Maximising acquisition success through leveraging employee performance

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ABSTRACT

With the vast majority of mergers and acquisitions resulting in failure, and the number of such transactions on the increase, it is imperative that leaders involved in future acquisitions are equipped with the requisite skills to overcome the hurdles that an acquisition may present to the entities and individuals involved. The literature indicates that whilst the commercial, legal and operational elements of an acquisition are usually well planned and accounted for, there is often an oversight around the human element which ultimately contributes to the failure.

The aim of this research is to identify which people performance management issues are prevalent in the different phases of an acquisition, the influence these issues have on employee performance and, ultimately, how they impact the success or failure of an acquisition. The research investigated the perceptions and experiences of senior managers and executives in a global information and communications technology (ICT) company, each of whom had been part of an acquisition, and had focused on the human element of an acquisition, which is often overlooked. In-depth interviews were conducted with a group of 16 interviewees, comprising of nine senior managers and seven executives. The respondents fell into two groups, with one group having worked for a global entity that had undertaken an acquisition and the other half having worked for a local organisation that had undertaken an acquisition in South Africa.

A theoretical model, a 'Framework for Maximising Acquisition Success', emerged from the findings of the research. This model provides insight into a range of people management aspects of an acquisition across three phases, being before, during and after. These aspects include the foundational elements, core activities and critical enabling factors which are prevalent in the different phases of an acquisition. This model will equip senior managers and executives who are considering embarking on a future acquisition with a means of identifying the key people management elements of the acquisition process. The application of this model aims to maximise the chances of delivering a successful acquisition.

KEYWORDS

Acquisition, employee performance, performance management, change management, culture, leadership, communication, integration, inclusivity.

DECLARATION

I declare that this research project is my own work. It is submitted in partial fulfilment of the requirements for the degree of Master of Business Administration at the Gordon Institute of Business Science, University of Pretoria. It has not been submitted before for any degree or examination in any other University. I further declare that I have obtained the necessary authorisation and consent to carry out this research.

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CHAPTER 1: INTRODUCTION TO RESEARCH PROBLEM

1.1 Introduction and Description of Problem

With the vast majority of mergers and acquisitions resulting in failure it is imperative that the issues that lead to employee performance are better understood. This will assist participants in future acquisitions, in order to mitigate the already excessive risk associated with such transactions (Bauer & Matzler, 2014; Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Lewis & McKone, 2016; Stahl, 2004; Vazirani, 2012).

The increase in the number of transactions can be attributed to the growing requirement for organisations to transform and expand, providing value back to their stakeholders (Haleblian, Devers, McNamara, Carpenter, & Davison, 2009; Lewis & McKone, 2016). PWC (2015) describe in their 2015 report titled Evolving *landscape of technology deals*, that this increase in the number of mergers and acquisitions as an "explosion" in the occurrence of such transactions. This, coupled with globalisation and increasing complexity in the business environment, means that organic growth is becoming increasingly difficult to achieve, making alternative methods of growth and transformation more attractive. PWC (2015) also state that for organisations transacting in mature or maturing markets, there is increasing pressure to sustain profit margins and one of the ways in which this is done is through acquisition. EY (2015) indicate in their 2015 report titled *Global capital confidence barometer companies embrace sustainable M&A*, that mergers and acquisitions are often the easiest way to meet the objective of crossing sector lines in responding to changes in technology and regulations. This type of expansion is more common place owing to the fact that the technology sector is subject to market disruption, according to KPMG (2016) in their 2016 report titled *U.S. executives on M&A: full speed ahead in 2016.*

This has led to executives and senior management of organisations looking at merging and acquiring other businesses as a route to growth (Haleblian et al., 2009; Kotter, 1996; Lewis & McKone, 2016 ; Vazirani, 2012). Furthermore, according to Lewis & McKone (2016), although there is an acknowledgement that acquisitions tend to fail, these transactions are still undertaken as there is a perception that by not taking on the risks associated with acquiring other organisations, it is nearly as detrimental as taking on an organisation and failing.

Lewis & McKone (2016) indicate that in more than 60 percent of all mergers and acquisitions, shareholder value is destroyed. The excessive failure rates of mergers and acquisitions can result from the human resource element of a transaction not being given due consideration when planning and executing on acquisition behaviour (Cartwright &

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Cooper, 2014; Cartwright & Schoenberg, 2006; Stahl, 2004; Vazirani, 2012). The lack of emphasis on the non-commercial, legal and operational components of a business could well result in the overall failure of the organisation in the short term. This failure may stem from a poor transition to the new environment, a lack of transformation, issues around culture and failure of leadership to successfully implement the change process (Gomes, Angwin, Weber, & Yedidia Tarba, 2013; Haleblian et al., 2009; Mirc, 2014).

The acquisition process is by its nature one of disruption and change, introducing turbulence and volatility into the environment. Therefore, it is imperative that senior managers and executives have an overall understanding of the factors that drive this uncertainty, providing them with a mechanism to mitigate against the risks introduced by this uncertainty. Through the successful navigation of the turbulence of the environment, the participants of the acquisition process will be able to achieve improved results of the acquisition process by being better able to harness employee performance contributing to the overall success of the acquisition process.

1.2 Research Problem

According to McKinsey (2015), in their 2015 report titled *M&A 2015: New highs, and a new tone*, indicate that merger and acquisition behaviour reached a new high in 2015. This is a global phenomenon of increasing acquisition behaviour, is set to continue through 2016 with no signs of these record deal sizes slowing down (McKinsey, 2015). It is thus becoming increasingly important to be better equipped when approaching these transactions to ensure that the turbulence created by these deals is able to be weathered, and in doing so the reasons why the acquisitions was undertaken in the first place are met.

The intention of this research is to understand what role people performance management issues play in the acquisition process, while impact the acquisition process and to identify what people management practices drive or inhibit employee performance. This understanding will provide more insight into what elements of people management are prevalent in which phase of the acquisition and to what degree the element impacts the overall success of the acquisition.

This insight will give executives and senior managers who may be involved in a future acquisition, a better understanding of the influence of these elements on employee performance post acquisition, allowing them to maximize the success of the acquisition. Ultimately, providing an improved chance of making a successful acquisition.

1.3 Scope of Research

The scope of the research includes senior managers and executives from a large global ICT organisation. The participants have been intimately involved in an acquisition and as such can share their perceptions and experiences around this type of transaction, sharing valuable insight around the acquisition process. The technology sector is especially relevant given that indications are that the majority of merger and acquisition activity will occur in this sector, contributing up to 70 percent of all merger and activity in 2016 (KPMG, 2016). This research does not include respondents from outside of the technology sector and does not encompass respondents from more than a single organisation.

1.4 Purpose of Research

It is widely acknowledged that there is often a gap in the planning process of an acquisition around the human element (Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Stahl, 2004; Vazirani, 2012). Mullen (2016) confirms that the acquiring party should conduct a due diligence and have a carefully mapped out integration plan in order to have any hope of achieving a successful acquisition. Should this oversight be properly addressed in the context of change management, performance and leadership, along with the typical focus of commercial, legal and operations, it may assist in achieving improved employee performance post-acquisition (Cartwright & Cooper, 2014).

The purpose of this research is to identify which people performance management elements are prevalent in the different phases of an acquisition. It is also intended to better understand the extent to which these elements influence employee performance and, ultimately, on the success or failure of an acquisition. It is predicted that different elements will be able to grouped into common themes which may or may not be relevant to all three phases of an acquisition, and the degree to which the dependency exists on these elements in each of the phases, allowing the researcher to develop an overall model. This model will be able to become a tool for senior managers and executives providing them with valuable understanding of the necessary activities that need to be performed throughout each phase of the acquisition process, the underlying elements that need to present in an acquisition, as well as the enabling factors which need to encompass the overall transaction.

A better understanding of these elements may allow for improved management of the change process through careful planning ensuring that all aspects of the process are covered. Successful implementation of the model will lead to an enhanced business

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practice and in turn result in enhanced employee performance, and in doing so improve the likelihood of success of the acquisition. These elements typically form part of the human resource component of any acquisition and according to research are the main reason why an acquisition usually fails (Cartwright & Cooper, 2014; Stahl, 2004; Vazirani, 2012).

The identification of these elements may provide senior managers and executives with the ability to ensure that they mitigate against the risks of a poor change management process, which could lead to greater success in future acquisitions. Indeed, not only could it assist in identifying these issues, but it may also identify what drives employee performance, which could potentially be leveraged to achieve ultimate success, post-acquisition.

The research intends to answer the following questions:

1. What role does people performance management play in an acquisition?

2. What people management practices contribute to the success of an acquisitions, before, during and after an acquisition?

3. What are the key drivers of employee performance post acquisition?

In answering these questions, it is the intention of the researcher to identify any gaps in the existing literature around people performance management and contribute to the well-researched topic of acquisitions, providing insight into the importance of managing employee performance throughout the acquisition process, thereby maximising the ability to achieve a favourable outcome of the acquisition.

It will also provide insight into what factors contribute to the success of an acquisition and what factors inhibit such a process, allowing for the necessary focus on the positive aspects and eliminating those factors which contribute negatively to the success of the transaction. This insight will be delivered in the context of the three phases of an acquisition, providing insight into the degree to which the various elements are prevalent in each of the phases and the degree to which they influence employee performance and the management thereof.

Furthermore, in answering the research questions, it is anticipated that a model will be able to be formulated based on the empirical evidence combined with the responses to the interview questionnaire, whereby common themes will be able to grouped to derive an invaluable tool that will provide senior managers and executives with a means of navigating the turbulence and volatility which the acquisition process introduces.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

Research into mergers and acquisitions has been ongoing for a number of years with focus often being placed on performance post-acquisition from a commercial and operational viewpoint or similarly based on financial, accounting or strategic objectives (Bauer, 2016; Stahl, 2004; Vazirani, 2012). More recently, it has been acknowledged that there is an increasing need to better understand the human resource element, from an individual, organisational and managerial perspective (Bauer, 2016; Mirc, 2014; Vazirani, 2012).

The literature review is structured around four key aspects. Firstly, the concept of acquisitions is reviewed with a focus on the nature and intention of acquisitions, the process which they follow and the reasons as to why they fail. Secondly, the process of change is reviewed, identifying the key factors at work during the change process. Next, the notion of performance is discussed, looking at systems used to measure performance, the drivers and inhibitors of employee performance and the effect of a change in culture on employee performance. Finally, the idea of leadership and the role it plays in employee performance is reviewed.

The literature reviewed forms the basis of the research questions laid out in Chapter 3. The findings from the face-to-face semi-structured in-depth interviews described in Chapter 4, will aim to add to the current body of literature and provide greater insight into employee performance post acquisition.

2.2 Acquisitions

Mergers and acquisitions have a disproportionately high rate of failure (Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Lewis & McKone, 2016; Stahl, 2004; Vazirani, 2012). Lewis & McKone (2016), state that in excess of sixty percent of all acquisitions fail. This failure may be from a financial perspective, or a misalignment between the anticipated benefits of entering into such a transaction as opposed to what is actually experienced. (Bauer, 2016; Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Stahl, 2004; Vazirani, 2012). Despite this negative data, many organisations feel compelled to pursue growth through acquisition, acknowledging that the risk of taking no action is just as high as acquiring another business (Lewis & McKone, 2016).

2.2.1 The Acquisition Process

According to Cartwright & Cooper (2014) and Cummings & Worley (2009) there are three phases to an acquisition, namely pre-combination, legal combination and operational combination, which broadly tie into Kotter's (1996) three step change process. At each of these stages in the process, there are underlying people management issues which need to be addressed in order to ensure optimal employee performance is achieved, resulting in a successful acquisition (Kotter, 1996; Vazirani, 2012).

2.2.2 Intention and Nature of an Acquisition

The failure of acquisitions that is regularly experienced, is in stark contrast to the real intention of undertaking an acquisition of another entity. Organisations enter into an acquisition for a number of reasons. The main goals of entering into an acquisition is to enhance shareholder value, personal interest, and for economic and strategic reasons (Cartwright & Cooper, 2014; Figueira, Nellis, & Schoenberg, 2007). Similarly, Haleblian et al. (2009) identify reasons behind acquisitions as value creation, managerial self-interest, environmental factors and firm characteristics.

Haleblian et al. (2009) describe value creation as the ability to harness greater market power by being able to appropriate more value from customers. Whilst Gomes et al. (2013) state that potential synergies need to be identified in the pre-acquisition phase in order to create value later in the process. Creating efficiencies assist in creating value by lowering the cost input to the business through economies of scale (Cartwright & Cooper, 2014; Haleblian et al., 2009). By being able to redeploy resources, acquisitions also create value by providing economies of scope. The process can provide the new entity with market discipline, addressing ineffective managers in the process (Haleblian et al., 2009).

Managerial self-interest is often a reason for entering into an acquisition, which has the potential of value destruction, with self-preservation and self-promotion being the underlying motivation. This may lead to inflated remuneration packages for the managers, which is detrimental to other stakeholders (Haleblian et al., 2009; Karnouskos, 2015).

Environmental reasons also impact acquisition behaviour, according to Haleblian et al. (2009) and Mirc (2014), owing to environmental uncertainty, regulation, imitation, resource dependence and network ties. These elements influence the decision to pursue an acquisition, depending on the position the firm finds itself relative to these areas

(Haleblian et al., 2009; Mirc, 2014). Bauer (2016) goes on to say that restructuring entails a high level of stress and requires the participants to adapt to the unknown.

Finally, firm characteristics are identified for reasons why organisations pursue acquisition. Acquisition experience, firm strategy and position play a role when firm characteristics drive the behaviour. If previous experience was positive, then it is more likely for the firm to pursue acquisitions as a form of growth strategy (Haleblian et al., 2009; Karnouskos, 2015; Mirc, 2014).

2.2.3   Recurring Failures of Acquisitions

With the majority of acquisitions undertaken not meeting the expectations and goals of the organisation, it is important to understand what the underlying reason for this recurring failure is (Bauer & Matzler, 2014; Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Mullen, 2016; Stahl, 2004; Vazirani, 2012). The reason often identified is that of failure of the human resource element to perform in the new environment (Bauer, 2016; Stahl, 2004; Vazirani, 2012). Gomes et al. (2013) agree with Bauer (2016), Stahl (2004) and Vazirani (2012) that financial and legal elements of the process are typically well defined and looked after, but managers often fail to prepare for how the new business will be operated and successfully managed.

This lack of defined future state operations may result in poor performance on the part of the employee. This poor performance may be as an outcome of the challenges faced by the individual during the process and especially post-acquisition (Franco-Santos, Lucianetti, & Bourne, 2012). These challenges may be as a result of the change initiative, namely the acquisition process. There is a high level of anxiety associated with an acquisition, as the reality of such a transaction may result in job losses, financial insecurities, changes in status, rules and corporate culture, which is out of the control of the individuals involved (Cartwright & Cooper, 2014; Siehl, Smith, & Omura, 1990; Stahl, 2004).

The anxiety experienced may lead to employee turnover, which in turn may result in a loss of appropriately skilled resources post acquisition, lack of focus on the part of the individual and a gap in the knowledge of those left in the new entity (Cartwright & Cooper, 2014; Stahl, 2004). It is important to reach optimal employee performance, which can be enhanced through understanding the key drivers and inhibitors of performance, and leveraging the drivers through appropriate processes and systems (Dibetso, 2013; Siehl et al., 1990).

Thus it is evident from the literature that whilst the intention to make an acquisition is one of positive sentiment, a lack of careful planning throughout the process, may result in a catastrophic failure, fundamentally owing to the poor performance of the individuals involved (Figueira et al., 2007; Stahl, 2004). Kotter (1996) agrees that this failure is more common than not and needs to be addressed through successful change management processes, performance systems and capable leadership. Mullen (2016) states that a due diligence and a proper integration plan is critical in an acquisition process, with the absence of these, organisations often failed in making the acquisition a success. Lewis & McKone (2016) agree with Mullen (2016) stating that problem does not lie with the high number of transactions, but rather in the fact that there is not enough discipline exercised when evaluating such transactions. As a result, Lewis & McKone (2016) go on to say that they get the deals wrong. Lewis & McKone (2016) along with Mullen (2016), stipulate that diligence work frequently results in overly positive views of the target acquisition, resulting in the inaccurate valuation of the potential synergies.

This reinforces the need for the study to identify what aspects of performance can be leveraged to ensure a successful acquisition.

2.3 Change Management

Irrespective of the complexity of the acquisition transaction, Karnoukos (2015) states that there is a requirement throughout the process for change management to be in place, with Cartwright & Cooper (2014) agreeing that such management is required owing to the nature of change which includes changes in managerial styles, systems, procedures, and symbols of its identity.

2.3.1   Change Process

'Change can generate deep resistance in people and in organisations, thus making it difficult, if not impossible, to implement organisational improvements' (Cummings & Worley, 2009, p.183). According to Karnouskos (2015), this resistance needs to be overcome by employing methods that will lessen the resistance to change. Thereby resulting in the employee being more committed to the organisation, resulting in improved performance (Franco-Santos et al., 2012).

Cummings & Worley (2009) describe Kurt Lewin's change model, which depicts that all change occurs through a three step process, namely, unfreezing, movement and refreezing. The relevance of these three steps to the research, is the fact that they are broadly related to the three phases of an acquisition, and despite Cummings, Bridgman

& Brown (2016) accusing Lewin's model of being overly simplistic, the correlation between the two is mentioned below:

1. Unfreezing: This step can be equated to the pre-acquisition phase of an acquisition. It involves the reduction of the forces that wish to maintain the status quo, by introducing information that shows discrepancies between current and desired behaviours (Cartwright & Cooper, 2014).

2. Movement: This stage is similar to the transition phase of an acquisition, in that it shifts the behaviour of the organisation or individual to a new level, intervening to develop new behaviours, values and attitudes by changing structures and processes (Cummings et al., 2016).

3. Refreezing: This step can be compared to the post acquisition phase, which requires the involvement of individuals across the organisation, to successfully integrate the cultures and changes, and then implement a processes for monitoring the progress in order to ensure stability (Cartwright & Cooper, 2014).

These three steps draw parallels to the acquisition phases described above.

2.3.2 Key Change Management Factors

Current literature identifies that the key to post acquisition success lies in the ability to align culture, structure, process and strategy, encompassing employees, leadership, training and development, reward and recognition, politics and information systems are all factors that influence the success of change management and inadvertently an acquisition (Bauer & Matzler, 2014; Karnouskos, 2015; Mirc, 2014; Vazirani, 2012).

These factors are expanded on by making use of Mirc's (2014) framework of the three categories of human factors, being individual, organisational and managerial levels, as follows:

2.3.2.1 Individual Factors

Mirc's (2014) research focused on individual-related aspects of the acquisition process, and in particular on the psychological effects, the acquisition process can induce on employee performance. Furthermore, Mirc (2014) focused on factors influencing turnover as well as on post-acquisition organisational identification issues.

2.3.2.1.1 Psychological Factors

Cartwright & Cooper (2014) indicate that the process of an acquisition usually increases stress and anxiety on the employees of the organisation being acquired, due to changes

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in work practices and tasks, managerial routines, colleagues, environment, the new hierarchy, amongst other reasons. Cartwright & Cooper (2014) state that there is an increase in the level of uncertainty amongst employees around potential loss of employment and future career development.

