



Exploring the influences on employee commitment during the acquisition of a South African FMCG company

IJ Wessels

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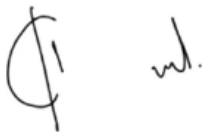
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requirements for the degree *Master of Business
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Supervisor: Prof CJ Botha

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DECLARATION

I, **Izak Wessels**, declare that the research presented in this mini-dissertation, '**Exploring the Influences on Employee Commitment During the Acquisition of a South African FMCG Company**', is my work, with citations referenced for all sources utilised.



27 November 2024

SIGNED

DATE

DEDICATION

To Anzelle,

who was strong when I was weak and always had my back.

“Ek het jou lief as wind of die water,
liewer as suiwer sonlig en see,
ek het jou lief met die wonderkrag wat
die hart van ‘n mens aan mens kan gee.”

W.E.G. Louw

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It felt like I would need a miracle to complete this Master of Business Dissertation, but I was wrong. I required multiple miracles, and for that, I am most undeserving but most thankful to my Lord and Saviour, Christ Jesus.

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- Dr Johan Jordaan, thank you for the exceptional qualitative analysis on ATLAS.ti. Your support and interest in this study contributed significantly to its depth and quality. I am privileged to have had your expert support during the dissertation and throughout the MBA journey.
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ABSTRACT

Mergers and acquisitions (M&As) are potentially life-changing events impacting many employees' lives, especially their commitment to an organisation. This mini-dissertation explores the factors influencing employee commitment (EC) during the acquisition of a South African fast-moving consumer goods (FMCG) business.

Using a qualitative case study approach, this work investigates the impact of factors like leadership, communication, job security, organisational culture and change management on EC. The study further contributes to the theoretical understanding of EC during M&As by integrating frameworks such as Lewin's Change model and Kotter's eight-step model into a South African FMCG context. The practical recommendations for leaders and noteworthy stakeholders emphasise the need for transparent communication by combining these tried and tested change management models throughout the M&A process.

The research adopted an interpretive paradigm with a mono-method qualitative strategy, collecting data through semi-structured interviews from relevant employees in both the legacy and target companies of the acquisition. The findings revealed leadership as a central factor to M&A success, with constructive leadership styles essential in building trust and positive business culture, with the contrary indicating an increase in employee turnover where these factors were ignored or dealt with poorly.

The importance of a holistic, employee-centred approach to M&As is currently contrary to the norm, where 'business objectives' outweigh 'people objectives', but it has proved essential in the fast and dynamic South African FMCG industry. By considering people as a vital asset to a company, leaders almost unknowingly cultivate and foster EC, which makes navigating the already challenging transition that M&As bring with increased ease and confidence – naturally lifting the chances of a successful transaction and better business performance.

Key terms: employee commitment, mergers and acquisitions, leadership, organisational culture, communication, change management, FMCG industry.

LIST OF ABBREVIATIONS

ABBREVIATION	DESCRIPTION
4IR	Fourth Industrial Revolution
AI	Artificial Intelligence
ATLAS.ti	Archiv für Technik, Lebenswelt und Alltagssprache
BBBEE	Broad-Based Black Economic Empowerment
CM	Change Management
EC	Employee Commitment
EQ	Emotional Intelligence
FMCG	Fast-Moving Consumer Goods
HR	Human Resources
HRM	Human Resource Management
JS	Job Satisfaction
M&A	Mergers and Acquisitions
NWU	North-West University
OC	Organisational Culture
POPIA	Protection of Personal Information Act - Act 4 of 2013
Stats SA	Statistics South Africa
USD	United States Dollar
ZAR	South African Rand

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CHAPTER 1 AN INTRODUCTION TO THE STUDY

1.1 INTRODUCTION

Mergers and acquisitions (M&As) are a growing global phenomenon, and companies invest more than USD 4 trillion annually on these transactions, even though between 70 and 90 per cent of them eventually fail. Researchers and experts alike are puzzled by these statistics and have widely attempted to determine the reasons behind M&A failures (Joshi & Mudde, 2020:50). Business route-cause analyses are typical and include due diligence questions, poor financial and operational synergies, unclear integration or company strategy, incomplete negotiations and a lack of contingency plans. However, far less is done to close the gap in transitioning employee commitment to the newly formed entity, which impacts continuity and sustained business performance, solidifying the relevance of this research and its contribution.

The fast-moving consumer goods (FMCG) industry is considered one of the biggest and fastest-growing in the South African economy, making a substantial contribution to the country's GDP growth. Notable FMCG companies worldwide include Nestlé, PepsiCo, Coca-Cola and Procter & Gamble (Makaleng & Hove-Sibanda, 2022:1). The highly competitive nature of the industry amplified by shareholder pressure necessitates businesses to seek continuous growth strategies for market expansion with M&As a perfect medium to achieve these objectives. This study is particularly relevant for PepsiCo as the USD 1.7 billion purchase of Pioneer Foods, finalised in March 2020, was among PepsiCo's largest transactions outside the United States (PepsiCo, 2024).

Employee commitment (EC) is crucial in M&As. Still, there isn't much research investigating this topic in South Africa's FMCG industry to position it better for future transactions. Research has indicated that several factors, such as leadership, communication, job security, and cultural integration, impact EC either positively or negatively during M&As (Chait & Panatik, 2019:6). However, little is known about how much these variables impact South African workers in the FMCG industry. Therefore, by closing the existing research gap, this study intends to contribute to the M&A process in South Africa by exploring the influences on EC, ultimately leading to more efficient and sustainable M&As.

1.2 BACKGROUND TO THE STUDY

The FMCG industry is one of the oldest and most competitive markets worldwide, with constant pressure to innovate and reinvent for continuity. Once market saturation is reached, FMCG companies resort to M&As for market share expansion, either locally or globally, where new market opportunities are explored. The FMCG industry comprises everyday necessities, including snacks and beverages, household chemicals, cosmetics, and personal hygiene items, to name but a few (Leshchiy & Beloy, 2021).

Acquiring South African companies presents additional challenges as legal frameworks like B-BBEE and other socio-economic factors must be given priority and consideration (Mudau, 2022:3). The high rate of unemployment in the South African market makes it even more essential to sustain strong employee commitment during organisational changes and mergers and acquisitions. According to a second-quarter Stats SA media release in August of 2024, the official unemployment rate for South Africa was at 33.5%, one of the highest globally (Stats SA, 2024).

