Exploring post-merger integration challenges experienced by leaders in South African organisations

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ABSTRACT

Mergers and acquisitions (M&A) as a lever for businesses to achieve organisational and operational growth have been prevalent for many years. However, many M&A transactions do not realise the benefits or synergies that were originally envisaged.

Integrating two or more companies is challenging, and even more so for company leaders who are not only responsible for the integration, but also have to realise the synergies by leading the merger's change process. The consequences of not achieving the envisaged benefits of the merger or acquisition, or it ending in a failed transaction, are immense for the leaders, shareholders, employees, and other stakeholders.

Using an interpretivist paradigm, this exploratory and descriptive study identified and examined the major challenges company leaders experience during the post-merger integration phase of such a transaction. Qualitative data were collected from nine purposively selected company leaders who had been involved in post-merger processes in South African organisations. The data transcripts of the semi-structured interviews were analysed using content and thematic analysis, resulting in eight themes, based on which conclusions were drawn.

The eight emergent themes representing the major challenges that leaders face in a post-merger integration process are: cultural incompatibility, lack of competent leadership, system and software integration, communication, employee retention, lack of trust, unexpected negative realities, and resistance to change. The findings of this study are aligned with recent literature. Some of the recent literature focused on certain aspects of the post-merger integration process, such as the human element, whereas others focused only on the system element. This study focused on challenges that leaders face in merger integration, thereby combining human and non-human challenges.

The study provides managerial implications and recommendations for leaders to consider when engaging in M&A processes. First, leaders must understand and comprehend the dynamics within the post-merger integration process to mitigate the risk of transaction failure.

A limitation of the research is that it concentrated only on leaders who had been involved in M&A transactions in South Africa and the study’s findings may not be a fair reflection of the broader challenges experienced. Another limitation is that only organisation leaders were interviewed, which may have created bias in the findings.

Future research could employ a larger sample and seek additional connections between organisational change management techniques, organisational integration strategies used in M&As, and effective change management. Although much research has been conducted on post-merger integration, future researchers could focus on the aspect of culture and cultural incompatibility, which was found to be a key challenge experienced by leaders in the present study.

Keywords: change; change management; leadership; mergers and acquisitions; post-merger integration

DECLARATION

I certify that this research project, titled "Exploring post-merger integration challenges experienced by leaders in South African organisations", is my own and is being presented in partial fulfilment of the Master of Business Administration degree requirements at the North-West University. It has never been submitted for a degree or examination at any other university.

Additionally, I certify that I have obtained all necessary authorisations and consent to conduct this study.

Q Stander

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CHAPTER 1: INTRODUCTION AND BACKGROUND

1.1 Introduction

To remain competitive, organisations must be able to resist and adapt to changing environments, competitive threats, and innovative technology advancements (Maepa, 2014:1). Businesses looking to grow or enhance their operations may consider buying or acquiring another company (Maepa, 2014:1). Bauer and Matzler (2014:269) state that mergers and acquisitions (M&As) constitute a significant source of external growth and business development. In addition, M&As continue to be a viable option for companies seeking to respond to external or technological changes or enter new geographical or product markets more efficiently and rapidly than what is possible through organic growth (Dao & Bauer, 2021:1).

A study by Baker McKenzie (2021) revealed fewer M&A deals in South Africa yearly. However, while fewer M&As may occur in the following years, market conditions and opportunities to capitalise on industries' demand may improve. South African M&A transactions increased from US$3.7 billion in the first half of 2018 to US$16.6 billion in the first half of 2019, an increase of 347%. The rise in deal value was driven by three large deals totalling US$15 billion (Baker McKenzie, 2021). This demonstrates that the South African business landscape is active in performing M&As.

When the M&A market's annual value surpasses significant economies' gross domestic product (GDP), the impact of failure is extensive. Not only are companies' financial statuses ruined, but M&As often coincide with the removal of excessive human and other resources, so-called 'optimisation', resulting in severe organisational upheaval (Cording *et al.*, 2008:745; Karim, 2006:799). Some companies then blame M&A failures on these 'soft' factors (Vaara *et al*., 2014:1312). Although M&As appear to have been a favoured growth strategy, more than half of all M&A transactions fail to accomplish the intended objectives (Bijlsma-Frankema, 2004:266; Cartwright & Cooper, 1995:33; Rennebooga & Vansteenkiste, 2019:654).

1.2 Background to the Study

After completion of a merger or acquisition transaction, post-merger integration is required, which refers to measures implemented by management to realign two formerly distinct organisations (Pablo, 1994:804) to achieve synergies that neither party could have achieved alone (Tarba *et al*., 2020:4).

Integration involves numerous interrelated tasks and dimensions (Birkinshaw *et al*., 2000:399). For example, Larsson and Finkelstein (1999:16) found that it may not be sufficient to exploit synergies created by the merger or acquisition; the organisation may have to implement additional changes to specific structures and processes in order to optimally realise synergies (Larsson & Finkelstein, 1999:16). Thus, post-merger integration efforts significantly affect the success or failure of an acquisition (Pablo, 1994:805). Integration is a vital to achieve co-ordination across operational, structural, and cultural units when there is a high degree of dependency between the newly combined companies (Puranam *et al*., 2009:313).

Due to the inherent complexity and uncertainty of integrating operations that originated across organisational boundaries, post-merger integration is the most challenging phase of M&As (Cording *et al*., 2008:760). Merrel (2012:22) notes that post-merger integration is the most important factor in the success of M&As, as it is the process that defines the structure of the combined organisation and serves as the foundation for the development of the entity's new culture and identity.

With all M&As, there is a possibility of failure. Therefore, leaders responsible for planning the anticipated merger or acquisition should identify and address integration challenges (Maepa, 2014:4). This is done by companies developing integration strategies in preparation for M&As, in order to achieve the planned outcomes (Maepa, 2014:4).

The present research is aimed at exploring and describing the challenges experienced by leaders in the merger process, in order to make recommendations for the effective management of challenges, to minimise the failure of M&As during the post-merger phase.

1.3 Problem Statement

Organisations worldwide spend significant amounts of money merging with or acquiring other firms. South Africa is no exception, with businesses seeking to grow or enhance their operations. M&As constitute a significant source of external growth and business development (Maepa, 2014:1; Bauer & Matzler, 2014:269). Baker McKenzie's (2021) research revealed that inbound M&A transactions in South Africa executed in the first half of 2019 were significantly greater in value than in the same period in 2018.

The amount of money organisations spend annually on M&A transactions indicates the importance of and the reliance on M&As to promote business growth and accelerate shareholder returns. However, most M&As fail to achieve the intended outcomes (Dymond, 2018:14). Failure is to the degree to which the merger or acquisition did not accomplish the desired outcomes, which could be, amongst others, synergies and financial gains realised in the combined organisation.

Much research has focused on the financial success of M&As (King *et al.*, 2019:2). However, not all organisations are aware that managing the merger process, specifically, as organisational change is essential for success. King *et al. (*2019:2) categorise a merger as a change that requires management and leadership. Leaders should drive a dynamic change process, one that is inclusive of systems, culture, procedures, and practices, to ensure successful integration post-merger (King *et al.*, 2019:2). Therefore, the present study will focus specifically on mergers, rather than on both M&As, despite literature often not distinguishing between the terms.

The specific problem that this study will address is that mergers often fail due to inadequate integration and a lack of understanding of the post-merger challenges faced by leaders involved in the merger transaction. It is argued that leaders in the merger process might not understand what causes failure of post-merger integration, and how they can effectively manage and lead mergers. It is postulated that only post-merger that leaders realise that integration challenges have led to the failure of the merger.

This study will identify the post-merger integration challenges experienced by organisational leaders who had been involved in merger processes. The findings it could provide solutions for leaders to consider in the planning of and preparation for M&As.

1.4 Research Objectives

Primary objective

The primary objective of this study is to explore and identify the post-merger integration challenges experienced by leaders in South African merged organisations.

Secondary objectives

The secondary objectives are:

- To identify post-merger challenges indicated in the literature.
- To explore post-merger challenges experienced by leaders in South African organisations.
- To categorise the identified post-merger challenges experienced by leaders into clusters/themes.

1.5 Significance of the Study

Theoretical contribution: This research is aimed at adding value to the knowledge related to M&As and post-merger integration.

Practical contribution: This research's findings should benefit any business leaders contemplating M&A transactions by identifying the factors to be considered, as experienced by leaders involved in M&A transactions.

Industry contribution: Understanding the challenges before or during the early stages of M&A processes may help business leaders to make choices and formulate strategies that mitigate these challenges and ensure effective integration.

1.6 Scope/Delimitations of the Study

1.6.1 Field of study

In this study, M&As will be explored through the field of organisational change and organisational behaviour, with a focus on the post-merger experiences of leaders.

1.6.2 Sector/Industry/Business under investigation

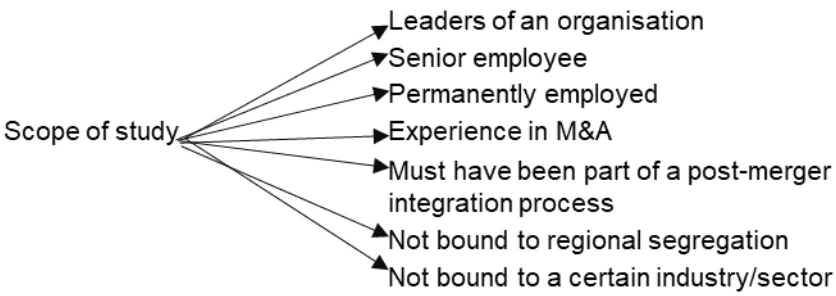
The senior leaders who will participate in the study will be permanently employed have been part of a merger or acquisition transaction, and will be drawn from various industries and sectors across South Africa. This research is aimed understanding the challenges of the post-merger integration phase, and will not considering any specific geographical areas, sectors, businesses, or industries.

1.6.3 Geographical demarcation

Organisational leaders from all South Africa's provinces who have been part of M&As and have experienced post-merger integration challenges will be approached to participate of this study.

Figure 1 illustrates the sample inclusion criteria for the study.

Figure 1: Sample inclusion criteria per the scope of the present study



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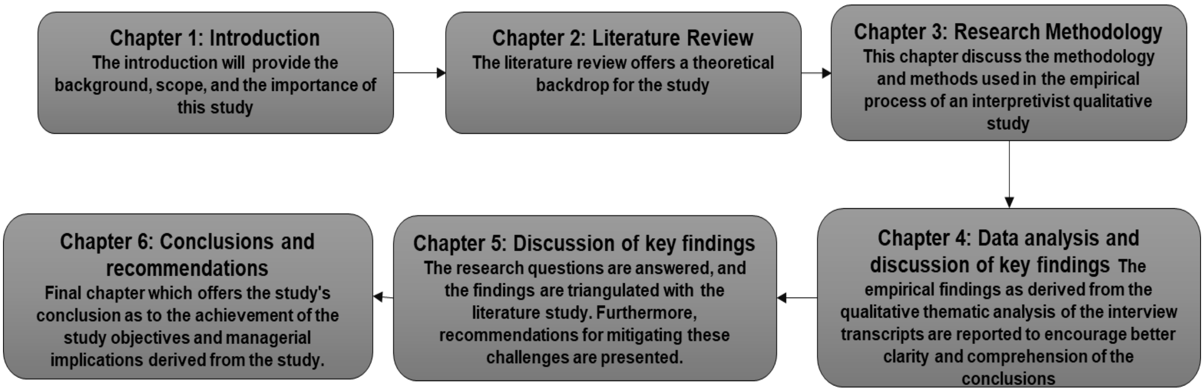
1.7 Chapter Outline

Figure 2 illustrates the chapter outline of the study, which is thereafter discussed.

Figure 2: Chapter outline



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Chapter 1: Introduction

This chapter provided an introduction and background to the study and discussed the problem statement and the importance of the study.

Chapter 2: Literature review

This chapter reviews relevant literature on this domain, offering a theoretical backdrop for the investigation.

Chapter 3: Research methodology

This chapter discusses the methodology and methods used in the empirical process of this interpretivist qualitative study, including the research paradigm, research approach, strategy, time horizon, data collection procedures and analysis, and ethical considerations. Measures taken to ensure trustworthiness of the study are also presented.

Chapter 4: Data analysis and discussion of the findings

This chapter reports the empirical findings of the study.

Chapter 5: Discussion of findings

The research questions are answered in this chapter, and the findings are linked to extant literature.

Chapter 6: Conclusions, Managerial Implications and Recommendations

This is the final chapter of this study. The achievement of the research objectives are reviewed, followed by recommendations, a discussion of the study's limitations, and avenues for future research.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The literature review, firstly, indicates the importance of secondary data collected from the existing body of knowledge (Grady *et al*., 2013:192), published in scholarly books, peer-reviewed journals, and dissertations. The North-West University Library, Ebscohost, Google Scholar, and other databases were used as sources of information, such as articles, journals, dissertations, and newspapers.

The discussion covers a broad range of theoretical concepts in organisational change management and leadership that relate to the challenges of M&As' integration process (Jordan, 2019:10). The discussion commences with definitions of terms and the reasons why M&As are undertaken. The process of M&As is then described, followed by an in-depth review of the post-merger integration process. Furthermore, the researcher reviewed current literature on challenges experienced by leaders in the post-integration process and the role of leadership during this process. Lastly, the importance of leadership during a change process is reviewed and discussed.

The next section provides definitions of the terms used in the study.

2.2 Definitions of Terms

Challenge: A challenge is "something that needs great mental or physical effort in order to be done successfully and therefore tests a person's ability" (Cambridge Dictionary, 2022). PMI which is "the multifaceted, dynamic process through which the acquirer and acquired organisations or their components are combined to form a new organisation" (Graebner *et al.*, 2017:2).

Mergers and acquisitions (M&As): *M&As* is a broad phrase that refers to the consolidation of firms or assets via various financial transactions in which two or more organisations are involved (Auhto, 2019:12). Riya and Patra (2020:144) note that M&As entails merging the balance sheets of two legal entities to form one legal entity. The terms *merger* and *acquisition* are sometimes used interchangeably, but they have distinct meanings (Auhto, 2019:12).

Mergers may be horizontal, vertical, or conglomerate mergers. When two rivals join, it is a horizontal merger. Vertical mergers entail a transaction based on a buyer−seller relationship. A conglomerate merger occurs when two businesses are not rivals and there is no buyer−seller relationship (Gaughan, 2018:14).

An acquisition entails a company acquiring a controlling stake in another business, a legal subsidiary of another business, or a portion of another business's assets (Mensah & Onumah, 2017:97). Auhto (2019:12) describes an acquisition as one firm purchasing another and identifying itself as the new owner. A merger occurs when two similar companies combine, rather than continue to be owned and run independently (Auhto, 2019:12).

Organisational change: Organisational change is the process through which members of an organisation adopt a new idea, concept, or behaviour, in part or as a whole (Odor, 2018:59). Organisational change may refer to change related to the organisation's vision and mission, strategy, culture, organisational structure, systems, manufacturing methods, and/or management style (Sofat *et al*., 2015:40). In the broader sense, change refers to ongoing transformations in one or more organisational domains, such as innovation, structures, and personnel (Sofat *et al*., 2015:40). It may be necessary due to external environmental forces and/or the need for greater integration to realise efficiencies.