2.3.2.1.2 Top Management Turnover

Mirc (2014) indicates that top management turnover during the acquisition process has a direct impact on the success of the acquisition. There is a divide as to whether this impact is positive or negative Aklamanu, Degbey & Tarba (2015) indicate that turnover has a negative impact on the process, arguing that high turnover induces important losses in terms of human capital, skills, and knowledge and therefore reduces organisational capacities and efficiencies, leading to a negative effect on the performance of the new entity. Mirc's (2014) view is that CEO succession might be necessary to reduce resource redundancy and to successfully integrate different cultures and organisational processes.

2.3.2.1.3 Identity and Identification

Mirc (2014) states that a strong identification with the former organisation may positively or negatively influence the identification with the post-merger organisation, depending on perception and experience of the former and new organisation. (Franco-Santos et al., 2012) agree with Mirc (2014) in that they indicate that employees that perceived only minor discrepancies identified more easily with the new organisation, whereas those who experienced more substantial changes were less likely to do so.

2.3.2.2 Organisational Factors

Mirc (2014) looked at organisation-related issues, with an emphasis on cultural differences between the merging companies, as well as around the capacity of transferring resources between the acquirer and the acquired company, especially in terms of knowledge and technology resources.

2.3.2.2.1 Cultural Differences

Mirc (2014), Mullen (2016), as well as Vazirani (2012), reveal that in general, the lack of culture fit or cultural compatibility has often been used to explain the failure of an acquisition. Furthermore, Mirc (2014) indicates that cultural differences are considered a source of lower commitment to work, making co-operation more difficult, particularly from employees of the acquired firm. Culture is discussed further in Section 2.4.3. Mullen (2016), states that despite many organisations realise that cultural integration is

necessary for success, it is not always given due consideration and the intention of integrating the two cultures are not always translated into action.

2.3.2.2.2 Knowledge Transfer Processes and Innovation Capacity

Mirc (2014) states that there is a positive relationship between post-acquisition performance and effective knowledge transfer. Organisations that succeed in transferring their knowledge bases in the course of an acquisition have better performance outcomes than those where knowledge transfer had not been achieved. The two main knowledge-related factors generally identified as influential prerequisites on post-acquisition performance are the firm's prior acquisition experience, and the ability to keep on board talented people within the organisation (Aklamanu et al., 2015; Mirc, 2014).

2.3.2.3 Managerial Factors

Finally, Mirc (2104) researched the impact of managerial action and decision-making processes during the acquisition process. These actions and decisions were found to have a highly structuring impact on the success of the operations they engaged and planned.

2.3.2.3.1 Acquisition Decision-Making Process

Mirc (2014) considers that the understanding of acquisition activities and consequences requires to approach an acquisition as a series of decision-making processes that have a cascading influence on the different acquisition phases as well as their outcomes. The initial decision to acquire a given target thus has impacts on all other phases. The first stages of the acquisition process raise several key questions that have to be faced by the management of the bidder: first of all, whether to acquire or not, then if positive, who to acquire, for what price, through which payment method, in what timeframe, and so on. The ways these issues are resolved are considered impacting directly on the success of the undertaken acquisition. Therefore, the consideration of the way managers make their decisions on these matters and of the factors that might influence them in their decision-making process seems to be of valuable interest (Aklamanu et al., 2015). The experience also underlined the impact of decision makers' risk propensities and perceptions (Mirc, 2014).

2.3.2.3.2 Integration Policy and Design

Mirc (2014) states that once the decision to make an acquisition has been confirmed, an integration policy has to be drafted. Managers by deciding on the extent of structural

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integration of the acquired firm, the allocation of resources, the pace of integration and organisational restructuring, influence the post-acquisition process and its outcomes.

2.3.2.3.3 Role of the Human Resource Function

Mirc (2014), Aklamanu et al. (2015), Vazirani (2012), Karnouskos (2015) all agree that human resource management plays a crucial role in assuring that business is able continue effectively through talent-management, on the one hand, and psychological preparation and assistance of employees, on the other, assisting them in progressing through the acquisition process. Mirc (2014) compared well performing against lesser performing acquirers and found that the degree of involvement of the human resource function was an important discriminating factor.

According to Bauer (2016), human resource management can be seen as a far-ranging function, which comprises of strategies and practices. Vazirani (2012) agrees with Mirc (2014) that companies where human resource representatives had the opportunity to participate in the decision making process, and also where human resource practices were well defined and formalized throughout the new organisation, handled the integration process more effectively and had better performance outcomes than those who did not involve human resource managers in the process.

By successfully managing the change process, the afore-mentioned factors should be dealt with appropriately, leading to an increased chance of success.

2.4 Performance

Staren (2009) states that it is the role of leaders to ensure employee performance through continuous motivation and to create an environment that promotes productivity. Robbins & Judge (2012) describe that three major types of behaviour constitute performance at work, namely: task performance, citizenship and counter productivity, and that good employee performance is excelling at task performance and citizenship and avoiding counter productivity, whilst Eccles, Ioannou & Serafeim (2012) indicate that by successfully implementing these types of behaviour, the result is improved performance, which in turn leads to sustainability of the organisation.

Popli & Rizvi (2016) indicate that the organisation can derive certain benefits from having engaged employees. Popli & Rizvi (2016) identify these benefits which contribute to the sustainability of the organisation as reduced staff turnover, improved performance, improved advocacy of the organisation, improved well-being, better self-efficacy and being more likely to be receptive to change.

It is also agreed that performance should be continuously evaluated in order to understand employee skills and competencies and play to their strengths and improve on their weaknesses. Kaplan & Norton (2008), indicate that it is imperative to understand the importance of systems to measure the performance.

2.4.1 People Management Systems

Karnouskos (2015) identifies employee programmes, leadership programmes, training and development and reward and recognition structures as systems that need to be implemented and maintained. These programmes may include personal development plans, keeping track of training gaps/needs and progression planning. This information is used for compensation and rewards, promotion, identification of potential and skills inventories (Wärnich, Carrell, Elbert, & Hatfield, 2014).

Franco-Santos et al. (2012) along with Wärnich et al. (2014) identify the need to continuously evaluate performance and indicates that there are a number of examples of contemporary performance management systems that can be used to measure performance, such as systems like the Balanced Scorecard. However, Buckingham & Goodall (2015) indicate that there may be a requirement to redesign these systems, owing to the fact that these systems which make use of 'backward-looking assessments, once-a-year rankings and reviews, and 360-degree-feedback tools' (Buckingham & Goodall, 2015, p. 5). Despite their views around redesigning these systems, Buckingham & Goodall (2015) indicate that there is a definite need to measure performance of all employees across the organisation, which is consistent with Brager & Holloway (1993) and Karnouskos (2015), and should also be used during the acquisition process (Cartwright & Cooper, 2014).

2.4.2 Outcomes of People Management Systems

According to Karnouskos (2015), people management systems, if correctly implemented should result in positive employee performance as a result of achieving an environment which promotes the underlying drivers of performance as listed by Dibetso (2013).

Drivers of performance: Job satisfaction, recognition, incentives, promotion prospects, sense of achievement, challenging work, participative decision making, employee development and growth (Dibetso, 2013).

In the same vain, should the people management systems be ill-administered, then it may result in an environment that detracts from employee performance. Dibetso (2013) identifies the following as inhibitors of employee performance as follows:

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Inhibitors of performance: Job security, personal development, monetary rewards, lack of mutual respect, working conditions, lack of trust, poor leadership, bureaucracy or red tape (Dibetso, 2013).

The critical factors mentioned above, lead to improved employee performance or lack of performance depending on the success on the ability of the transition team in the acquisition process. In order for these factors to be met and inhibitors overcome, it is imperative that people management issues are successfully addressed in the change process, as ignoring them will result in poor employee performance and add to the already high rate of acquisition failures (Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Vazirani, 2012). (Dibetso, 2013) describes the inhibiting factors above are mainly as a result of poor leadership, which equates to an ineffective change management process.

2.4.3 Culture

According to Mullen (2016), cultural conflict arises from the mismanagement of the cultural differences as opposed to the differences themselves. Vazirani (2012) indicates that conflicting corporate culture is a sure reason that contributes to the failure of certain acquisitions. Mirc (2014), Mullen (2016), Vazirani (2012), as well as Cartwright & Cooper (2014) are all in agreement that merging cultures directly impacts the success of an acquisition. Teerikangas & Irrmann (2016) indicate that cultural change occurs in all post acquisition activity owing to the amalgamation of disparate cultures, irrespective of how similar the two organisations are in nature.

Cummings & Worley (2009) describe the role of the leader in bringing about cultural change, having the responsibility of formulating a clear strategy, displaying commitment to the process, modelling culture change, modifying the organisation to buy into the change, and to select new entrants into the organisation who will promote the change and terminate those who are deviants.

From these steps it is evident that culture is a critical factor in the success of an acquisition as it promotes a sense of belonging that enhances employee performance, and as stated by Karnouskos (2015), culture is a long term contributor to employee performance, which in turn drives sustainability of an organisation as indicated by Eccles et al. (2012). Mullen (2016), agrees with both of these views and Teerikangas & Irrmann (2016) carry on to state that there is often a lack of strategy for cultural integration when considering the acquisition of a target organisation.

2.5 Leadership

Robbins & Judge (2012, p. 417) define transformational leaders as 'leaders who inspire followers to transcend their own self-interests and who are capable of having a profound and extraordinary effect on followers', whilst 'leadership has the ability to produce change, often to a dramatic degree, and has the potential to produce extremely useful change' (Kotter, 1996, p.26). Popli & Rizvi (2016), concluded that transformational leadership has a positive influence on employee performance.

Gill (2002) states that there is a difference between management and leadership and that change needs to be well managed. Gill (2002) continues that there is a requirement for leadership in order for the change to be embraced and be sustainable, and agrees with Kushalappas & Pakkeerappa (2014) and Atmojo's (2012) view that leadership is a critical element of the change process. Popli & Rizvi (2016), confirm that through effective leadership, the organisation has the ability to have improved employee performance and a greater receptivity to change, an element that is prevalent in all acquisitions.

Kotter (1996), also viewed leadership as important in the change process, developing an eight step process to eradicate the errors usually made by leaders whilst undergoing change, as follows:

'Establishing a sense of urgency, creating the guiding coalition, developing a vision and strategy, communicating the change vision, empowering broad-based action, generating short-term wins, consolidating gains and producing more change, and anchoring new approaches in the culture' Kotter (1996, p. 21)

Leadership plays a pivotal role in the overall change management function where continuous incremental change often impacts employees in an adverse manner (Carter, Armenakis, Feild, & Mossholder, 2013). The success of change management is based on how well communication takes place, the ability to resolve conflict and problems and finally to make and implement relevant decisions. By successfully intervening in design, process and support systems, change can be effectively administrated by a competent leader (Carter et al., 2013; Cummings & Worley, 2009).

2.5.1   Influence of Effective Leadership

Carter et al. (2013) agree with Atmojo (2012), Dibetso (2013), Gill (2002) and Popli & Rizvi (2016), that transformational leadership significantly influences employee performance. According to Atmojo (2012), transformational leadership has a significant impact on employee satisfaction, which has already been identified as a driver of

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employee performance by Dibetso (2013). Popli & Rizvi (2016) also comment around the significance of the role of leadership style and the role it plays in developing a culture of engagement.

Atmojo (2012) also identifies organisational commitment as an outcome of effective leadership, which influences the levels of performance and ties into Kotter's (1996) notion that leadership is imperative in a change process. Kushalappas & Pakkeerappa (2014), elaborate further to say that effective leadership means getting the individuals involved in the change process to participate in order to maintain their commitment to the organisation. Popli & Rizvi (2016), agree with the Atmojo (2012), Kotter (1996) and Kushlappas & Pakkeerappa (2014), stating that the benefits derived from having engaged employees include reduced staff turnover, improved performance, improved advocacy of the organisation, improved well-being, better self-efficacy and being more likely to be receptive to change.

Furthermore, Atmojo (2012), Kushalappas & Pakkeerappa (2014) and Gill (2002) agree that satisfied employees are more likely to be committed to the organisation than disgruntled individuals, and in turn to improved performance.

2.6 Conclusion

The literature reviewed was can be categorised into the four key areas that were discussed previously. Firstly, the concept of acquisitions was reviewed, focussing on the nature and intention of acquisitions, the process which they follow and the reasons for failure. Secondly, the process of change was reviewed, identifying the key factors at work during the change process. Performance was discussed, looking at systems used to measure performance, the drivers and inhibitors of employee performance and the effect of a change in culture on employee performance. Lastly, the idea of leadership and the role it plays in employee performance was reviewed.

(Cartwright & Cooper (2014), Cartwright & Schoenberg, (2006); Lewis & McKone (2016), Stahl (2004), and Vazirani (2012) all concur that acquisitions have a tendency to fail, rather than succeed. These failures are can be from a financial perspective, a misalignment between the anticipated benefits that an acquisition is perceived to bring to the new entity, against what actually transpires. Even though there is much publicised data around the low success rate of such transactions, Lewis & McKone (2016) indicate that despite the risk, acquisitions are often entered into as there is a perceived risk of not taking any action.

Change management was identified as an element that is present in every acquisition, with Karnouskos (2015) and Cartwright & Cooper (2014), agreeing that this change requires management in order to ensure that the correct managerial styles, systems, procedures, and symbols of its identity. The change process is often met with resistance throughout the three stages of an acquisition. Mirc (2014) identified three categories of human factors, being individual, organisational and managerial levels. Individual factors were separated into psychological factors, top management turnover and identity and identification. Organisational factors included cultural differences, knowledge-transfer processes and innovation capacity. Finally, managerial factors were separated into acquisition decision-making process, integration policy and design, and the role of the human resource function.

The next area that was reviewed was that of performance. Staren (2009) stated that it is the role of leaders to ensure employee performance through continuous motivation and to create an environment that promotes productivity. Eccles, Ioannou & Serafeim (2012) indicate that by successfully implementing task performance, citizenship and counter productivity behaviour, the result is improved performance, which in turn leads to sustainability of the organisation. Popli & Rizvi (2016) indicate that the organisation can derive certain benefits from having engaged employees, identifying these benefits which contribute to the sustainability of the organisation as, reduced staff turnover, improved performance, improved advocacy of the organisation, improved well-being, better self-efficacy and being more likely to be receptive to change. It is also agreed that performance should be continuously evaluated. Kaplan & Norton (2008), indicate that it is imperative to understand the importance of systems to measure the performance.

People management systems were identified by Karnouskos (2015) and included employee programmes, leadership programmes, training and development and reward and recognition structures as systems that need to be implemented and maintained. Franco-Santos et al. (2012) and Wärnich et al. (2014) identified the need to continuously evaluate performance and indicated that there are a number of examples of contemporary performance management systems that can be used to measure performance, such as systems like the Balanced Scorecard, which were deemed to be backward-looking by Buckingham & Goodall (2015), and needed to be relooked at.

According to Karnouskos (2015), people management systems, if correctly implemented should result in positive employee performance as a result of achieving an environment which promotes the underlying drivers of performance as listed by Dibetso (2013), which were job satisfaction, recognition, incentives, promotion prospects, sense of

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achievement, challenging work, participative decision making, employee development and growth, whilst he identified inhibitors of employee performance as job security, personal development, monetary rewards, lack of mutual respect, working conditions, lack of trust, poor leadership, bureaucracy or red tape. These factors lead to positive employee performance if successfully implemented or avoided.

Culture of the two organisations was the next element to be reviewed. Mirc (2014), Mullen (2016), Vazirani (2012), as well as Cartwright & Cooper (2014) are all in agreement that merging cultures directly impacts the success of an acquisition. Whilst Teerikangas & Irrmann (2016) indicated that cultural change occurs in all post acquisition activity owing to the amalgamation of disparate cultures, irrespective of how similar the two organisations are in nature. Thus, it is evident that culture is a critical factor in the success of an acquisition, with Karnouskos (2015) confirming that culture is a long term contributor to employee performance, which in turn drives sustainability of an organisation as indicated by Eccles et al. (2012).

The concept of leadership was then reviewed with Robbins & Judge (2012) defining transformational leadership and stating that leadership is able to enforce beneficial and large scale change. Popli & Rizvi (2016) comment that leadership can positively influence change, whilst Gill (2002) put forward the notion of there being a difference between management and leadership. Atmojo's (2012), Kushalappas & Pakkeerappa (2014) and Popli & Rizvi (2016) view that leadership is a critical element of the change process and that effective leadership results in improved employee performance and greater receptivity to change. Kotter's (1996) developed an eight step process, useful in eliminating errors usually made by leaders.

Overall, it was agreed that leadership plays a pivotal role in managing change, with Carter, Armenakis, Feild, & Mossholder (2013), confirming that continuous incremental change often negatively impacts employees. Carter et al. (2013) and Cummings & Worley (2009) confirmed that successful change management is dependent on how well communication takes place, as well as the ability to resolve conflict and problems and finally to make and implement relevant decisions.

Finally, Atmojo (2012), Carter et al. (2013), Dibetso (2013), Gill (2002) and Popli & Rizvi (2016), all agree that transformational leadership significantly influences employee performance and that this type of leadership has significant impact on employee satisfaction, which has already been identified as a driver of employee performance. Popli & Rizvi (2016) also commented around the significance of the role of leadership style and the role it plays in developing a culture of engagement.

Atmojo (2012) identified organisational commitment as an outcome of effective leadership, influencing the levels of performance. This ties into Kotter's (1996) notion that leadership is imperative in a change process. Kushalappas & Pakkeerappa (2014), elaborated further to say that effective leadership means getting the individuals involved in the change process to participate in order to maintain their commitment to the organisation. Atmojo (2012), Kotter (1996), Kushlappas & Pakkeerappa (2014) and Popli & Rizvi (2016) stated that the benefits derived from having engaged employees include reduced staff turnover, improved performance, improved advocacy of the organisation, improved well-being, better self-efficacy and being more likely to be receptive to change.

This study aims to better understand the notion of acquisitions, with the literature providing an overview of the different elements which are prevalent in such a transaction. Furthermore, it is the intention of the research, to construct a model which will hopefully prove useful to future acquisition participants, providing them with a greater understanding of the elements which they should consider and control, to better achieve positive employee performance which can be leveraged to maximise the success of the acquisition.

CHAPTER 3: RESEARCH QUESTIONS

This research will attempt to answer the three research questions presented below. These questions have been derived from the literature reviewed in Chapter 2, alongside the problem definition in Chapter 1. The research questions were designed to extract information on the perception and experiences of senior managers and executives from a large global ICT company, who have participated in an acquisition process and share their experiences in order to better understand what can be done throughout the acquisition process to better understand and leverage employee performance, and ensure the likely success of such acquisitions.

3.1 Research Questions

The three research questions that were developed are as follows:

Research Question 1:

What role does people performance management play in an acquisition?

Research Question 1 aims to identify what the role of people performance management issues are in an acquisition. This question will look into the nature of acquisitions, the impact and role of people performance management issues on the success of an acquisition and what elements are requisite to the success of an acquisition.