In the modern workplace, organisations face numerous obstacles in achieving their growth targets and delivering on shareholder expectations, as it is becoming more challenging to develop performing workforces with decreasing EC amongst employees. Without EC, continuity is unachievable, placing the organisation's goals and objectives out of reach (Estigoy & Guodu, 2020:160). Due to the importance of EC, it has become critical that companies fully grasp the underlying concept and practices of improving EC to best position during and after the disrupting consequences of M&As.

Although much improvement has been made towards AI and the strides toward significant technological enhancements of the 4IR, Hee and Ann (2019:483) contend that employees are still essential assets for the industry. Employee commitment remains critical in driving companies toward achieving the visions and goals they have set out for themselves, and thus, they directly impact company performance outcomes. Because of the scarcity of current research on EC, especially in the context of the South African FMCG industry, the insight gathered from this study can assist businesses seeking more effective M&A strategies that promote financial growth and, just as important, employee well-being.

1.3 DEFINITION OF TERMS

Fast-Moving Consumer Goods (FMCG): Fast-moving consumer goods, or FMCGs, are items people buy in their capacity for personal use. These products consist of items used or consumed relatively quickly (Fareniuk, 2022:49). The convenience behind these products is a practical way to explain their essence. Simba, Lays or a Pepsi or Coke beverage are relevant examples of FMCG products. FMCG products are typically found in supermarkets, forecourts, wholesalers and online stores. The turnover of these products is often faster, making them appealing to store owners and traders.

Mergers and Acquisitions (M&A): A merger or acquisition combines two or more businesses to form a new corporation. The most significant distinction between the two formats is in how the companies are integrated. When there is a negotiating process before the merger, with a proper assessment of potential future benefits for both parties, we face an actual merger. An acquisition is when a more prominent firm buys out a smaller one. Synergies, tax benefits, financial gain, and increased competitiveness are opportunities for both businesses. Potentially unfavourable consequences include organisational culture mismatches, increased employee turnover, and employee satisfaction challenges (Moskovicz, 2018:1).

Employee Commitment (EC): Employee commitment is essential and defined as the likelihood of workers continuing employment in a firm. Elements within employee commitment concepts include Normative commitment, Affective commitment and continuous commitment, broadly addressing employee needs, obligations, and career outcome desires (Mahmood *et al.*, 2021:58). EC levels can also be explained as how dedicated and loyal someone is to the company they work for. Also, how much they care about their work and its outcomes, and whether they feel connected to the cause enough to keep working there.

Job Satisfaction (JS): Mahmood *et al.* (2021:58) state that job satisfaction can be defined as the worker's attitudes or general state of mind regarding their employment and job components, such as the actual workplace, working circumstances, adequate rewards, and connection with peers. JS is the staff's satisfaction level regarding job functions, work environments, and manager support. Higher JS levels are correlated with increased productivity, higher EC levels and organisational culture.

Organisational Culture (OC): Culture is the intriguing, intangible elements that broadly consist of the sum total of an organisation's values, guiding principles, policies, and unique skill set that forms the overall group. OC is essential for a successful business, and creating a new OC after an M&A is an art that can either make or break future EC during the integration process (Giao *et al.*, 2020:216). Simply put, OC can be seen as a company's personality. The same as certain personality types agree or disagree, so employees have to find their specific fit and sense of belonging.

1.4 PROBLEM STATEMENT

Companies frequently utilise M&As to attain financial growth, competitive advantage over rivals, and corporate restructuring opportunities. The detailed nature of integration through M&As aims to increase market reach, improve operational efficiency, and build synergies between the merged companies (García-Nieto, 2024:1). The changes following company acquisitions, however, are disruptive. The required structural changes are often opposed due to the uncertainty caused by this challenging process, negatively impacting EC and employee morale (Ben Jacob, 2020:59). Research consistently affirms throughout literature that employees affected by M&As face job insecurity, changes in organisational culture, and lower job satisfaction levels, all of which result in lower EC and higher employee turnover (Lukic, 2020:6). High employee turnover can disrupt continuity, productivity, and overall business performance, which is especially troublesome in the FMCG sector. Because these M&As involve such significant investments, the danger is that the intended benefits of the acquisition would ultimately be lost if these problems are not addressed correctly.

Da Costa and Loureiro (2019:329) describe employees' roles as crucial to companies due to their connectedness with existing customers. They argue that businesses cannot only consider internal engagement, as employees who don't get excited about internal occurrences can also not display excitement externally, directly impacting business performance. Companies acquire physical and human assets and depend on them to demonstrate professionalism and create reputable perceptions of the business. In South Africa, M&As are more complex through government intervention that may hurt the transaction, as well as other socio-economic considerations like high unemployment rates and B-BBEE make it even more critical for FMCG companies to maintain EC levels

throughout the acquisition (Nikani, 2022:5). Limited research exists, however, to address these unique complexities within the South African FMCG sector impacting EC levels of employees. The problem to be solved is thus to explore the influences on EC during M&As in the South African FMCG industry. Exploring these factors will positively contribute to the research, close the gap, and help formulate strategies to support both employees and businesses through the transition, ensuring a balanced amount of effort on the commercial and the people side of M&As in the future.

1.5 RESEARCH OBJECTIVES

1.5.1 Primary objective

This work aims to explore the factors influencing employee commitment and help guide stakeholders during company acquisitions.

1.5.2 Secondary objectives in support of the primary goal

- To identify the factors influencing employee commitment.
- To investigate the role of effective communication on employee commitment
- Determining leadership styles' role on employee commitment.
- To utilise the research results in formulating recommendations for enhancing employee commitment.

1.6 EXPECTED STUDY CONTRIBUTION

Analysing the factors that impact EC through acquisitions and focusing on a specific company have the potential to not only build on the current literature and theory but will also guide managers practically and help avoid pitfalls naturally created by these complex transactions.

There is a tendency to underestimate the people side of business acquisitions, and highlighting the importance of employees as critical gatekeepers to positive business performance will allow management to make better decisions. Navigating these factors and their due consideration should be added to the acquisition 'blueprint'.

Training through 'Change management' and a practical way of applying the knowledge gained should be the aim for an industry output, carefully considering the steps to guide employees through M&As to avoid unwanted staff turnover.

