects independently to fulfill a specific purpose while secondary data is data that has been gathered by researchers to fulfill different purposes or data available in other published sources. For this study, primary data are used which was gathered through the interviews.
3.3 Interviews and Limitation

The interview guide used for the interviews I conducted was adopted and modified to suit the purpose of this study from Jean Helm Mill’s work “Making Sense of Organizational Change” (2003, p. 213). Though I had a formal guide the interviews were conducted in a semi formal style because of the familiarity between the respondents and I, a former colleague. English and Yoruba, one of Nigeria’s native languages, were the main languages used for the interview.

The number of respondents is limited because more than 70% of the employees present in the organization during this period are no more with the organization; some resigned their appointments voluntarily, some were laid off, while others were part of the departments that were being outsourced. In total nine interviews were conducted. Our mode of communication was Skype and Facetime. The interviews were recorded and transcribed. The time schedule for the interviews was also informal. The interviews were conducted over the weekends, in the evenings and intermittently. All these conditions were purposely to suit the respondents’ conveniences since they cannot grant the interviews during work hours. Gender was not considered while recruiting respondents, however, out of the nine respondents three are male (one research manager, the IT manager and the production assistant) and six are females (one research manager, one data processing manager, the executive assistant, two data processing assistant, and the office assistant).

Reliability and Validity

Lincoln and Guba (1985) proposed that the criteria in the qualitative paradigm to ensure trustworthiness are credibility, fitness, audibility and confirmability. They also refined the criteria to credibility, transferability, dependability and confirmability. They further recommended specific strategies to be used to attain trustworthiness such as negative case, peer debriefing, prolonged engagement, and persistent observation, audit trails and member checks. They further proposed that the characteristics of the investigator are important. They
must be responsive and adaptable to changing circumstances, holistic, having processional immediacy, sensitivity and ability for clarification and summarization, (Cited: International Journal of Qualitative methods; Janice M. Morse et al., 2002).

To fulfill all the criteria suggested by Lincoln and Guba (1985), all the information that I used for this case study were sourced in the organization through interviews and information from the company website. Also I have tried to be very much objective in my analysis to remove all biases.

3.4 Ethical Considerations

The CEO of the case study organization was contacted via e-mail and I got approval before I begin my study. The result of the study will be presented to them probably; the management can gain insight into their employees’ feelings and may adopt some solutions to improve their employees’ attitude towards future changes in the organization.

The respondents were duly selected based on their willingness to grant me audience for the interviews. The interview recording was also according to their consent. Other conditions, such as time and place were also mutual. Most importantly, the organization of case study and the respondents to interviews are all anonymous.
Chapter Four

4. Empirical Findings

The empirical findings are presented in this chapter. The main concept of acquisition and merger in the organization of case study will be described in details. The activities that transpire during the process of acquisition and merger will be clearly described. The context of change such as the structure, the management and processes will be elaborated in details.

However, the main objective of this study is to explore employees’ perceptions and experiences towards the changes that had and/is happening in the organization. How they make sense of the changes and their present emotional status in terms of feelings and attitudes towards work and in the work environment. The effect of organizational change on employees’, how they cope with the situation and the expectation(s) they have from the new organization; all these will also be explored to give answers to the research question.

4.1 Employees’ Perspectives of structure and culture change after Acquisition and Merger

4.1.1 Background Question

The interview guide I used comprises questions that explore feelings and encourage employees to express themselves. The questions are arranged systematically to dig deep into their thoughts. The first question is a background question. It is about respondent’s personal information such as name, gender, age (optional), term of service, department and position. The second part comprises of questions about the organizational culture, the third section is designed to find out about changes in the organizational structure, and the last section explored employees’ perceptions.