Research Question 2:

What people performance management practices contribute to the success of an acquisition, before, during and after an acquisition?

Research Question 2 aims to identify what people performance management practices contribute to the success of an acquisition. The intention of this question is to gain insight into what core activities need to be performed during the different phases of an acquisition, as well as what critical factors enable a successful acquisition in a context of people performance management.

Research Question 3:

What are the key drivers of employee performance post acquisition?

Research Question 3 aims to identify the key drivers of employee performance. This question will identify the outcomes of the systems and processes in place that drive employee performance. It will also likely identify those outcomes which inhibit employee performance.

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CHAPTER 4: RESEARCH METHODOLOGY

4.1 Introduction

Chapter 4 discusses the methodology that was implemented in order to conduct the research. The research made use of an exploratory qualitative methodology, which utilised semi-structured, in-depth interviews to gather data from executives and senior managers who have been part of an acquisition, as to what performance management issues have led to the success or failure of the acquisitions that they have been part of. This insight may assist executives and senior managers who may participate in future acquisitions, in achieving a more likely rate of success (Saunders & Lewis, 2012).

4.2 Research Methodology and Design

A qualitative exploratory method was deemed most appropriate by the researcher, as the purpose of exploratory research is to conduct initial research which is used to clarify and define the nature of a problem (Zikmund, 2003). Furthermore, exploratory research can be defined as 'research that aims to seek new insights, ask new questions and to assess topics in a new light' (Saunders & Lewis, 2012, p. 110).

The intention of this research was to understand what performance management issues drives or inhibits acquisition success in order to give executives and senior managers who may be involved in an acquisition, a better understanding of the influence of these issues on employee performance post acquisition. This understanding may assist these individuals to better navigate themselves around the potential pitfalls associated with such transactions and provide them with an improved chance of making a more successful acquisition in the future.

The nature of the study is intended to elicit responses that are not quantitative in format, as the data gathered is unlikely to be descriptive, be ranked, be discreet, or continuous as described by Saunders & Lewis (2012). Thus, it is apparent that qualitative and exploratory research will need to be conducted by the researcher as the chosen method in order to elicit the requisite responses around their perceptions and experiences of acquisitions (Saunders & Lewis, 2012; Zikmund, 2003; Zikmund, Babin, Carr & Griffin, 2010).

The study focussed on a group of executives and senior managers from a major global ICT company's perceptions and lived experiences, drawing on personal experience of organisational functioning, social movements and cultural phenomena involved in the acquisition process (Strauss & Corbin, 1990). The research was conducted by using a semi-structured, in-depth interview process, which was been identified as the most

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appropriate manner in which to gather the requisite data from the interviewees (Saunders & Lewis, 2012; Strauss & Corbin, 1990).

4.3 Population

The study made use of executives and senior managers who have been part of an acquisition process from a major global ICT company, with over fifteen thousand skilled employees globally.

The population group was divided into two broad categories, namely those who have participated in South African acquisitions and those that have been part of international acquisition transactions outside of South Africa, which allowed for a comparative analysis of the data split across these two groups.

4.4 Sampling Method and Size

The sampling technique that was used was a two layered non-probability technique, which included both judgment sampling and quota sampling, representing certain characteristics in the population to the exact extent that these characteristic are required (Saunders & Lewis, 2012). These characteristics were executives and senior management within a major global ICT organisation.

As this was a qualitative study, the sample was a small sample size consisting of 16 individuals who are either executives or senior managers, or who performed these roles at the time of the acquisition, and that have been part of an acquisition process either in South Africa or abroad (Saunders & Lewis, 2012).

The sample was taken across four different geographies, including South Africa, Asia Pacific, Europe and Africa. The sum of the respondents from organisations from geographies outside of South Africa matched the number of respondents from South Africa, which provided a comparative analysis of the different experiences across the global locations compared to South Africa.

The sample frame was identified and Table 1 outlines the sample by role type and whether the acquisition occurred in a global or local context.

Table 1: Proposed Sample

Role Type	Local Acquisition Participants	Global Acquisition Participants	Total Participants
Executives	3	4	**7**
Senior Managers	5	4	**9**
Total Participants	**8**	**8**	**16**

4.5 Unit of Analysis

The proposed unit of analysis was the insight, perceptions and experiences of executives and senior managers who have been part of an acquisition process, either in a South African or international context respectively, within a major global ICT organisation.

4.6 Data Collection Tool

Saunders & Lewis (2012) indicate that exploratory research is usually conducted by searching academic literature and interviewing subject matter experts by means of in-depth interviews. This study conducted 16 semi-structured, in-depth interviews with executives and senior managers from a single global ICT organisation, either on a face-to-face basis or by means of a video-conference facility, depending on their geographical location.

It was anticipated that the one-on-one interviews would be conducted for a duration of approximately 45 minutes, but where necessary will extend for as long as necessary in order to avoid compromising the quality of the data. The actual process was more efficient and it was found that interviews typically lasted for between 25 and 40 minutes.

The participants were identified by title and role in the organisation. The researcher made telephonic contact with each participant to explain the purpose of the research. Post telephonic conversation, a follow up email, making use of the invitation to participate in the study (refer to Appendix 1) including a consent form (refer to Appendix 2), was distributed to each participant inviting them to take part in the interview process.

The consent form was structured in such a manner that the participant acknowledged that they:

1. Confirmed their understanding of the nature of research and that they had had the opportunity to ask questions
2. Understood that participation was voluntary and that they could withdraw from the interview at any time without giving a reason
3. Agreed to take part in the research
4. Agreed to the interview being recorded
5. Agreed to the use of anonymised quotations

As described by Saunders & Lewis (2012, p. 155).

The interview made use of a questionnaire comprising of eleven questions, which the researcher distributed to the participants prior to the interview. By distributing the questionnaire prior to the interview, it appeared that the interviewee was more prepared and was able to provide more calculated responses to the questions than in instances where the respondents had not seen the questions.

This format was used merely as a guideline, allowing the interviewee to answer questions openly, conveying their insight, perception and experience of their involvement in previous acquisitions. The recordings of the interviews were then transcribed and in conjunction with the interview notes, formed the basis of the data to be analysed (Saunders & Lewis, 2012).

Table 2 reflects the eleven interview questions that were formulated as part of the data collection tool that was used to gather data to answer the three research questions stated in Chapter 3. A copy of the interview questionnaire can be found in Appendix 3.

Table 2: Research Questions and Interview Question Mapping

Research Questions	Interview Question
Research Question 1: What role does people performance management play in an acquisition?	1. Tell me about an acquisition you have been involved in. 2. How successful was that acquisition? 3. What do you believe made the acquisition a success? 4. What percentage of a successful acquisition depends on people management? 5. What role did managing people performance play in that level of success for the whole acquisition?
Research Question 2: What people performance management practices contribute to the success of an acquisition, before, during and after an acquisition?	6. What did you do before the acquisition with regards to managing people performance? 7. What did you do during the acquisition with regards to managing people performance? 8. What did you do after the acquisition with regards to managing people performance? 9. If it failed, what factors (around people performance) contributed to the failure of the acquisition?
Research Question 3: What are the key drivers of employee performance post acquisition?	10. What are the key drivers of employee performance post acquisition? 11. What are the inhibitors of employee performance post acquisition?

4.7 Data Collection

Data was collected by making use of the data collection tool as described in section 4.6 above. The interview made use of open-ended response questions, 'that poses some problem and asks the respondent to answer in his or her own words' (Zikmund, 2003). These questions were asked by means of semi-structured, in-depth interviews of the 16 executive and senior managers of the major global ICT organisation in question.

The questionnaire was based on the research questions presented in Chapter 3 of this research project. These questions were derived from the literature review. Furthermore, their origin and analysis type can be referenced in the consistency matrix as shown in Section 5 of this proposal.

To ensure data integrity, the researcher listened attentively, reviewing interpretation of responses and potentially asked further questions (Saunders & Lewis, 2012). Prior to embarking on the interview process with the 16 respondents, two pilot interviews were conducted to ensure sound interview technique was practiced and to eliminate any ambiguous questions from the interview. The questions were not amended in any way following the pilot interviews and the questionnaire based on the 11 interview questions was used. In addition, this allowed the researcher to ascertain whether the time allowed for the interview was sufficient or whether there was a need for adjustment. It also provided an opportunity to test the technology for video-conferencing interviews and whether this was a viable option for interviewing. The use of video-conferencing to conduct the interviews was used in two of the sixteen interviews, providing access to respondents not based in Johannesburg (Saunders & Lewis, 2012).

4.8 Data Analysis

Zikmund (2003, p.66) describes analysis as 'the application of reasoning to understand and interpret the data that have been collected about a subject'. Strauss & Corbin (1990) describe qualitative data analysis as a search for general statements about relationships and underlying themes.

In order to analyse the data, content analysis and frequency analysis was conducted on the data (Zikmund, 2003). This meant that the researcher needed to define the text data which assisted in extracting common themes from the data gathered during the interviews (Saunders & Lewis, 2012). Zikmund (2003) and Zikmund et al. (2010) describe the process of content analysis as obtaining data by observing and systematically analysing the content or message being conveyed. This content or message was gained during the interview process. The analysis allowed the researcher to identify specific information content and characteristics of the message being conveyed by the executives and senior managers and allowed the researcher to classify the data into certain categories (Zikmund, 2003; Zikmund et al., 2010).

The researcher made use of a Microsoft Excel ® spreadsheet to identify common themes from the responses of the interviewees. Common themes were grouped together in order to conduct an analysis of the frequencies of such themes. Based on the categorisation of the data from the content and frequency analysis, the researcher was able to distinguish different themes in a global and local context.

4.9 Data Validity and Reliability

Owing to the subjective nature of the type of research conducted, and the fact that the process may have been exposed to a number of biases, it was imperative that these risks were mitigated by the researcher as far as possible (Saunders & Lewis, 2012; Zikmund, 2003; Zikmund et al., 2010). To ensure reliability, the researcher intended to ensure consistency across the interview process, making use of a questionnaire as a guideline across all interviewees, as well as when the data was analysed. Furthermore, to ensure validity, the researcher intended to be aware that biases may have been prevalent and was as objective as possible when interpreting the responses from the participants of the semi-structured in-depth interviews (Saunders & Lewis, 2012).

4.10   Research Limitations

Qualitative research is subjective in nature, leaving the interpretation of the findings up to the discretion of the researcher. This interpretation may have resulted in the introduction of certain biases (Saunders & Lewis, 2012; Zikmund, 2003; Zikmund et al., 2010).

These biases may have been from the side of the researcher or the respondent. The bias of the researcher may be owing to personal interpretation which may have differed from that of an independent observer, resulting in a different conclusion having been drawn from the same interview. The response may have been subjected to bias as the participants were sharing a personal experience which they may wish to portray a certain view, thus not providing an objective viewpoint of the process they have been part of (Zikmund et al., 2010).

The research intended to make use of a two layered non-probability technique using both judgement and quota sampling, finding participants that are accessible, rather than a randomly selected sample. This may have potentially negatively impacted the results owing to the fact the sample was not representative (Saunders & Lewis, 2012; Zikmund, 2003).

All interviews were conducted with participants across a single global entity, and therefore, the generalisability of the results are not applicable across other populations with any degree of confidence (Zikmund, 2003).

Finally, there is acknowledgement that owing to the demographic make-up of the respondents with 14 males and two females participating in the interview process, gender bias may have an impact on the responses (Zikmund et al., 2010).

4.11   Conclusion

The intention of the chosen design and methodology was to meet the requirements and objectives as set out in this research project as defined in Chapter 1, and provided the researcher with the relevant tools to conduct the research and analyse the data in order to come to a conclusion that will assist executives and senior managers in being able to leverage employee performance post acquisition.

CHAPTER 5: RESULTS

5.1 Introduction

In Chapter 5, the results of the study are presented. These results present the answers to the research questions as defined in Chapter 3. The research sample consisted of seven executives and nine senior managers all of whom have been part of an acquisition. These two groups were then further divided into two different categories, namely a group employed by global entities that have been part of an acquisition and another group who have worked in South African entities that have previously been involved in an acquisition. These individuals were selected based on their participation in such transactions and on the researcher's ability to elicit their perceptions and experiences in order to answer the research questions. The number of respondents in their respective categories can be seen below in the table below.

Table 3: Interviewee and Acquisition Experience Type

Role Type	Local Acquisition Participants	Global Acquisition Participants	Total Participants
Executives	3	4	**7**
Senior Managers	5	4	**9**
Total Participants	**8**	**8**	**16**

5.2   Description of the Sample

The sample was made up of individuals who participated in an acquisition process, either by being part of an acquiring or acquired entity, in a South African context or as part of a global transaction. The interviewees are currently in the employ of a major global ICT company, and have participated in an acquisition process. It is recognised that their perceptions and experiences may have been formulated whilst working outside of their current organisation. They have been selected through a process of judgement sampling and quota sampling. The sample consisted of 14 males and two females who currently hold an executive title or a senior management role or were fulfilling such a role at the time that they experienced an acquisition process. These individuals were identified owing to their seniority and participation in the acquisition process and are acknowledged by a number of colleagues as the individuals responsible for the planning and execution of the acquisition processes.

5.3   Presentation of Results

The presentation of the results corresponds with the research questions identified in Chapter 3, making use of the interview questions as mapped back to the research questions in Table 2.

5.4   Results for Research Question 1

Research Question 1: What role does people performance management play in an acquisition?

The aim of Research Question 1 was to identify what the role of people performance management issues are in an acquisition. This question looked into the nature of acquisitions, the impact and role of people performance management issues on the success of an acquisition and what elements are requisite to the success of an acquisition.

There were five interview questions that were used to gather data to answer Research Question 1. The questions posed to the participants in the interviews were asked in order to elicit data around the nature of acquisitions, the likelihood of the success of an acquisition and the underlying factors that made an acquisition a success. The questions are referenced as interview questions one, two, three, four and five in the interview questionnaire found in Appendix 3.

5.4.1   Nature and Intention of Acquisitions

Question one of the interview questionnaire asked respondents to discuss an acquisition that they had been part of. The question was designed to ease the respondent into the interview process and jolt their memories of the acquisition process, providing insight into the commercial reasoning behind the acquisition and the overall experiences they encountered. The combined responses of the different interviewees are presented in Table 4 below.

In answering question one of the interview questionnaire, all of the respondents identified growth as the primary reason for undertaking an acquisition. This is consistent with the constructs that were defined by the researcher, all of which pertain to growth. The three top ranking constructs identified by the respondents are: 'increasing the customer base' with a ranking of one and a frequency of five, 'access to new products and services' with

a ranking of two and a frequency of four, and 'entering new territories' ranking third with a frequency of three.

The relevance of question one of the interview questionnaire lies in the fact that it provides context around the nature of acquisitions and the reasons as to why such transactions are undertaken.

Table 4: Nature of Acquisitions

Rank	Construct	Frequency
1	Increasing the customer base	5
2	Access to new products & services	4
3	Entering new territories	3
4	Brand	1
4	Differentiation	1
4	Downstream supply chain	1
4	Expansion	1
4	Footprint	1
4	Greater market share	1
4	Market presence	1
4	New markets	1
4	Presence	1
4	Skills	1
4	Strategic growth	1
4	Sustainability	1
4	Value add	1

The highest ranked construct was 'increasing the customer base', a view that was supported by both global and local respondents. One global executive commented that "the acquisition was part of a large sale and outsource deal that saw two long term IT outsource contracts being awarded as part of the deal." Whilst a global senior manager stated that the acquisition would give them access to one of "the top four largest outsourcing contracts in South Africa", whilst another global senior manager identified "The reason for the acquisition was as part of the acquisition we would buy out a substantial outsource contract." A local executive indicated that the acquisition "secured a very long term contract", whilst a local senior manager said it expended their "customer base."

The second ranked construct involved 'access to new products and services', which could be added to the existing commercial offering. This construct appeared to be more important within the South African context, being the number one ranked construct for local practitioners (see Table 6). There was some support at a global level with a global

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senior manager indicating that they "wanted to accelerate our security services go to market and it was cheaper to acquire a company than build it on our own." This sentiment was echoed by a local (executive) respondent who stated that the acquired business "had an alternate product suite."

The motivation behind the third ranked construct was to 'enter new territories'. This appeared to be especially relevant to the global practitioners with one global executive stating that post-acquisition their company "was recognised as one of the leaders of IT integration in the region." Another global executive indicated that part of the reason behind the acquisition was to facilitate an expansion into a new territory with the acquisition being made in Continental Europe, by a business operating in the United Kingdom.

Table 5: Nature of Acquisitions: A Global View

Rank	Construct	Frequency
1	Increasing the customer base	3
1	Entering new territories	3
3	Access to new products & services	1
3	Downstream supply chain	1
3	Expansion	1
3	Market presence	1
3	Presence	1
3	Skills	1
3	Strategic growth	1

Table 5 shows the response of global acquisition participants in terms of the nature of acquisitions. While growth is the primary reason given for acquisition it is apparent in all instances that there is an element of change that impacts organisations throughout the acquisition process. The researcher has extracted comments from the interviews that provide evidence of this change. One global executive stated that the result of the acquisition is that "much of this value is lost during the integration, either through staff attrition and the IP leaving the organisation or through changing processes, procedures, ways of work and thereby eliminating efficiencies or advantages." Change also appears to impact on other elements of the organisation, for example employee management and integration. One global executive respondent said that "employees are not welcomed and made to feel part of the new company there will remain a degree of factionalism and distrust." while another senior manager commented "where their interest is waning in the delivery and the services themselves because they are just seeing out their contracts",

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observations that may help explain another respondent's comments that an acquisition creates "friction."

Respondents also commented on the nature of acquisitions in general with a global executive stating that the acquisition process "was a bit of a train smash." This was countered by a global senior manager who suggested that change does not necessarily need to be disruptive, describing an acquisition as "intense, it requires a lot of planning, but I think if you work through all the elements, you can get it right." Company size could also increase deal complexity, and the related level of change, a factor highlighted by a global senior manager who pointed out that "both companies were similar in size which made it quite challenging from that perspective."

Table 6: Nature of Acquisitions: A Local View

Rank	Construct	Frequency
1	Access to new products & services	3
2	Increasing the customer base	2
3	Brand	1
3	Differentiation	1
3	Footprint	1
3	Greater market share	1
3	New markets	1
3	Sustainability	1
3	Value add	1

Table 6 shows the local acquisition participants responses around the nature of acquisitions. While both the global and local respondents acknowledged the challenges associated with managing an acquisition, as a group the local respondents appeared to have had more negative experiences of the acquisition process. Several negative statements were noted by the respondents irrespective of the perceived success of the acquisition.

These statements referenced different areas of the acquisition process. For example, issues with leadership where a local executive commented that "the bosses that they got were people who actually knew less about that network and operations than themselves so that caused different levels of issues." Issues around employee retention featured strongly with a respondent saying that "key talent takes flight before you can wipe your eyes", and another local senior manager observing that the environment post-acquisition "is a witch's brew at the moment; it is more poisonous than anything else at the moment." Yet another local senior manager remarked that "I think that within a very short space of time of that announcement, I do recall that a number of people left, senior level people,

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consultants, management left, senior people left within in a very short span of time, within three to four months from that announcement."