1.7 SCOPE OF THE STUDY

1.7.1 Field of study

The field of study for this title is classified under the People and Financial Management categories. The importance of business performance was recognised, and the role of employee satisfaction in performance received the necessary focus.

1.7.2 Sector under investigation

The South African FMCG sector or industry was investigated. FMCG products are primarily defined as the production, marketing, and distribution of consumer goods consumed regularly and of a high turnover (Fareniuk, 2022:49). Household brands like Simba, Pepsi, Clover, Coca-Cola and Lays are a few examples of products produced by companies within the FMCG sector. Chapter 2 elaborates in more detail on the South African FMCG market.

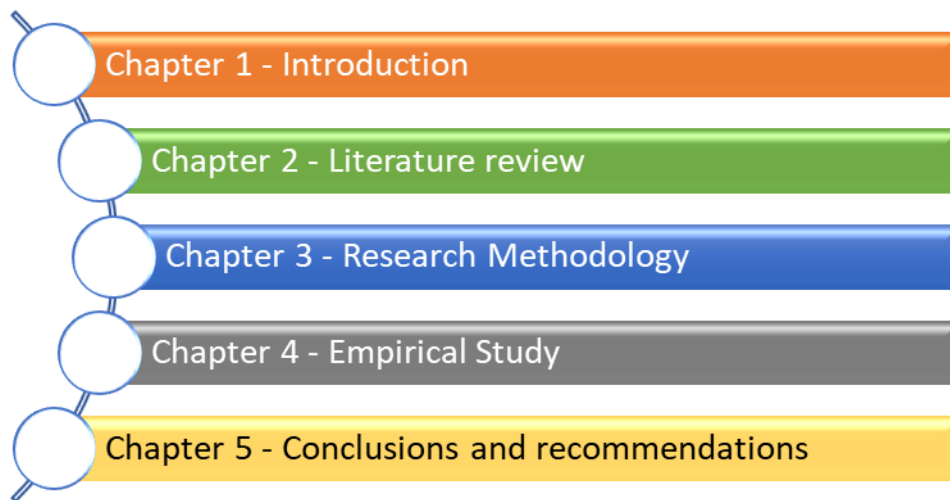
1.7.3 Geographical demarcation

The participating respondents, employed by PepsiCo, either formed part of the legacy Pioneer Foods or PepsiCo businesses. The study was limited geographically to acquisitions of FMCG companies within South Africa's borders, specifically focusing on the PepsiCo South Africa business, which acquired Pioneer Foods in 2020. Billions worldwide consume PepsiCo's product portfolio, and the company generated more than USD 90 billion in net revenue in 2023. PepsiCo's brands in South Africa consist of Lay's, Simba, Bokomo, Liqui Fruit, White Star, SASKO, Simba and Weet-Bix, amongst others (PepsiCo, 2024).

1.8 STUDY LAYOUT

The research study consists of five chapters, as prescribed by the NWU guidelines for MBA student mini-dissertations, and visually summarised in Figure 1-1 (p.7) by chapter and title.

Figure 1-1: Layout of the study (Chapters)



Source: Developed by Author

- **Chapter 1:** Introduction

This chapter introduces the context of the study, the problem statement, and the importance of exploring EC during M&As within the FMCG sector. Chapter 1 starts and systematically builds towards the study's recommendations and conclusion.

- **Chapter 2:** Literature Review

The literature review presents an in-depth review of relevant literature, examining fundamental theories and findings relating to EC during M&As. It also delves deeper into leadership styles, communication and the FMCG sector. According to Elsbach and van Knippenberg (2020:2), a literature review is a study that adds new frameworks and viewpoints on a subject by reviewing, analysing, and integrating representative literature in detail.

- **Chapter 3:** Research Methodology

This chapter explains the methodology, research design, and qualitative techniques utilised to collect and analyse the data, addressing the research questions.

- **Chapter 4:** Empirical study

This section of the study presents and interprets the findings from the data collected on the factors influencing EC during M&As.

- **Chapter 5: Conclusions and Recommendations**

This chapter summarises the essential findings and discusses their implications, leading to practical recommendations for improving EC during M&As.

CHAPTER 2 LITERATURE REVIEW

2.1 INTRODUCTION

Globalisation has created a conducive environment for companies to expand their reach into new markets through international mergers and acquisitions. Although distinctions exist between mergers and acquisitions, broadly, this form of expansion has become increasingly popular for competitive positioning and business growth both locally and globally (Chernenko *et al.*, 2021:2). According to Piesse *et al.* (2022:541), we need to differentiate more clearly between the economic factors of M&As and not refer to these interchangeably. They define acquisitions as transactions in which the acquiring company buys more than half of the target company's equity and takes control of the acquired firm. In contrast, a merger involves combining at least two businesses to create a new legal organisation, where only one business ultimately emerges (Piesse *et al.*, 2022:542).

Although acquisitions have the potential to enable financial growth, increased attention needs to be given to the human factors these strategies have on the employees and not only focus on the economic side of the transaction. Kang *et al.* (2020:58) argue that not enough emphasis is placed on the complication of M&As and compare the culture change these firms undergo as similar to the obstacles a couple is bound to face during a marriage, challenging their long-term commitment. The willingness of employees to remain committed to their companies and achieve their goals is critical for effective and sustainable organisations. The modern workplace has changed significantly, resulting in high levels of talent moving between companies, raising concerns about how businesses can retain their top talent (Ndlovu *et al.*, 2021:1).

2.2 DEFINING EMPLOYEE COMMITMENT

According to Aziz *et al.* (2021:56), numerous studies have investigated the concept of employee commitment (EC), which is reportedly one of the most challenging and widely researched concepts in management and organisational behaviour spaces. They define employee commitment as an employee's apparent connection with and demonstrated organisational engagement.

Employee commitment is further described as the willingness of employees to contribute to organisational objectives. When workers are confident they will grow and learn under their current managers, their commitment to remain with that particular organisation is also more robust (Aziz *et al.*, 2021:56).

Murray and Holmes (2021:3) define employee commitment as the relative strength of an individual's identification with and involvement in a particular organisation – also viewed as an employee's overall attitude towards their employer.