4.1.2 Organizational Culture

Question Two, Three, Four and Six intend to find out the changes that have occurred in terms of the organizational culture. Although in terms of organizational culture, it seems the organization has succeeded in their acculturation. When asked “Following the Merger and Acquisition in 2011, do you feel that the culture change has made any difference in how senior management
treats employees?" most of the respondents share the same opinion about the organizational culture. One of the respondents replied;

“No, there are no significant changes in how we relate”

I notice however that this question was interpreted differently by different employees. Another employee who had worked in the organization for sixteen years as an executive assistant to the CEO and Directors while asked the same question said:

“Not really. The issue is still on salary. Staffs are still being under paid”

Employees confirm that acquisition and merger has had no effect on the relationship between staff and management, especially in terms of communication. All respondents affirmed that communication among staff at all levels is mutual. For instance when I asked if employees would feel comfortable in approaching their managers or Human Resources if they are unhappy with how their supervisor had handled a situation, respondents’ perception is uniform. I got responses like;

“Yes! Like I said, communication is not a problem around here”; “of course, yes, why not”

Another pattern discussed during the interviews concerns employees’ feeling in terms of recognition for their job. Respondents have no objection to the fact that their job is being recognized. Two of the respondents used qualifying words to attest to this fact;

“Fair enough, I feel like my job and routine duties are well recognized” and another respondent responded that “there is actually”.

This shows that the new organization has successfully considered the employees in designation of the organizational culture by placing value and recognition to good efforts of their employees.

4.1.3 Organizational Structure

However, taking initiative on duties varies among the employees depending on their departments and their job description. Employees in the departments where specific instructions are needed for daily routines feel differently from employees that are in
departments where initiatives are taken when needed and necessary. There are job descriptions that clearly serve as guides to every employee’s routine, however some might need to take initiative and be able to make quick decision when there is difficulty at work. For instance, the respondent that works as an executive assistance have worked in the organization for sixteen years; this means that most of the managers and directors and even the CEO met her in the organization so it is believed that she has distinct understanding of her duty and how to execute them. Her response when asked: Will your immediate supervisor let you take responsibility in decision-making for routine matters, and do you feel you have enough responsibility? Was,

“I take decisions on my job alone except if it is something I don’t understand and need to clarify from my boss first before I go ahead”

Another respondent who had worked for the organization for six years first as a contract staff for three years before retained to a permanent position said she has moved within departments three times and her duty is specific, her response to same question as above is that;

“No, I have to take instruction and follow them accordingly; my opinion or initiative is not allowed”

This is understandable because she works in the data processing department where specific guidelines are applied to daily routines. This means that there is flexibility in decision making within the organization. In terms of workload employees response is uniform; they all believe that they have more than enough responsibilities

4.1.4 Employee Perception of Acquisition and Merger

Employees seem to have a hidden understanding of the reason for acquisition and merger. When I asked if they have any idea of why the organization went into Merger and Acquisition and what the objectives are, respondents agreed that the reason was to maximize profit and push the company into the global network. The personal assistant however does not sound convinced. Her response was;

“I don’t have much idea. I only know that they went into merger for the growth of the business”
With this response, I could deduce that this employee is not convinced with the reason that the management of the organization has given them and/or she has a different opinion. The first phrase of her response “I don’t have much idea” could be analyzed as either the company did not give enough clarification and communication was not as effective or, she might have information that she was holding back. The second part started with “I only know” this clearly confirms that she have a different opinion about the motive behind the acquisition and merger. However, another employee responded spontaneously to the same question and sound convinced and very sure by the explanation, she said

“Yes, to be able to meet our client needs all over the world, to have more good reputation and to maximize profit”

These two responses are quite different though both concluded that the reason is for business growth but the first response shows a kind of reservation by starting by “I don’t have much idea”, which means she believes that there is more to the reason given to them.

Both organizations have succeeded in redefining the value of the organization without leaving a trace. As it was suggested in theory, cultures from both organizations were conjoined with compromise on both ends. One could expect a major difficulty pulling both cultures together but it is important to mention that the acquired company had been an international company prior also, Nigeria as a British colony has inherited the western official cultures including English language, corporate dressing, respect for superior colleagues and other forms of official relationship that are permissible in a corporate settings. This is confirmed by one of the responses when asked if the new value has any reflection on their daily routine;

“Like I said, I do not notice any significant change from how the company used to be up till now, my supervisor tell me what to do and how to do it so, I work towards achieving the laid down objectives by doing my work as I suppose to do it”

Perceptions of employees about the implementation of change vary among my respondents from different departments. For instance employees in the operation department, who are
permanent employees’ feel that there are no changes, they still work in teams and each member’s task is divided by the team manager. Their perceptions of change mostly centre on the improvements and achievement they have benefitted through the change. They have achieved a qualification and certification in research, the physical work environment like the work stations, both hardware and software tools that have improved their technical knowledge of their work are motivations to embrace change.