5.4.2   Assessment of Acquisition Success

Question two of the interview questionnaire allowed the interviewees to share their view of how successful they perceived their respective acquisitions to have been. The participants were asked to provide a percentage of the degree of success of the acquisition. The results of interview question five are presented in Table 7 (combined view), Table 8 (a global view) and Table 9 (a local view) below. The relevance of this question is that it provides an understanding of the how successful the acquisition was perceived to be in a context of predominant acquisition failure as described in the existing literature.

Table 7: Acquisition Success Rates

Percentage	Frequency
90-100%	5
80-89%	1
70-79%	1
60-69%	1
50-59%	3
40-49%	1
30-39%	2
20-29%	2

Eleven out of the sixteen participants said that the acquisition they had participated in was moderately to very successful i.e. scored 50% and above, whilst five respondents viewed the success of the acquisition to be less than 50%.

Table 8: Acquisition Success Rates: A Global View

Percentage	Frequency
90-100%	4
80-89%	0
70-79%	1
60-69%	0
50-59%	2
40-49%	0
30-39%	1
20-29%	0

There were more positive views from respondents who formed part of a global entity when compared with respondents that formed part of a local entity. Seven out of the

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eight global participants deemed the success of the acquisition to be greater than 50% with four of these respondents attributing a success rate of greater than or equal to 90%. However, there was one respondent who only attributed a success rate of 30% to the acquisition they had been part of.

Table 9: Acquisition Success Rates: A Local View

Percentage	Frequency
90-100%	1
80-89%	1
70-79%	0
60-69%	1
50-59%	1
40-49%	1
30-39%	1
20-29%	2

The perceived success rate of local acquisition participants was more widely spread, ranging from 25% up to 100%, with half of the respondents who had participated in a local acquisition indicating a perceived success rate of below 50% i.e. a marginal rate to complete failure. The distribution of the percentage was more widely spread for participants of a local acquisition versus their global counterparts.

Table 10: Results Summary: Acquisition Success Rates

Description	Rate
Count	16
Average	64%
Median	60%
High	100%
Low	25%

The overall average rating of perceived acquisition success was 64%. The results returned a median of 60%, a high of 100% and a low of 25%. It is important to note that while certain respondents provided a 100% success rate, they still identified shortcomings in certain aspects of the acquisition.

Table 11: Results Summary: A Global View

Description	Rate
Count	8
Average	75%
Median	84%
High	100%
Low	30%

The global participants perceived the success rate of their acquisitions to be higher than participants in local acquisitions. The returned results indicate an average success rate of 75%, with a median of 84%, a high of 100% and a low of 30%.

Table 12: Results Summary: A Local View

Description	Rate
Count	8
Average	53%
Median	45%
High	100%
Low	25%

The respondents who had participated in a local acquisition indicated that they perceived the acquisition to have been less successful than the global acquisition participants on average. The results returned by this group indicated an average of 53%, a median of 45%, a high of 100% and a low of 25%.

5.4.3 Acquisition Success Factors

Interview question three was designed to allow participants to share their perceptions and experiences around what they felt made the acquisition they were involved in a success. Those participants who were involved in an acquisition that they deemed a failure were also afforded an opportunity to share their views on what could have been corrected in order to make the acquisition a success. The results of question three are presented in Table 13 below.

The relevance of interview question three is that it allowed the interviewees to share their perceptions and experiences as to what they deemed to be important in order to achieve a positive outcome in the acquisition process.

Table 13: Acquisition Success Factors

Rank	Construct	Frequency
1	Cultural Alignment	4
1	Strong Leadership	4
1	Successful Integration	4
1	Growth	4
5	Change Management Programme	3
5	Complimentary Business	3
5	Defined Strategy	3
8	Staff Retention	2
9	Differentiation	1
9	Conduct stringent due diligence	1
9	Earnouts	1
9	Focus	1
9	Misalignment	1
9	Scale	1
9	Shareholding	1

The top four constructs identified by the respondents as to what makes an acquisition successful, all with an equal frequency of four, were 'cultural alignment', 'strong leadership', 'successful integration' and 'growth'.

The first construct identified was 'cultural alignment'. One senior manager who participated in an acquisition of a global entity identified the fact that their acquisition success was probably driven by them "knowing the entity so they weren't new to us." Local practitioners also ranked the importance of cultural alignment highly, with a local executive stating that "they just couldn't fit into the new culture, so I would say [the acquisition had] quite a low success rate" a view that supports the importance of cultural alignment. Another local executive remarked on the more inclusive approach they had adopted towards a target company and its employees, noting that "culturally they were brought into the organisation, they were made to feel welcome, their previous leadership was still there", elements that he felt contributed to a successful acquisition.

The second construct identified was 'strong leadership'. This requirement was exclusively identified by local participants and often in instances where the acquisition was mostly deemed to be unsuccessful, with respondents noting that strong leadership was a potential way to improve on their success rates. Strong leadership was identified as a requirement to overcome the negative impact on employee morale, with a local senior manager noting that "the minute the acquisition announcement was made the first thing we started losing was morale." Another local senior manager commented around the success of an acquisition, observing that the transaction's success "had a lot to do

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around leadership". A further comment by another senior manager highlighted the importance of strong leadership to control the inherent complexity involved in the acquisition process, stating that "we are fighting fires and that is our modus operandi right until contract conclusion"

The third construct was 'successful integration'. One of the global executives commented that he deemed the acquisition to be successful as the "integration was completed and minimal disruption to trading and day-to-day operations of the acquisition" as well as "the integration of the inbound IT team was also a key part in making this a success." This view is supported by the comments of one of the local entity executives who noted the importance of integration to the overall success of an acquisition, a sentiment shared by another local entity executive who remarked that "it is easy to align on the front end, that is a verbal strategy; systems integration and backend tools and platforms, big challenges."

The fourth, and last, top ranked construct identified, was 'growth', which was commented on in different contexts. One global executive said the success of the acquisition was seen as "it is a business that has grown in terms of staff perspective" and also that "it is recognised as one of the leaders of IT integration in the region." The same executive went on to say that the acquisition was a "profitable, cash generator." While growth appeared to be more important to the global practitioners it was not irrelevant in the local context, with a local executive deeming an acquisition to be successful because "it secured a very long term contract."

Table 14: Acquisition Success Factors: A Global View

Rank	Construct	Frequency
1	Change Management Programme	3
1	Complimentary Business	3
1	Growth	3
4	Cultural Alignment	2
4	Successful Integration	2
4	Defined Strategy	2
7	Conduct stringent due diligence	1
7	Scale	1
7	Shareholding	1

Interestingly, respondents who had been involved in a global acquisition identified two additional constructs as being the major contributors to a successful acquisition when compared to the overall response, namely: Having a "formal" 'change management programme' and acquiring a business that was a 'complimentary business' to the existing

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business. One global executive stated that a "formal organisational change management programme to help employees, both past and new, to understand and deal with the change" assists in making an acquisition successful.

Table 15: Acquisition Success Factors: A Local View

Rank	Construct	Frequency
1	Strong Leadership	4
2	Cultural Alignment	2
2	Successful Integration	2
2	Staff Retention	2
5	Defined Strategy	1
5	Growth	1
5	Differentiation	1
5	Earnouts	1
5	Focus	1
5	Misalignment	1

The most common constructs identified by local acquisition participants are mostly aligned to the combined view of all participants.

'Staff retention' ranked highly in reference to local acquisitions but did not feature in the global responses. One local executive commented on the importance of staff retention, stating that "the success criteria of an organisation is the people." Another local respondent indicated that an unsuccessful acquisition was at least partially driven by poor staff retention, remarking that "[what] we started losing was the actual intellect…things critical for you to deliver in consulting."

5.4.4   Potential Success of an Acquisition

Interview question four asked respondents to evaluate the dependency on people management in realising a successful acquisition outcome. Again, the respondents were asked to provide a percentage as to the impact of people management on the success of an acquisition. The responses to this question are presented in Table 16 below, with a global view shown in Table 17 and a local view in Table 18. The importance of question four of the interview questionnaire is that it prompted the interviewees to acknowledge that people management is a critical element of the acquisition process, although it is not necessarily given the focus it deserves.

Table 16: People Management Dependency in Achieving Success

Percentage	Frequency
90-100%	2
80-89%	4
70-79%	5
60-69%	1
50-59%	3
40-49%	0
30-39%	0
20-29%	1

It was evident from the responses to this question that all but one of the respondents attributed a dependency on people management in excess of 50%, with more than half of these responses indicating that people management carries a dependency of greater than 70% in relation to the success of an acquisition.

Table 17: People Management Dependency in Achieving Success: A Global View

Percentage	Frequency
90-100%	2
80-89%	2
70-79%	3
60-69%	0
50-59%	0
40-49%	0
30-39%	0
20-29%	1

Table 17 shows that all but one of the global participants rated the dependency on people management in excess of 70%, which was comparatively higher than the local acquisition counterparts. Interestingly, a global senior manager, who stated that only 20% of a successful acquisition is dependent on people management, still deemed the acquisition that he had been part of as successful.

While Table 18 below shows that the local respondents did not rate the dependency on people management as highly as their global peers, all of their ratings were in excess of 50%, with half of the respondents indicating that the dependency on people management is in excess of 70%.

Table 18: People Management Dependency in Achieving Success: A Local View

Percentage	Frequency
90-100%	0
80-89%	2
70-79%	2
60-69%	1
50-59%	3
40-49%	0
30-39%	0
20-29%	0

Table 19 below shows the combined results of all respondents, referencing the percentage that they attributed to the rate of success of the acquisition that they were part of.

Table 19: Results Summary

Description	Rate
Count	16
Average	68%
Median	70%
High	100%
Low	20%

The overall combined set of results showed that the respondents provided a dependency rate of 68% on people management in order to achieve success in an acquisition. The results indicate a median of 70% and a high and a low of 100% and 20% respectively.

Table 20: Results Summary: A Global View

Description	Rate
Count	8
Average	73%
Median	78%
High	100%
Low	20%

The global set of results showed that the respondents provided a dependency rate of 73% on people management in order to achieve success in an acquisition. The results indicate a median of 78% and a high and a low of 100% and 20% respectively.

Table 21: Results Summary: A Local View

Description	Local
Count	8
Average	64%
Median	65%
High	80%
Low	50%

The local acquisition results showed that the respondents provided a dependency rate of 64% on people management in order to achieve success in an acquisition. The results indicate a median of 65% and a high and a low of 80% and 50% respectively. The results were less extreme than those indicated by global acquisition participants.

5.4.5 Role of People Performance in a Successful Acquisition

Question five of the interview questionnaire pertains to the management of people performance and the role it plays in determining a successful acquisition. The question was used to elicit details around the extent to which people performance management is focused on in the acquisition process and the influence it has on the overall success of the transaction. The responses to question five are presented in Table 22, 23 and 24 below. This question was designed to determine whether, in the respondents' view, people performance management does in fact play a role in the success of an acquisition ('Yes') or if it does not particularly play a role or is not at all relevant to the success of the acquisition ('No').

Table 22: Role of People Performance in a Successful Acquisition

Rank	Construct	Frequency
1	Yes	11
2	No	5

The participants' responses indicated that good people performance in an acquisition is extremely influential on the success of the acquisition. The responses received around this question were mostly in the context of the acquisition they were part of and as such some of the participants responded saying that little to nothing was done around people performance in the specific scenarios they had been part of. Eleven out of the sixteen respondents indicated that people performance plays a role with descriptions such as "critical", "important", "big contributing factor", "huge role", "paramount", "pivotal" with the most frequently identified description being "critical", which were put forward by the various respondents as described below.

Table 23: Role of People Performance in a Successful Acquisition: A Global View

Rank	Construct	Frequency
1	Yes	6
2	No	2

The respondents who were involved in a global acquisition conveyed the importance of employee performance with six out of the eight respondents saying that there is a positive correlation between employee performance and the success of the acquisition.

Three of the global executives described the importance of people performance to the success of an acquisition as being "critical", "important" and "paramount" respectively, while the fourth respondent indicated that it was "not huge" and that "nothing really changed that much", thus people management did not play such an important role. Three out of the four global senior managers indicated that employee performance was a "big contributing factor", was "important" to the success of an acquisition and that it played a "huge role" respectively, whilst the last global senior manager indicated that it had "zero" impact on the success of the acquisition.

Table 24: Role of People Performance in a Successful Acquisition: A Local View

Rank	Construct	Frequency
1	Yes	5
2	No	3

The respondents who were involved in a local acquisition echoed the importance of employee performance to acquisition success with five out of the eight respondents saying that there is a positive impact on the success of the acquisition when employee performance is addressed in the process.

Two out of the three local executives who did not feel employee performance played a role in the success of an acquisition indicated that people performance contributed "little to nothing" and "nothing" respectively, in terms of contribution to the success of the acquisition, whilst the third local executive stated that employee performance is "pivotal" to attaining success in an acquisition. This was contradicted by a number of their peers, with three of the local senior managers put forward a view that employee performance is "critical" in achieving a successful outcome, with a fourth local senior manager stating that it was "important", with only one indicating a negative contribution with the impact on success being "poor" owing to the fact that "we are so busy fighting fires that even the basics is (sic) forgotten and we are talking about performance, we are talking about people, process and technology performance."

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5.5 Results for Research Question 2

Research Question 2: What people management practices contribute to the success of an acquisition, before, during and after an acquisition?

Research Question 2 aims to identify people management practices that inhibit the success of an acquisition. The intention of this question is to gain insight into what systems, processes and structures are absent during the change process of an acquisition and the impact that the neglect of these people management practices has on employee performance.

There were four interview questions that were formulated pertaining to Research Question 2. The sixth, seventh and eighth question in the interview schedule required the interviewees to share their perceptions and experiences of what was done to manage employee performance during the three phases of an acquisition, namely before, during and after the acquisition has taken place. Finally, the ninth question in the interview schedule focused on what factors contribute to the failure of an acquisition.

5.5.1 Managing Employee Performance Before an Acquisition

Question six of the interview questionnaire tries to extract a better understanding of what was done prior to the acquisition process starting with regards to managing employee performance. The question focuses on the first step of the three step acquisition process. The results of the interview with regard to question six are presented in Table 25 below. The relevance of question six was that it provides insight into the period building up to the acquisition and what activities should be performed and to what degree the enabling factors play a role.

Table 25: Managing Employee Performance Before an Acquisition

Rank	Construct	Frequency
1	No people performance management	7
2	Communication	2
3	Plan organisational design	1
3	People performance management applied	1
3	No formal Assessments	1
3	Conduct stringent due diligence	1
3	Identify organisational champion	1
3	Balanced Scorecard	1
3	Conduct formal assessments	1

In answering question six of the interview questionnaire there were two main constructs identified with a single construct standing out in terms of frequency when compared to

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the other constructs. The dominant response, with a ranking of one and a frequency of seven, was that of 'no people performance management' being considered during the phase before the acquisition started. The second less prevalent construct was 'communication'.

This first construct, 'no people performance management', attracted strong support from the local respondents, with a local senior manager stating that "nothing" was done and that "in that before stage, it is a couple of managers getting together, or the executives getting together to figure out whether this makes sense." Another local senior manager indicated "I don't know anything" when asked around managing employee performance before the acquisition. Another local executive pointed out that "nothing, really poor, little communication" was the approach to the before phase of the acquisition. This construct was not as frequently identified by the global practitioners, which is perhaps explained by one global senior manager's comments on how this construct was inadvertently addressed during the course of the acquisition process. They commented that employee performance management was "not explicitly [addressed], but I think because people had to go through job applications, a lot of skills assessments during the process, because there were two managers for every role so everybody had to do those tests."

Table 26: Managing Employee Performance Before an Acquisition: A Global View

Rank	Construct	Frequency
1	No people performance management	2
2	Communication	1
2	Plan organisational design	1
2	People performance management applied	1
2	No formal assessments	1
2	Identify organisational champion	1
2	Conduct formal assessments	1

From a global perspective, the fact that 'no people performance management' processes were in place was the most frequently identified construct with a frequency of two, with no other constructs attracting much support. 'Communication', 'plan organisational design', 'people performance management applied', 'no formal assessments', 'identify organisational champion' and 'conduct formal assessments' were constructs all achieving a frequency of one. This could be due to a lack of planning with a typical response by one of the global senior managers being "I don't know" when asked about what was done prior to an acquisition with regard to managing employee performance.

Table 27: Managing Employee Performance Before an Acquisition: A Local View

Rank	Construct	Frequency
1	No people performance management	5
2	Communication	1
2	Conduct stringent due diligence	1
2	Balanced Scorecard	1

As discussed, the overwhelming response from the local participants was that 'no people performance management' had been considered before the acquisition took place. Further to the comments made above, a local senior manager identified this as "probably the weakest area of the transaction. I don't think a hell of a lot was done." Another local senior manager commented that "I don't think anything is done before."

5.5.2   Managing Employee Performance During an Acquisition

Question seven of the interview questionnaire focuses on the second phase of an acquisition, gathering data around what was done during the acquisition process with regard to managing people performance. The combined outcome of question seven is presented in Table 28 below. This question allowed interviewees to share their perceptions and experiences of what was done or what should have been done during this phase of an acquisition in terms of core activities and again to understand the relevance of the enabling factors during this phase.

Table 28: Managing Employee Performance During an Acquisition

Rank	Construct	Frequency
1	Communication	6
2	No people performance management	5
3	Ensure staff buy in	2
3	Manage performance	2
3	Leadership	2
6	Develop organisation strategy	1
6	Form management team	1
6	Workshops	1
6	Identify key personnel	1
6	Planning	1
6	Performance measurement	1
6	People management	1
6	Organisation structure	1
6	Lack of communication	1
6	HR Process	1
6	Change management	1
6	Balanced scorecard	1

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The answers to question seven allowed the researcher to identify two main constructs, namely: 'Communication' ranked one with a frequency of six and 'no people performance management' ranked second with a frequency of five. Other constructs such as 'ensure staff buy in', 'manage performance' and 'leadership' were also identified, but each construct only had a frequency of two leading to a joint ranking of third.

The most commonly identified construct was that of 'communication', with a clear preference for this construct among the global participants. A global executive indicated that "special care was taken to provide more emotional support to staff members who were battling with the transition." Another global executive stated that "[we] tried to have updates, so emails, meetings, particularly involving operational management, and HR just to understand the process of the transfer." Global senior managers shared the global executive's view in that "there was ongoing conversations and ongoing expectations of people to set an example and to be the best they could" and that they "start sharing knowledge and start speaking to each other and share ideas and get the inputs from the people because what happened is you start getting a lot of rumours."

While this construct ('communication') was not ranked as highly by the local participants, local participants did note its importance with a local executive remarking that "there were one or two meetings set up where a combined management team presented what the deemed outcome or value of a combined entity would be" and a local senior manager stated that "the emphasis given was more to communicating and allay fears and retain as many people as possible.