Aljumah *et al.* (2022:1380) define employee commitment arguably too simplistic, drawing attention to measuring employee commitment against the willingness to meet company objectives. They further state that commitment can be observed when evidence exists of regular office attendance as a foundational characteristic. They also define employee commitment to inputs, like a willingness to perform additional tasks rather than performance outputs, which would be problematic within a performance culture.

2.2.1 Three-component commitment model

Meyer and Allen's (1997) three-component commitment model is a foundational theory and likely the most widely used in organisational and employee commitment research. They recognised employee commitment under three subcategories: normative (loyal), continuance (have to stay), and affective (like to stay) - each demonstrating an employee's level of dedication to the company, which indicates the reason for their devotion to the business' cause (Aziz *et al.*, 2021:56).

Although Allen and Meyer (1997) argue that a person may experience all these categories or dimensions simultaneously, they may not occur consistently. A worker's affective commitment reveals their emotive connection with their employer, and emotionally invested individuals in the company frequently embrace its ideals and wish to remain there longer. Strong affective commitment suggests that people will act in their employer's best interests and that their experiences at work will often align with their values and expectations. The contrary will thus also apply where there is role conflict or ambiguity, reducing overall affective commitment (Murray & Holmes, 2021:3).

Two elements combine to form continuance commitment. First, the amount of time and effort invested in the role at the company, and second, the number of realistic and viable

alternatives available to the employee in the market. Employees might feel they will lose too much time and invested effort should they leave the organisation and can only move once their internal goals are achieved. On the other hand, normative commitment stems from an employee's loyalty to their company. They pride themselves on positive contributions and want to show their employer they can be trusted to achieve their goals autonomously (Murray & Holmes, 2021:3).

It is essential to note questions in the theory surrounding the three-component commitment model. Rodrigues *et al.* (2022:19) concede that affective and normative commitment's impact favours employee commitment but argue that a parallel line could be drawn between continuance commitment and entrenchment, negatively impacting the model. They state that continuance is a component of organisational entrenchment rather than commitment, especially when low employment alternatives and perceived employability are experienced.

2.2.2 The necessity for employee commitment

There are positive and negative factors impacting employee commitment. Management styles are conducive to building trust and cultivating mutual respect, positively influencing employees. Further, encouraging company cultures and good communication channels are other positive indicators. Changes in organisations, like restructuring and downsizing, can be extremely difficult for employees and cause significant stress and concern, further impacting employee and company performance (Matthysen & Harris, 2018:9).

Chait and Panatik (2019:4) state that it is both complex and costly for companies to produce desired results when employee turnover is high. The intention of acquisitions might be to cumulate results once forces are joined. However, if not careful, Mjoli and Ngirande (2020:1) state that the opposite might occur if employees are not managed correctly during a transition phase. They further highlight that the uncertainty created by a lack of transparency in implementation and poor communication could be detrimental to the cause.

Abdirahman *et al.* (2020:42) state that employee continuity is essential and that the workforce is linked to the primary organisational strength when delivering targets and

strategic goals. Additionally, productivity and organisational development are directly correlated with employee performance.

It is essential to predict and understand the factors that impact employee commitment to decrease staff turnover and improve company performance. Demotivated employees do not perform well in their roles, are less creative in their contributions and will exit the business once an opportunity arises (Chait & Panatik, 2019:6).

On the other hand, Chait and Panatik (2019:6) state that committed employees act as an effective instrument to help increase other employees' commitment levels; they are further much more productive and outperform employees who are not motivated. Without committed employees, the company's goals and strategies will not succeed (Matthysen & Harris, 2018:1).

The literature depicted in Table 2-1 (p.13) is done to help summarise the various views on EC visually. What is clear is that for this study, the comments of Aljumah *et al.* (2022:1380) on EC are perhaps too straightforward and need more depth than mere office attendance. M&A stability and sustainability are required and depend on EC after the transaction. Various factors influencing the EC were identified and will be tested later. The literature continuously stresses the critical nature of EC in the M&A process.

Table 2-1: Different EC Perspectives

Different views on Employee Commitment	
<u>Author(s)</u>	<u>Main Views:</u>
<i>Aziz et al. (2021:62)</i>	Since JS and EC are positively correlated and there is little satisfaction with promotions, it is possible that enhancing this aspect will increase organisational commitment in this sample.
<i>Aljumah et al. (2022:1380)</i>	Comparing the willingness of employees to fulfil organisational goals with their level of commitment. Additionally, they argue that consistent office attendance is a core attribute that demonstrates commitment.
<i>Murray and Holmes (2021:9)</i>	Strong emotional ties and resonance are represented by employee views of empowerment in the meaning dimension, which is the alignment of norms and ideals between employees and their organisation. Out of all the variables, this one was the only one associated with higher levels of employee commitment.
<i>Meyer and Allen's (1997)</i>	Recognised employee commitment under three subcategories: normative (loyal), continuance (have to stay), and affective (like to stay) - each demonstrating an employee's level of dedication to the company, which indicates the reason for their devotion to the business' cause
<i>Chait and Panatik (2019:4)</i>	Claim that when employee turnover is high, it is difficult and expensive for businesses to get the desired objectives. When forces come together, acquisitions may be made with the goal of accumulating results.
<i>Matthysen and Harris, 2018:9</i>	Organisational changes, such as downsizing and restructuring, may be very challenging for staff members and lead to a great deal of stress and anxiety, which further affects both employee and business performance.
<i>Mjoli and Ngirande (2020:1)</i>	Incorrect management of personnel during a transition period could have the opposite effect. They also point out that confusion brought on by unclear execution and inadequate communication may work against the M&A.
<i>Abdirahman et al. (2020:42)</i>	Maintaining employees continuity and connecting the workforce to the the company's core strength are crucial for meeting targets and strategic objectives. Employee performance is directly tied to organisational growth and productivity.

Source: Developed by Author

2.2.3 High turnover and company performance

Kurdi *et al.* (2020:3563) argue that a reduction in employee turnover has proven to have a favourable impact on organisational performance, reducing operating expenses and improving overall profits. They further underpin that a critical factor for business success is retaining customers and employees, which is crucial to having a competitive advantage in the marketplace (Kurdi *et al.*, 2020:3567). It is widely reported that high employee turnover negatively impacts company performance.

Although it seems to be an ideal opportunity for an organisation to reshuffle non-performing staff members, researchers indicate more complex variables have to be considered. Pratama *et al.* (2022:75) contend that a lower organisational turnover can be linked to higher production levels and lower future intentions to leave the business.