Departments that have the highest numbers of employees especially in the junior category and/or temporary workers (such as the field interviewers, quality control and the data processing department) have downsized the most and consequently have increased responsibilities of the retained employees. One employee expressed that;

“There were changes in roles. Change in roles as in, where we have duplicate of roles. For example, where we have two employees doing almost the same work, they add the works together for one employee and give the other one new role. That is why I have been transferred twice to different departments”

Employees tend to focus on the bright side of the outcome of acquisition and merger when asked about their general view and perception of acquisition and merger. In my interview with the organization’s Assistant Manager, IT who has worked in the organization for eight years, he said one good thing about the change is that it makes his work easy. More sophisticated software has been provided which helps him to monitor employees’ compliance to how to use the office internet. One of the field managers said works are no more delayed especially due to prompt fund release. A respondent from the finance department also added that the department now has updated accounting software which has enhanced their scope of knowledge in their career and has made their work easy and efficient. To cap these revelations, one respondent’s response summarizes employee experience in terms the impact that acquisition and merger has had on their career, he said:

“To me it's ok because it makes me learn new things and develop myself through the exposure I am getting to the business”
Employees agree that the major advantage of the acquisition and merger is that the organizational credibility to the clients has increased immensely. They meet targeted deadlines and deliver to their clients promptly. This was confirmed by one employee in the operations, he said;

“I think it has provided a platform to learn new things and improve on the technicality of discharging our duties and also has improved the organization’s credibility to deliver as promised to our clients“

From another employee point of view, she thinks there is an issue of favoritism. She commented that some employees are treated better than the others. She was clever enough not to specify, her comment was;

“U know what it entails in most organizations, they favor those they love”

However, the downside is most felt by the junior and temporary employees in the field and data processing departments. All respondents believe that the organization is not at a disadvantage at all. Two of the respondents (one from data processing and the other from the field, interviewer) reported that their work loads has tripled and they work towards targeted deadlines. This means that there is no space for idleness; one respondent added that they forfeit their lunch break most times because they are no more allowed to eat at their desk. Instead, a common room for staff has been setup for lunch breaks, unlike before the acquisition and merger where they are allowed to eat along side work. For respondents in the operations, they believe that the increment of workload is not as important as the pressure of meeting their deadlines.

When asked about employees’ general opinion about the whole change, employees seem not to be sure of their judgment. Three of the respondents did not want to respond to the question. One of them said, “I am speechless, I wish I have a choice, I will leave willingly without regret. I don’t even know what exactly to talk about”

Another respondent commented that,
“I don’t know..... No be small thing o......Na real exam questions.... What will I say o...Ok........The employees are not happy with changes because there is no increment of salaries.... We discuss that very much among us. There is loss of jobs, we panic about that everyday... our jobs are not secure they can ask any employee to go anytime without any benefits. A colleague resumed work as usual on Monday morning and was asked to report to the Human Resource, and that was the end. We all felt sorry for her because previous month she was attacked by armed robbers and they snatched her car with some money in her bag. So, you see it’s sad with the situation of the country, losing job is not palatable at least not at the moment”

I observe from responses I got that the situation of the organization at the moment is good for the business and the key actors. Many employees have a huge sense of exclusion and feel insecure, especially with keeping their jobs for as long as they want it. Though employees affirm that the organization seems to have improved on their structure and processes, but there is no consideration for employees’ welfare. One of the responses I got shrinks my heart, the respondent lamented in Yoruba (a native language) which is translated as;

“The owner of the business just handed us over without considering us. His son is the CEO. We are the ones suffering the consequence, and he also collect millions of Naira for property rent and dividend, they don’t even consider their workers... they just take decision anyhow. Gbogbo eyan loti get ready (everyone is ready), because anything can happen at anytime.”