Post-merger integration: Post-merger integration is the process of reconfiguring organisations after the transaction closes by redeploying, adding, or divesting resources, lines of goods, or whole businesses to realise the desired combined advantages (Bodner & Capron, 2018:2).

The next section examines the rationale behind M&As.

2.3 The Purpose of M&As

Sherman (2010:7) provides generic reasons for concluding M&As. These include a host of aspects, such as revenue growth, a restructuring in the industry value chain in response to competitive cost pressures to enhance economies of scale, pressure from investors, underutilised resources, reducing the number of competitors, and improving technology and engineering.

Ombaka and Jagongo (2018:4) note that M&As are increasingly being employed worldwide to improve companies' competitiveness by growing their market share and diversifying the portfolio to decrease business risk when entering new markets. Ferreira *et al.* (2014:8) note that businesses today face worldwide rivalry due to economic liberalisation, deregulation, and globalisation. Therefore, in today's economic climate, M&As are critical strategic tools for gaining a long-term competitive advantage and are significant strategic tools for business growth (Čiegis & Andriukeviius, 2015:66). M&A strategies of the acquiring firm must be aligned with the firm's business strategy in terms of acquisitive growth (Brueller *et al.,* 2014:40). M&As could also be defensive (Hopkins, 1991:665) or motivated by private advantages, with company leaders acquiring other enterprises to prevent losing their personal benefits if their own company is purchased (Gorton *et al*., 2009:1303).

Overall, M&As are a multiphase series of events that occur in markets globally, with the bargaining stage playing a critical role. The next section discusses the different stages of the process, the instruments used, and the related laws and regulations.

The next section describes the process of M&As.

2.4 The M&A Process

Numerous frameworks and models are proposed in the literature on the stages of M&As. Ghauri and Buckley (2003:216) note that M&As have two main stages: (1) pre-merger motivation, due diligence, and valuation, followed by (2) post-merger integration and performance assessment. Likewise, Brueller *et al*. (2014:52) and Webster (2016:464) identify three stages of M&A transactions: (1) target discovery, (2) due diligence and acquisition, and (3) post-merger integration.

Brueller *et al.* (2014:52) note that identifying potential target firms is the first stage in putting M&A strategies into action. When choosing target firms, the acquiring organisation generally focuses on the merged businesses' synergistic or interactive benefits.

Pathak (2016:19) and Recardo and Toterhi (2015:7) note that due diligence and acquisition comprise the second stage of M&A processes. In conducting due diligence, the buyer's consultants or experts, with assistance from the seller's consultants, evaluate the target's market, financial performance, and operational values (Recardo & Toterhi, 2015:7). The due diligence process often necessitates a high level of confidentiality and, in most cases, excludes the people-management component and organisational integration plans (Recardo & Toterhi, 2015:7).

Ranucci and Souder (2015:263) state that post-merger integration is the third stage of a merger. The amount of post-merger or post-acquisition integration is determined by the overall strategic purpose of the transaction. The degree of organisational and operational integration can range from not being integrated, where the purchaser and targeted firm remain independent, to fully incorporating the target business into the purchaser's organisation (Recardo & Toterhi, 2015:10).

Marks and Mirvis (2015:4) designed a framework in which the initial stage is 'pre-combination', when the acquiring organisation specifies and selects a target acquisition. After discussions, the proposed acquisition target is presented to shareholders and authorities for legal clearance. Next, the organisation defines its integration strategy and commences with the second stage, which is the combination of the entities. The final stage the post-combination, during which the integration is fully implemented and individuals begin to settle into the newly merged company.

Strategy planning, rigorous selection and screening of potential targets, due diligence, negotiations, and integration are all activities performed in any merger or acquisition, and form the basis of many M&A process models. As an example, the comprehensive Deal Flow Model developed by Galpin and Herndon (2007:10-11) is illustrated in Table 1. This model is widely used to describe the different stages of M&As (Kayombo, 2019:4; Koi-Akrofi, 2016:49).

Table 1: Deal Flow Model of Galpin and Herndon

Stage	Description
Formulate	The company's business goals and growth plan should be well-defined, reasonable, and data-driven. Next, the executives should identify a target firm according to a particular criteria, such as market share, geographical access, new goods or technology, and synergies. Finally, the executives determine if a possible M&A would meet the specific goals.
Locate	In this stage, the company identifies attractive target firms. Financial and operational analyses are conducted, and the results are examined by the executive staff. The M&A transaction team identifies high-level potential synergies. A letter of intent is drawn up, which includes the draft agreement specifications, terms, and conditions of the transaction.
Investigate/Due diligence	The third stage is a detailed due diligence, which entails investigation of all facets of the target firm. Before finalising a formal agreement, due diligence should unearth as much information as possible about the target. Due diligence should be carried out in various areas, including financial, operations, legal, and environmental concerns, to mention a few. Next, the due diligence team summarises the process's significant findings and looks for possible deal killers or synergies. Finally, the acquiring business uses due diligence results to create negotiation conditions, calculate

	pricing, and table preliminary integration proposals.
Negotiate	This stage consists of the actions and criteria needed to close a contract. The deal team leads this stage of the transaction. The transaction team and senior executives create the negotiation strategy with regard to terms and conditions of the deal after being informed by the due diligence team. Price, performance, people, legal protection, and governance are all variables that need to be considered when deciding on a final bargaining approach.
Integrate	This transaction stage should be tailored to each firm and adjusted for each deal. The process of designing and executing the newly amalgamated organisation's procedures, people, technology, and systems is covered in this stage. Issues such as how fast to integrate, how much disruption will be created, and how people can be assisted to continue focusing on customers, safety, daily operations, and communication with stakeholders should be considered.
Motivate	The final stage of this approach focuses on maximising the merged firm's long-term worth. After significant integration operations have been completed, and most, if not all, anticipated synergies have been realised, management's

	focus shifts to the needs for moving the organisation ahead to achieve continual performance gains.

Source: Galpin & Herndon (2007:10-11)

Research in the field of M&As is extensive, and the present study focused on the post-merger integration stage of a merger, which includes executing the newly amalgamated organisation's procedures, people, technology, and systems (Galpin & Herndon, 2007:10-11).

Once a merger transaction has been completed, management needs to consider integration of the newly acquired entity. This is discussed in the next section.

2.5 Post-merger Integration

A vast number of studies have found that post-merger integration (PMI) plays a significant part in the overall success or failure of a merger (Angwin & Meadows, 2015:2; Graebner *et al.*, 2017:2; Ahammad & Glaister, 2011:6). Birkinshaw *et al.* (2000:395) note that the literature on PMI describes specific goals that should motivate a leader to comprehend the effect of activities on the firm acquiring and the acquired businesses, and illustrate how the process results in the generation of value.

PMI may be seen as a collection of tasks. For example, Graebner *et al.* (2017:2) describe integration as "the multifaceted, dynamic process through which the acquirer and acquired organisations or their components are combined to form a new organisation". In this definition, two aspects of M&A integration are highlighted: first, integration comprises a series of sub-processes, including some that create value by strategically merging resources and activities, while others address social and cultural issues (Graebner *et al.*, 2017:2). Each subprocess must be treated simultaneously as the challenges and paradoxes that result from subprocess interaction are resolved to achieve effective integration. Second, the integration process is complex, confusing, contradictory, and dynamic (Graebner *et al.*, 2017:2).

Pablo (1994:806) defines PMI as "the making of modifications in the functional activity arrangements, organisational structures and systems, and cultures of joining organisations to ease their consolidation into a working whole". Finally, Heimeriks *et al*. (2012:714) define the PMI process as the merging of the roles and responsibilities of two companies.

Individual topics related to M&A integration have been studied extensively, such as leadership (Junni & Sarala, 2014:2), international acquisitions (Degbey *et al*., 2021:77; Khan *et al*., 2017:16), and culture (Yang *et al*., 2019:140; Thorwid & Vinge, 2020:2; Sterlacci, 2020:21). Liang *et al.* (2021:766) built on social psychology studies on intergroup sensitivity to better comprehend the integration process.

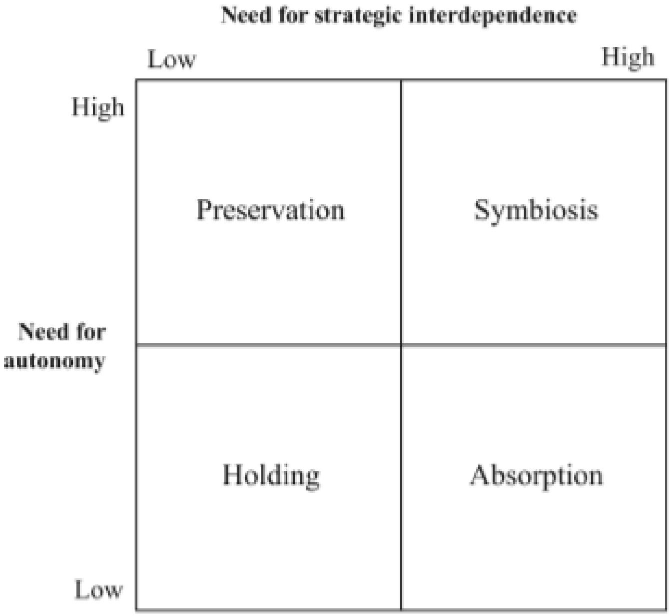
Scholars who focused on M&A and took a comprehensive, practitioner-oriented approach to the process were the first to explore PMI and the problems it poses for managers. Traditionally, practitioners believed that targets would 'disappear' and be completely integrated by an acquirer, or that integration would be based on simple features such as target size.

According to Haspeslagh and Jemison (1991:231), the ultimate purpose of the PMI process is to determine the most effective approach to generate value with the new bundle of resources that is produced when two firms join, while balancing the economic rewards and organisational costs, such as the purchasing price.

The transfer and deployment of strategic skills, based on the value-creation rationale followed by the acquiring organisation (consolidation, expansion, exploration), is at the core of PMI, according to Haspeslagh and Jemison (1991:231). In addition, capability transfer may involve sharing operational resources and transferring functional and general management abilities, each with its organisational issues and demanding varying degrees of structural integration (Haspeslagh & Jemison, 1991:231).

Haspeslagh and Jemison (1991:231) summarise the strategies for PMI via their four alternatives integration matrix, shown in Figure 3**: Integration Matrix of Haspeslagh and Jemison**. Their matrix considers both the strategic requirement of capacity transfer and the organisational needs of the company being acquired (also referred to as 'the target'). Acquirers select between absorption, symbiosis, preservation, and holding based on the strategic interconnectedness of the acquired and acquiring organisations, as well as the acquired firm's requirement of organisational autonomy to perform efficiently (Haspeslagh & Jemison, 1991:231).

Figure 3: Integration Matrix of Haspeslagh and Jemison



Source: Haspeslagh and Jemison (1991:231)

Absorption is preferable when a target does not need a high level of autonomy to carry out its tasks, and if the target and acquirer having significant interdependencies (Haspeslagh & Jemison, 1991:231). A **symbiosis** strategy is followed in the merger when neither of the merging businesses dominates the newly created organisation and they support each other's goals (Bodner & Capron, 2018:2). If interdependencies are extensive and the targets' capabilities require that greater autonomy be retained, a symbiotic PMI technique is advantageous (Haspeslagh & Jemison, 1991:231). Alternatively, acquirers may nurture targets to achieve their strategic objectives through **preservation** of the acquired business where interdependencies are minimal and autonomy is crucial to sustaining the target's skills (Haspeslagh & Jemison, 1991:231).

In other cases, acquirers opt for a **holding** strategy. The advantages of such a strategy are primarily derived from the pooling of financial and managerial resources, with no further integration pursued (Haspeslagh & Jemison, 1991:231). Acquirers might make errors at either end of the integration process. This could result in the acquiring company paying a premium for resources that will not be used. For instance, the company may be too careful in integrating a target, for fear of disturbing its current organisation and the individuals who produced the target's value, leading to erroneous **preservation** (Haspeslagh & Jemison, 1991:231). Other companies degrade capabilities by being excessively aggressive, reorganising and merging the target's resources too rapidly or coarsely, leading to inappropriate **absorption** (Haspeslagh & Jemison, 1991:231).

Haspeslagh and Jemison's (1991:231) seminal paper inspired many M&A researchers to concentrate on deconstructing the PMI process. Integration becomes more complicated when both integration and autonomy are essential, and research in this domain gained ground in the mid-1990s, supplementing more conventional organisational research.

The next section looks at specific PMI challenges.

2.6 PMI Challenges

M&As with various strategic goals pose multiple challenges during the integration process. For example, a company may buy another because its market may be overcrowded. Acquiring a competitor would provide a larger market share to the company. The acquiring company will need to decide which assets or resources to retain, e.g., factories and employees, in to optimise the company’s performance (Auhto, 2019:19). Through these decisions, the acquirer must achieve the intended goals, such as reaching economies of scale, by integrating the target's resources into its operations (Christensen *et al*., 2011:7).

According to research by Paul and Berry (2013:14), one of the main causes of merger failure is inadequate integration. Recent studies have looked beyond financial advances and synergistic gains, and focused on the social, cultural, and psychological aspects of PMI in order to gain an understanding the variables that determine the success of mergers (Sarala *et al*., 2016:1243; Kroon & Noorderhaven, 2018:208; Ahammad & Glaister, 2011:12).

Bauer and Matzler (2014:271) posit that relatedness, i.e., the suitability of the purchaser and the target with regard to processes and resources, is a significant predictor of integration success. A good fit between the target and acquirer promotes value-generation through productive resource combinations.

Leaders must recognise that various stakeholders can interpret and experience the integration plans differently (Vaara *et al*., 2014:1314). For example, some studies have found that employees experience job insecurity, negative effects due to a change in processes, as well as cultural clashes, especially when the two companies are located in different countries or regions, or have different organisational cultures (Joshi & Goyal, 2013:162; Vaara *et al*., 2014:1304; Maepa, 2014:48). These differences may lead to opposing values and poor communication (Yildiz, 2016:52), which could have a detrimental effect on PMI and therefore the success of the merger (Bauer *et al.,* 2016:71).

PMI typically evokes adverse emotional reactions, which negatively affect the health and well-being of those involved (Makri & Antoniou, 2012:123). Workers seem to perceive M&As much like the death of a loved one, which manifests as listlessness, indifference, nostalgia, lack of commitment to the new culture, fear, and/or aggressive opposition to the new system (Cartwright & Cooper, 1993:59). These unfavourable attitudes and behaviours lead to lower work satisfaction, weakened organisational commitment, and poor productivity. An increase in employee mistakes and withdrawal behaviour have also been noted (Bellou, 2006:80).