A business invests significant time and resources while selecting a candidate for employment. When skilled workers later leave a business, it loses trained and competent experts, and the disruption of rehiring and training a replacement comes at a high cost and reduces company performance in the interim. (Kumar *et al.*, 2023:2). In addition to direct costs, turnover leads to indirect costs, which are often more damaging, particularly when the employee's skills and confidential information are transferred to a competitor.

Bolt *et al.* (2022:570) added another perspective. They found that qualitative approaches provide a more significant opportunity to go deeper and investigate personal motivations and interpretations via interviews. Excessive staff turnover may indicate more severe problems inside the company, such as poor management, inadequate employee benefits, or a hostile work environment, which could influence long-term performance.

Table 2-2: Theory Summary of Turnover Impacting Performance

Different views on turnover's impact on Company performance	
Author(s)	Main Views:
<i>Kurdi et al. (2020:3563)</i>	High turnover is recognised as significant challenge negatively influencing company performance
<i>Pratama et al. (2022:75)</i>	Lower organisational turnover can be linked to higher production levels and lower future intentions to leave the business
<i>Kumar et al. (2023:2)</i>	High turnover leads to a loss of institutional knowledge, which can hinder innovation and strategy execution
<i>Bolt et al. (2022:570)</i>	A high rate of staff turnover could be a sign of more serious issues inside the organisation, such bad management, insufficient benefits, or a hostile work environment, all of which could have an impact on long-term performance.
<i>Li et al. (2022:1)</i>	Highlights both the short and long-term effects of turnover on company performance.

Source: Developed by Author

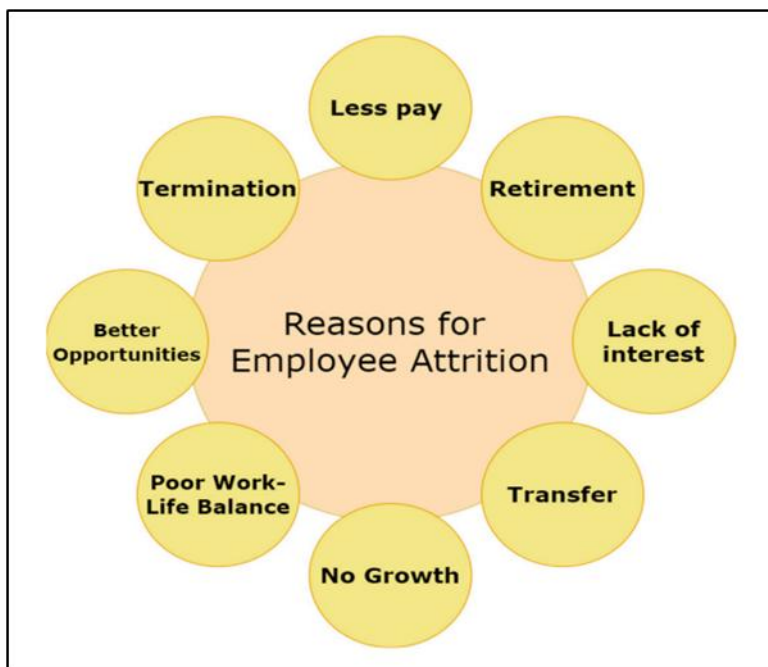
Li *et al.* (2022:1) built on previous literature on turnover and found that future financial performance correlates negatively with higher turnover. However, noting that their findings were skewed towards small businesses, new companies, small workforce businesses, and where unemployment is higher in the local market.

Kumar *et al.* (2023:2) proclaim that everyone in the organisation, especially the HR department, becomes concerned when an employee's leaving negatively affects the business, which also has a detrimental effect on the broader organisation, further causing

retention levels to decrease. Possible reasons workers may leave a company are presented in Figure 2-1 and must be proactively worked on and planned for.

The collective findings of the listed authors depicted in Table 2-2 (p.14) suggest that there is indeed a correlation between high employee turnover and company performance. However, it is complex, mainly where restructuring assists companies with moving staff who are not seen as performers in their pre-M&A. Overall, high turnover increased costs, negatively impacting the natural gains from continuity and employee morale. If unaddressed, all of these factors are deemed to influence performance badly.

Figure 2-1: Reasons for employee attrition



Source: Kumar *et al.* (2023:2)

2.2.4 Relationship between commitment and job satisfaction

Although researchers have extensively studied the positive and negative correlations between job satisfaction and employee commitment, it remains prudent to recognise these factors that could impact the organisation. Job satisfaction is a critical factor in an employee's decision to stay or resign from an organisation since employee work satisfaction is the leading cause of intended turnover. Additionally, the business needs to improve employee job satisfaction to lower the likelihood of staff intention to leave a business (Pratama *et al.*, 2022:75).

Pratama *et al.* (2022:76) define job satisfaction as a gauge of the emotional experiences, the work environment, and the perceived qualities of an employee's particular job. In addition to being a gauge, job satisfaction is also influenced by several other variables, including the nature of the work, the workplace culture, the relationships among coworkers, benefits and other social dynamics.

Abdirahman *et al.* (2020:45) bring us back to Meyer and Allen's (1991) commitment model, stating that an employee's affective orientation towards their current position is essential for job satisfaction. Work fulfilment offers a variety of qualities that lead to a sense of emotional fulfilment in the workplace. Ngozi and Edwinah (2022:191) support this notion by adding that a solid emotional bond with your organisation and your job will result in affective engagement and almost an affection for your job. The alignment with the goals and views of the company will further increase the desire to renew and retain commitment towards the business.

However, Alessandri *et al.* (2020:6) presented a different view in the theory we also consider. They found that high levels of job satisfaction may not necessarily be consistent with continuance commitment based on the perceived cost of resigning from the employer. They argue that employees with low job satisfaction and high degrees of commitment to continue their work may also occur, but this could be due to them being financially or professionally trapped. The obligation to stay then may lead to a decline in motivation and perhaps passive disengagement, harming organisational performance.

Still, the theory is aligned with JS and EC being closely related, especially during the increasingly popular M&A phenomenon. The majority of researchers found these two constructs significantly impact the overall success of the M&A, as they also impact employee retention and, thus, performance continuity of the overall business.