Again, in line with the results of the before phase of the acquisition, the second most frequently identified construct was that 'no people performance management' was implemented. This construct was particularly important to the local respondents with a local executive stating that the acquisition process included "very little about people", a view supported by another local executive who confirmed that when it came to this construct "nothing [was done], to be honest, it was reactive."

Another local senior manager reinforced this by saying that "in essence during the acquisition…nothing was done." Perhaps the lesser importance placed on this by the global respondents is best summed up by a global senior manager who commented that people performance management "might have been done but I didn't see anything." Finally, a local senior manager indicated that "during the acquisition there was no managing people performance as everyone was focusing on do I have a job, so performance and productivity dropped significantly."

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Table 29: Managing Employee Performance During an Acquisition: A Global View

Rank	Construct	Frequency
1	Communication	4
2	Performance management	2
3	No people performance management	1
3	Identify key personnel	1
3	Ensure staff buy in	1
3	Leadership	1
3	Workshops	1
3	Planning	1
3	People management	1
3	Organisation structure	1
3	Change management	1

Table 30: Managing Employee Performance During an Acquisition: A Local View

Rank	Construct	Frequency
1	No people performance management	4
2	Communication	2
3	Develop organisation strategy	1
3	Form management team	1
3	Ensure staff buy in	1
3	Leadership	1
3	Performance measurement	1
3	Lack of communication	1
3	HR Process	1
3	Balanced scorecard	1

5.5.3   Managing Employee Performance After an Acquisition

Question eight of the interview questionnaire evaluates the respondents' perception and experiences around managing employee performance in the final phase of an acquisition, namely post-acquisition. The results of question eight are presented in Table 31 below. This question allowed respondents to share their experiences and perceptions of the type of activities that should be conducted post the acquisition and again what the focus on enabling factors should be in order to maximize employee performance.

Table 31: Managing Employee Performance After an Acquisition

Rank	Description	Overall
1	Systems Integration	5
1	Performance management systems	5
3	Communication	4
4	Organisational Structure	3
5	Processes	2
5	Culture	2
7	Rationalisation of people, process & policies	1
7	Role clarification	1
7	Measure performance	1
7	Review performance	1
7	Alignment	1
7	Balanced scorecard	1
7	Career path mapping	1
7	Change Management	1
7	Framework Development	1
7	Leadership	1
7	Manage Performance	1
7	Organisational Structure	1
7	People Integration	1

The answers to question eight of the interview questionnaire make it clear that during the post-acquisition phase 'performance management systems' begin to be implemented with a ranking of one and a frequency of five. The joint top ranked construct is the construct of 'systems integration'. The third ranked construct was that of 'communication' with a frequency of four.

'Systems integration' was also ranked one with a frequency of five. A global senior manager shared that "technology and processes from the one entity" was "fully adopted from the acquiring company." Another global senior manager commented that "systems had to be standardised, but you definitely tried to use best practice". One respondent said "this is how we do things and how we are going to tweak things and understand how long it is going to take to change the processes, delivery model, structures and say this is where we are going to start." A global executive said that "so again rolling that out to make it consistent with the acquiring companies systems and processes", whilst another global executive stated that the acquired company was "always aligning to" the acquiring company's systems.

The 'performance management systems' construct shared the highest ranking with 'systems integration', but there was a clear difference in ranking between the global and

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local respondents with the global respondents appearing to place far more importance on this construct. The consideration given to this by the global participants is demonstrated by one global executive's statement that "the clear intent was to adopt the systems we had, we weren't going to reinvent the wheel but it took time." Another global executive commented that the performance management system of the target company was "KPI based with twice annual reviews which was not much different in approach to the previous organisation so not many challenges on that front.", which appears to demonstrate that they had considered this construct before the end stage of the acquisition process. Despite not ranking this construct highly, local respondents seems to recognise its importance with a local senior manager saying that "standard performance management systems that were there before became the new way of doing things", and a local executive remarking that "typical people management techniques were applied. These included setting and measuring KPI's, mentoring and coaching, performance improvement programmes, etc."

The construct of 'communication' attracted an equal amount of attention from both the local and global respondents. One global executive respondent said communication was important "ensuring that people had faith in the process was important." The focus on buy-in was supported by a global executive who said "they were allowed the opportunity to continuously provide feedback and make recommendations of things that aren't working." Inclusivity played a part in the local acquisitions too, with a local senior manager commenting "I would say from my side I have done a lot to try and still listen and have forwarded queries to HR", whilst another said that "senior manager focuses a lot on communication with the staff stating that we are still part of the of the group."

Table 32: Managing Employee Performance After an Acquisition: A Global View

Rank	Construct	Frequency
1	Systems integration	5
2	Performance management systems	4
3	Communication	2
3	Organisational Structure	2
5	Rationalisation of people, process & policies	1
5	Processes	1
5	Alignment	1
5	Change Management	1
5	Culture	1

The constructs identified by participants in a global acquisition are aligned to the combined overall view.

Table 33: Managing Employee Performance After an Acquisition: A Local View

Rank	Construct	Frequency
1	Communication	2
2	Clarify roles	1
2	Measure performance	1
2	Review performance	1
2	Performance management systems	1
2	Organisational structure	1
2	Processes	1
2	Balanced scorecard	1
2	Career path mapping	1
2	Culture	1
2	Framework development	1
2	Leadership	1
2	Manage Performance	1
2	Organisational Structure	1
2	People Integration	1

Apart from 'communication' with a ranking of one and a frequency of two, there were no other clear constructs that stood out in the responses from the interviewees that had participated in a local acquisition. The comments around the construct of 'communication' have been shared above.

5.5.4 Factors Contributing to the Failure of an Acquisition

Question nine of the interview questionnaire was formulated in order to extract data from the respondents around what factors they perceive to contribute to the failure of an acquisition. Where respondents had been involved in a successful transaction, they were asked hypothetically what they believe could negatively affect an acquisition. The combined results of the ninth question are presented in Table 34 below. The relevance of question nine is that it provided insight into the reasons for failure of an acquisition which meant that a comparison could be performed comparing the findings to question three of the interview process and understand if the reasons for failure of an acquisition are the inverse of the success factors.

Table 34: Factors Contributing to the Failure of an Acquisition

Rank	Construct	Frequency
1	Cultural Misalignment	11
2	Poor Change Management	6
2	Poor Leadership	6
4	Ineffective Planning	2
4	Poor Integration	2
4	Misaligned Roles	2
4	Organisational Structure	2
8	Unclear Objectives	1
8	Communication	1
8	Management Skills	1
8	Measures	1
8	Process	1
8	Professionalism	1
8	Respect	1
8	Staff Retention	1
8	Training	1
8	Understanding	1

The combined responses to question nine identified 'cultural misalignment', 'poor change management' and 'poor leadership' as the highest ranking constructs, with a frequency of eleven, six and six respectively.

Seven out of the eleven discussions around 'cultural misalignment' were held with participants of a global acquisition, with the other four being with local acquisition participants. The apparent bias towards the global respondents may be due to the cross-border nature of the acquisitions, a view that appears to be supported by one global executive who stated that "compounding this issue was the very real existence of two very different and distinct cultures and work ethics within the organisation." Another global executive went on to say an issue "is putting in people who are very capable from a skills perspective who didn't understand the culture", "so I guess it was mainly a cultural thing in that instance." A global senior manager supported these comments by saying "I would still say from a cultural fit point of view there are still pockets of resistance which never change." Another global senior manager pointed out that "I think uncertainty, culture clashes and just resistance to change" reduced the success of an acquisition. However, this view was not limited to the global participants with a local executive commenting that "they struggled [to] form a cultural point of view" and "they just couldn't fit into the new culture", supported by a local senior manager who said that "the lack of understanding and the difference in culture showed visibly."

'Poor leadership' ranked second with a frequency of six. Poor leadership results in "low morale" and a "lack of motivation" according to one local executive. A global senior manager also pointed to issues with poor leadership practices saying that "there was bias in appointing people to the roles by using all of the parent company's management team." A view from a global senior manager was that "some people were set in their ways and they formed unfortunately what happened was in some areas the acquired company's management and their team members were still part of the organisation so they never created a hybrid or blended environment so that still caused a lot of friction in the organisation after the acquisition." A local executive pointed to the lack of planning undertaken by the company leadership, remarking that "I think it was a lack of planning, a proper lack of planning, detailed planning and the acquiring team lacking in proper operational experience." A narrow focus on financial returns also appears to play a role in this construct. A local senior manager's view was "the sense I got from leadership of the acquiring company was that there was a heavy financial bias over everything else."

The construct of 'poor change management' was ranked second with a frequency of six. This was heavily favoured by the local participants with the global respondents' view being summed up by a global senior manager who stated that there was "just resistance to change" owing to poor change management.

The 'poor change management' construct was highlighted through a number of comments and statements by the local participants. One of the local executives interviewed stated that by including profit warranties and guarantees in the change process, which typically held the acquired entity's executives to task for a three-year period, gave them "air cover" and they did not necessarily conform to change management requirements in order to fulfill on their warranties. The same respondent said that if change management was not well planned, there was a lack of "retention tools into key personnel in the organisation." Finally, a senior local manager stated that poor change management planning and execution leads to a "lack of understanding of how to manage integration."

Table 35: Factors Contributing to the Failure of an Acquisition: A Global View

Rank	Construct	Frequency
1	Cultural Misalignment	7
2	Poor Leadership	4
3	Organisational Structure	2
4	Ineffective Planning	1
4	Poor Change Management	1
4	Misaligned Roles	1
4	Unclear Objectives	1
4	Communication	1
4	Measures	1

The participants who had been part of a global acquisition also identified 'cultural misalignment' as the highest ranked construct with a frequency of seven, followed by 'poor leadership' and 'organisational structure' with a ranking of two and three, and a frequency of four and two respectively.

The construct which is ranked higher than in combined overall view is 'organisational structure'. This construct's importance was identified by two executives, with one global executive commenting that by "leaving the existing management in place", and if the "management structure" is not optimal, the organisational structure negatively impacts the acquisition and may result in a failure.

Table 36: Factors Contributing to the Failure of an Acquisition: A Local View

Rank	Construct	Frequency
1	Poor Change Management	5
2	Cultural Misalignment	4
3	Poor Integration	2
3	Poor Leadership	2
5	Ineffective Planning	1
5	Misaligned Roles	1
5	Management Skills	1
5	Process	1
5	Professionalism	1
5	Respect	1
5	Staff Retention	1
5	Training	1
5	Understanding	1

5.6   Results for Research Question 3

Research Question 3: What are the key drivers of employee performance post-acquisition?

Research Question 3 aims to identify the key drivers of employee performance with the focus being on the post-acquisition phase. This question will identify the outcomes of the systems and processes in place that drive employee performance. It will also likely identify those outcomes which inhibit employee performance.

Questions ten and eleven pertain to Research Question 3 and were designed to extract data from the respondents as to what they perceived and their experiences of what the key drivers of employee performance post-acquisition are, as well as the converse, by providing perceived inhibitors of employee performance.

5.6.1   Key Drivers of Employee Performance Post-Acquisition

Question ten of the interview questionnaire was designed to prompt the interviewees to identify a number of key drivers which they perceived to be of importance in positively influencing employee performance post-acquisition. The key drivers of employee performance post-acquisition, identified by all respondents, are presented in Table 37 below. The relevance of this question is that it provides context as to what ensures that employee performance is optimised during the acquisition process in order to positively contribute to the success of the acquisition.

Table 37: Key Drivers of Employee Performance Post-Acquisition

Rank	Construct	Frequency
1	Inclusivity	8
2	Strong Leadership	6
3	Clear Objectives	5
4	Compensation	4
5	Change Management	3
5	Cultural Integration	3
5	Strategic Alignment	3
8	Strong Communication	2
8	Systems	2
8	Values	2
8	Speed of Integration	2
12	Billability	1
12	Skill development	1
12	Success of New Organisation	1
12	Work Ethic	1

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In answering question ten of the interview questionnaire, respondents identified 'inclusivity', 'strong leadership' and 'clear objectives' as the most frequent constructs with a frequency of eight, six and five respectively.

'Inclusivity' was the highest ranked construct when evaluating key drivers of employee performance. This appeared to be more important to the global respondents with one global executive intimating that successful acquisitions contain elements of "inclusive activities, team building and re-branding the individuals to ensure they felt part of the new company." Another global executive stated that employee performance was identified as stronger when individuals had a "sense of place within the organisation" and a "sense of opportunity", whilst experiencing "equality of opportunity within the two groups". Furthermore, a key driver of performance according to one global executive is that "recognition as part of the team and not an outsider" will drive performance.

The interviewees' responses revealed that 'strong leadership' (with a ranking of two and a frequency of six) is a critical construct, with a global senior manager commenting that by "potentially moving the management layer out of it" and replacing the management layer with the acquiring party's staff, "maybe the performance of the team would also change." It was also stated by a local senior manager that "you have to ensure that the teams mingle as such", which requires leadership to execute on such behavior, "creating stability of services and systems."

The 'clear objectives' construct ranked third in the table with a frequency of five. One global senior manager respondent pointed out that "making sure everyone is aligned to the new goal and the newly acquired strategy" is key and that the manner in which "they explain the objectives that they are trying to achieve and how they try and connect employee roles into the new structure" is also important. This view was supported by a local executive who indicated that "you have to have a clear vision, purpose and values that people can align to" in order to drive employee performance.

Table 38 shows the responses from the participants of a global acquisition were similar to those views of the combined groups. However, 'change management', was ranked relatively highly with a ranking of two and a frequency of three.

Table 38: Key Drivers of Employee Performance Post-Acquisition: A Global View

Rank	Construct	Frequency
1	Inclusivity	6
2	Change Management	3
3	Strong Leadership	2
3	Clear Objectives	2
3	Cultural Integration	2
3	Strong Communication	2
7	Compensation	1
7	Strategic Alignment	1
7	Systems	1
7	Values	1
7	Skill development	1
7	Speed of Integration	1
7	Success of New Organisation	1

A global executive indicated that it is important "making employees know there has been a change and bringing them along so that they can see a future." Another respondent stated that a "change management process should have been followed or done properly" to ensure to drive employee performance. Finally, a global senior manager stated that "where change management has worked well and the people have seen an opportunity to upgrade their skills and belong to an international organisation to be part of a bigger thing", employee performance may be driven in the correct manner.

Table 39: Key Drivers of Employee Performance Post-Acquisition: A Local View

Rank	Construct	Frequency
1	Strong Leadership	4
2	Clear Objectives	3
2	Compensation	3
4	Inclusivity	2
4	Strategic Alignment	2
6	Cultural Integration	1
6	Systems	1
6	Values	1
6	Billability	1
6	Efficiency of process	1
6	Work Ethic	1

Individuals that had been part of local acquisition again mirrored the main constructs of the overall response but introduced 'compensation' as a highly ranked construct with a frequency of three and ranked joint second with 'clear objectives'. One local executive indicated that transferring employees should be "fairly compensated". Another local

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executive said that participants should be "incentivised and paid appropriately" to keep employee's performance up.

5.6.2   Key Inhibitors of Employee Performance Post-Acquisition

In contrast to question ten of the interview questionnaire allows the interviewees to identify a number of inhibitors of employee performance post-acquisition. The inhibitors of employee performance post-acquisition identified by the respondents and the frequency of these elements, are presented in Table 40 below. The relevance of this interview question is that it was used to verify the findings of what the key drivers are of employee performance.

Table 40: Key Inhibitors of Employee Performance

Rank	Construct	Frequency
1	Lack of Integration	8
2	Cultural Misalignment	7
3	Unclear Objectives	5
4	Lack of Inclusivity	4
4	Poor Change Management	4
4	Poor Communication	4
7	Lack of Role clarification	3
7	Organisational Structure	3
7	Poor Leadership	3
10	Conflict	2
10	Lack of Consequence Management	2
10	Values	2
13	Changes in focus of organisation	1
13	Geographic Dispersion	1
13	Low Morale	1

The top three constructs identified as being key inhibitors of post-acquisition employee performance are: 'lack of Integration', 'cultural misalignment' and 'unclear objectives.' These constructs had a frequency of eight, seven and five respectively and were consistently identified by individuals both from a global as well as local perspective.

The 'lack of integration' construct, with a ranking of one and a frequency of eight, was mostly centred on the people element and it became apparent that in a number of instances, the acquired staff were not welcomed into the new entity with a global executive making comments like "non-inclusion and 'sense of team' plus lack of recognition will be the biggest inhibitor." Furthermore, another local senior manager commented that "being left out in the cold", "ignoring the staff" and the feeling that "management doesn't know my name" did not assist in making the participants of the

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acquisition feel integrated into the new entity. One local executive stated that behaviour such as inconsistent email addresses across the new group and managers "not understanding the scope of the integration efforts" compounded the experience of a lack of integration into the new entity and being identified as the number one ranked construct of inhibitors of employee performance post-acquisition.

The second highest ranking construct in answering the eleventh interview question was that of 'cultural misalignment' of the two parties (acquiring party and acquired party) entering into the new entity. This phenomenon was identified by both global and local participants with one local senior manager respondent summing up the importance of the human element and cultural alignment when he commented on the risk of "just smashing two organisations together just because it made economic sense, but does not necessarily make business sense, not understanding the cultural impacts." A global senior manager shared her opinion around the importance of avoiding cultural misalignment, stating that "you really had to change the culture" when bringing them into the new organisation. Another global senior manager identified "the biggest thing is business culture and people culture and marry the two" to avoid the inhibition of performance.

The third ranked construct identified as an inhibitor of employee performance post-acquisition was 'unclear objectives'. One respondent defined this inhibitor as "uncertainty of expectations in terms of performance expectations within the new organisation and a sense of not being valued by the new organisation". One global executive identified aspects such as "not bedding down the clarity of what the acquisition is about" and another global senior manager commented "if people don't work towards the same common objective, being the company's strategy and vision" were deemed to inhibit employee performance post-acquisition.

Table 41: Key Inhibitors of Employee Performance: A Global View

Rank	Construct	Frequency
1	Cultural Misalignment	4
1	Unclear Objectives	4
3	Lack of Inclusivity	3
3	Poor Change Management	3
5	Lack of Integration	2
5	Poor Communication	2
5	Lack of Role clarification	2
5	Poor Leadership	2

Again, the response from the interviewees who had participated in a global acquisition, were very much aligned to the overall view of what inhibits employee performance post-acquisition, with 'cultural misalignment' and 'unclear objectives' being the two highest ranked constructs with a frequency of four respectively. 'Lack of inclusivity' along with 'poor change management' ranked third with a frequency of three.

Table 42: Key Inhibitors of Employee Performance: A Local View

Rank	Construct	Frequency
1	Lack of Integration	6
2	Cultural Misalignment	3
3	Poor Communication	2
3	Organisational Structure	2
3	Lack of Consequence Management	2
3	Values	2

Respondents that had been part of a local acquisition ranked a 'lack of integration' as the biggest inhibitor of employee performance post-acquisition. This response was twice as frequent as the next highest ranked construct. Another response unique to the local acquisition responses, and which was relatively highly ranked at third with a frequency of two, was that of a 'lack of consequence management.' A senior manager pointed out that "one of the biggest points to talk about here is the lack of consequence management", going on to state that the lack of consequence management is "a major influencing factor in not having the ability to enhance employee productivity and performance."