According to Vaara *et al.* (2014:1306), several obstacles may hinder PMI. Individual worries about integration may also become politicised over time, deepening internal divisions and generating conflict across different organisational units (Vaara *et al.,* 2014:1306). Employees of the merged companies may exploit PMI adjustments in work practices to separate themselves from those of the other company (Ailon-Souday & Kunda, 2003:1079), a situation of 'us versus them' (Larsson & Finkelstein, 1999:6). Managers tend to blame the human issues in M&As on cultural differences, externalising the causes of M&A failure, but will attribute successful M&As to their own experience (Vaara *et al*., 2014:1304). This thinking has limited our understanding of the complex ways in which socio-cultural factors impact M&As (Sarala *et al.,* 2017:1243).

Integration processes are large-scale changes that could take several years to complete (Shim, 2011:141; Steigenberger, 2017:409). Therefore, project duration and the speed of integration should be considered critical — the target's integration must begin and end as soon as is feasible (Bert *et al*., 2003:43; Maepa, 2014:50; Uzelac *et al*., 2015:2450). However, some authors posit that slow integration is less strenuous on personnel and integration management, as less work has to be completed within a given time frame (Homburg & Bucerius, 2006:348).

From the above, it is clear that, for M&As to succeed, all financial, operational, and human variables must be considered. Leadership is an essential human aspect of the PMI process, as competent leaders have the capacity to guide human activities and efforts toward a particular goal.

The next section looks at the role of leadership in PMI.

2.7 The Role of Leadership in PMI

The previous section discussed the importance influence of the PMI process on the human aspect of an M&A transaction. Therefore, effective leadership is crucial to a successful M&As (Able, 2007:4; Maepa, 2014:49; Vasilaki, 2011:395). A merger is a change process and it is known that there are different kinds of leadership styles that have a strong relationships with change enablement (Nging & Yazdanifard, 2015:1132). In this study specific leadership styles are not being discussed, but more behaviours of leaders in the success of a merger.

In general, effective leadership enhances organisational and cultural adaptability and alignment of expectations across the merging organisations (Gomes *et al.*, 2011:4; Maepa, 2014:50; Nemanich & Vera, 2009:26; Waldman & Javidan, 2009:137).

Leaders should instil a sense of community, purpose, trust, and coherence among employees which would result in employees being more involved, dedicated and confident in the process, which is essential for achieving M&A success. Also, employees have a more favourable attitude towards change and commit to greater engagement during PMI if they feel their leaders care about them (Able, 2007:4).

Leaders must be engaged continuously and consistently during practical integration efforts and the significant organisational changes brought about by M&A transactions (Giessner *et al*., 2016:49). House and Shamir (1993:105) posit that leaders' role is to transform their followers' values, wants, preferences, and ambitions from individual to community interests. Papalexandris and Galanaki (2009:380) note that it is the leader's responsibility to communicate a vision of what is achievable and push others to make that vision a reality.

It is important to realise that management teams and employees of the firm are valuable intangible assets that facilitates post-acquisition performance. The inimitability of human assets, and both the integration and disposition of human resources strategically, could very well be a source of competitive advantage, and of equal importance in acquisitions. Loss of these individuals could thwart the successful continuation of a firm's performance following an acquisition (Kiessling & Harvey, 2006:1317). According to Agle *et al.* (2006:173), during organisational change, leaders should encourage workers to participate in the process and stay aboard the change process ensuring excellent connections with the leaders' vision and execution of the merger strategy.

Despite the fact that both types of charisma exhibit a strong power drive, "socialised charismatic leadership" is more self-controlled or restrained and focused on achieving goals and objectives for the benefit of the group as a whole rather than for individual gain. The "personalised charismatic leadership", on the other hand, is egotistical, sometimes exploitative or manipulative of others, and primarily uses authority for personal advantage. A leader who demonstrates personalised charismatic leadership will take on the role of agent manager, possibly placing their own interests ahead of that of the organisation (Waldman & Javidan, 2009:134). Waldman and Javidan (2009:130) note that "personalised charisma" leads to a reluctance to change, resulting in turnover in the acquiring and acquired organisations. "Socialised charisma", on the other hand, promotes collaborative vision-forming and decision-making processes that lead to change in both merging businesses (Waldman & Javidan, 2009:130).

Through idealised influence (charisma), inspiration, intellectual stimulation, or individualised consideration, transformational leadership refers to the leader bringing the follower beyond immediate self-interests. The follower's degree of maturity and values are elevated, as are their worries for success, self-actualization, and the welfare of others, the group, and society (Bass, 1999:12). Transformational leadership has been shown to minimise employee uncertainty and foster a positive attitude toward change, which leads to change acceptance, organisational commitment, and performance (Farahnak *et al*., 2020:102). Transformational leadership is a precursor of employee adaption and proactivity (Wang *et al.*, 2017:185).

Executive teams play an important role in the success of M&A deals. These teams establish organisational objectives and responsibilities, link the vision to the target's complementary value, guarantee that the goals are fair, remove obstacles, and improve resource allocation (Recardo & Toterhi, 2015:13).

The next section provides more detail on the role of leadership in managing change.

2.8 Leadership and Change Management

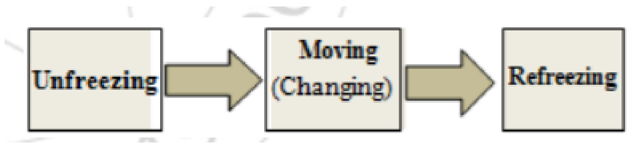
PMI management is associated with several challenges that are common in change management. Both necessitate that leadership offer instructions to the organisation's members about the nature of the new organisation. PMI actions cause instability in members' knowledge of the organisation and require of them to build a new sense of the organisation, a process known as ‘sensemaking’ (Gioia & Chittipeddi, 1991:444).

Disruptive events in an organisation's environment challenge established business practices (Sandberg & Tsoukas, 2011:348; Maitlis & Christianson, 2014:93). As with change, combining enterprises may result in stress, job overload, organisational disarray, uncertainty, and anxiety (Gray, 2001:108). Self-doubt and dreading the unknown are often evident during transition times marked by ambiguity and volatility, and employee productivity often declines (Maire & Collerette, 2011:281). People feel nervous and destabilised in a changing environment, and naturally oppose such change, and continuing established routines consumes less energy than learning new methods. Therefore, until a culture of trust is built by inspiring leadership, open communication, and a well-defined organisational structure, opposition to change will hamper the PMI process (Appelbaum *et al.*, 2000:653).

The severity of these changes or interruptions necessitates incorporating change management strategies into the integration approach. Numerous change models have been proposed in research on change management (Maepa, 2014:17), for example, Kurt Lewin’s (1947) Three-step Change Model and John Kotter’s (1995) Eight-stage Model. These models assist leaders in understanding the challenges faced by organisational actors during M&A integrations and preparing the organisation for successful post-merger performance (Kotter, 2007:99; Jordan, 2019:5).

Lewin's (1947a:34) Three-step Change Model, illustrated in Figure 4**: Lewin's three-step Model of Change**, is regarded as the most commonly used change management model. It provides a systematic and straightforward model for organisational change at every level of the organisation (Cummings *et al*., 2016:33).

Figure 4: Lewin's three-step Model of Change



Source: Jalagat (2016:1236)

According to Lewin (1947a:34), each organisational change involves two opposing forces. Some forces want to retain the status quo, while others wish to bring the necessary change. The assumption is that reducing forces that aim to preserve the status quo results in less tension and opposition than forcing change (Cummings *et al*., 2016:51). Unfreezing activities neutralise the factors that strive to maintain the existing condition of the organisation's behaviour. These factors are diminished to alleviate resistance to change and preparing for the impending transformation. The movement stage fosters the development of new organisational behaviours, values, and attitudes via structural and process modifications. The final phase, refreezing, ensures that the organisation's transformation is maintained (Cummings *et al*., 2016:51). Leaders cannot embark on change initiatives until the employees are prepared for the change and the leaders have eliminated resistance to the change.

Lewin’s Model is, however, frequently criticised for being excessively general. It gives a basic framework for understanding the approach to change, but is considered too broad (Maepa, 2014:19). Furthermore, the model is based on the presupposition that organisations function in a stable state. The model also does not address organisational power, is appropriate only for small change programmes, politics, and organisations run from the top down (Burnes, 2004:977).

Kotter's (2007,100) Eight-stage Change Model, shown in Figure 5, is executed at the executive level. It offers a systematic change model which executives may use to implement change management initiatives across the organisation (Kotter, 2007:100).

Figure 5: Kotter's Eight-stage Change Model

Eight steps to transforming your organisation		
Step 1:	Instil a feeling of urgency	
	Take a close look at market- and competition realities	
	Recognise and discuss crises, prospective crises, and significant opportunities	
Step 2:	Establish a strong coalition	
	Create a group with sufficient authority to lead the reform effort	
	Inspiring the group to collaborate as a team	
Step 3:	Establish a vision	
	Establish a vision to guide the transformation effort	
	Create ways to carry out the vision	
Step 4:	Communicate the vision	
	Utilise all available mediums to convey the new vision and strategy	
	The leading coalition role-models new behaviours for others to follow	
Step 5:	Empower people to take action in accordance with the vision	
	Eliminate impediments to change	
	Change processes or structures that jeopardise the vision significantly	
	Promote risk-taking and unconventional ideas, activities, and behaviours	
Step 6:	Identify and achieve short-term victories	
	Develop strategies to achieve apparent performance gains	
	Develop those enhancements	
	Recognise and reward workers who contribute to improvements	
	Consolidate progress and generate more change	

Step 7:	Increase credibility to influence systems, organisations, and policies that are not aligned with the vision	
	Employ, promote, and develop personnel capable of carrying out the vision	
	Revive the process with the addition of fresh initiatives, themes, and change agents	
Step 8:	Institutionalise novel strategies	
	Establish a link between new behaviours and company success	
	Create mechanisms to facilitate leadership growth and succession	

Source: Kotter (2007:100)

Kotter's (2007) model cold be considered a detailed model of unfreezing, change, and, through institutionalisation, refreezing (Maepa, 2014: 19). However, the model is not flawless. For example, in a study performed by Douglas and Sutherland (2009:67), a number of interviewees noted that measurement, monitoring, metrics, and evaluation were critical to the success of interventions implemented as part of managing change.. Without measurement of the outcomes of interventions, leaders would not know whether to continue with or change their approach.

Organisational change is a fluid process that affects numerous components. It must be strategically managed, rather than adopting a stage-by-stage approach. Furthermore, not all steps of Kotter’s model are essential (Bucciarelli, 2015:38). For example, leaders may choose to strengthen the previous step. On the other hand, leaders should remember that not all phases in the transformation process are present, nor do they all need the same level of focus and intensity (Bucciarelli, 2015:38). Each transformation is unique, and adopting a stage or step approach does not necessarily guarantee a good outcome, as change is unpredictable (Bucciarelli, 2015:38). In addition, a need for change is not always obvious, possibly because the current state of affairs is seen as successful, or because performance is not sufficiently monitored (Bucciarelli, 2015:38).

PMI is a dynamic change process, and understanding M&As’ results requires knowledge of the relationships between variables (Jordan, 2019:5). The context of a PMI — the circumstances that existed before the start of the integration — directly impact what can be accomplished during PMI, and indicates the obstacles that are most likely to occur (Steigenberger, 2017:412).

2.9 Chapter Summary

Through the in-depth analysis of the secondary data provided by literature sources and additional synthesis of the material discussed above, it is clear that various challenges exist when organisations perform M&A transactions and, specifically, during the PMI phase.

Bauer and Matzler (2014:271) note that internal and external relatedness, i.e., the suitability of the purchaser to the processes and resources of the target firm, are significant predictors of integration success. Joshi and Goyal (2013:162), Vaara *et al*. (2014:1304), Yildiz (2016:52), Bauer *et al.* (2016:71), and Maepa (2014:48) found that employees experience job insecurity and cultural clashes, particularly if the merged companies are located in different countries. Vaara *et al.* (2014:1306), Ailon-Souday and Kunda (2003:1079), and Larsson and Finkelstein (1999:6) found that employees of the merged companies may exploit PMI adjustments to work practices to separate themselves from their merger partners, creating 'us versus them' relationships.

Cartwright and Cooper (1993:59) and Makri and Antoniou (2012:123) found that integrations typically evoke adverse emotional reactions and negatively influence the health and well-being of those involved. For example, workers experience listlessness, indifference, nostalgia, lack of commitment to the new culture, fear, and aggressive opposition to the new system. As a result of these emotional reactions, Bellou (2006:80) found the resultant effects to be lower work satisfaction, organisational commitment, loyalty, and productivity and increased mistakes and withdrawal behaviour. In addition, Bert *et al*. (2003:43), Maepa (2014:50), and Uzelac *et al*. (2015:2450) identified the urgency in executing the PMI as a significant factor that impact the success or failure of M&As.

Several leadership qualities have been found to be important in PMI (Farahnak *et al*., 2020:102; Wang *et al.*, 2017:185), and several PMI models have been presented in the literature.

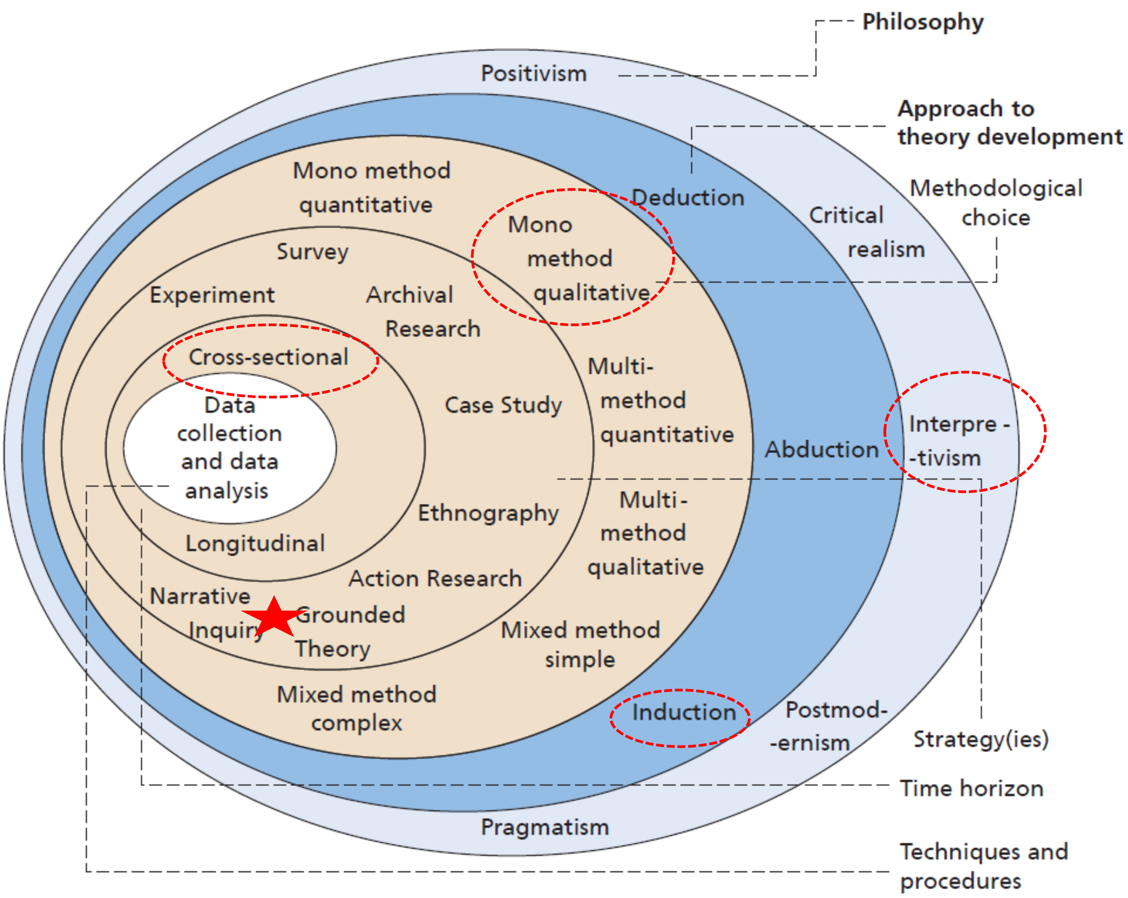
The next chapter discusses the methodology followed in the present research.