2.3 MERGERS AND ACQUISITIONS (M&A) IN THE FMCG SECTOR

2.3.1 Strategic reasons for mergers and acquisitions

A study conducted by Chernenko *et al.* (2021:4) found that although the primary motivation for M&A transactions in the past was short-term financial success, M&A transactions today are motivated by the combined companies' shared strategic goals and their sustained future growth. M&A is a business strategy for external expansion whereby

a company acquires other businesses to expand into new or existing markets (Rani *et al.*, 2020:2).

The global marketplace has seen an apparent rise in recent years in integrating emerging economies due to political and economic policy changes, which have made worldwide markets more accessible within the business world, creating significant market opportunities and expansion for international businesses. Junzhi *et al.* (2020:15) demonstrated this with the Tata Group of India's aggressive global expansion. In the process, they quickly expanded their global presence with M&As when they acquired renowned international brands like Tetley Tea, Land Rover, and steel giant Corus, which were far more prominent businesses than themselves but aligned with their strategy.

Chauhan (2022:80) builds on these strategic reasons, stating that the primary goal of M&As for larger companies is incremental growth opportunities and brand equity advances, which propel their companies further and strengthen their organisational position in the market. Numerous elements that contribute to an organisation rapidly increasing its current position through M&As include improved technology access, digital transformation opportunities, and access to innovations that the acquired company already possesses.

Nordström (2022:11) agrees with various factors that Chauhan and Chernenko raised regarding why companies engage in M&A activities, such as striving for growth by entering new markets or a new industry and expanding their market share, but adds improved synergies and product offering opportunities as other drivers companies engage in M&As. Synergies occur when companies increase their valuation through M&As involving the target and acquiring businesses, and adding value for their customers is the foundation for delivering an enhanced product portfolio post the M&A.

M&As remain a form of investment strategy that benefits the initiating company and the cross-border nation's economy by promoting growth and inpouring resources (van Wyk *et al.*, 2024:14). M&As in South Africa are no different but are also influenced by the costs and uncertainties associated with lengthy investigations by the Competition Commission, public scrutiny concerning large transactions, and the threat of the investor pulling out completely when delays persist in volatile markets like South Africa.

Apart from the Competition Act of South Africa, which is similar to Competition Acts in other countries, the competition authorities adopted particular conditions exclusive to South Africa to protect its business sectors further. These requirements concern many socio-economic issues still prevalent in South Africa today, such as unemployment and BBBEE, triggering controversy amongst businesses and economists (van Wyk *et al.*, 2024:5). Yet, in the face of many uncertainties, the M&As continue in South Africa for similar reasons as stated in the broader literature. In 2023, Heineken was approved to buy a 65% share in the South African liquor giant Distell (van Wyk *et al.*, 2024:6). One of PepsiCo's biggest transactions outside of the United States was the USD 1.7 billion acquisition of Pioneer Foods, which was concluded in March of 2020, to name but two examples (PepsiCo, 2024).

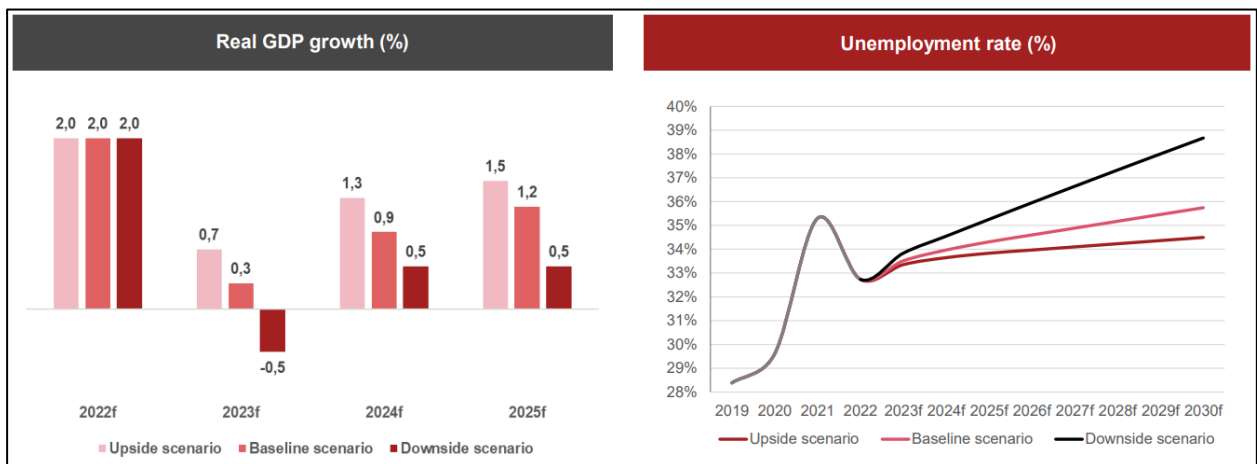
2.3.2 Overview of the FMCG Industry in South Africa

Tungande *et al.* (2020:2) describe FMCG products as frequently high-volume, low-profit margin products like beverages, packaged foods, personal hygiene products, and domestic cleaning supplies.

Xhanti Payi, a Senior Economist for PwC South Africa, presented research on the South African FMCG industry at a 2023 Consumer Goods Council summit (CGCSA, 2023). He demonstrated the significance of the FMCG sector to South Africa and the consistent economic growth in South Africa delivered through this sector. The FMCG industry harnesses much-needed employment advantages and skill transfer, providing income for households through their daily activities, both directly and indirectly (CGCSA, 2023).

In Figure 2-2 (p. 19), Payi visually presents the detrimental effects of load-shedding on the South African economy and near-stagnation in 2023, halting growth and almost leading to recession discussions. He further indicated that the economy would not be able to generate enough jobs to lower the unemployment rate, even in the best of circumstances, due to the slow growth anticipated over the medium term. The worst-case scenario for unemployment may even reach the 40% stage within the next decade.

Figure 2-2: Unemployment remains critically high in the long term.