The company has made undeniable and tremendous progress after the organizational value change and/or redefined in terms of functionality. The organization has brought about positive changes in employees’ efficiency in the workplace. These facts can be deduced from respondents however, what the organization has in store for employees are what they are not sure of. Instead, employees nurse a fear of sudden job loss. When asked if they are satisfied working for the organization, employees at the senior cadre and at the operations believe that it is just fine with them. However, other employees do not feel satisfied with working in the organization. One of the respondents said,

“No... There should be job security and in terms of employees they want to dismiss, there should be benefits and compensation”
I wanted to find out from the employees if they think the organization is a better place to work. I already know the position of employees in the junior category, for instance one respondent said;

“It is not a better place to work at all. I’m not satisfied with the present situation in the company; I don’t have a choice than to stay with them till I get a better place. Everybody should be treated well”

I expected a different opinion from the employees of the operations but was surprised that they are a little hesitant in their response. I got responses like; "uhmmmmm…. Not bad"; “yeaaa... not really bad”. Their suggestion to improve this condition is that the organization should empathize with employees and give what is due promptly. Note that I do not mean to compare opinions; my intention is to explore individual feelings of employees to have a general overview of the human resource capital of the organization after acquisition and merger. However, responses from individual employees clearly described that it’s different stroke to different folks. What employees perceive most unfair is significantly, benefits in terms of salary, allowances and/or severance payment during exits.
Chapter Five

5. Discussion

In this chapter, my personal reflection as to how the theories I have chosen for this study connects with my empirical findings will be discussed. The theories I chose for this study include anxiety theory, social identity theory, job characteristics theory, cynicism and resistance, acculturation theory, sensemaking theory, role conflict theory, organization justice theory and uncertainty theory. I will find patterns from the empirical findings that relates to all these theories.

5.1 Acquisition and Merger Outcome

Acquisition and merger in the organization of case study has its implication on both the business owner and the employees. The aim is to devise a new way to make profit, to improve the organization’s functionality, credibility and reputation and to present the organization to the forefront of the global market. In my opinion, the organization had chosen acquisition and merger as its business renewal strategy by breaking down the whole process, structure, value and culture to rebuilding a new brand which is expected to attract new clients, and foster new relationships. I conclude that the organization made less effort in clarifying the motive of change. Employees that have served the longest term in the organization have more cordiality especially with the management. I could say that they do not agree with the given reason for change and feel more betrayed by the organization because of the position that the change has left them.

5.2 The Six Underlying Theories in Merger and Acquisition

Myeong-Gu Seo and N. Sharon Hill, (2005) used the six underlying theories which have been used by researchers to explain employees' psychological and behavioral responses to merger and acquisition and other forms of organizational changes. These theories are also used to explain employees' psychological and behavioral responses gathered as empirical findings for the purpose of this thesis work.
Employees of the organization case study started to be anxious from the beginning of the acquisition and merger process. The rumor that broke out was worrisome and for a long period, there was no communication from top to down. By the time organizational change was communicated to employees, anxiety has begun to take its toll on employees. One of the outcomes was layoffs, outsourcing, and systematic demotion. It has been six years, but these events have continued and have not lessened the toll of anxiety on employees. Rather it has increased their frustrations and willingness to leave the organization voluntarily. Consequently, employees lost their sense of employeeship during the process of acquisition and merger. There was confusion as per what the new organization will be called and which of the two companies will be their employer. This issue was resolved after the official declaration and conclusion of the acquisition process but, the issue of social identity started again in the beginning of 2016 when the management announced that the organization has gone into collaboration with another company, consequently changing the name of the organization yet again.

The organization obviously succeeded with acculturation because employees have no problem adapting to the new culture. Respondents reported that there is no significant difference in job process and their daily routine from what the organization used to be before acquisition and merger though there is creation of new positions to accommodate employees from the acquiring organization. Marks and Mirvis (1992) suggest a grounded managerial leadership where managers engage in personal discussion with the individual employees in the merged organization, to negotiate and clarify the expectations of their new roles. This has helped employees so much to have no problems adjusting to their new roles. Respondents who were involved in taking new and/or additional roles in their works have proper guidance and follow-up by their managers.