CHAPTER 3: RESEARCH METHODOLOGY AND METHODS

3.1 Introduction

This chapter describes the research paradigm, approach, strategy, time horizon, data collection procedures, analysis, and strategies to ensure the study's trustworthiness. Saunders *et al.'s* (2018:130) Research Onion, shown in Figure 6, is used to describe the present research's methodology.

Figure 6: Saunders et al.'s Research Onion



Source: Saunders *et al.* (2018:130)

Table 2 provides a description of applying Figure 6 above in the present study.

Table 2: Research design using Saunders' Research Onion

Layer	Study choice
Research philosophy and paradigm	**Interpretivism paradigm**. An interpretivism philosophy is an epistemology that promotes the importance of the researcher comprehending distinctions amongst people in their position as social actors (Samkange, 2012:611). Therefore, the researcher sought to establish the various challenges experienced during the PMI phase based on the perceptions and experiences of different leaders.
Research approach	**Inductive.** Qualitative data from the interviews were analysed in order to draw conclusions based frequent, dominating, or critical themes that emerged from the data without imposing the constraints of structured methodologies (Thomas, 2006:237).
Research strategy	**Exploratory and descriptive**. An exploratory qualitative research design enables the researcher to look further into a subject that has received little attention in previous studies. In addition, it allows study participants to contribute to the growth of new knowledge in that field (Reid-Searl & Happell, 2012:1999).
Choice of research	**Mono-method qualitative research** is interpretive, since it is difficult to escape personal interpretations when analysing qualitative data (Di Matteo, 2019:89).
Time horizon of research	**Cross-sectional**. Data were collected once-off (Mayer, 2015:62).
Technique and procedure	The researcher conducted **semi-structured interviews**, utilising pre-determined, open-ended questions. Interviewees were selected using judgmental or purposive sampling, a non-probability sampling method. Therefore, the findings cannot be extrapolated to the population (Saunders *et al.,* 2018:130).

3.2 Research Paradigm

A research paradigm reflects the researcher's views about the world. It is composed of abstract ideas and concepts that influence how a researcher perceives the world, interprets it and behaves within it (Kivunja & Kuyini, 2017:26). Thus, paradigms are hold beliefs and mandates that affect what should be researched, how it should be examined, and how the study's findings should be interpreted and understood (Kivunja & Kuyini, 2017:26). Researchers have suggested various paradigms, but these could be broadly classified into three broad taxonomies: positivist, interpretivist, or critical (Kivunja & Kuyini, 2017:26).

The positivist philosophy holds that a contemporary scientific approach necessitates that the researcher's vision be restricted by reality, i.e., what is visible to the sense organs and instruments of experience. Science investigates the tangible and actual phenomena that can be seen (Abdessami & HoussemEddine, 2020:157-158). Positivism is also founded on the idea that studying human behaviour should be done similarly to exploring nature. By drawing causal relationships between the study subject's various aspects (or variables) and tying them to a specific theory or practice, the positivist researcher aims to discover, quantify, and evaluate phenomena and give a logical explanation. People react to external incentives, pressures, and norms, which may be recognised, identified, and explained using logical, co-ordinated, and deductive procedures (Abdessami & HoussemEddine, 2020:157-158).

The interpretivist paradigm's primary goal is to comprehend the subjective realm of human experience. Thus, this method interprets what the subject thinks, or the meaning s/he assigns to a situation. Every attempt is made to comprehend the observed topic from the participant's perspective, instead of the observer's. The emphasis is on understanding the person's perception of his or her environment (Kivunja & Kuyini, 2017:33).

This present study followed an interpretivism paradigm, defined by Samkange (2012:611) as an epistemology that promotes the importance of the researcher comprehending distinctions amongst people in their position as social actors. It was considered the appropriate philosophy for this study, as the researcher aimed to establish the various challenges experienced during the PMI phase based on the perceptions and experiences of the different leaders.

3.3 Research Approach

This study followed a generic inductive approach in the analysis of the qualitative data. An inductive design allows conclusions based on themes that are frequent, dominating, or critical in the data, without imposing the constraints of structured methodologies (Thomas, 2006:237).

3.4 Methodological Choices

Qualitative techniques are approaches to data collection that provide tangible products like written or visual output. Popular qualitative techniques include field research, in-depth interviews, and focus groups (Blackstone, 2018:8). While quantitative approaches provide data that can be represented and condensed as numbers, qualitative approaches do not. Unlike qualitative techniques, which concentrate on a limited number of instances in detail, quantitative methods cover a greater number of cases in less depth, but more breadth (Blackstone, 2018:8). The two approaches may combine in what is known as mixed-methods research. Researchers may choose a qualitative or quantitative technique because it suits their research objectives, or because they were educated in a specific method (Blackstone, 2018:8).

The principal objective of this research was to explore challenges experienced by leaders in South Africa during the PMI process. A qualitative research methodology was considered best suited to achieving the study's objectives. Creswell (2007:37) describes a qualitative approach as one that starts with certain assumptions, a viewpoint, the potential use of a theoretical perspective, and the investigation of research issues that inquire into the meaning that people or groups attribute to a social or human problem. A qualitative study enables the researcher to comprehend events based on the subjective knowledge and experiences of the participants (Moser & Korstjens, 2018:12).

According to Di Matteo (2019:89), qualitative research is interpretive, since it is difficult to escape personal interpretations when analysing qualitative data. It is not pre-determined, but is emergent, as many factors may occur throughout the study that may require technique modification. Therefore, a qualitative research method enables the spontaneous development of pertinent features and categories, and can assist the researcher, with the use of data collection instruments, to concentrate on the most critical problems (Di Matteo, 2019:89).

A qualitative mono method was chosen, as the study's primary objective was to elicit the views and viewpoints of leaders involved in the M&A process, specifically leaders of merged organisations.

3.5 Research Strategy

Exploratory research aims to illuminate how a phenomenon manifests, and is particularly helpful in discovering the true nature of a little-understood event (Hunter *et al*., 2019:2). An exploratory qualitative research design enables the researcher to look further into a subject that has received little attention in previous studies. In addition, it allows study participants to contribute to the growth of new knowledge in that field (Reid-Searl & Happell, 2012:1999).

The strategy used for this research was exploratory and descriptive. Although many scholars have addressed the subject of mergers, each study is unique. In the present study, not all elements of M&As were examined, as the research was aimed determining specifically the PMI challenges experienced by leaders in South African organisations.

3.6 Time Horizon

Ahmadzai (2020:18) emphasises the need for a researcher to constantly consider the impact of time on their research, as the passage of time affects many facets of research. For the present study, a cross-sectional design was chosen, i.e., the inquiry took place across a single period. In contrast, in a longitudinal study, data are collected more than once over a more extended period (Mayer, 2015:62).

A cross-sectional approach has many benefits. In the present study, the data were unaffected by the business culture maturing or the study participants' views changing over time. During longitudinal research, the experiences and views of participants may change significantly (Ahmadzai, 2020:18).

3.7 Study Population and Sampling

3.7.1 Study population

This study's population comprised leaders from companies who have been involved in the PMI phase. There is no population size available for this study. No set number of participants is required for qualitative research. Instead, qualitative researchers choose enough participants to achieve data saturation. Participants are selected based on inclusion criteria, possess experience and knowledge of the phenomena under study (in this case, PMI), and offer extensive and generally applicable information (Rosenthal, 2016:511).

In the present study, participants had to be leaders in an organisation who had participated in a PMI.

3.7.2 Sampling technique

Bryman *et al*. (2019:170) define a sample as a subset or a segment of the entire population chosen for review. Sampling can be performed by utilising a probability sampling technique, where every participant in the investigation has an equal chance of being selected for the research study. In non-probability sampling, some participants in a population have a better chance of being selected than others.

There are various probability sampling techniques, e.g., simple random sampling, systematic sampling, stratified random sampling, and multi-stage cluster sampling. Non-probability sampling techniques involve quota sampling, snowball sampling, convenience sampling, and judgmental sampling (Bryman *et al*., 2019:178). The present researcher employed judgmental or purposive sampling, a non-probability sampling method. Therefore, the findings of the study cannot be extrapolated to the population. The participants were chosen based on their knowledge of the research topic (Bryman *et al*., 2019:186).

The present researcher purposively selected leaders who had experienced PMIs. In addition, the leaders had to have experienced a PMI process in no less than 18 months prior data collection. Mari (2008:833) notes that 18 months provides enough time for the results of the efforts of integration to become known, providing more accurate data.

3.7.3 Sample size

Qualitative sample sizes should be adequate to gather trustworthy information that describes the studied phenomenon and addresses the study's goals. In qualitative research, the sample size is smaller than in quantitative research, and is not predetermined. The focus should therefore be on the quality of the sample (Fusch & Ness, 2015:1409) to ensure that the correct participants are selected.

Table 3 lists the inclusion and exclusion criteria followed to select suitable candidates for the present study.

Table 3: Inclusion and exclusion criteria for participation

Inclusions	Exclusions
Leaders of an organisation	Any employee not from a senior management position
Senior employee	Any employee not from a senior management position
Permanently employed	Part time employee
Experience in M&A	No experience in M&A and post-merger integration stages
Must have been part of a post-merger integration process	No experience in M&A and post-merger integration stages
Not bound to regional segregation	None
Not bound to a certain industry/sector	None

3.7.4 Designing the measuring instrument

The semi-structured interview is the most widely used data-gathering method in qualitative research. The semi-structured interview is adaptable and flexible, and be conducted with individuals or groups (Kallio *et al*., 2016:5).

Ten scholarly publications on creating a semi-structured interview guide were reviewed by Kallio *et al.* (2016:10). Their research identified five phases: identifying pre-requisites for semi-structured interviews, retrieving and utilising prior knowledge, formulating a preliminary semi-structured interview guide, pilot testing, and, finally, formulating the final questions for the interview guide. These steps were followed in the present study. The interview guide is attached as Annexure E.

3.8 Collection of Data

The present researcher conducted a semi-structured interview process to collect the data. The semi-structured interview is particularly suitable for the study of complex or sensitive issues (Barriball & While, 1994:330).

The researcher used an interview guide containing open-ended question to guide the interviews and ensure that the discussions remained on the topic under study (Mensah

& Onumah, 2017:102; Wishkoski, 2020:92). Before conducting the interview, the researcher needs to make inferences about the phenomena using what he/she has already learned (Turner, 2010:756). Through a semi-structured interview, the researcher is able to concentrate on the topics important to the participant, which enables the participants to express their points of view (Cridland *et al*., 2015:3).

The present researcher has been part of M&As and had access to several M&A brokers or agents had facilitated many such transactions and, therefore, had the contact details of leaders who had been part of M&A processes. The researcher supplied the M&A brokers with information on the study's objective, and the brokers contacted leaders of organisations who had been part of a merger or acquisition, informed them of the study's aims and inquired if they would be interested in participating.

Once the researcher had received the contact details of the leaders who had showed interest in participating the study, the researcher sent invitations to the participants, including a letter of informed consent. The document contained the study's research objectives and stipulations on the treatment of personal information to ensure compliance with the Protection of Personal Information Act 4 of 2013 (POPI Act) (RSA, 2013). The leaders who chose to participate returned a signed letter of informed consent to the researcher. The researcher then contacted the participants to set up a time for the interview.

The informed consent form noted that participants' participation was voluntary, and that they could withdraw from the study at any stage, without any negative consequences. Participants were informed that the interviews would be recorded, but were assured that the recording would be treated with absolute confidentiality and that they would remain anonymous. The document also notified the participants that they would not be given any incentive to participate in the study.

During May of 2022, the present researcher conducted nine individual interviews via a video conferencing platform; no interviews were conducted in person. The point of data saturation was reached after the sixth interview; however, the researcher continued with three more interviews to confirm data saturation.

Each interview lasted between 45 and 90 minutes, and was recorded with the participant's permission. Each session began with an assurance of confidentiality and anonymity. Participants were assured that there were no right or wrong answers to the questions, and were given the opportunity to ask for clarity if they did not understand the question. The researcher did not offer any viewpoints regarding the topic under study, but asked probing questions where necessary to gain additional insights or clarification. All the interviews were conducted in English, as English is acknowledged as most widely used for commerce. Furthermore, all participants were capable of speaking and understanding English. The interviewer also took notes during the interviews. The recorded interviews were transcribed for analysis using Microsoft Teams.

3.9 Data Analysis

The data of the present study were analysed using content and thematic analysis. It is important to highlight that both strategies permit a qualitative analysis of the data (Vaismoradi *et al*., 2013: 400).

The term content analysis refers to a variety of text analysis techniques. It is a methodical way to coding and categorising used for covertly examining vast amounts of textual data to identify trends and patterns in the words used, their frequency, their relationships, and the discourses and communication systems. By analysing who says what, to whom, and with what effect, content analysis aims to characterise the characteristics of the document's content. Both the coding of the data and the interpretation of the numerical counts of the codes used in content analysis follow a descriptive methodology. Thematic analysis, on the other hand, offers a totally qualitative, in-depth, and nuanced explanation of the data (Vaismoradi *et al.*, 2013: 400).

According to Bryman *et al.* (2019:350), thematic analysis "is a flexible method that is not tied to a specific philosophical orientation". Thematic analysis is a versatile, relatively simple, and accessible method of data analysis (Perera & Wejdelind, 2022:47). Thematic analysis can provide unexpected insights, highlight similarities and variations throughout a data set, summarise essential characteristics, and provide a detailed description of the data set (Braun & Clarke, 2006:97).

Braun and Clarke (2006:79) state that a thematic analysis is the process of detecting, analysing, and reporting patterns, referred to as ‘themes’, within the data. Patterns or themes were identified based on either recurrence as well as their significance (Braun & Clarke, 2006:82). Braun and Clarke (2006:87) propose that six phases be followed in conducting thematic analysis, as can be seen in Table 4.

The six phases are:

- Familiarisation with the data;
- Systematic generation of initial codes;
- Collation of codes into potential themes;
- Developing of a thematic map analysis by reviewing the themes with the coded extracts and the complete data set.
- Utilising ongoing analysis, the themes are named and defined; and
- Writing up the report in alignment with the research questions.