5.7 Conclusion

The results from the eleven interview questions presented in Chapter 5 are supportive of the existing literature. Through the in-depth face-to-face interviews additional knowledge and insights have been provided by the respondents regarding the people performance throughout the acquisition process. Chapter 6 provides for a detailed discussion of the findings presented in this chapter. Furthermore, a proposed model, which will depict the various phases of an acquisition and the forces at work in each of these phases will be presented, better allowing for future success in such transactions, will be presented.

CHAPTER 6: DISCUSSION OF RESULTS

6.1 Introduction

In Chapter 6, a detailed discussion of the research findings is presented, with specific reference to the three research questions presented in Chapter 3 and the current literature that was reviewed in Chapter 2 of this research project. This chapter portrays the findings of the research conducted through the interview process with those individuals who had participated in a global acquisition and those who had been part of a local acquisition, providing insight into the importance of employee performance in contributing to the overall success of an acquisition and how this performance can be leveraged into order to maximise the success of an acquisition.

6.2   Discussion of Results for Research Question 1

Research Question 1: What role does people performance management play in an acquisition?

The aim of Research Question 1 was to identify the role people management issues play in the success of an acquisition. The questions posed to the participants in the interviews were formulated to elicit data around the nature of acquisitions, the assessment of the success of an acquisition and the underlying factors that make an acquisition a success or failure. The participants were asked to describe an acquisition process that they had been part of, to evaluate the success of that acquisition and to identify the factors that made the acquisition a success or failure, whilst defining the role of people performance management and the dependency thereon in the success of an acquisition. The results of the data pertaining to Research Question 1 are discussed below.

6.2.1   Nature and Intention of Acquisitions

Acquiring to Achieve Growth

The first interview question asked respondents to discuss an acquisition that they had been part of. The combined responses of the different interviewees are presented in Table 4, and revealed that the overwhelming reason behind their acquisitions was to achieve growth. These findings are consistent with the literature in that Cartwright & Cooper (2014), and Figueira, Nellis, & Schoenberg (2007) indicate that the main goals of entering into an acquisition is to enhance shareholder value, personal interest, and for economic and strategic reasons. The respondents did not identify personal interest, but did reference economic growth and strategy in their responses, as reasons as why to undertake an acquisition.

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The different derivatives of growth were ranked accordingly by the respondents with the three top ranking constructs identified as: 'increasing the customer base', 'access to new products and services', and 'entering new territories'. All three of these constructs are supported by Haleblian et al. (2009) who identify and describe value creation, which is arguably synonymous with economic or financial growth, as appropriating more value from customers. This value could be extracted through increasing the number of customers or selling new products to existing customers.

Interestingly, none of Haleblian et al's. (2009) other motivations for acquisition found much support among the respondents, with managerial self-interest, environmental factors and firm characteristics (and their derivatives) not featuring highly in the responses. While this may be due to other factors such as differences in industry or region it would appear that these respondents also managed to avoid the detrimental effects linked to these drivers, specifically managerial self-interest which both Haleblian et al. (2009) and Karnouskos (2015) linked to value erosion.

A slight variation in priorities was evident between the two groups of interviewees. The individuals that were part of a global acquisition identified an 'increase in customer base' as well as 'entering new territories' as being the two highest ranked constructs, whilst the participants of local acquisitions identified the top ranked constructs as new products and services and expanding the customer base. The differences in ranking between the groups could be driven by a combination of factors, including differences in available service offerings across regions, local levels of competition or local consumer needs.

6.2.2 Assessment of Acquisition Success

Question two of the interview questionnaire allowed the interviewees to share their view of how successful they perceived the acquisition they were involved in to be. The participants were asked to provide a percentage of the degree of success of the acquisition. The combined results of interview question two were presented in Table 7 and Table 10.

It was apparent that although certain respondents provided a 100% success rate they still identified shortcomings in certain aspects of the acquisition. It was evident that the respondents who formed part of a global acquisition held a more positive view of their respective acquisition's success rate when compared with respondents that formed part of a local acquisition. Seven out of the eight global participants deemed the success of the acquisition to be greater than 50% with four of these respondents attributing a success rate of greater than or equal to 90%. There was, however, one global respondent who only attributed a success rate of 30% to the acquisition they had been

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part of. This acquisition took place in West Africa and the respondent's rating may well have been dictated by specific regional issues which are outside of the scope of this research.

The respondents' views were, in general, more positive than the literature would suggest with multiple studies citing the disproportionately high failure rate of acquisitions (Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Lewis & McKone, 2016; Stahl, 2004; Vazirani, 2012). Indeed, the overall average perceived success rate of 64% is well in excess of the rate suggested by Lewis & McKone (2016), with even the more negative assessment provided by the local participants – an average of 54% – being higher than the rate suggested in that study. This finding could suggest that the acquisitions covered by this study may have undergone better due diligence prior to being undertaken.

6.2.3   Acquisition Success Factors

The third question in the interview questionnaire allowed participants to share their perceptions and experiences around what they felt made the acquisition they were involved in a success. Conversely those participants who were involved in an acquisition that they deemed a failure, were afforded an opportunity to share details on what could have been corrected in order to make the acquisition a success. The combined results of the two groups were presented in Table 13.

The top four constructs that were identified by the combined group of respondents as to what makes an acquisition successful were 'cultural alignment', 'strong leadership', 'successful integration' and post-acquisition 'growth', with a ranking of one and an equal frequency of four.

Cultural Alignment

The highest ranked construct identified by the respondents was 'cultural alignment' as being a critical factor in the success of acquisition. Cultural alignment was described by respondents in a number of contexts from having a sound relationship with the target company to being able to incorporate the acquired employees into the new organisation by making them feel welcome and part of the overall process. It was also acknowledged that the culture of the new organisation needs to be cultivated over time and that two disparate cultures cannot just be forced together.

Bauer & Matzler (2014), Karnouskos (2015), Mirc (2014) and Vazirani (2012) who have all contributed to current literature, identify that the key to post acquisition success lies in the ability to coordinate a number of different components within a transaction, one of

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which is the ability to align the two organisations' culture. In addition to the existing literature, Mirc (2014), Mullen (2016) and Vizarani (2012), also indicate that the failure of an acquisition can be attributed to the lack of cultural fit or cultural compatibility, whilst Mirc (2014) states that overcoming cultural differences increases commitment to work and improved co-operation.

Thus there is consistency with the findings of this research and the existing literature in that cultural alignment is a critical success factor in an acquisition.

Strong Leadership

The construct of 'strong leadership' received a lot of support from those respondents who had deemed their acquisition to be a failure. They felt that the lack of strong leadership was a leading contributor to the failure of the acquisition. This makes sense on the face of it as this construct touches on most parts of the acquisition process. Indeed, factors such as poor employee performance (Bauer, 2016; Stahl, 2004; Vazirani, 2012), failure to plan for post-acquisition operations (Gomes et al., 2013) are all driven by a strong leadership culture. There is a chance that the lack of strong leadership experienced by the respondents who rated their acquisition a failure could have been driven by turnover in top management, although the literature is divided as to whether this necessarily contributes to the failure of an acquisition (Mirc, 2014; Aklamanu, Degbey & Tarba, 2015). Even if this factor did not contribute to the failed acquisitions the importance of strong, effective, leadership to the success of an acquisition is well supported by Gill (2002); Kushalappas & Pakkeerappa (2014) and Atmojo (2012).

Successful Integration

The third construct with a ranking of one was 'successful integration'. This construct was identified by the respondents in a number of different ways. The findings of this research question pointed towards a requirement for the integration of people, processes, cultures, systems, policies and technologies. There was also reference to the speed at which this integration takes place, with a swift integration being viewed as superior to integrating the aforementioned elements over time. According to one of the local senior managers in instances where acquired businesses were left to continue on their own without integration there was a greater chance of the acquisition failing. This research suggests new findings in that it identifies more elements that need to be successfully integrated in order to achieve success in an acquisition.

Although the literature does not identify as many elements as the respondents, Mullen (2016) does indicate that a proper integration plan is critical in an acquisition process

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going on to say that in the absence of these plans organisations often fail in making a successful acquisition. This view is supported by Mirc (2014), who notes the importance of drafting an integration policy once the decision to enter into an acquisition is made.

Post-acquisition Growth

The fourth construct identified was 'growth'. This construct is discussed in relation to the literature in section 6.2.1 above. The findings of this research question are consistent with the existing literature in that the dominant reason identified for entering into an acquisition is to create value, which is strongly linked to growth (Cartwright & Cooper, 2014;Figueira, Nellis, & Schoenberg, 2007)

Interestingly, respondents who had been involved in a global acquisition identified two additional constructs to the overall top-ranked constructs as being major contributors to a successful acquisition. These constructs were that the acquired business was 'complimentary' to the existing business and having a "formal" 'change management programme' in place.

The different derivatives of growth were ranked accordingly by the respondents with the three top ranking constructs identified as: Increasing the customer base, acquiring new products and service offerings, and entering new territories. All three of these constructs are supported by Haleblian et al. (2009) who identify and describe value creation, which is arguably synonymous with economic or financial growth, as appropriating more value from customers i.e. through increasing the number of customers or selling new products to existing customers.

Change Management Programme

The construct of 'change management programme' appears to be very relevant to the success of an acquisition. This was evident in the responses gleaned from global acquisition participants as well as the local participants. Several respondents remarked on the importance of having proper change management processes in place, a sentiment shared by Karnoukos (2015) who points to the importance of running proper change management throughout the acquisition process, regardless of the complexity of the acquisition transaction itself. Cartwright & Cooper (2014) agree that change management is required owing to the variety and number of elements impacted, including: changes in managerial styles, systems, procedures, and symbols of the target company's identity. These challenges can be overcome by employing methods that will lessen the resistance to change. Exercising proper control over these elements can

result in employees being more committed to the organisation, resulting in improved performance (Franco-Santos et al., 2012).

It should be noted that good change management is not necessarily synonymous with strong leadership. Gill (2002) draws a definite distinction between good management of the acquisition process and the type of leadership required to successfully embed the goals of an acquisition in the new organisation.

6.2.4 Potential Success of an Acquisition

Question four of the interview questionnaire required that respondents evaluate the dependency on people management in realizing a successful acquisition outcome. Again, the respondents were asked to provide a percentage as to the impact of people management on the success of an acquisition. The responses to question four are presented in Table 16, with a global acquisition view shown in Table 17 and a local view in Table 18.

In responding to question four of the interview questionnaire it was evident that all respondents except for one attributed a dependency on people management in excess of 50% with more than half of these responses indicating that the people management carries a dependency of greater than 70% in achieving success in an acquisition.

In answering question four of the interview questionnaire, the participants of a global acquisition, were all in excess of 70%, except for one respondent who only attributed the dependency on people management being 20%, whilst participants of a local acquisition, were all in excess of 50% with half of the respondents indicating that the dependency on people management is in excess of 70%.

The results support the existing literature which indicates that consideration is mostly given to the financial and legal elements of an acquisition and that managers fail to provision for how the business will be operated and managed (Bauer, 2016; Gomes et al., 2013; Stahl, 2004; Vazirani, 2012). While the literature does not quantify the extent to which management of people contributes to the overall success of an acquisition, it does acknowledge that there is a growing requirement to better understand the human resource element (Bauer, 2016; Mirc, 2014; Vazirani, 2012).

The results of this research would support this conclusion, and suggest that given the importance ascribed to people management by the respondents' new research is needed to determine the extent to which proper people management contributes to the success of an acquisition.

6.2.5 Role of People Performance in a Successful Acquisition

Question five of the interview questionnaire pertains to the management of people performance and the role it plays in a successful acquisition. The question was used to elicit details around the extent to which people performance management is focused on in the acquisition process and the influence it has on the overall success of the transaction. The responses to question five are presented in Table 22.

The responses by the participants were predominantly that people performance in an acquisition is extremely influential on the success of the acquisition. This finding was interesting in that it was identified that it was a significant contributor to the overall success of the acquisition, but that it had in most instances not formed part of the acquisition process that they had participated in. The responses received around this question were mostly in the context of the acquisition they were part of and as such some of the participants responded saying that little to nothing was done around people performance in the specific scenarios they had been part of. Eleven out of the sixteen respondents, indicated that people performance plays a significant role with the most frequently identified description being "critical".

The existing literature supports the findings that people performance plays a role in the success of an acquisition in that the reason often identified is that of failure of the human resource element to perform in the new environment (Bauer, 2016; Stahl, 2004; Vazirani, 2012). Furthermore, Aklamanu et al. (2015), Karnouskos (2015) and Mirc (2014), all agree that people management plays a crucial role in assuring that business is able continue effectively, assisting in the acquisition process. This is reiterated in Mirc's (2014) findings that the human resource function was an important factor in the performance of organisations who had made acquisitions.

According to Bauer (2016), human resource management can be seen as a far-ranging function, which comprises of strategies and practices. Vazirani (2012) agrees with Mirc (2014) that companies where human resource representatives had the opportunity to participate in the decision making process, and also where human resource practices were well defined and formalized throughout the new organisation, handled the integration process more effectively and had better performance outcomes than those who did not involve human resource managers in the process. These findings agree with the general view of the respondents, particularly given the lack of people performance experienced in their acquisitions.

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6.2.6 Conclusive Findings for Research Question 1

The findings of this research confirms that the primary motivation for undertaking an acquisition is to achieve growth with the different elements of growth being identified in Table 4 of this document. This motivation was confirmed by all of the participants. This is consistent with the literature as detailed by Cartwright & Cooper (2014) and Figueira, Nellis, & Schoenberg (2007), who state that acquisitions are undertaken to enhance shareholder value, personal interest, and for economic and strategic reasons. Haleblian et al. (2009), and Lewis & McKone (2016) confirm that the increase in the number transactions can be attributed to the growing requirement for organisations to transform and expand, providing value back to their stakeholders.

The researcher identified a number of constructs, reflected in Table 13, around what contributes to a successful acquisition. The findings of this research are mostly aligned with the current literature, whereby Bauer & Matzler (2014), Karnouskos (2015), Mirc (2014) and Vazirani (2012), confirm that success of an acquisition lies in the ability to align culture, structure, process and strategy, encompassing employees, leadership, training and development, reward and recognition, politics and information systems are all factors that influence the success of change management and inadvertently an acquisition. One of the top ranked constructs identified by the respondents was the importance of 'strong leadership' to the overall success of an acquisition. This construct received particularly strong support from those respondents who had deemed their acquisition to have failed. These respondents highlighted its importance to the acquisition process and drew a distinction between this construct and effective change management.

This finding is consistent with the existing literature, although it can be inferred that the degree to which people management contributes to the overall success of an acquisition is significantly greater than the literature suggests. Bauer (2016), states that human resource management can be seen as a far-ranging function, which comprises of strategies and practices. Vazirani (2012) agrees with Mirc (2014) when stating that companies where human resource representatives had the opportunity to participate in the decision making process, and also where human resource practices were well defined and formalized throughout the new organisation, handled the integration process more effectively and had better performance outcomes than those who did not involve human resource managers in the process.

The results of this question reflect that the majority of respondents believe the success of an acquisition is very dependent on people management. In addition to this question, respondents were asked what the role of people performance management is on the success of an acquisition, with the results being presented in Table 22. The findings were consistent with the literature in that respondents identified that people performance management is critical in the success of the acquisition.

6.3 Discussion of Results for Research Question 2

Research Question 2: What people management practices contribute to the success of an acquisition, before, during and after an acquisition?

Research Question 2 aims to identify people management practices that inhibit the success of an acquisition. The intention of this question is to gain insight into what systems, processes and structures are absent during the change process of an acquisition, and the effect that the absence of these people management practices has on employee performance.

A number of common constructs were uncovered by the researcher while analyzing Research Question 2. These themes tie back into earlier research questions and as such the researcher believes that it would be appropriate to draw these common themes together into a framework. Accordingly, the researcher will introduce a 'Framework for Maximising Acquisition Success' that will attempt to identify the fundamental elements that are required for a successful acquisition, the core activities necessary in each phase of the acquisition and critical enabling factors of the overall process. This model will be presented and explained in Chapter 7 of this research project.

6.3.1 Managing Employee Performance Before the Acquisition

Question six of the interview questionnaire was designed to elicit a better understanding of what was done prior to the acquisition process starting with regards to managing employee performance. The question focuses on the first step of the three step acquisition process, with associated results having been presented in Table 25.

In answering question six of the interview questionnaire there were two main constructs identified, with a single construct standing out in terms of frequency when compared to the other constructs. The dominant response was that 'no people performance

management' considerations had been taken into account during the pre-acquisition phase.

This finding is consistent with the existing literature in that it is widely acknowledged that the human resource component of an acquisition, let alone people performance management, is seldom given focus in the overall transaction and particularly at the pre-acquisition phase (Bauer, 2016; Gomes et al., 2013; Stahl, 2004; Vazirani, 2012).

Communication

The second ranked construct was 'communication'. The respondents identified this construct as a critical element that was not a core activity, but rather an enabler of the overall change process. This finding was consistent with the existing literature in that it is crucial for the overall ability of the acquirer to convey the message of the change vision and to inform participants of an acquisition what the intention of the transaction (Carter et al., 2013; Cummings & Worley, 2009). Kotter (1996) identifies communication as one of the eight steps in his model. While Carter et al. (2013) and Cummings & Worley (2009) indicate that the success of change management is dependent on how well communication takes place and that communication is a role that leadership should perform.

Core Activities

Other constructs identified by the respondents can better be described as core activities that need to be performed in setting the stage for a successful acquisition. These constructs are listed as follows: 'conduct stringent due diligence', 'conduct formal assessments', 'identify organisational champion' and 'plan organisational design'.

The acquiring company needs to conduct a stringent due diligence, undertaking a thorough investigation on the commercial aspect of the business, understanding the processes and policies of the organisation being acquired, and more importantly in line with this research, a due diligence should be done on the people element of the business. This will allow for the evaluation of what contribution the people actually make to the successful running of the company being acquired. The existing literature agrees with this sentiment in that Mullen (2016) indicates that a successful acquisition is dependent on a due diligence as well as a proper integration plan.

Formal assessments should be conducted on the acquired staff to understand who the critical staff and to understand where the intellectual property of the business lies. Formal assessments will also insure that the correct individuals are aligned to the correct roles, maximising the chances of a successful acquisition. This finding is consistent with the

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existing literature that states that formal assessments are necessary to select individuals who will display commitment to the process (Cummings & Worley, 2009).

In order to assist in managing the change process one respondent identified the need to find and appoint a champion that will facilitate the change process within the new organisation. This will assist in reaching individuals who may be more comfortable engaging with a colleague rather than the new management structure. Again, this finding is consistent with the literature, with Cummings & Worley (2009) stating that leaders should select new entrants who will promote change and eliminate those who are deviants.

Finally, the organisational structure should be clearly defined. This will allow for participants to contribute to the overall plan and identify where they fit into the new structure going forward. Again, this finding is consistent with the existing literature, whereby Cummings & Worley (2009) describe that the organisation needs to be modified.

As such, these constructs have been identified by the research as core activities that need to be performed during the before phase of an acquisition. These core activities are displayed in Figure 1 below.