Employee attitude can be easily explained by the job characteristics theory. According to the review by Hackman and Oldham (1975), job characteristics have a huge influence on employee perceptions of the work environment, which also have influence on employee motivation. The work environment for employees as suggested by Myeong-Gu Seo and N. Sharon Hill, 2005, could influence their career paths, work relationships, support networks, status differences,
geographical transfer and job security. In my case study, employees have imbalanced perceptions of all the aforementioned characteristics. Job security has the major influence on other characteristics. Employees of the case study organization continually fear that their jobs can be taken away from them anytime. One of my respondents also felt that the organization place more value on some employees and such employees are more favored. This feeling has a huge influence on their job satisfaction and prevents them from thriving at the top of their career. Geographical transfer is not applicable in the case of this organization therefore employees have no concern about that. While there are status differences, relationships among employees at all levels are mutual and official.

Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 431) suggest that organizational justice theory is meant to provide insights into the perception and behavior of surviving employees regarding how reselection and displacement of employees are being made after merger and acquisition. Therefore, merger and acquisition researchers have come up with three types of fairness perceptions that can influence employees’ reaction to an organizational change. The first one was identified by Adams (1965) namely, distributive justice. This explains the fairness of the outcome received compared to an individual’s standard of fairness. The second one was identified by Thibaut and Walker (1975) and it is called procedural justice which implies the fairness of the procedures used to determine the outcomes. The third is the interactional justice i.e. how the organizational members are treated by those responsible for determining outcomes and procedures, Myeong-Gu Seo and N. Sharon Hill, 2005 (pg. 431). In this case study, employees have no clue as to what criteria the organization used when selecting which employees to retain in the new organization. Respondents’ belief is that management is partial in their selection or fairly that the selection was random. This put them in a position of unease because it could be anyone at anytime. This notion could be explained by interactional justice. In my opinion, downsizing of employees is not a pleasant occurrence and whatever criteria used in selection can never be perceived as fair by employees, because every employee believes that they deserve a fair chance and especially in a situation where employees feel insecure.
5.3 Uncertainty Theory

DiFonzo et al. (1994) defined uncertainty as a psychological state of doubt about what an event signifies or portends. From the inception of the acquisition and merger process, uncertainty has taken over the psyche of employees. The main uncertainty concern is about layoffs. Employees fear that they will lose their job anytime that the company will fade and at a point will be totally lost and what will be their fate when this happens. DiFonzo and Bordia (1998, p 296) also note that organizational changes often portends unpredictable future events and/or is accompanied by unexplained present occurrences. This is true and can be related to the situation of the case organization, unexpected changes that come frequently cause doubt in employees and reflect in their performances because they have to second guess themselves in their daily routines. Employees communicate among themselves and discuss issues that bother them around the work-place, this will continue to encourage rumor and in return increases the feeling of uncertainty.

5.4 Cynicism and Resistance

Work-place cynic expression is passive in an economy like Nigeria’s. Employees especially in the private sectors don’t often voice their frustrations or express any objection/resistance to whatever the employer bring to their table. It takes its toll on employees’ health, family life and general welfare. The organization this thesis work is studying is not an exception. Ola et al. (2014) define cynicism and resistance as a form of resistance driven by unsuccessful implementation of organizational change, or in contrast, as a direct negative towards management. This definition does not explain the case at the organization of this case study. In terms of implementation, the organization has tremendous success with acculturation and integration of the two companies. Adaptation is very easy and effortless because the culture was successfully passed on to the new company without ambiguity. However, a cynic attitude has only been provoked in employees because there is still uncertainty in terms of job security. Another factor that instigates uncertainty in employee is the issue of benefit. Employees obviously, as part of their expectation look forward to receiving more robust incomes, probably being paid in dollars because the organization is being taken over by a global company. Ola et al.
(2014) also suggest three dimensions to organizational cynicism. The first is employees’ belief that the organization lacks integrity. This is much related to this case because employees were actually disappointed and felt let down. The second dimension is negative attitude towards the organization. The second dimension is not applicable in this case because the atmosphere at the work environment is already tensed up by fear of getting laid-off, for these employees have to keep up the right attitude and do their jobs appropriately. The third dimension is tendencies to disparaging and critical behavior towards the organization that is consistent to this belief. There is an element of the third dimension going on in the organization. There is every tendency that employees overreact or exaggerate the course of events in the organization because their expectations are not being met.