The researcher utilised a software program, namely Atlas.ti Version 22.1.5.0 to assist with the thematic analysis. Atlas.ti can be used throughout the entire qualitative research process, from organising and analysing data to elaborating reports and visualisations of the findings (Kalpokaite & Radivojevic, 2019:120).

Table 4: Braun and Clarke's thematic analysis framework

Phases	Guidelines of the process as suggested by Braun and Clarke (2006:87)	Result	The strategy used by the researcher in the present study
Phase 1: Familiarising oneself with the data	Once the data have been gathered, researchers immerse themselves in the data to the point that they are acquainted with the content's depth and breadth. This requires active and frequent data scanning in search of interpretations, patterns, etc. Before coding, it is advisable to review the complete data set at least once, to gain an understanding of the entire dataset. During this phase, preliminary notes and codes may be generated.	The researcher is well-versed in the data, constructed preliminary codes, and made comprehensive notes.	Braun and Clarke's (2006) Phase 1 process guideline was adhered to. Before coding the interview transcripts, the researcher reviewed each transcript to gain insight into possible themes and codes that may be extracted from the data. While evaluating each interview, transcriptions, preliminary comments and codes were produced.
Phase 2: Generating initial codes	Initial codes are produced by noting the locations and occurrences of patterns, which is accomplished by a procedure called ‘data reduction’, in which the researcher reduces the data to essential labels to form categories for more effective analysis. The researcher does this methodically throughout the data analysis, giving each data item equal and complete consideration. In addition, the researcher should seek intriguing data features that may serve as the foundation for recurring patterns or a common theme across the data set.	Initial codes are produced.	Braun and Clarke (2006:87) indicate that the researcher should code and recode the transcripts numerous times. The present researcher deliberately integrated Phases 2 and 3 of Braun and Clarke's (2006:87) methodological recommendations, as higher-order themes and subthemes were found concurrently.

Phase 3: Searching for themes	The researcher refocuses the investigation on topics at a higher level, which may entail categorising the various codes according to their prospective themes and organising all pertinent coded data according to the recognised themes. In essence, the researcher starts to consider the link between themes and various levels of themes.	Potential themes and sub-themes are coded and linked to relevant extracts from the transcripts.	The researcher combined Phases 2 3 of the procedure recommended by Braun and Clarke (2006:87)
Phase 4: Reviewing themes	The researcher starts refining the selected themes, which typically involves two degrees of refinement. Level 1 entails an examination of the coded data extracts. The researcher examines the compiled excerpts for each subject and evaluates whether they seem to create a logical pattern. Level 2 entails a similar procedure, but for the complete data set. The researcher must evaluate the relevance of specific themes to the data collected. If the analysis seems insufficient, the researcher must re-examine the data to determine what is lacking.	The researcher understands the many themes, their interrelationships, and the overall narrative they convey.	The researcher adhered to Phase 4 of Braun and Clarke's (2006:87) proposed phases. This step was iterative (including frequent back-and-forth between the data), as many topics were examined numerous times before a conclusion was drawn.
Phase 5: Defining and naming themes	The researcher undertakes a comprehensive analysis of each theme, and labels each theme using a short phrase.	A thorough investigation of how each theme contributes understanding of the topic under study.	Each theme was defined and labelled per Phase 5 of Braun and Clarke's (2006:87) suggested method.

Phase 6: Producing the report	The final stage is writing up the report. The report, which includes data extracts, should present a clear, cohesive, logical, non-repetitive, and engaging description of the story the data tells, both within and between themes. The writing should do more than just deliver information. Extracts must be incorporated into a compelling analytic narrative that demonstrates the story the researcher wants to convey about the data. In addition, the researcher must determine which themes contribute significantly to comprehending what is occurring in the data. Also, member verification should be undertaken, which may require the researcher to return to the participants to determine whether their descriptions are accurately represented.	The findings are elaborately and exhaustively described in the paper.	This phase was performed according to the recommendations of Braun and Clarke (2006:87)

Source: Braun & Clarke (2006:87)

3.9 Trustworthiness

Creswell (2014:201) notes that high-quality qualitative research requires that the researcher use strategies to ensure the trustworthiness of the study. Trustworthiness in qualitative research is achieved through four criteria, namely credibility, dependability, confirmability, and transferability (Leung, 2015:326). which will be briefly explained below.

Credibility, which is the most important criterion, relates to confidence in the truth of the study's based on the researcher having applied acceptable and appropriate research methods (Rose & Johnson, 2020:5). Credibility also includes the accuracy and completeness of the findings (Leung, 2015:326). The researcher can increase the credibility of a qualitative study by, for example, spending time with the participants and member-checking and triangulating the findings to ensure these are accurate reflections of participants views. These measures also help reduce researcher bias in interpreting the data (Hansen *et al*., 2017:1505).

To ensure credibility, the present researcher consciously guarded against bias through reflection and being mindful of the present state of self, as recommended by Shufutinsky (2020:52). Furthermore, during the interviews, the researcher rephrased or repeated information to avoid misconceptions.

Dependability is similar to reliability in quantitative research, and refers to consistency of the findings based on the data. This requires that the research procedure be documented in detail, so that readers are able to critique the methods and understand how the findings were reached.

To ensure dependability, the present researcher explained the approach and methods in detail in the discussion on methodology, including the method of analysis used to reach the conclusions.

Confirmability is the extent to which the researcher's findings are based on the data and not influenced by the researcher's biases. It is the extent to which other researchers are able to replicate the study in other, comparable research settings and reach conclusions consistent with the original study's findings using the same study design, instruments, and analysis techniques (Leung, 2015:326). Therefore, it is recommended that the researcher keep journals and reflexive field notes and diaries, create audit trails, and use member checking and data triangulation to increase confirmability (Cypress, 2017:258). In addition, extracts from the transcripts of the obtained data could be provided to support the researcher's conclusions (Rose & Johnson, 2020:5).

In the present study, the method of analysis and how conclusions were reached are explained in detail, and the findings are supported by verbatim extracts from the participants' interview transcripts. The researcher also made field notes in conducting the interviews, which were used in the analysis phase to triangulate the data. In addition, the researcher contacted the participants to ensure that the findings accurately reflected their views.

Transferability is related to generalisation in quantitative research, and concerns whether the findings could be applied in another, similar context (Tai & Ajjawi, 2016:180). This requires that the researcher provide comprehensive details regarding the research setting and fieldwork, so that readers are able to judge whether the findings might be applicable to their contexts (Tai & Ajjawi, 2016:180).

The present researcher provided detailed descriptions of the study setting and participants, together with a paper trail of research methods used, to enable readers to judge whether the findings may be applicable in their contexts.

3.10 Ethical Considerations

It is critical that research ethics be upheld throughout a study, particularly when the research involves human participants who share personal information (Saunders *et al*., 2019:208). The aim of ethics is research is to ensure that no harm is done. The following ethical principles were pertinent to the present study, and were upheld throughout.

Participants were treated with respect. They provided written consent to participate in the study, and also gave permission for the interviews to be recorded. They were informed of the aims of the study, and that the information would be used for academic purposes. Their views were reported accurately. Participants were informed that they could with withdraw from the study at any time, without negative consequences.

Participants were assured of anonymity. Only the researcher has access to the raw data, and no personally identifying information is disclosed in the reporting (Wiles *et al*., 2019:418). Participants were anonymised through the use of pseudonyms. Once the dissertation has been submitted, all recordings and transcripts will be destroyed.

3.11 Conclusion

This chapter discussed the research methodology used in this study, including the research paradigm, design, strategy, sampling, data collecting technique, data analysis method, strategies to ensure quality research, and the ethical considerations pertinent to the study. The next chapter reports the study's findings.

CHAPTER 4: DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.1 Introduction

Qualitative data may be analysed in several ways (Coffey & Atkinson, 1996:3). Patton (2002:432) notes that qualitative data analysis converts data into insights. The objective of all methods of qualitative data analysis is to interpret the data rigorously and scientifically to ensure that the findings represent the intricacies of the social environment the researcher wishes to comprehend.

In the present study, the researcher sought to establish the various challenges experienced by leaders during the PMI phase based on their perceptions and experiences (Samkange, 2012:611). This chapter reports the findings of the analyses of the transcripts of the nine qualitative interviews conducted by the researcher

For the reader’s convenience, the research questions are stated again below.

The primary objective of this study was to explore and identify the post-merger integration challenges experienced by leaders in South African merged organisations.

The secondary objectives of this study were:

- To identify post-merger challenges as indicated in the literature;
- To explore the post-merger challenges as experienced by leaders in South African organisations; and
- To categorise the identified post-merger challenges experienced by leaders into clusters.

The following section provides background on the sample of participants.

4.2 Allocation of Pseudonyms to Participants

Each participant was allocated a pseudonym to ensure the participants' anonymity. The pseudonyms of the participants are listed in Table 5.

Table 5: Participant pseudonyms

Participants	Pseudonyms
Participant 1	P1
Participant 2	P2
Participant 3	P3
Participant 4	P4
Participant 5	P5
Participant 6	P6
Participant 7	P7
Participant 8	P8
Participant 9	P9

4.2.1 Biographical information of the participants

Table 6 presents the participants' biographical information with regard to position and experience.

Table 6: Biographical information of the participants

Pseudonym	Hierarchical level	Position	Experience in PMI
P1	Senior management	Head of operations	Minimal
P2	Senior management	Member of Exco	Significant (vast)
P3	Senior management	Chief financial officer	Significant (vast)
P4	Senior management	Chief financial officer	Minimal
P5	Senior management	Chief executive officer	Significant (vast)
P6	Senior management	Chief executive officer	Minimal
P7	Senior management	Head of transaction support	Significant (vast)
P8	Senior management	Chief financial officer	Minimal
P9	Senior management	Chief financial officer	Minimal

All participants had experience in PMI, ranging from minimal, i.e., involved in less than five M&As, or extensive knowledge, i.e., more than 10 M&As, which confirms that all participants had knowledge of M&As and could contribute knowledge to the study. In addition, the participants all occupied senior management positions in their respective companies.

The next section reports the findings according to the themes that emerged from the data.

4.3 Presentation of Findings

Figure 7 contains an example of the thematic analysis performed using Atlas.ti Version 22.1.5.0. Atlas.ti can be used throughout the entire qualitative research process, from organising and analysing data to elaborating reports and visualisations of the findings (Kalpokaite & Radivojevic, 2019:120)

Figure 7: Atlas.ti thematic analysis

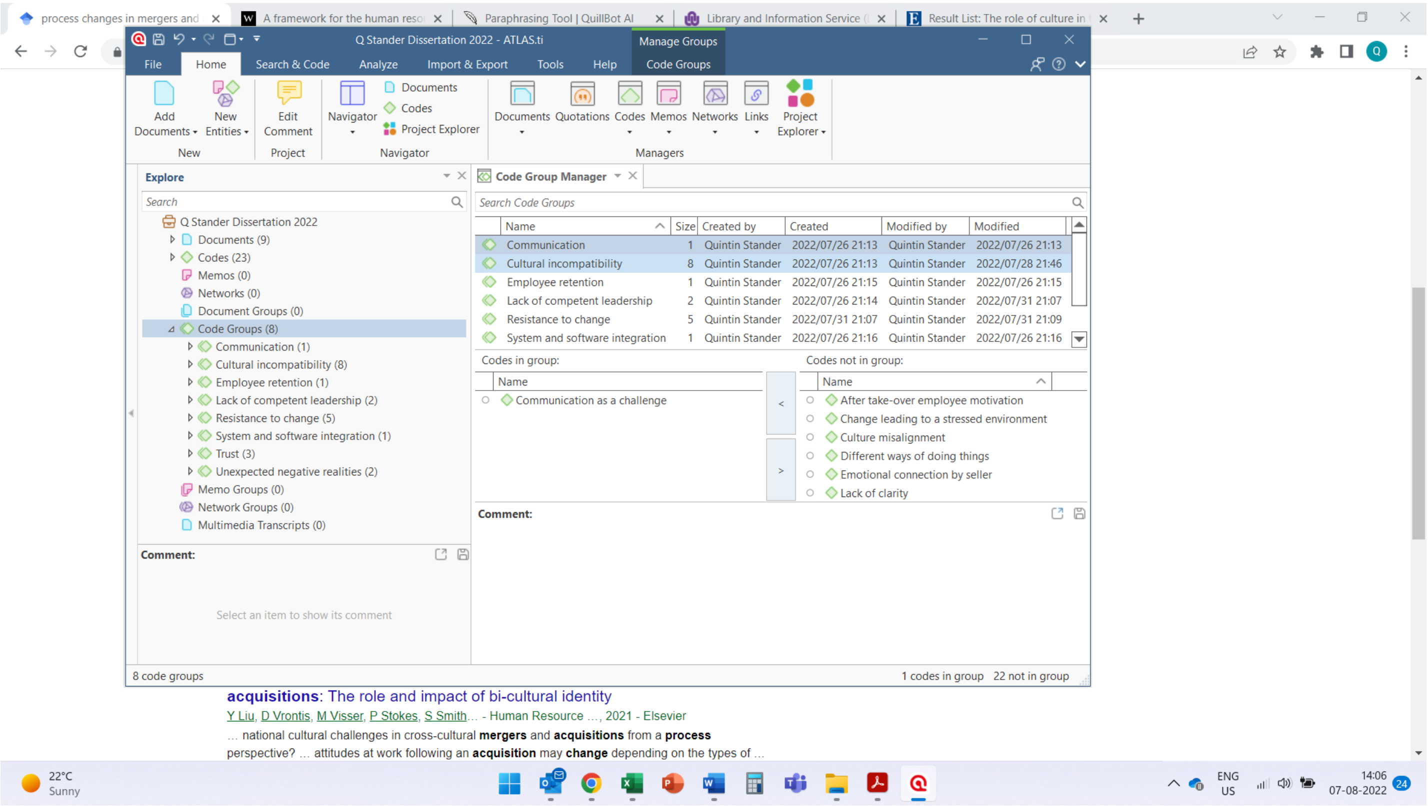


Table 7 below provides an overview of the initial codes and emergent themes, together with the frequency with which they occurred.

Table 7: Themes and frequencies

Main theme	%
Cultural incompatibility	89%
Lack of competent leadership	78%
System and software integration	78%
Communication	67%
Employee retention	67%
Trust	67%
Unexpected negative realities	67%
Resistance to change	56%

Through coding, an initial 33 codes were identified. After the second round of interrogation, 23 codes remained. These were classified into eight themes, as indicated in Table 7. Each of the eight themes is elaborated on below, together with supporting extracts from the interview data.

4.3.1 Culture incompatibility

A company's culture is the common aims, roles, conventions, and ideologies of a company and its members, and consists of the significant, sometimes implicit assumptions, ideas, and values that influence an organisation's business activities (Marks & Mirvis, 2011:861). Corporate culture is a crucial factor for overall M&A success, including PMI (Vancea, 2011:169). The present study found that cultural incompatibility and clashes were evident and prevalent, with all but one participant citing this as a significant challenge.