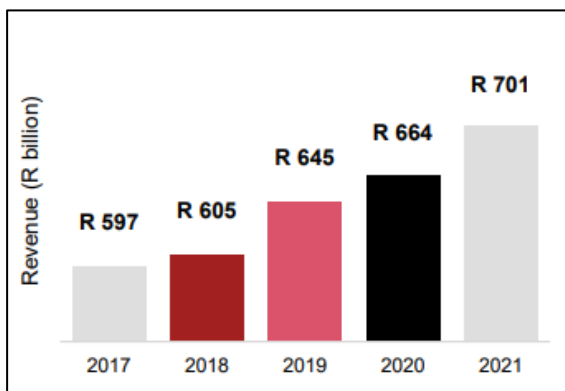


Source: PwC, 2023

Despite challenging socio-economic conditions and the slowing economy, the FMCG industry's revenue has grown steadily over the last five years, growing from ZAR 597 billion in 2017 to ZAR 701 billion in 2021, to +17,4%.

The FMCG industry in South Africa has generated ZAR 4 844 billion over five years in economic activity in South Africa. Roughly a third (34%) of the GDP was attributed to direct FMCG industry impact (CGCSA, 2023). See Figures 2-3 and 2-4 (p. 20).

Figure 2-3: SA FMCG Industry Operating Revenue

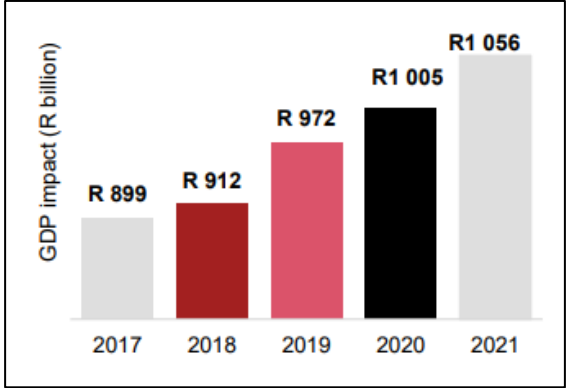


Source: PwC, 2023

It is clear that due to the FMCG companies increasing their operational spending and investments, the FMCG sector will remain significant and relevant in the South African economy. For South Africans, the FMCG industry will have to continue to deliver

economic benefits through job creation, economic growth, increased government income through tax, and help fight poverty.

Figure 2-4: SA GDP



Source: PwC, 2023

2.4 EMPLOYEE COMMITMENT DURING M&As

2.4.1 Impact of organisational change on Employee Commitment

M&As have become one of the most prevalent components of company transition and change, and so also have their effects in causing tension, stress and uncertainty for employees in the modern workplace. According to Shrestha and Parajuli (2020:2), rumours and corridor gossip have a more significant impact during the M&A process, and speculation leads to more anxiety and counterproductive behaviours. Although these fears could be unreal, they significantly contribute to employee anxiety and stress, causing some individuals to leave their workplaces for 'greener pastures', whether willingly or unwillingly.

Campagnolo and Vincenti (2022:11) argue that the majority theory oversimplifies the disparities, especially in cross-border M&As, between the 'home and away' countries and attributes these issues to the cultural differences that will naturally exist. Campagnolo and Vincenti (2022:11) do, however, argue that solutions exist and that EC is improved when the acquiring business uses the due diligence stage of the transaction to deepen the understanding of the people and organisation to position themselves better for potential pitfalls.

Organisations continue to experience a high rate of organisational change due to M&As, and all indications are there that this will continue into the foreseeable future as a means of organisational expansion. Thuy *et al.* (2020:2) claim that the high rates of M&A failure are undoubtedly attributed to many variables. Still, scholars are increasingly in agreement that the human elements of the M&A are neglected and potentially overlooked and that these factors play a pivotal role in the transaction's success. They also found a significant impact on EC through proper leadership. Leaders inspire and guide their followers and establish a structure and culture to support the different positive behaviours required to integrate two organisations (Thuy *et al.*, 2020:3).

2.4.2 Employee Retention

Atoniou *et al.* (2021:70) describe the corporate process, known as employee retention, as a business objective to foster an atmosphere that inspires and incentivises individuals to work for the company for as long as possible. Another definition describes it as combined programs that try to prevent workers from exiting the company, such as conducive relationships, monetary and other benefits, and safe working conditions. Atoniou *et al.* (2021:70) further state that employee turnover can be costly for a business in various ways. Not only are there direct invested costs when a talented employee resigns, but there are also hidden costs, such as functional strain on the remaining employees. Recruiting new hires can even cost as much as the annual compensation of the advertised post. The high expense of losing skilled workers on various fronts thus highlights the necessity for promoting staff retention.

2.5 FACTORS INFLUENCING EMPLOYEE COMMITMENT DURING M&AS

Atoniou *et al.* (2021:64) highlight that current research stipulates the importance of using HRM techniques proactively to address common teething problems undermining the success of M&As. They also state that the newly formed organisation will fail if it cannot motivate and retain staff during the M&A process. It is thus critical to establish techniques to keep employees committed during M&As to the factors most impacting EC, emphasising senior leaders, middle managers, and key employees in the acquired firm. The following section will discuss the various influences the research found to be important in encouraging employee commitment and preventing voluntary turnover during M&As.

2.5.1 Communication

Atoniou *et al.* (2021:72) explain that a typical explanation for M&As failing is poor communication. Effective communication positively impacts employee retention, particularly during M&As where uncertainty is expected. They also reported that communication was critical to the M&A transition's success and that, according to several studies, the best workers would typically leave the newly formed company first, mainly when internal communication is poor or below standard.

Suorsa (2022:37) urges management to communicate more than they believe is appropriate and separates M&A communications into three primary time categories: the announcement at the onset, the announcement up to day zero and then communication styles for the first three months. Pitching the onset announcement as transparently and honestly as possible is essential to help create stability and a sense of calm. Communication up to the first day of the merged business is most difficult, as not much will happen during this phase. Employees are asking questions, but the answers are not readily available, even though much would have been discussed up to that point. Management's top priority during this period is maintaining staff energy levels and commitment through two-way communication. The essential details that various employee groups need within the first three months of the transaction are depicted in Table 2-3 (p. 23).

From the sources mentioned, it has become clear that correct communication is needed to transition to the newly formed company after the M&A. Although theory has good recommendations on what the communications should address, the 'how' part of the communication is not the primary concern. What is essential is that honest and transparent communications should be delivered, notwithstanding the message. By aligning employees, organisations can mitigate the feared negative impacts of M&As on EC by creating a culture of trust right from the onset of the planned change.