5.5 Sensemaking theory

Karl E. Weick (1988) suggests that commitment, capacity and expectations affect sensemaking during a crisis situation and the severity of the crisis itself. The time span employees spend in service sometimes reflects on their commitment, which in turn justifies why employees crave for compensation. In the event of organizational change, employees raise their expectation for the long awaited compensation. When this expectation gets unfulfilled, it triggers resentment in employees and they find it difficult to make sense out of the situation. Weick (1995) that organizational sense making is different from everyday sense making. He added that everyday sense making can give an idea or lead to understanding the process of organization change and the behavior of the people who are making changes and responding to the changes.

It is difficult for employees to make sense out of this situation because change is not over in the organization. The level of uncertainty is still very much high in the organization and employees expectations are not fulfilled.
Chapter Six

6. Conclusion

6.1 Research Recap

The main objective of this thesis work is to explore the feelings of employees in a case study after a major transformation of the organization. After reviewing similar studies, I discovered that most merger and acquisition outcomes take a toll on the employees. I chose to do a similar study but in a Nigerian context in order to explore how feelings and reactions are put into attitudinal expression. To answer the research questions highlighted in chapter one of this thesis work, interviews were conducted with the employees that were retained after acquisition and merger. The interviews were recorded with the consent of the respondents and transcribed. The information retrieved from the interviews is used as the empirical data for this study.

6.2 Answers to Research Questions

6.2.1 Organizational Changes after Acquisition and Merger

Based on the empirical findings, there were few changes in the physical capital i.e. the structure of the organization. The color of the building was changed to pink against the initial blue color. The logo and name of the organization was also changed to that of the acquiring organization. Work stations were modified and rearranged to suite the style of the acquiring organization. In terms of the human resource capital, there was a massive downsizing of the staff; many employees were laid-off. To avoid duplicate roles, duties were merged and assigned appropriately. For instance, where there are five employees working on the same task, the organization reduced it to two employees working on the same quantity of task.

In terms of intellectual property, there were no changes made in the company policy because, the policy was already in tune with the national policy of Nigerian labor law applicable to private organizations and the work process does not reflect any change.
6.2.2 Impact of Change on Employees’ Career and Working Conditions

Acquisition and merger has significant impacts on employees’ careers. In the body of this thesis work, I emphasized that before the conclusion of acquisition and merger the organization invested in training and development programs for the employees to ensure that they acquire the competence required by the acquiring organization. This has tremendous impact on employee careers such that many of the employees that were laid-off at the conclusion of the process could secure even better jobs with remarkable organizations. For those who were retained, their confidence was boosted and their technical knowledge of the job was improved.

The working conditions especially in terms of benefit do not meet up with employees’ expectation. Employees’ major complaint is that there is no increment of salaries rather, their workload has doubled and deadlines are now placed on high priority.

6.2.3 Employees’ Perception of the Organization and Coping Strategies

Employees still feel like acquisition and merger is only beneficial to the business owner but has offered them job insecurity. Due to continuous layoffs in the organization, employees feel like it is just a matter of time for them to get hit with the same stroke. They perceive that the organization is partial and those employees that are favored do not necessarily have high performance in their duties.

Employees at the senior level and the operations does not seem dissatisfied in any way rather they have experienced career development, improvement in physical working conditions, wages and benefits and especially improved technology to enhance their productivity. Consequently, I cannot deduce from their responses that they have any cynic attitude, and therefore they do not need coping strategies. One of the respondents in this category of employee confirmed that the criteria for layoff in their department have been mainly about competence, no biases. The new organization does not condone mistakes especially that which could cost the organization a big loss of reputation and/or profit.
However, employees on the junior category and other departments are majorly concerned with coping with the situation. One of the coping strategies I could identify is that employees concentrate more on their job and they do it well in accordance to instruction. The situation of the country is that of “work to survival” and for employees to keep their jobs and meet up with their essential daily survival, they strive to work to keep their jobs. This could be deduced from a quote from one respondent who says’

“I work towards achieving the laid down objectives by doing my work as I am supposed to do it”

Another coping strategy I identified is communication. Since employees can express themselves especially to the management through the human resource. Self expression is very important in frustrating times and being able to communicate that is very commendable. The third coping strategy I found was that employees tend to focus on the positive side of the merger and acquisition and most importantly take the advantage of learning and development which could enhance their chances to securing another job.