P1 noted:

> *“But the one store had two sort of operation ladies working in the store and three on-site maintenance folk who clean and fixes lights and stuff like that. There was a massive culture change. they were very much just rocking up to work, doing their bits. There are no operating standards. There are no techniques, no uniforms. It was very loosely managed.”*

P3 also mentioned the severe effects of cultural incompatibility on PMI:

> *“We moved in a very bullish for-African culture, very aggressive, and very soon we had lost most of our key staff in the business.”*

P3 stated the following in referring to differences in the process related to debtors:

“And it just caused chaos, because none of the clients was used to getting an invoice by email that they used to get in the post.”

P4 noted the following concerning misalignment in how the businesses operated:

“But we had to actually train them up on our way.”

P5 said:

“I mean, this is, now you're throwing two teams, two businesses, into the same pot, and you want to make sure that they do things in a more integrated way.”

P6 stated:

“There was some frustration there in terms of their culture, their way of work, and their lack of understanding of the business that they purchased. I think that's quite a fundamental point to me, is that, when you've been acquired by a company that's heavily positioned in one particular industry and then, all of a sudden, find yourself as a component of that big business, and nobody within their own business really understand the business they've acquired. I think that creates lots of problems, particularly amongst leaders, you know, they’re playing with other people's money, where you're entrenched in a business problem, make sure that it survives, but you've got a shareholder now that doesn't really understand.”

P6 noted:

“You can imagine your whole operation and the way you see the world and the industry you operate in is vastly different to that of the way how they operated.”

P8 stated:

“The other one was cultural. You know, this was now an acquisition by a foreign entity of a South African entity. So, …cultural differences, way of work, you know, both from a cultural perspective, but also from a legislative or regulatory perspective, quite the number of differences. And so, that was definitely a big issue as well.”

P8 said:

“…but at that point, it was quite a marked difference of doing business. So, you know, that was also part of those issues to deal with.”

This theme included misalignment in remuneration. Again, this code was very prominent, with five participants noting that this challenge influenced the PMI process.

P2 noted the following:

> *"Another thing that I think is important is the alignment of benefits. So, you can't have Organisation A on employee benefits one to ten and Organization B on employment benefits one to three. You need to demonstrate unity through the alignment of benefits. 'We treat you equally. You are one.' We wear the same uniform, if you wear uniforms. So, there has to be this convergence, this unity communication, and you need to retain existing leadership, and it often costs you money."*

P4 said:

> *"A lot of the staff were on higher salaries and, you know, we didn't touch that, just for the sake of trying to build that trust."*

These findings are aligned with literature. For example, Vancea (2011:169) notes that, most often, the acquirer learns of a cultural mismatch only after the transaction has been completed. Therefore, these cultural disparities only become apparent during the PMI phase. A study by Lodorfos and Boateng (2006:1413) revealed cultural differences between merging organisations is a significant factor, as it influences the success of M&As. Nearly all their study respondents believed that M&As often fail to achieve the desired results due to cultural mismatches or incompatibility. This is a result of leaders paying insufficient attention to the target selection criteria in the pre-merger phase and do not comprehensively analyse the merging companies' cultural compatibility prior to embarking on M&A transactions (Lodorfos & Boateng, 2006:1413). Other negative consequences are that employees experience job insecurity and process changes during the PMI process (Joshi & Goyal, 2013:162; Vaara *et al*., 2014:1304; Maepa, 2014:48).

4.3.2 Lack of competent leadership

Participants noted that a lack of competent leadership is a significant fact in PMI, and is reflected in a lack of experience, planning, and research.

P1 noted the following:

> *"I won't say I specifically researched for the previous acquisition I was involved in. I also did my thesis on M&A integration, so I was quite, I wouldn't say familiar, but I understood the literature part of it a bit better than I would say the generalist would."*

P4 stated:

> *"I did a bit of reading. I did quite a lot of reading …, but I'd say, over that, not really. Actually, because this was my first, I sort of actually learned as I actually went along."*

P6 said:

> *"I wouldn't say I did any specific research … I suppose we never understood what we know now."*

P8 noted the following:

> *"No, I can say that I've been part of that in the banking environment, and then early on in my career, also in a much smaller environment, where there was also a merger. So, I've gone through two in my career."*

P9 stated:

> *"It was all new to me as well."*

Various studies confirm this finding. It is therefore clear that leadership is crucial to the success of M&A transactions (Able, 2007:4; Maepa, 2014:49; Vasilaki, 2011:395). Furthermore, literature also suggest that effective leadership is required for successful PMI and that leaders should ensure organisational and cultural adaptability and alignment of expectations across the merging organisations (Gomes *et al.*, 2011:4; Maepa, 2014:50; Nemanich & Vera, 2009:26; Waldman & Javidan, 2009:137).

A lack of effective leaders will lead to a lack of buy-in by employees. The organisation will suffer a lack of direction, a delay in critical choices, an increase in employee uneasiness, and a lack of employee sensitivity to cultural diversity, openness, and adaptability (Dîrvă & Rădulescu, 2018:156). Leaders require expertise in PMI. Literature posits that those with experience are more successful in executing PMI than those with no prior experience (Duncan & Mtar 2006:397; Barkema & Schijven 2008:697).

4.3.3 Systems- and software integration

Integrating software and other systems of merging organisation was another prominent theme, with seven participants noting this as a challenge of the PMI process.

P1 noted the following:

> *"…engaging with staff, but getting on-boarded into HR processes, getting them trained up, getting the branding sorted, working closely with construction and properly managing the clients, which is always a difficult part integrating if they're not on our software system that we use, integrating that into our accounts and making sure that balances and the payments from the old accounts and all of that. We kind of facilitate that with all the various stakeholders, to some degree."*

P3 stated:

> *"Secondly, we just forced our accounting systems and operational systems onto them. We had little interest in meeting the client base and explaining why we were there and what the rationale for the transaction was."*

P6 mentioned the following:

> *"However, it was challenging from an HR perspective and an IT perspective. I think the biggest challenges also came from the finance reporting side of things. We were made to adopt, sort of, new ways in which we needed to report monthly figures, et cetera, and a lot of those."*

This finding is consistent with that of a study performed by Merali and McKiernan (1993:105). Their study determined that managers participating in pre-and post-acquisition decision-making often fail to fully assess the strategic contribution of systems and information technology (IT) to successful PMI. According to Alaranta and Mathiassen (2014:30), three out of every four companies encounter significant challenges in PMI of systems and IT. IT often drives synergies and cost reductions, and allow process innovation. However, such integrations demand substantial IT infrastructure skills. Substantial investments may be necessary, and careful management is required.

Lack of systems integration may be due to IT personnel not having been given sufficient time to plan and prepare for the integration because they only learned about M&As when these are announced (Alaranta & Mathiassen, 2014:30). IT due diligence may then be neglected or conducted superficially. Once IT integration begins, differences in infrastructures and processes may make it challenging to exploit synergies, and the process could be hampered by user resistance and disputes over which system should be used (Alaranta & Mathiassen, 2014:30).

4.3.4 Communication

Communication was highlighted as a significant challenge, with six participants noting that it presents a challenge.

P4 noted the following:

> *"You know, when we started, it was difficult seeing the branch. I think it was lack of communication, possibly."*

P8 said:

> *"Although I put a lot more emphasis on it, is that communication and engaging side, because I quickly realised that was going to be key. And, if you don't establish some relationships, you were not going to survive, because of that attitude of, you know, 'We know better', that kind of thing."*

P1 stated:

> *"I think the biggest one is communication. Communication is getting everyone involved, having weekly check-ins from all the various departments having an agenda."*

This finding is confirmed by numerous studies that posit that post-merger communication is crucial for effective integration (Steigenberger, 2017:409; Rebner & Yeganeh, 2019:12). Employees need to be made aware of the objective of the transaction and the need to ensure successful integration (Gomes *et al*., 2013:25). According to De Leon (2020:385), management communication is a critical element of PMI, as poor communication leads to high turnover intention.

Effective communication is also required to increase organisational stability and member satisfaction. Therefore, business leaders should maintain constant communication during M&A processes and during PMI (Rebner & Yeganeh, 2019:12). Maepa (2014:49) found communication to be the greatest challenge in PMI. The failure of some high-profile M&As can be directly attributed to poor communication inadequate integration management. The 1998 merger of Daimler and Chrysler is a prime example; the pre-merger performance of both firms deteriorated during the integration phase. Poor communication, amongst other factors, caused discontent and resistance at Chrysler, leading to a significant decrease in performance, with matching discontent at Daimler (Steigenberger, 2017:409).

4.3.5 Employee retention

Six of the nine participants noted the challenge of employee retention and the loss of skills as a significant PMI challenge.

P1 noted the following:

> *"You know the staff aren't happy. I would say that's sort of the biggest challenge for me."*

P2 stated:

> *"What we've also seen is that the employees of an organisation are led by the leadership and the trust. So, a company acquires Company B, Company B's staff trust their leadership and they follow that leadership. And I've seen, unfortunately, more than once, where the leadership of the acquired organisation leaves, either through the retrenchment process or through resignation or whatever the case is. It doesn't matter how they leave, but it rocks that organisation, that Organisation B, and Organization A has invested in Organization B, and a lot of IP leakage results because of how management has been treated, because management hasn't been retained. So, I just wanted to just refocus on the point of people."*

P3 commented:

> *"We moved in a very bullish for-African culture, very aggressive, and, very soon, we had lost most of our key staff in the business."*

P7 stated:

> *"We would make sure that we sign agreements to retain management, and, as part of that process, we would also use incentives to make sure that the guys stay and it's,*

you know, it's worth their while, together with firming up on the detailed job descriptions and expectations in terms of integrating, and also driving the synergies, obviously, you know, we need to ensure that they're successfully integrated into the business."

Employees are arguably an organisation's most critical assets (Maepa, 2014:49). In addition, turnover results in direct and indirect costs, related to recruiting, training, and socialisation new employees. In addition, the organisation may lose talented employees with rare skills, while low turnover improves a company's credibility as a reputable employer (Baniya & Adhikari, 2017:36).

Gehrke *et al.* (2021:1) found that, within two years of an acquisition, the net employment of targets decreases by more than half, coupled with a considerable rise in staff turnover. Gehrke *et al.* (2021:1) further note that acquirers usually have a more educated, better paid, and competent staff than their targets, and that they modify their workforce by employing younger employees who have entry level salaries, compared to experienced individuals. It is, therefore, critical that leaders understand that a loss of employees will have a negative impact on the PMI process.

4.3.6 Lack of Trust

Mistrust as a challenge was evident from the responses. Six of the nine participants indicated that mistrust and a lack of trust during the PMI process are significant challenges.

P1 affirmed the importance of trust, mentioning that:

"It needs to be the truth. You shouldn't hide anything from them."

P2 noted that building trust is essential, and that the intentions of both parties have to transparent. P2 said:

"So, I think what's really important is that the acquirer is upfront about the intentions. ...what we've also seen is that the employees of an organisation are led by the leadership and the trust."

P4 had experienced the impact of a lack of trust on the PMI process. P4 said:

"I think there was a lack of trust between ourselves and them."

P6 noted:

“As I said, I think that honesty and transparency is critical, but with the right people. So, what I mean by that, I think it's important that we shared certain information with the entire organisation. And those were probably more the milestones within the transaction and where we were in the process, but the detail and the actual status of the deal and the transaction, you know, a lot of people see bright lights when they hear the word ‘merger and acquisition’, you know, and they all get excited about it. The reality is that, often, it could be detrimental to your career because, you know, post the acquisition or merger, you might well not be relevant in the organisation.”

Literature notes that trust is critical in M&A transactions. For example, Trapczyński *et al.* (2016:9) found that trust is a crucial to the success of M&As, and that mistrust is common during PMI. Communication and other process factors impact trust, and a lack of trust lead to a host of unpleasant emotions during PMI (Graebner *et al.* 2017:80).

4.3.7 Unexpected negative realities

Six participants indicated a misalignment between what had been used during the due diligence process to value the organisation and the reality after the transaction.

P2 commented:

“…and, of course, the acquirer is going to tell you everything you want to hear, and ‘I'm going to sell you a good story’, but once you enter the honeymoon phase, i.e., post-merger and you start exploring the integration process, certain things become apparent that are not congruent with what was said.”

P3 stated:

“It’s just the reality of buying another company.”

P5 commented:

“You almost take, like, the best-case scenario in terms of growth. The best-case scenario in terms of cost, etc. And that doesn’t always materialise as envisaged. So, I would say, what we’ve learned since then is to almost build in a bit of a safety factor in all of these things, because it doesn’t always pan out as you believe, and, also, you know, the management team or the owners of the acquiring company, obviously, they

want to paint a rosy picture of their own business, because that means that they get the most value out of the deal".

P8 said:

> *"One of the things that I found was that a lot of these were actually put together by consultants, was bought off the transaction and had a vested interest to make sure there was a successful transaction, and this is just my view, and I think, you know, they put together synergies and benchmarking which sketched a much rosier picture than what was actually the case."*

This finding is aligned with research conducted by Tong (2020:1), who examined M&As in the banking industry. Acquirers anticipate considerable advantages as a result of M&As. However, the amalgamated companies may experience a decline in operational inefficiencies, including loss of profit and poor cash flow.

Habraken (2017:9) found that leaders and shareholders of both companies, i.e., the acquirer and the acquiree, anticipate that the merger would benefit both companies through shared resources and capabilities. Leaders and shareholders also anticipate the creation of synergies through the integration of the capabilities of both companies (Habraken, 2017:9). However, Habraken (2017:9) found that, after a merger, the merged company's stock price decreased considerably and the company started losing money, necessitating a large number of layoffs.

4.3.8 Resistance to change

The study's participants mentioned resistance to change as a significant challenge experienced during the PMI phase. A principal element of this theme was employee motivation after the takeover.

For example, P1 noted the following:

> *"You know, you are disrupting people's lives. And then, getting them motivated to, kind of, you know, see storage the way you see storage is always a difficult thing. even now. It's now five months in, and I had to have a meeting with some of the guys there who still haven't fully integrated into our operating hours, and we were kind of lenient, even though they did sign a contract. We, kind of, given them time to sort out those sort of normal stuff that people need to deal with."*

Employee motivation was also emphasised by P9, who stated:

> *"And at the end of the day, what we are about is achieving the financial results, ensuring that we've got happy customers, content customers that are happy to … remain with us and, at the same time, employees that are motivated and … geared towards improving that service, because, at the end of the day, if employees aren't motivated … the service suffers, and you're going to lose customers eventually."*

M&A transactions also lead to a stressed and unstable environment.