Figure 1: Core Activities Before an Acquisition

Before
• Conduct stringent due diligence
• Conduct formal assessment
• Identify organisational champion
• Plan organisational design
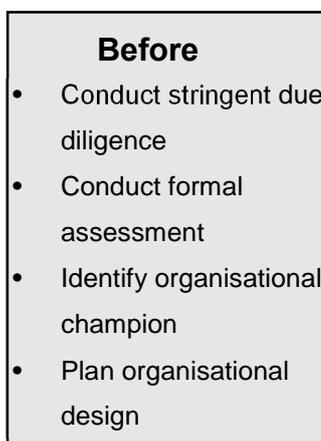
These core activities will form part of the 'Framework for Maximising Acquisition Success.'

6.3.2 Managing Employee Performance During the Acquisition

Question seven of the interview questionnaire focused on the second phase of an acquisition and involved gathering data around what was done during the acquisition process to manage people performance. The results of question seven are presented in Table 28.

Again, the two main constructs which were identified were 'communication' and having 'no people performance management' processes in place. The response again highlights the importance placed on proper people performance management processes by the respondents. Specifically, respondents highlighted the lack of such processes as a negative influence on the second phase of the acquisition process. Staff buy in, performance management and leadership were also identified but each construct only had a frequency of two, ranking these constructs third.

It is apparent from the existing literature that it is imperative that people management issues are successfully addressed in the change process, as ignoring them will result in poor employee performance and add to the already high rate of acquisition failures (Cartwright & Cooper; 2014; Cartwright & Schoenberg, 2006; Vazirani, 2012). The findings of the research are thus consistent with the existing literature.

Core Activities

Other constructs identified in answering interview question seven are presented in Table 28 and can be identified as follows: 'strategy development', 'management team formed', 'identify key personnel' and 'staff buy in', which can be deemed to be core activities.

The identification of the requirement for a strategy needing to be developed is consistent with the existing literature. According to Haleblian et al. (2009), Karnouskos (2015) and Mirc (2014), a firm's strategy plays a role when a firm's characteristics drive the behaviour during the acquisition process.

The respondents recognised the need to form a management team during this phase of the acquisition. The literature reviewed agrees with this notion with Kotter (1996) stating that capable leadership which is as a result of a successful management team being implemented, is a requirement to achieve success in an acquisition process.

Finally, the role of staff buy in was highlighted by respondents. This is again consistent with the existing literature whereby Cummings & Worley (2009) identify the need for the organisation to buy into the change.

These core activities relevant to the during phase of an acquisition are presented in Figure 2 below.

Figure 2: Core Activities During an Acquisition

During
• Develop organisation strategy
• Form management team
• Identify key personnel
• Ensure staff buy in
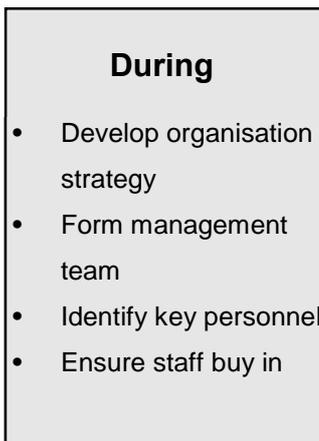
The fact that the existing literature points to the lack of people performance management in the "during" phase of an acquisition, coupled with the respondents' acknowledgement of its importance to this stage of the process suggests that people performance management should be given increased consideration during this phase of an acquisition.

The respondents also identified the development of a new organisational strategy as a key component of this phase, over and above the already identified foundational elements of: Cultural alignment, strong leadership, effective change management and inclusivity and integration. This should be done by the newly formed management team who are required to identify key personnel and ensure staff buy in in order to maximize the success of the acquisition through leveraging the employees' performance, by correctly implementing the change management required to ensure that the employees believe that they are part of the transaction and thereby committed to the success of the transaction.

6.3.3 Managing Employee Performance After the Acquisition

Question eight of the interview questionnaire evaluates the respondents' perception and experiences of managing employee performance in the final phase of an acquisition, namely post acquisition. The results of question eight are presented in Table 31.

In answering question eight of the interview questionnaire respondents highlighted the importance of implementing 'performance management systems' during the post-acquisition phase. This construct was ranked joint first by the respondents along with 'systems integration'. The third ranked construct was 'communication'.

According to the current literature, the key to post acquisition success lies in management's ability to align culture, structure, process and strategy, encompassing

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employees, leadership, training and development, reward and recognition, politics and information systems are all factors that influence the success of change management and inadvertently an acquisition (Bauer & Matzler, 2014; Karnouskos , 2015; Mirc, 2014; Vazirani, 2012).

Core Activities

Other constructs that pertain to activities that need to be performed during the after phase of the acquisition process were identified by the respondents as 'rationalisation of people, process and policies', 'role clarification', 'measure performance' and 'review performance'.

From this research, it is evident that after the acquisition has taken place, there is a requirement to rationalise the business, which may result in a reduction of headcount depending on the overlap of roles and the magnitude of the acquisition. This was a new finding in that this construct was not prevalent in the literature reviewed.

Respondents identified role clarification as a critical action during the final phase of the acquisition process. This finding is similar to the existing literature put forward by Bauer & Matzler (2014), Karnouskos (2015), Mirc (2014) and Vazirani (2012), who state that post-acquisition success lies in the ability to align a number of elements, encompassing employees and the culture, structure, process and strategy, which can include the role of the individual in the overall acquisition process.

Also, it was identified that there is a need for performance measurements to be in place. This finding is consistent is consistent with the existing literature, with Franco-Santos et al. (2012) and Wärnich et al. (2014) identifying the need to use contemporary performance management systems such as systems like the Balanced Scorecard. This despite the acknowledgement by Buckingham & Goodall (2015) that these systems are not without faults, owing to the fact that these systems which make use of historical data. Buckingham & Goodall (2015) indicate that there is a need to measure performance of all employees across the organisation, which is consistent with Brager & Holloway (1993) and Karnouskos (2015), and should also be used during the acquisition process (Cartwright & Cooper, 2014).

Finally, it was stated that regular performance reviews need to be conducted. Again, these findings are consistent with the existing literature. These reviews will allow the organisation to track and monitor the success of the transaction, and implement any required amendments to the strategy timeously. According to Wärnich et al. (2014), this

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information can also be used for compensation and rewards, promotion, identification of potential and skills inventories, as well as to monitor the success of the transaction.

These activities are reflected in Figure 3 below which will form part of 'A framework to maximise acquisition success' which will be described in Chapter 7.

Figure 3: Core Activities After an Acquisition

After

- Rationalisation of people, process and policies
- Clarify roles
- Measure performance
- Review performance
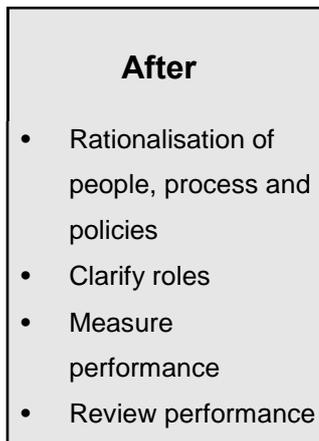
6.3.4   Factors Contributing to the Failure of an Acquisition

Question nine of the interview schedule was formulated to extract data from the respondents around what factors they believe contribute to the failure of an acquisition. If respondents had been involved in a successful transaction they were asked what they believed could negatively affect an acquisition. The results of the ninth question are presented in Table 34. The combined responses to this question identified 'cultural misalignment', 'poor change management' and 'poor leadership' as the highest ranking constructs.

These findings are largely consistent with the existing literature. Bauer & Matzler (2014), Karnouskos (2015), Mirc (2014) and Vazirani (2012) identify the key to a successful acquisition hinging on management's ability to align culture, structure, process and strategy. This alignment would encompass employees, leadership, training and development, reward and recognition, politics and information systems as these are all factors that influence the success of change management, and the ultimate success of an acquisition. As such, the researcher deemed the converse of these constructs to be the reasons for failure of an acquisition.

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6.3.5 Common Findings for Interview Questions 6,7 & 8

The common findings across interview question six, seven and eight have already been identified as 'communication' and 'performance management systems'. These constructs are common to all of the phases of the acquisition process, with the only difference across each of the phases being that intensity of the two constructs differs in each of the three phases.

The respondents identified 'communication' as most important construct in the during phase, followed by the before phase and least pertinent in the after phase of an acquisition. Communication can be considered as a critical enabling factor for the entire process to run successfully. The varying degree of intensity is illustrated below in Figure 4, whereby the darkest shaded area reflects the increased importance of the construct, with the diminishing intensity of colour reflecting a lesser requirement.

Another construct identified by the respondents in each of the phases was that of 'performance management systems.' The respondents unanimously identified the lack of such systems being in place in the before phase of an acquisition, with more consideration being given to such systems in the during phase. Such systems were more prevalent in the after phase of an acquisition. Despite there being a lack of performance management systems in the first and second phase of an acquisition it was widely acknowledged that it would be beneficial to have these systems in place throughout the process in order to measure the success of the transaction. Finally, it was stated that such systems are imperative in the after phase in order to measure performance and ensure that performance issues are identified and fixed when necessary in order to facilitate a more.

Figure 4: Critical Enabling Factors
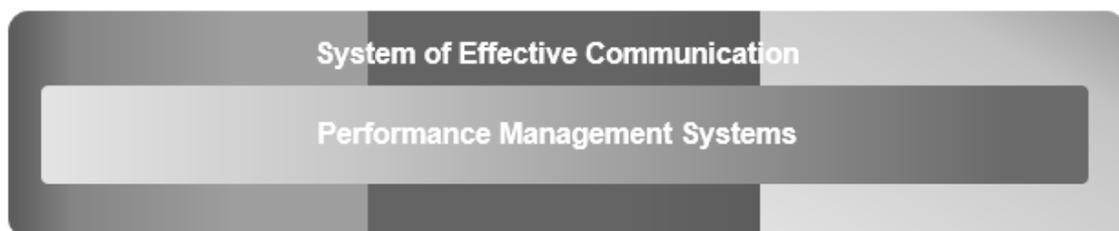
Owing to the fact that people performance management is absent in the before phase of an acquisition and the importance placed on it by the participants of the interview process, it can be concluded that people performance management should be given more consideration early on in the process, whilst communicating with the parties involved in the acquisition process.

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6.3.6 Conclusive Findings for Research Question 2

The main constructs identified by the combined group of respondents in answering question six, seven, eight and nine of the interview questionnaire, which review all of the three phases of an acquisition, are 'communication' and 'performance management systems'. These results are consistent across the three phases and can be tied back into question three, as well as question ten and question eleven of the interview questionnaire. They are also consistent with the existing literature (Bauer & Matzler, 2014; Karnouskos, 2015; Mirc, 2014; Vazirani, 2012).

Where this research differs from the existing literature is in that it categorises a number of constructs as being foundational to an acquisition process. These foundational constructs are essential to the three phases of an acquisition and are the basis of a successful acquisition transaction.

The findings from Research Question 3 can be extrapolated and consolidated into the core activities of each of the three phases of an acquisition as shown below in Figure 5.

Figure 5: Overall Core Activities
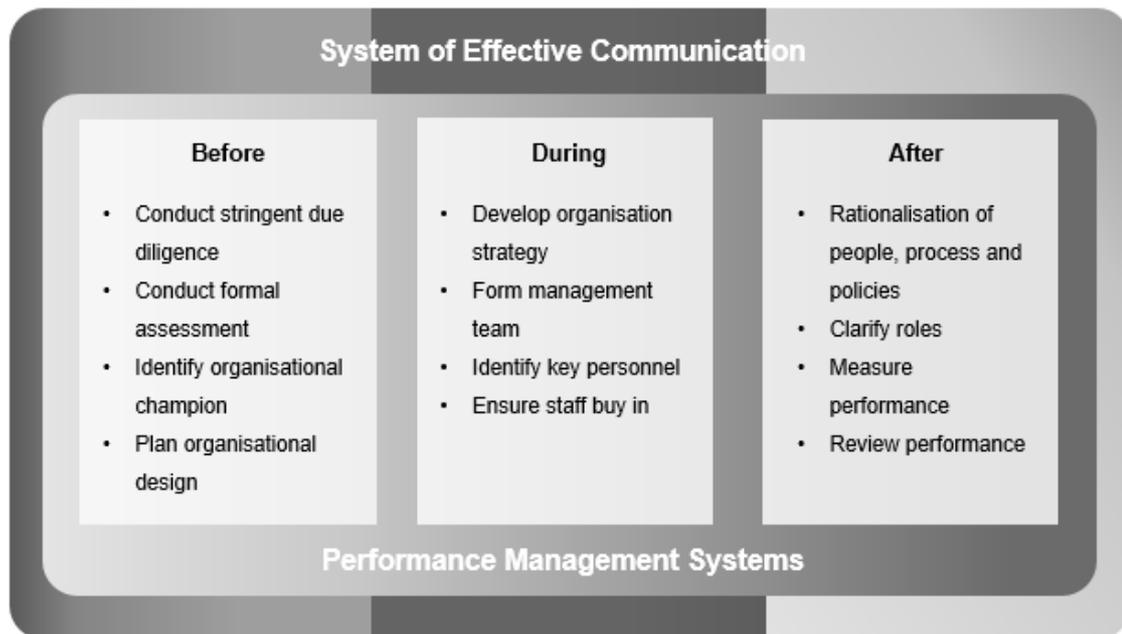
6.4 Discussion of Results for Research Question 3

Research Question 3: What are the key drivers of employee performance post acquisition?

Research Question 3 was used to identify the key drivers of employee performance during an acquisition process. This question identified the systems and processes in place that drive employee performance. It also identified those outcomes which inhibit employee performance.

6.4.1 Key Drivers of Employee Performance Post-Acquisition

Question ten of the interview questionnaire was designed to prompt the interviewees to identify a number of key drivers which they perceived to be important for positively influencing employee performance post-acquisition. These key drivers of employee performance post acquisition are presented in Table 37.

In answering question ten of the interview questionnaire, respondents identified 'inclusivity', 'strong leadership' and 'clear objectives' as the top-ranked constructs.

In contrast to these findings Dibetso (2013) identified the following drivers of performance: job satisfaction, recognition, incentives, promotion prospects, sense of achievement, challenging work, participative decision making, employee development and growth.

While the results of this research appear to contradict those of Dibetso, closer examination suggests they are quite closely aligned with each another. For example, one could consider job satisfaction, participative decision making and recognition as falling under the 'inclusivity' construct, while incentives, promotion prospects, challenging work and employee development and growth are closely connected with 'clear objectives'. 'Strong leadership' is arguably important for the successful implementation and management of all of these drivers.

6.4.2 Key Inhibitors of Employee Performance Post-Acquisition

Question eleven, contrary to question ten of the interview questionnaire, allowed the interviewees to identify a number of inhibitors of employee performance post-acquisition. The inhibitors of employee performance post-acquisition identified by the respondents and the frequency of these elements, were presented in Table 40.

The top three constructs identified by the respondents as being the key inhibitors of post-acquisition employee performance can be described as 'lack of integration', 'cultural

misalignment' and 'unclear objectives.' These constructs were consistently identified by individuals both from a global as well as local perspective.

Once again there is some overlap when considering the inhibitors of employee performance identified by Dibetso (2013), namely: job security, personal development, monetary rewards, lack of mutual respect, working conditions, lack of trust, poor leadership, bureaucracy or red tape. All of these factors are strongly related to the three constructs noted above, particularly 'lack of integration' and 'unclear objectives'.

The 'cultural misalignment' construct arguably plays an all-encompassing role similar to that played by 'strong leadership' in section 6.4.1.

If these factors are to be met and the inhibitors overcome it is imperative that people management issues are successfully addressed in the change process, as ignoring them will result in poor employee performance and add to the already high rate of acquisition failures (Cartwright & Cooper, 2014; Cartwright & Schoenberg, 2006; Vazirani, 2012). Dibetso (2013) considers the inhibiting factors above to stem from poor leadership, which equates to an ineffective change management process.

6.4.3 Integrated Findings of Research Question 1, 2 & 3

When viewing the data gathered during the interview process and with reference to interview question three, nine, ten and eleven, the constructs shown in Figure 6 were identified in interview question three and ten and the converse of these constructs in interview question nine and eleven. Question three and ten reference what makes an acquisitions successful and what drives employee performance, resulting in the four constructs, namely 'cultural alignment', 'strong leadership', 'effective change management' and 'inclusivity and integration', whilst the same constructs were identified as contributors to the failure of an acquisition and inhibitors of employee performance, with the constructs being returned as follows: 'cultural misalignment', 'poor leadership', 'ineffective change management' and a 'lack of inclusivity and integration.'

These foundational elements are presented in Figure 6 below. It is noted that the relative importance of each element is shown by the darkness of the shade, showing that 'cultural alignment' was identified most commonly, with lessening focus on 'strong leadership', 'effective change management' and 'inclusivity and integration'.

These foundational elements are reflected in Figure 6 below.

Figure 6: Foundational Elements

| Inclusivity and Integration |
| Effective Change Management |
| Strong Leadership |
| Cultural Alignment |

6.4.4 Conclusive Findings for Research Question 3

The results of Research Question 3 were identified from the responses gained from interview question ten and eleven. The responses that were put forward as key drivers of employee performance, were essentially the inverse of the responses put forward as to what inhibits employee performance. These constructs were identified as 'cultural alignment', 'strong leadership', 'effective change management' and 'inclusivity and integration'. These results were reiterated through question three of the interview of the questionnaire, and again the converse of these constructs were described when answering question nine of the interview questionnaire, when evaluating what contributes to the failure of an acquisition.

Therefore, it is conclusive that the constructs of 'cultural alignment', 'strong leadership', 'effective change management' and 'inclusivity and integration', are consistently identified as drivers of employee performance and such contributors to the overall success of an acquisition. They can thus be confirmed as foundational elements required throughout the acquisition process. The ranking of the importance of these constructs is demonstrated in Figure 4 with the degree of shading portraying the weighting of the importance of these constructs. These constructs are consistent with those identified in the review of the literature in Chapter 2 and as such, it is suggested that the above constructs be used as input into 'a framework for maximising acquisition success' which is revealed and described in Chapter 7.

6.5 Conclusion

The results of this research project indicate that there are a number of foundational and structural elements that need to be present during the acquisitions process to ensure a successful outcome. By having such elements in place the ability to maximize the success of an acquisition is enhanced through superior employee performance. The underlying foundational and structural elements are considered in the 'Framework for Maximising Acquisition Success' presented in Chapter 7 of this research project, which evaluates the importance of these elements in each of the three phases of the acquisition process. It can be concluded that the research objectives, as per the three research questions presented in Chapter 3 of this research project, have been met. This research contributes to the current literature on acquisitions and the success thereof.

CHAPTER 7: CONCLUSION

7.1   Introduction

In this chapter, the 'Framework for Maximising Acquisition Success' formulated by the researcher is presented and discussed with reference to the existing literature reviewed in Chapter 2 and the research findings and developments identified and discussed in Chapter 5 and Chapter 6. Recommendations are made for individuals, namely senior managers and executives, who will participate in a future acquisition. Finally, recommendations are proposed for future research.