6.3 Study Contribution

This thesis work is intended to contribute to the area of human resource capital in mergers and acquisitions. This area in recent times has not been receiving much attention in merger and acquisition studies. Most literature I came about for this studies are old and mostly contain cases in the USA.

Another area this thesis work is intended to contribute to is organizational therapy. Sometimes, to help employees maintain their sanity and sound state of minds, organizations seek the help of therapists to help assist employee going through challenging times. Therapists need insight as to what could be going on in the minds of employees and the effect it could have on their health welfare, family welfare and social welfare.

Organizations going through similar changes can also benefit from this study. This thesis work could help such organizations to gain insight into what to expect during and after the change
process. It is also recommended for employees in the labor market to create awareness and sensitize them about the events of organizational change. This will prepare them for future changes that might come up in their workplaces and build up coping strategies if they find themselves in a similar situation in the future. Lastly, this thesis work is meant to encourage researchers to make further research in this area to facilitate varieties of literature.

6.4 Further Research

This study focused on employees that were retained after merger and acquisition in the organization of case study. However, I suggest further research that will tend towards employees that have left the organization either by choice or layoff. It would be interesting to explore perceptions of employees who do not survive organizational crises like merger and acquisition. Exploring their feelings will provide more understanding as to how their feelings could affect their career, family and social life.

6.5 Suggestions

In this case acculturation and integration of organizational resources is not really the issue. The main issue lies with the employees themselves. Among the junior categories and staffs from other departments different from operations, having high expectations of the outcome has really made it difficult for them to see the good side and appreciate the changes around their work environment. Secondly, employees cannot relax and settle in to the new system because of the continued layoffs, which set them on panic that they can lose their job at anytime.

My suggestion to these two pressing issues is first, though salary increment could bring about financial stress to the new organization. However, organizations can present incentives to employees and communicate appropriately to them about the financial state of the organization. The organization should also include all employees in an increment or incentives plan. This will solve the problem of some set of employees feeling that the organization is being partial or favor some set of employee rather than others. It will also help employees understand that they are not being intentionally treated unfairly.
Secondly, plans of layoffs should be done at ones with adequate communication. The communication should be made with empathy and compensations. Organizations can seek professional assistance of therapists and psychologists who can help employees go through the ordeal with healthy emotions.
References

Journal Articles


Books


Appendix

1 INTERVIEW GUIDE

Background
1. How long have you worked for this organization and in what department(s)?

Organizational Culture
2. Following the Merger and Acquisition in 2011, do you feel that the culture change has made any difference in how senior management treats employee?
3. Do you think that present communication between management and employees is adequate?
4. In your opinion, is there enough recognition for doing your job?
5. Will your immediate supervisor let you take responsibility in decision-making for routine matters, and do you feel you have enough responsibility?
6. Would you feel comfortable in approaching your manager or Human Resource if you were unhappy with how your supervisor had handled a situation?
7. Do you have any idea of why the organization went into Merger and Acquisition and what the objectives are?
8. Now that the value has been defined, what changes, if any, have you made in your daily routine?
9. How has the cultural changes been implemented in your unit?
10. What are your feelings about this cultural change?
11. What do you see as the benefits of this cultural change for the employee and the organization?

Employees’ Perspective of Change
12. Do you see any disadvantages with this change for the employees and the organization?
13. What do you believe to be the general opinion of this change
14. Is progress being made with the organization,
15. Do you see change happening in the workplace through the living of the values?
16. Is this organization a better place to work?
17. Are you satisfied with working for the company?
18. If not, what would you suggest to improve the organization
19. Do you see the color and logo of the organization as an issue?
20. If so, do you want a previous color or the situation to remain as it was?
Model for Qualitative design

- Goals
- Research Question
- Conceptual Framework
- Methods
- Validity