P5 noted the following:

> *"Yeah, it's a big change, and it's typically something where people then become insecure. You know, 'What's going to happen to my job. What's going to happen to our team?', you know?"*

P7 said:

> *"You know, ensuring that there's alignment is a given when you go through these acquisitions. You generally have a lot of uncertainty from the people, they're uncertain about their jobs, uncertain about their roles, and it's managing those expectations."*

P1 noted:

> *"You know, then they almost feel that you are the big bad wolf coming in to destroy everything, and there's a lot of resistance, even though they might say there isn't. You pick it up when you have conversations with the staff."*

This resistance was also noted by P9, who said:

> *"…a fear of losing their jobs. …obviously, … when you integrate or you have a merger, the idea is to say, 'Of course!' along the line. So, people tend to protect their jobs. So, they're not as forthcoming with information. …they're scared if they're going to share too much information, their job might become redundant."*

These findings are aligned with research conducted by Kansal and Chandani (2014:208). The majority of M&As fail due to ineffective change management (Kansal & Chandani, 2014:208). The reluctance to change may be linked to a lack of communication, a vague vision, an inadequate incentive system, uncertainty and frustration, the force of habit, fear of the unknown, insecurity, the loss of competent staff, and a lack of support management (Kansal & Chandani, 2014:208). Reddy and

Fabian (2020:931) emphasise that high levels of uncertainty, as in the case of M&A transactions, lead to resistance to change. They suggest that leaders should have clear strategies to deal with such uncertainties to ensure PMI.

4.4 Chapter Summary

This chapter presented the findings of the study. The most prevalent challenges in PMI were identified and related to pertinent literature. The next chapter discusses the key findings in greater detail.

CHAPTER 5: DISCUSSION OF KEY FINDINGS

5.1 Introduction

The research questions are answered in this chapter, and the findings are triangulated with the literature discussed in Chapter 2. Furthermore, recommendations for mitigating these challenges of PMI are presented, guided by extant literature.

5.2 Key Findings

5.2.1 Post-merger challenges indicated in the literature

The objective of the study was to identify post-merger challenges indicated in the literature. Through an extensive literature review, the following factors were identified as the most prominent:

- Bauer and Matzler (2014:271) posit that relatedness (internal and external), i.e., the suitability of the purchaser with the processes and resources of the target firm, is a significant predictor of integration success.

- Joshi and Goyal (2013:162), Vaara *et al*. (2014:1304), and Maepa (2014:48) found that employees experience job insecurity, process changes, and cultural clashes.

- Yildiz (2016:52) and Bauer *et al.* (2016:71) found that diverse national or organisational cultures may also exacerbate cultural misalignment. These differences in the national cultures of the companies involved in a PMI could hamper integration success. Vaara *et al*. (2014:1304) also found that cultural differences are a significant challenge during PMI.

- Makri and Antoniou (2012:123) and Cartwright and Cooper (1993:59) note that integrations typically evoke adverse emotional reactions and negatively influence the health and well-being of those involved. For example, workers exhibit listlessness, indifference, nostalgia, lack of commitment to the new culture, fear, and aggressive opposition to the new system. Bellou (2006:80) found the resultant effects to be lower work satisfaction, organisational commitment, loyalty, and productivity, and increased mistakes and withdrawal behaviour.

- Vaara *et al.* (2014:1306), Ailon-Souday and Kunda (2003:1079), and Larsson and Finkelstein (1999:6) found that employees of the merged companies may exploit PMI adjustments in work practices to separate themselves from their merger partners, and could establish 'us versus them' relationships.
- Bert *et al*. (2003:43), Maepa (2014:50), and Uzelac *et al*. (2015:2450) all identified the urgency of executing the PMI as a significant factor that influences the outcome of an M&A.

5.2.2 Exploring the post-merger challenges as experienced by leaders in South African organisations

A further objective of the study was to identify and explore PMI challenges experienced by leaders in South African organisations. The researcher interviewed nine leaders in South African organisations who had experience in PMIs.

The following eight challenges were the most prominent from the interview data:

1) Cultural incompatibility (eight out of nine participants), which was also found in the studies of Joshi and Goyal (2013:162), Vaara *et al*. (2014:1304), and Maepa (2014:48).
2) Lack of competent leadership (seven out of nine participants) was also found in the studies by Able (2007:4), Maepa (2014:49), and Vasilaki (2011:395).
3) System and software integration (seven out of nine participants) was also found to be a challenge in the studies performed by Merali and McKiernan (1993:105) and Alaranta and Mathiassen (2014:30).
4) Communication (six out of nine participants) was also found to be a significant factor in the studies performed by Gomes *et al*. (2013:25), Bansal and King (2022:1900), Rebner and Yeganeh (2019:12), De Leon (2020:385), and Maepa (2014:49).
5) Employee retention (six out of nine participants) was also found to be a challenge in the studies performed by Maepa (2014:49), Baniya and Adhikari (2017:36), and Gehrke *et al.* (2021:1).

6) Trust (six out of nine participants) was also found to be a challenge in the studies performed by Trapczyński *et al.* (2016:9) and Graebner *et al.* (2017:80).

7) Unexpected negative realities (six out of nine participants) were also indicated as a challenge in the studies performed by Tong (2020:1) and Habraken (2017:9).

8) Resistance to change (five out of nine participants) was also noted to be a challenge in the studies performed by Kansal and Chandani (2014:208) and Reddy and Fabian (2020:931).

5.2.3 Categorising of the identified post-merger challenges experienced by leaders into clusters

A further objective of the study was to categorise the identified post-merger challenges experienced by leaders in clusters. Through initial coding, the researcher identified 33 codes. After the second round of data interrogation, 23 codes remained. They were classified into eight critical themes representing the challenges leaders face during PMI.

These themes, as identified from the responses from the participants, are: Cultural incompatibility; Lack of competent leadership; System and software integration; Communication; Employee retention; Lack of trust; Unexpected negative realities; and Resistance to change. The themes are discussed below.

5.2.3.1 Cultural incompatibility

There is a wealth of literature on the value of cultural fit in PMI. Cultural fit is essential to the success of M&As and should receive the necessary consideration across all phases of M&As (Lodorfos & Boateng, 2006:1413). The suggestions below may improve cultural cohesion.

Planning should be done properly before actually integrating people and physical resources. Such planning should place culture at the centre of the integration and execution. The effectiveness of M&As and the development of value have been found to depend on leaders fostering an environment conducive to change (Lodorfos & Boateng, 2006:1413).

Leaders should concentrate on promoting cultural learning throughout the company. This can be done by facilitating talks in which members of diverse groups discuss their unique modes of operation and the purpose they serve (Marks & Mirvi 2011:663). By improving cultural understanding, groups can recognise distinctions and the intricacies connected with those differences, comprehend why specific tactics are used, and determine how best to utilise the advantages of other cultures (Saunders et al., 2009:1373). Such initiatives could also clarify issues that cause conflict, misunderstandings, and breakdowns in communication enabling a better understanding of how the groups could improve co-operation. The initiatives could also reveal perceptions that the various groups have of one another's cultures (Marks & Mirvis, 2011:663).

This process is not always straightforward and requires knowledgeable facilitators who understand the organisational cultures and can mediate cohesion (Marks & Mirvis, 2011:663).

5.2.3.2 Lack of competent leadership

Companies need to create a leadership group capable of identifying and implementing the needed change (Gomes *et al*., 2011:28). Effective leaders are able to promote organisational and cultural alignment. Furthermore, leaders should practise appropriate expectation management between the two businesses, which is essential for successful PMI (Angwin & Meadows, 2009:362).

To effectively manage the change process, leaders must take a proactive approach by creating specific goals that align with the organisation's strategy. Research suggests that there may be different leadership strategies to ensure integration, rather than a uniform set of leadership traits essential for successful post-merger integration (Vasilaki, 2011:65).

The acquiring company should appoint an integration team. Establishing a central function to oversee all M&A operations across all stages is advised (Seterbakken, 2016:40). Employees with prior M&A integration and methodological skill sets who can analyse the situation and identify actions should make up this critical function (Seterbakken, 2016:40). As the financial analysis is being conducted, this function should be a component of evaluating potential future partners and their organisational fit. It should be determined whether an external advisory agency could be involved, based on the level of expertise available in the core function and the strategic reach of the merger or acquisition transaction being considered (Seterbakken, 2016:40).

Management's actions must align with the communication, to avoid exacerbating the uncertainty felt by employees regarding the impending organisational changes (Dîrvă & Rădulescu, 2018:156). The activities must also be completed on schedule. Activities to help the two organisations' employees work together could also be helpful such as team-building exercises, initiatives to create mixed teams, and projects involving staff from both firms (Dîrvă & Rădulescu, 2018:156).

5.2.3.3 Systems and Software Integration

M&As necessitate the integration of disparate IT system, coupled with infrastructures, applications, processes, people, and management practices, to ensure successful PMI (Alaranta & Mathiassen, 2014:30). Implementing strategies to align IT integration with the overall merger is critical. It is recommended that an IT strategy with minimal additional risk to the business is chosen, with multiple relocation strategies to minimise costs while maximising performance (Alaranta & Mathiassen, 2014:36).

The actions discussed below may assist leaders with the IT integration strategy:

- **Enhance knowledge.** In selecting implementation teams, leaders should ensure that team member poses a combination of business- and technical skills. In addition, significant retention incentives and bonuses should be connected to particular goals.
- **Restructure procedures.** Leaders should ensure an IT integration team is ready to deal with critical risks.
- **Mobilise stakeholders.** Leaders should implement measures to maintain good morale and prevent ‘us against them’ attitudes. Leaders should also participate in deep, two-way communication and instil a desire to accomplish the project on schedule (Alaranta & Mathiassen, 2014:36).

5.2.3.4 Communication

De Leon (2020:385) found that management communication influences employees' intention to leave; therefore, it is recommended that leaders of organisations experiencing organisational transformation or planning a merger be transparent and honest throughout the post-merger phase in order to make employees feel comfortable.

Since employees participating in M&As are likely invested in the result of the merger, communication must address core human issues such as what will happen to the employees, what is expected of them, and how they will benefit. Therefore, in addition to providing honest management communication and a solid top-down connection, the managers must also provide support and encouragement to enhance employees' emotional wellbeing (Steigenberger, 2017:418).

Transparent, truthful, and regular communication may promote employee loyalty to the merged business and boost post-merger performance (Angwin & Meadows, 2015:248). When company executives speak truthfully and freely through numerous channels of communication, workers utilise the knowledge to support the transaction's goal and the continuing organisational integration plan.

Employee uncertainty and insecurity are reduced by effective, transparent communication. To improve employee trust, there must be congruence between the communication's message and the organisation's actions. Furthermore, leaders should communicate using several channels; for example, social media, e-mail, newsletters, and roadshows (for all staff). Finally, there should be bottom-up and top-down communication, and leaders should be available to respond to queries, concerns, and requests for clarifications (Steigenberger, 2017:418).

5.2.3.5 Employee retention

Employees of the acquiring organisation are far less likely than acquired personnel to abandon the newly merged organisation. Higher-paid employees are also less inclined to leave their jobs (Kristiana *et al*., 2021:50). An organisational mismatch is a primary cause of a rise in employee turnover. Employees of the acquired entity who experience organisational dissonance are significantly more likely to leave the merged company. Additionally, psychological ownership, where employees see the work as theirs and not that of the organisation, is associated with employee retention as it enables commitment and involvement (Kristiana *et al*., 2021:50).

It is essential to retain critical employees of the purchased company, and one way to do this is to involve them early in the merger process (Schuler *et al*., 2004:115). Employee involvement ensure that employees as more familiar with the business. Kristiana *et al*. (2021:50) note that employee involvement improves employee commitment during the PMI phase.

Employee anxiety is a significant cause of employee turnover (Maepa, 2014:65). Leaders should consider the factors that increase employees' anxiety levels in the PMI process and limit these factors.

Teerikangas (2012:631) found that employees of the acquiring firm who are more involved and participate in the merger remain actively involved and invested in the transaction.

5.2.3.6 Trust

Employees follow a leader in whom they have confidence and trust. Leaders must therefore build the trust in leadership of the staff of both companies by being honest and consistent in their decision-making and implementation (Maepa, 2014:16). During PMI, employees are expected to embrace change immediately, but developing trust takes time and shared experiences. Misunderstandings resulting from diverse corporate cultures might jeopardise trust between organisations, while the conviction that both parties are being sincere could enhance trust. Successful PMI respect differences and constructively resolve these while creating new standards (Di Matteo, 2019:52).

Leaders should encourage open discussions regarding any uncertainties, to create a shared vision and values. Leaders should also encourage frank discussions. If this is done successfully, employees will react more favourably, because they feel valued, listened to, and respected. Employees need to be given time to acclimate to the new situation (Di Matteo, 2019:53).

To promote interpersonal interactions, managers and employees from the acquiring firm should actively engage in trust-building activities such as exhibiting dependability, competence, and kindness. An approach to overcoming strict regulations' drawbacks is through strong interpersonal ties, supported by frequent meetings (Väisänen *et al*., 2021:1343). Additionally, managers could build trust by outlining the organisational goals. Staff members should be afforded training and development, and benefit from management's experience and expertise. Additionally, leaders should portray behaviours that foster trust (Väisänen *et al*., 2021:1343).

5.2.3.7 Unexpected negative realities

Furthermore, managing the expectation gap between what the acquirer is willing to pay versus what the acquiree is willing to accept is critical (Agarwal & Kwan, 2018:3; Gomes *et al.*, 2011:19). Therefore, when negotiating, leaders should always be cognisant of negative realities that may emerge once the transaction has been completed. Leaders could enlist specialist dealmakers and negotiators to minimise this gap.

M&As are critical strategies for business expansion and growth; however, a vast amount of research notes that the accompanying strategic and operational objectives are frequently not achieved (Steigenberger, 2017:408). Galpin and Herndon (2007:10-11) note that, due diligence should be carried out in various areas, including finance, operations, and legal, and should also include environmental concerns, to mention a few. The due diligence team should summarise the process's significant findings and looks for possible deal killers or synergies. Finally, the acquiring business should use the results of the due diligence to create negotiation conditions, calculate offer pricing, and prepare for the initiation of the integration proposals (Galpin & Herndon, 2007:10-11).

5.2.3.8 Resistance to change

The lack of a shared vision and strategic goals causes employees to feel disconnected from the organisation (Di Matteo, 2019:55). Leaders of a newly merged organisation need to communicate the shared vision to create stability and a shared sense of belonging.

It is possible to distinguish between different levels of resistance to change: it may be directly related to change when employees are unsure of the robustness and value of the change proposed, or it may be related to problems like a lack of trust, cultural differences, a perceived decline in respect, perceptions of inequity, or a fear of failing to develop the new skills that will be needed as a result of this change (Di Matteo, 2019:55).

The vision, objectives, goals, and policies for the newly merged company should be developed by senior leaders from both organisations. To achieve organisational success, these need to be communicated to the organisation in order to get everyone's buy-in. Employee participation in the development of the new vision should be encouraged to achieve shared ownership (Gomes *et al.*, 2011:25).

Leaders should approach the problem transparently, highlighting the potential advantages that will result from the change, and show understanding for the emotional experiences of the people affected by the organisational change. This will lessen employees' resistance to the change. Employees should also be given the social, emotional, and technical support they need to overcome their resistance to the change (Di Matteo, 2019:56).

Leaders could follow Kotter's Eight-stage Change Model, shown in Figure 5. The model offers a systematic change process that executives could employ across the organisation (Kotter, 2007:100).

5.2.4 Summary of the Chapter

Chapter 5 answered the research questions through triangulation of the study findings with the literature review (discussed in Chapter 2). Recommendations for mitigating these challenges were offered, guided by extant literature. The next chapter contains conclusions, implications for management, the study's limitations, and avenues for future research.