7.2   'Framework for Maximising Acquisition Success'

In this section the 'Framework for Maximising Acquisition Success' will be discussed in terms of how the framework was developed with an explanation of the framework following.

7.2.1   Developing the Framework

The framework was developed after analysing the responses to the interview questions and reviewing the existing literature on this topic. It was found that respondent feedback tended to coalesce around specific, common themes. These themes have been arranged into categories that fit together to form the framework that is presented in Figure 7 below.

The 'Framework for Maximising Acquisition Success' was developed to assist senior managers and executives who may be involved in future acquisitions by presenting a clear understanding of the different elements they should be focusing on at each stage of the acquisition process. The model details the underlying foundational elements that are applicable throughout an acquisition process, which by their very nature are requisite in order to provide a foundation for the overall acquisition process.

The model encompasses a set of core activities that need to be performed in each of the phases along the acquisition journey. These activities will assist senior managers and executives in ensuring that any required activities are not overlooked and thereby create a shortcoming in the acquisition.

Finally, the model identifies the critical enabling factors that are necessary at each stage of the acquisition process. These enabling factors were consistently identified by the respondents in each of the acquisition phases. Furthermore, the respondents indicated that in each of the three acquisition phases, the critical enabling factors were necessary in varying degrees in order to contribute to the overall success of the acquisition.

7.2.2 Explanation of Framework

The different focus areas of the model can be described as:

- Foundational elements,
- Core activities, and
- Critical enabling factors.

Each of these areas are described below in the context of the three phases of an acquisition. The three phases of an acquisition can be described as 'before', 'during' and 'after' the acquisition. The 'before' phase encompasses the identification of the opportunity and the build up to the acquisition, and is based around planning. The 'during' phase is the actual execution of the acquisition and taking on staff, process and policies, while the 'after' phase can be described as the timing once the acquisition deal has been concluded the new organisation is operational.

The 'foundational elements' are underlying elements on which the entire acquisition process needs to be built upon. They are relevant throughout the process and the different elements were also described as being of varying importance which is represented by the intensity of the shading and is described below.

The model should be interpreted from left to right in terms of a timeline with the 'before', 'during' and 'after' blocks containing the unique activities required to ensure the process is executed successfully and the required sequence for these activities to occur is met.

Furthermore, the 'critical enabling factors' are depicted in such a way as to encapsulate the three phases and their 'core activities'. They are common factors identified in each of the three phases, but have varying degrees of importance in each of the phases which is illustrated by the intensity of the shading. They envelop the core activities as they are essential in order to facilitate the execution of the different activities.

Finally, it should be noted that the different shades of the foundational elements and critical enabling factors, indicate the importance of the elements and factors at a particular time in the acquisition process, with darker shaded elements considered to be being more important and requiring a greater focus than the elements and factors with lighter shading, which were deemed to be less important or requiring a lower intensity of execution at a specific point in time.

These different elements, activities and factors are illustrated in Figure 7 below.

Figure 7: 'Framework for Maximising Acquisition Success'

7.2.2.1 Foundational Elements

The researcher identified a number of foundational elements throughout the interviews. Respondent feedback was consistent across several questions of the interview questionnaire, namely interview questions three, nine, ten and eleven. These findings were discussed in Section 6.4.3, which identified 'cultural alignment', 'strong leadership', 'effective change management' and 'inclusivity and integration' as elements that are required in every acquisition and which span across the entire acquisition process. Due to their relevance at each stage of the acquisition process the researcher deemed them to be foundational in nature.

Senior managers and executives should recognise the importance of these foundational elements and that they must be present throughout the acquisition process. Secondly, they should note the ranking ascribed to each of these elements. For example, before undertaking the acquisition of a new organisation consideration should be given to the culture of both entities as well as understanding what the intended culture of the new organisation will look like. They should keep in mind that two cultures cannot be forced together and that the new culture needs to be grown over a period of time.

The senior managers and executives should appreciate the role of strong leadership and the importance that this brings to managing the process effectively. The leadership choice involved choosing the correct composition of the management team to lead the acquisition process. This team needs to have the correct skills to drive the process while obtaining staff buy in and keeping the employees motivated and dedicated to the greater good of the organisation whilst the change is happening.

To be effective, change management processes should be formalised. It is also recommended that the organisation employs a properly qualified individual or group of individuals to control the change management process through a formal change management programme.

Inclusivity and integration is the final foundational element which senior managers and executives should have an understanding of and be able to plan for. It is human nature for people to want to be included in the transaction and to feel part of the process. Swift integration of the systems, processes and people is critical to maximise the chances of an acquisition being successful.

7.2.2.2 Core Activities

In addition to the foundational elements and factors classified as common to all aspects of the phases of an acquisition, the researcher identified a set of unique activities that

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need to take place in each of the individual phases of the acquisition process. These activities have been termed 'core activities' and act as high level indicators of the key activities required at each of the phases to ensure that that transaction is executed successfully.

7.2.2.2.1 Before Phase

The following activities were identified by the respondents as unique to the before or pre-acquisition phase. These constructs were 'conduct stringent due diligence', 'conduct formal assessments', 'identify organisational champion' and 'plan organisational design', and assist in the overall planning and execution of an acquisition.

Conduct stringent due diligence: It is necessary to conduct a stringent due diligence prior to undertaking the acquisition. This due diligence should focus on the commercial elements of the organisation being acquired, as well as the processes, policies and people of the organisation.

Conduct formal assessments: Employees from both parties to the transaction should be formally assessed to ensure that they are assigned to the correct positions in the new organisation.

Identify organisation champion: It is imperative to identify a change champion who is able to "infiltrate" the employees at grassroots level and champion the change process. Employees often identify better with a peer rather than a senior manager or executive.

Plan organisational design: The future state of the organisational structure should be investigated and drafted prior to the acquisition occurring in order to ensure preparedness around the placement of the staff into the relevant structure.

7.2.2.2.2 During Phase

The respondents identified a further set of activities that were relevant once the acquisition process was underway, namely: 'develop organisation strategy', 'form management team', 'identify key personnel' and 'ensure staff buy in'. The respondents all felt that these activities were critical to the overall success of an acquisition.

Develop organisation strategy: The acquisition management team should collaborate to develop the strategy for the new organisation, setting clear objectives and a clearly defined strategy.

Form management team: A key focus area. It is important to have a mix of management from the acquiring as well as acquired company to ensure suitable continuity is achieved and that the future strategy can be successfully implemented.

Identify key personnel: Key personnel should be identified and looked after in such a way that the risk of the leaving the new organisation is mitigated. Furthermore, the intellectual property that they hold should be formally documented so that the key-man risk associated with these individuals is mitigated.

Ensure staff buy in: It is important for the leadership team to ensure that the staff who are chosen to continue in the new organisation are committed to the overall strategy of the new organisation and thereby remain dedicated to the success of the process.

7.2.2.2.3 After Phase

The respondents then identified a different set of post-acquisition activities that they felt contributed to the overall success of an acquisition. These activities were 'rationalisation of people, processes and policies', 'role clarification', 'measure performance' and 'review performance'.

Rationalisation of people, processes and policies: The new organisation may require rationalisation of people, processes and policies. This may be as a result of two disparate organisations coming together, and the need to choose which staff to retain, which processes to implement and which policies are appropriate. This needs to be effected as swiftly as possible to overcome the dragging out of the process and the creation of further uncertainty.

Role clarification: It is imperative that the identified roles within the new organisation are clear to those performing them. This will give the individuals a clear definition of expectations and they are able to align to that accordingly.

Measure performance: It is imperative that proper performance measurement processes are effectively implemented. These will allow the members of the new organisation to understand the progress that has been made during the acquisition process and to identify any shortcomings early and address them accordingly.

Review performance: The individuals participating in the acquisition process should have regular performance reviews to ensure that they are aligned with the organisation and its intent. In the event that the performance review yields a negative result, remedial action can be taken to improve this performance.

Senior managers and executives should be aware of the core activities that need to be executed upon during each of the phases of the acquisition process. Consideration should be given to the planning of the entire process, clearly defining objectives, intentions, strategies and the tasks that need to be performed during each phase of the process.

Having a thorough understanding of the required activities at each phase of the acquisition will ensure that they are performed in the correct order with the right amount of focus, assisting in achieving the desired outcome of the acquisition.

7.2.2.3 Critical Enabling Factors

The critical enabling factors have been defined as common elements identified by the respondents that are relevant across each of the three phases of the acquisition process. The two enabling factors identified were 'communication' and 'performance management systems' and were discussed in section 6.4.1, section 6.4.2 and section 6.4.3. These factors were deemed to be critical to the entire process.

Again, the intensity of the shading indicates the relevance of the construct to each phase of the acquisition process. For example, communication is deemed to be most important in the 'during' phase of an acquisition, followed by the 'before' phase and finally in the 'after' phase. Communication also forms a critical part of the overall system. Thus the term 'system of effective communication' has been used across all three phases in the framework.

The other construct identified as a critical enabling factor is 'performance management systems'. Again, this was identified by the respondents as being important throughout the acquisition process. Even in the before phase where these management systems were mostly identified as absent, it was acknowledged that they should be put in place as early as possible.

The participants of an acquisition should be aware of the two critical enabling factors that were identified through this research. Those being communication and performance management systems. Communication is imperative between all of the individuals involved in the acquisition and will assist all parties in understanding the required actions to take place, knowing what the intentions of the process are, as well as feeling part of the overall transaction.

Senior managers and executives should give consideration to performance management systems as early on in the process as possible, ideally even before the transaction occurs. Key to this is deciding on which party's management system is going to be

implemented in the new organisation and to start driving the integration of that system as early as possible. This will allow for better tracking and measurement of the transaction itself, allowing for iterative changes being made as the transaction progresses.

7.2.2.4 Summary of 'Framework for Maximising Acquisition Success'

It is important to note that all of the elements in the 'Framework for Maximising Acquisition Success' need to be considered when undertaking an acquisition. None of the elements can be left out due to the high level of interdependence between them. Doing so will most likely lead to an unsuccessful acquisition.

'Cultural alignment', 'strong leadership', 'effective change management' and 'inclusivity and integration' are all foundational elements of the framework that need to be considered when evaluating an acquisition and the ability to extract value from undertaking such a process. The core activities are unique to each phase of the acquisition and need to be considered in the context of the critical enabling factors.

Finally, the critical enabling factors are requisite in order for the core activities to be performed optimally. Ensuring that all of the elements are understood and accounted for will ensure that the senior managers and executives who implement the framework can ensure that employee performance is leveraged in order to maximize the success of the acquisition.

7.3 Recommendations for Senior Managers and Executives

The recommendations featured in this section have been identified by the researcher from a number of consistent themes established as a result of the research, giving rise to the 'Framework for Maximising Acquisition Success' model and are considered to be pertinent to anyone considering the people performance aspects of an acquisition. These recommendations should include:

- Senior managers and executives should consider including the 'Framework for Maximising Acquisition Success' in their business practice when evaluating a potential acquisition, ensuring a full understanding of the various elements of the model and the degree to which they impact each of the phases of the acquisition.
- Senior managers and executives should understand the foundational elements and the fact that they are prevalent throughout the acquisition process and that they need and even before undertaking the acquisition of a new organisation, consideration should be given to the culture of both entities as well as understanding what the intended culture of the new organisation will look like.

The senior managers and executives should appreciate the role of strong leadership and the importance that this brings to managing the process effectively. Change management should be formalised and it is recommended that the organisation employs an individual or group of individuals to undertake the change management through a formal change management programme. Inclusivity and integration is the final foundational element which senior managers and executives should have an understanding of and be able to plan for.

- Senior managers and executives should be aware of the core activities that need to be executed upon during each of the phases of the acquisition process. Consideration should be given to the planning of the entire process, clearly defining objectives, intentions, strategies and the tasks that need to be performed during each phase of the process. By having a thorough understanding of the activities at each phase of the acquisition, it will ensure that the required activities are performed in the correct order and with the right amount of focus, assisting in achieving the desired outcome of the acquisition.

- Senior managers and executives should be aware of the two critical enabling factors that were identified through this research, being communication and performance management systems. Communication needs to occur as an enabler for the overall process to work and performance management systems should be given consideration as early on in the process as possible, even before the transaction occurs, deciding on which organisation's management system in going to be implemented in the new organisation, and start driving the integration of that system as early as possible.

7.4   Recommendations for Future Research

There is limited empirical research on the human component of the acquisition process and the role that this component plays in maximising the success of an acquisition. Therefore, the following three areas are suggested for future research:

1. There is a definite requirement for research to be conducted into the individual foundational elements and which of these elements have a greater influence when considering the people performance management through a successful acquisition.

2. A more in-depth investigation could be conducted into a single phase of an acquisition and the role of people management component therein, and the

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influence people performance management has on the overall success of an acquisition.

3. Research into the perceptions of executives versus the perception of senior managers into what makes an acquisition successful.

4. The perceptions the individual employees as to what makes an acquisition successful who have undergone acquisitions and what people management systems could add value.

5. Further research understanding from the perspective of the acquired as opposed to the acquired and the success thereof.

6. A better understanding of what people performance management systems would be more effective for different organisations.

7.5   Limitations of Research

As stipulated in Chapter 4 of this research project, qualitative research is subjective in nature, leaving the interpretation of the findings up to the discretion of the researcher. This interpretation may have resulted in the introduction of certain biases (Saunders & Lewis, 2012; Zikmund, 2003; Zikmund et al., 2010). In lieu of this, the following limitations have been identified:

- Biases may have been from the side of the researcher or the respondent. The bias of the researcher may be owing to personal interpretation which may have differed from that of an independent observer, resulting in a different conclusion having been drawn from the same interview (Zikmund et al., 2010).

- The response may have been subjected to bias as the participants were sharing a personal experience which they may wish to portray a certain view, thus not providing an objective viewpoint of the process they have been part of (Zikmund et al., 2010).

- The research intended to make use of a two layered non-probability technique using both judgement and quota sampling, finding participants that are accessible, rather than a randomly selected sample. This may have potentially negatively impacted the results owing to the fact the sample was not representative (Saunders & Lewis, 2012; Zikmund, 2003).

- All interviews were conducted with participants across a single global entity, and therefore, the generalisability of the results are not applicable across other populations with any degree of confidence (Zikmund, 2003).

- The researcher acknowledges that owing to the demographic make-up of the respondents with 14 males and two females participating in the interview process, gender bias may have an impact on the responses (Zikmund et al., 2010).

7.6   Conclusion

This research project bridges the gap between existing literature on acquisitions and the limited research conducted on the management of people performance through the acquisition process. It contributes to the already well-researched topic of acquisitions, as well as providing new insights into the lesser-known role of employee performance management in such processes, illustrating the nuances that exist between the necessary requirements for each phase, before, during and after, of an acquisition. It provides stakeholders, in both a global and local context, with a unique model that will assist them in their business practice when undertaking an acquisition, supporting the process in order to maximise the chances of acquisition success by leveraging employee performance.

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9. APPENDICES

Appendix 1: Invitation to participate in research study

Dear Participant

Further to our earlier discussion, I am in the process of completing an MBA at the Gordon Institute of Business Science and am currently undertaking the research component of the course in the format of a thesis. The title of my research project is 'Leveraging employee performance post acquisition'.

I believe that you will be able to contribute to the project owing to your exposure to such processes and expertise, and will be able to make an invaluable contribution to the study. It would be very much appreciated if you would participate in an in-depth interview which will be the chosen method of data collection, and provide valuable insight into the topic.

The process should not take more than 45 minutes, and it is intended that the interview will be conducted during June or July 2016. I have attached a copy of the consent form which will be required to be completed prior to the commencement of the interview.

The data gathered during the interview will be solely for the purposes of my research and all information will remain confidential. Furthermore, any data shared will remain anonymous and will not be linked back to any individual.

The research questions I aim to answer through this process are as follows:

1. What role does people performance management play in an acquisition?
2. What people management practices contribute to the success of an acquisitions, before, during and after an acquisition?
3. What are the key drivers of employee performance post acquisition?

I look forward to your confirmation that you will be able to partake in the process during June or July this year.

Yours sincerely

Richard Dewar

dewar.richard@gmail.com

Appendix 2: Participant consent form

Dear Participant

I am conducting research on employee performance post acquisition, and am trying to find out more about people management issues and practices involved in an acquisition, and how employee performance can be leveraged post acquisition to achieve a greater likelihood of success of an acquisition. Our interview is expected to last about 45 minutes, and will help us understand executives and senior managers' insight of people management issues and practices in the acquisition process and how these contribute to employee performance post acquisition.

Your participation is voluntary and you can withdraw at any time without penalty. Of course, all data will be kept confidential. If you have any concerns, please contact my supervisor or me. Our details are provided below:

Researcher
Richard Dewar
dewar.richard@gmail.com
082 459 6258

Supervisor
Hayley Pearson
pearsonh@gibs.co.za
011 771 4000

Signature of participant: _____

Date: _____

Signature of researcher: _____

Date: _____

Appendix 3: Interview Questionnaire

Questionnaire: Leveraging employee performance post acquisition

Name: Start Time:

Job Title: End Time:

Date:

Thank you for taking the time to meet with me today.

The intention of the research is to understand what people management issues impact the success of the acquisition process and to identify what people management practices drive or inhibit employee performance. This will give executives and senior managers who may be involved in a future acquisition, a better understanding of the influence of these issues on employee performance post acquisition, allowing them to leverage employee performance. Ultimately, providing an improved chance of making a successful acquisition.

The research intends to answer the following questions:

1. What role does people performance management play in an acquisition?
2. What people management practices contribute to the success of an acquisitions, before, during and after an acquisition?
3. What are the key drivers of employee performance post acquisition?

Please confirm that you are happy to sign the consent form and that you are comfortable with this interview being recorded.

1.   Tell me about an acquisition you have been involved in.

_____

_____

_____

2.   How successful was that acquisition? Please provide a percentage to the success rate.

_____

_____

_____

3. What do you believe made the acquisition a success?

_____

_____

_____

4. What percentage of a successful acquisition do you believe depends on people management? Please provide a percentage to the success rate.

_____

_____

_____

5. What role did managing people performance play in that level of success for the whole acquisition?

_____

_____

_____

6. What did you do before the acquisition with regards to managing people performance?

_____

_____

_____

7. What did you do during the acquisition with regards to managing people performance?

_____

_____

_____

8. What did you do after the acquisition with regards to managing people performance?

_____

_____

_____

9. If it failed, what factors (around people performance) do you believe contributed to the failure of the acquisition?

_____

_____

_____

10. What have been the key drivers of employee performance post acquisition?

_____

_____

_____

11. What are the inhibitors of employee performance post acquisition?

_____

_____

_____

Appendix 4: Ethical Clearance Letter

Dear Richard Dewar

Protocol Number: **Temp2016-00931**

Title: **Leveraging employee performance post acquisition**

Please be advised that your application for Ethical Clearance has been APPROVED.

You are therefore allowed to continue collecting your data.

We wish you everything of the best for the rest of the project.

Kind Regards,

Adele Bekker

Appendix 5: Turnitin Report