CHAPTER 6: CONCLUSION, MANAGERIAL IMPLICATIONS AND RECOMMENDATIONS

6.1 Introduction

This chapter presents the study's conclusion with regard to the achievement of the study objectives, followed by managerial implications derived from the study. The limitations of the study are detailed, as well as recommendations for further studies.

6.2 Conclusions regarding the Achievement of Objectives

The primary objective of this study was to explore and identify the post-merger integration challenges experienced by leaders in South African merged organisations.

The secondary objectives of this study were:

- To identify post-merger challenges as indicated in the literature. The researcher achieved this objective by identifying challenges from the literature, such as relatedness (internal and external), job insecurity, process changes, and cultural clashes. Furthermore, cultural misalignment during mergers was prominently highlighted as a challenge in previous research. Integrations also lead to listlessness, indifference, nostalgia, lack of commitment to the new culture, fear, and aggressive opposition to the new system.

- To explore the post-merger challenges experienced by leaders in South African organisations. The researcher found eight significant challenges: cultural incompatibility, lack of competent leadership, system and software integration, communication, employee retention, trust, unexpected negative realities, and resistance to change.

- To categorise the identified post-merger challenges experienced by leaders into clusters. Through initial coding, the researcher identified 33 codes. After the second round of data interrogation, 23 codes remained. The emergent themes were classified into eight significant themes, as described in the preceding bullet point.

The researcher followed an empirical process to achieve the study’s objective. First, various definitions of the concepts *merger* and *acquisition* were provided. This was followed by a literature review of the purpose of M&As and the different PMI processes. In addition, the role of leadership during the PMI phase was investigated.

The researcher identified the themes that relate to the challenges leaders face during the PMI phase of M&As, and discussed these in alignment with the findings of the literature review. Furthermore, recommendations for mitigating these challenges were offered, guided by extant literature.

6.3 Managerial Implications

The study's findings give business leaders insight into the challenges that leaders face during PMI. Leaders should consider the recommendations in section 6.4 to mitigate the negative effects that these challenges have on the eventual outcome of the merger.

6.4 Recommendations based on the outcome of the Study

Based on the study's outcome, the researcher suggests that future leaders consider recommendations to mitigate the negative effect these challenges have on the eventual outcome of the merger.

Leaders could find the recommendations below helpful in identifying and mitigating these challenges.

Culture incompatibility could be reduced by proper planning, creating a positive environment for change, enhancing cultural learning across the organisation, enhancing cultural understanding, and, if required, using skilled facilitators with knowledge of the organisational culture and the ability to navigate differences.

Effective leadership is required for PMI. Leaders should promote organisational and cultural alignment, practise appropriate expectation management between the two businesses, take a proactive approach by creating specific goals that align with the organisation's strategy, and set up an integration team.

Successful systems and software integration are critical; therefore, leaders should implement a low-risk strategy and framework for IT integration into the PMI planning.

Effective communication is required by leaders, to reduce employees' turnover intentions. Leaders should communicate transparently, truthfully, and honestly in order to make employees feel secure and valued. Furthermore, various media and communication initiatives could be incorporated into the PMI strategy. This will also improve employees' trust in the leaders and the process.

It is essential to **retain critical employees** from the merging company, and one way to do this is to involve them early in the merger or acquisition process to take psychological ownership.

During PMI, employees are expected to embrace change immediately, but developing **trust** takes time and shared experiences. Successful PMI respect differences and constructively resolve these while creating new standards. Leaders should encourage open discussions regarding uncertainties to create a shared vision and values. If this is done successfully, employees will react more favourably because they feel valued, listened to, and respected. In addition, leaders and employees from the acquiring firm should actively engage in trust-building activities such as exhibiting dependability, competence, and kindness.

Furthermore, managing the expectation gap between what the acquirer is willing to pay versus what the acquiree is willing to accept is critical. Therefore, leaders should enlist specialist dealmakers and negotiators to minimise this gap that also results in **unexpected negative realities**.

Senior leaders from both organisations should develop the company's vision, values, goals, and policies to improve **change management.** These need to be shared with the organisation in order to get everyone's buy-in and support. Staff members should be encouraged to participate in the development of the new vision, to ensure shared ownership. Leaders could also apply Kotter's Eight-stage Change Model (Kotter, 2007:100), depicted in Figure 5**: Kotter's Eight-stage Change Model**.

6.5 Limitations of the Study

A study's limitations are uncontrolled factors and flaws that may impair its internal validity and generalisability (Jordan, 2019:8). While the current research adds to the body of knowledge on M&As, it does have limits.

A limitation of this research was the geographical delimitation and the non-probability sampling technique employed. Additionally, since the research concentrated only on leaders who had been involved in M&A transactions in South Africa, the findings may not be applicable to such transactions in other countries. Another limitation is that only organisation leaders were interviewed, which may have created bias in the findings (Maepa, 2014:32).

Finally, the study's objective was not to generalise findings, but to ascertain the phenomenon's nature. Di Matteo (2019:94) states that all research methodologies have benefits and downsides. Qualitative research done via in-depth interviews does have certain shortcomings. For example, participants may be influenced, either deliberately or unwittingly, by the interviewer. Furthermore, both interviewer and interviewees may struggle to accurately convey their thoughts. Therefore, respondents may not always respond accurately to the interview questions.

Moreover, the subjective nature of replies' and the researcher's interpretation might impact the findings (Di Matteo, 2019:94). However, the present researcher attempted to keep a critical perspective while analysing the data and drawing conclusions.

6.6 Recommendations for Future Research

This study focused on leaders in a variety of businesses in different industries. Nine participants from nine companies were interviewed during this study. Future research could use a larger sample, which may yield additional insights.

Researchers could also examine additional connections between organisational change management techniques, organisational integration strategies in M&As, and effective change management.

Although much research exists on PMIs, future researchers could focus on the aspect of culture and cultural incompatibility, which was found to be a prominent challenge experienced by leaders.

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APPENDIX A: ETHICS APPROVAL

Private Bag X1290, Potchefstroom

South Africa 2520

Tel: 018 299-1111/2222 Fax: 018 299-4910

Web: http://www.nwu.ac.za

Senate Committee for Research Ethics

Tel: 018 299-4849

Email: nkosinathi.machine@nwu.ac.za

28 February 2022

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on **25/02/2022**, the Economic and Management Sciences Research Ethics Committee hereby **approves** your study as indicated below. This implies that the North-West University Senate Committee for Research Ethics (NWU-RERC) grants its permission that, provided the special conditions specified below are met and pending any other authorisation that may be necessary, the study may be initiated, using the ethics number below.

Study title: Exploring post-merger integration challenges experienced by leaders in selected South African organizations - MBA

Study Leader/Supervisor: Prof Y du Plessis

Student: Stander, Q (12666408)

Ethics number:

N	W	U	-	0	0	5	8	6	-	2	2	-	A	4

Institution Study Number

Year Status

Status: S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation

Application Type:

Commencement date: **28/02/2022** **Risk:** Low

Expiry date: 28/02/2023

Approval of the study is initially provided for a year, after which continuation of the study is dependent on receipt and review of the annual (or as otherwise stipulated) monitoring report and the concomitant issuing of a letter of continuation.

Special in process conditions of the research for approval (if applicable):

General conditions:

While this ethics approval is subject to all declarations, undertakings and agreements incorporated and signed in the application form, the following general terms and conditions will apply:

The study leader/supervisor (principle investigator)/researcher must report in the prescribed format to the EMS-REC:

annually (or as otherwise requested) on the monitoring of the study, whereby a letter of continuation will be provided, and upon completion of the study; and

without any delay in case of any adverse event or incident (or any matter that interrupts sound ethical principles) during the course of the study.

The approval applies strictly to the proposal as stipulated in the application form. Should any amendments to the proposal be deemed necessary during the course of the study, the study leader/researcher must apply for approval of these amendments at the EMS-REC, prior to implementation. Should there be any deviations from the study proposal without the necessary approval of such amendments, the ethics approval is immediately and automatically forfeited.

Annually a number of studies may be randomly selected for an external audit.

The date of approval indicates the first date that the study may be started.

In the interest of ethical responsibility, the NWU-SCRE and EMS-REC reserves the right to:

request access to any information or data at any time during the course or after completion of the study;

to ask further questions, seek additional information, require further modification or monitor the conduct of your research or the informed consent process; - *withdraw or postpone approval if:*

· any unethical principles or practices of the study are revealed or suspected;

· it becomes apparent that any relevant information was withheld from the EMS-REC or that information has been false or misrepresented;

· submission of the annual (or otherwise stipulated) monitoring report, the required amendments, or reporting of adverse events or incidents was not done in a timely manner and accurately; and / or · new institutional rules, national legislation or international conventions deem it necessary.

The EMS-REC would like to remain at your service as scientist and researcher, and wishes you well with your study. Please do not hesitate to contact the EMS-REC or the NWU-SCRE for any further enquiries or requests for assistance.

Yours sincerely

Prof M. Rathbone

Chairperson NWU Economic and Management Sciences Research Ethics Committee

ANNEXURE B: LETTER OF INFORMED CONSENT

INFORMED CONSENT LETTER

NORTH-WEST UNIVERSITY: MBA Research

RESEARCHER: Quintin Stander

Cell phone number: 082 7989 329

E-mail:

Date: 15 April 2022

Dear participant,

You are invited to voluntary participate in an officially **approved MBA research study,** with EMS-REC ethical number NWU-00586-22-A4 at the North-West University Business School, titled "**Exploring post-merger integration challenges experienced by leaders in South African organisations".**

The following information serves to inform you of the study process and ethical conduct being followed to which you will consent to if you wish to participate.

This study aims to obtain data from organisational leaders about the challenges they have experienced regarding post-merger integration in South African companies.

It should be emphasised that participation in this study is voluntary and with the participant's consent without coercion.

The research approach is qualitative, using a semi-structured interview guide that contains pre-determined, open-ended questions whereby participants are allowed to freely communicate their views on the noted topic. In addition, essential background information such as age, gender, educational attainment and industry will be asked as part of participant descriptives and not to discriminate.

The estimated time for the interview is 60 minutes.

The interviews will be recorded to serve as credible data transcripts for data analysis

If, at any point during the interview, you as participant should feel uncomfortable, you will have the opportunity to make your discomfort known or end your participation.

The confidentiality, anonymity and privacy of participants are guaranteed. Nowhere will your name or company be mentioned. All complex data, including completed documents and company documentation, will be kept in a lockable safe. The data will be safely held in a fireproof vault for five years before being destroyed, following South African electronic equipment disposal rules. All soft data, including transcripts, interviews, and digital documentation, will be kept on a secure digital hard drive with password-protected electronic files.

A summarised copy of the final research findings will be available to the participants on request.

The data will only be used for research purposes and academic publications.

If you have any questions, contact the research supervisor: Prof Yvonne du Plessis at yvonne.duplessis@nwu.ac.za or the researcher Quintin Stander at quintin.stander@provestgroup.co.za (082 7989 329).

Please confirm your voluntary participation and consent to the study. *(Please confirm by signing with a pseudo-code)*

I, the participant, confirm that I have read and comprehended the Informed Consent conditions and give my unqualified consent to Mr Quintin Stander and Prof Yvonne du Plessis to utilise the information from the interviews as data in the mentioned study for research purposes and academic publications.

As a result of this request for participation in the study mentioned above, I also grant consent to processing certain personal information in terms of section 18 of the POPI Act.

Name and designation	**Signature**	**Date**
Supervisor: Prof Y. du Plessis	Y Du Plessis	15 April 2022

Researcher: Q. Stander		15 April 2022
Consent Participant:	Pseudo code:	

We thank you

ANNEXURE C: LANGUAGE EDITOR CERTIFICATE

TERESA KAPP

Phone:
+27 82 789 7878
E-mail:
tekapp@mweb.co.za
info@teresakapp.com

This serves to certify that I duly edited:

Exploring post-merger integration challenges experienced by leaders in South African organisations

by

Quintin Stander

0000-0003-0025-7730

I am an accredited editor with the University of Johannesburg, University of Stellenbosch Business School, NWU, UP, UCT, and GIBS, and my clients include the United Nations Global Compact, Absa, FNB, Takealot, and various other universities and organisations in South Africa and Namibia.

Please note that all editing is done in Track Changes, and I therefore have no control over what is accepted or rejected by the author. Furthermore, I have no control over text added at a later stage.

Should there be any queries, please contact me on the number provided above.

Teresa Kapp

ANNEXURE D: TURNITIN REPORT

12666408:Final_for_turn_it_in_Stander_Q_12666408_researc...

ORIGINALITY REPORT

checked and approved by Prof Y du Plessis- 19 Sept 2022

8%	4%	2%	4%
SIMILARITY INDEX	INTERNET SOURCES	PUBLICATIONS	STUDENT PAPERS

PRIMARY SOURCES

1	onlinelibrary.wiley.com Internet Source	1%
2	repository.nwu.ac.za Internet Source	1%
3	Submitted to University of Stellenbosch, South Africa Student Paper	<1%
4	uir.unisa.ac.za Internet Source	<1%
5	Submitted to University of KwaZulu-Natal Student Paper	<1%
6	Submitted to Erasmus University of Rotterdam Student Paper	<1%
7	Maria Alaranta, Lars Mathiassen. "Managing Risks: Post-Merger Integration of Information Systems", IT Professional, 2014 Publication	<1%
8	Submitted to Vaasan yliopisto Student Paper	<1%

ANNEXURE E: DATA COLLECTION TOOL. INTERVIEW GUIDE WITH INTERVIEW QUESTIONS

Date of interview: _______________

Participant CODE: _______________

Interview Protocol

Introduction

- Welcome the participant and clearly state the purpose and process of this research.

  Thank you very much for taking the time to participate and be interviewed voluntarily.

- Clearly state the rights of participants in terms of voluntary involvement, confidentiality, and risk in line with the North-West University Ethical Process and Rules.
- If not obtained already, obtain and confirm each participant's permission on the Consent Form.
- Agree on the interview approach and recording—explain the process and timeframe, which should be approximately 60 min.

Interview

- The interview will focus on the challenges you experienced throughout a merger or acquisition process, particularly during the post-merger integration phase. It would be appreciated if you could be very specific about the factors that should have been considered to make the post-merger integration more successful.

The concept interview questions to be posed by the researcher will be:

Interviewee background:

- What do you do at the organisation?
- How long have you worked in the company?
- What is your role in the integration?
- Briefly describe your experience in post-merger integration processes.

1. Before the M&A process, did you do any research to understand the post-merger integration process and possible challenges that may be encountered?
2. What was the planned post-merger integration strategies envisaged to achieve successful post-merger integration?
3. What were the most significant obstacles encountered throughout the post-merger integration phase?
4. What were your actions to address these significant challenges experienced during the post-merger integration phase?
5. Did any of the leadership strategies or your leadership style change during the post-merger integration process? If so, please describe why it changed and how it changed?
6. Can you provide any further information about the discovery and handling of problems encountered throughout the post-merger integration process?

Conclude

Thank the participant.

Participants to consent to contacting them again, where necessary, for clarity of data collected (referred to in qualitative research as ‘member-checking’).