Table 2-3: The first 3 months' Communications after the M&A

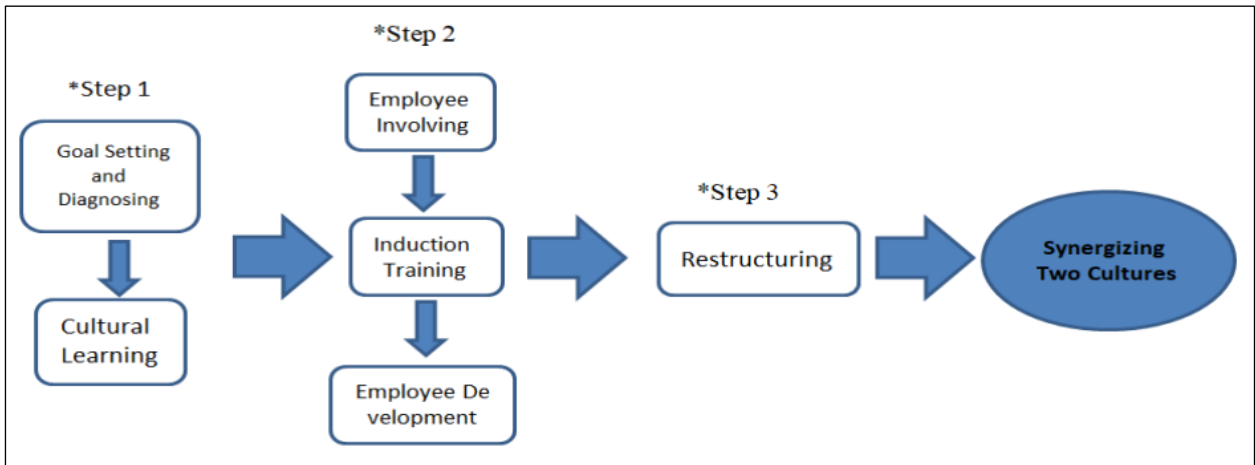
Communication detail the first three months after the M&A	
Employee section	Communication content
<i>Individuals that are immediately impacted by the M&A</i>	* Details regarding the position, such as the location, boss, and redundancies * Channels for inquiry are essential.
<i>Individuals not immediately impacted by the M&A</i>	* Management to ensure they are not overly afraid or uncomfortable because things could change.
<i>High performing Staff</i>	Individual communication needed
<i>Influencers</i>	Use to forge communication between managers and staff by enquiring about potential reactions to certain information
<i>Customer facing staff</i>	In-person interactions and even role-playing necessary for customer questions and concerns

Source: Suorsa (2022:41)

2.5.2 Organisational Culture

Kang *et al.* (2020:61) found it crucial for the two businesses involved in the M&A to be successful; they need to coordinate their leadership efforts and change management strategies in the year preceding the implementation of the transformation. Figure. 2-5 provides a visual tool for leadership to merge two business cultures successfully. Importantly, managers from both sides must participate in the M&A process at all levels.

Figure 2-5: Culture-merging diagram



Source: Kang *et al.* (2020:61)

Cultural diversity can have both positive and damaging effects on an M&A. According to Tremblay (2020:2), team members may prefer association with associates from their old business instead of fully tapping into the new organogram potential, creating friction resulting in people operating in silos. Management and HR must be aware of these natural inclinations, as the positives of a synergised culture lead to organisational success and increased company performance. The M&A process provides cultural challenges, but teams who have reached cultural synergy experience enhanced problem-solving, creativity, innovation, and flexibility through change - all contributing to better operational performance.

Theory talks about more than demographics regarding cultural integration, although it can be that too. Humans tend to avoid change and the potential it holds, which creates major stumbling blocks for the M&A process. The impact of a healthy and working organisational culture is essential for progress and success. Proper management of the cultural integration will enhance EC, whilst the converse will occur without the process given the time and respect it deserves.

2.5.3 Leadership Activities

Dung and Hai (2020:107) have identified leadership as playing a significant role in organisational effectiveness due to its ability to inspire and encourage employees. Their research discovered that employee commitment significantly predicted successful M&A implementation and subsequent company performance. A cornerstone of this achievement was attributed to appropriate leadership increasing job satisfaction, leading to a more committed workforce during and after the transition.

Ben Jacob (2020:49) noted the importance of leadership focus in communicating the vision and roadmap to inspire employees to reach the intended objectives before and after the M&A process. The leadership focus activities are pivotal in ensuring inclusive M&A success and include strong commitment, transparent collaboration, trust, ownership and continuous engagement throughout the process.

2.5.4 Leadership Styles

Lilla and Anton (2023:13) underpin employee effectiveness and engagement in organisations achieving their goals during and after M&As. Leader or managerial styles

were foundational in creating a conducive environment for employees during all business stages. Their work indicated a direct correlation between the favourable or unfavourable environments created by the leadership teams through their various management styles. Leadership approaches are a vast subject and range between the spectrum's autocratic, democratic, and distant approaches, creating autonomy. The most essential styles during M&As will be addressed in this work:

Transformational Leaders

Lilla and Anton (2023:17) broadly define transformational leaders as inspiring their teams through upliftment and motivating them to rise above normal expectations. Both leaders and employees share a common vision and contribute to goal setting. Transformational leaders also build better relationships with their staff, using loyalty, respect and trust. They further inspire staff to place the team ahead of self-interest with their usually charismatic personality traits.

Trust between the manager and the subordinates is another common feature of transformational leadership, and it enables employees to feel more at ease as they embrace the uncertainty provided naturally through the process of M&As, trusting the outcome more due to the leader's demeanour (Lilla & Anton, 2023:16).

Transactional Leaders

Comparing transactional leadership to transformational leadership is a common occurrence in theory, according to Lilla and Anton (2023:16), with transactional leadership being the structured approach of the two, with relationships based on tasks and rewards rather than mutual trust guiding relationships for transformational leaders.

Employees are graded and rewarded according to meritocracy, with transactional leaders focusing on the idea that rewards such as salary and incentives should be sufficient to motivate staff and that those who don't deliver will face the consequences. According to Lilla and Anton (2023:17), transactional leaders may be better suited to M&As due to their structural approach to tasks and quick decision-making, as hesitation and delay could result in lost opportunities in a crucial period for the business. They are, however, often criticised for not having empathy with employees or clearly articulating the company

vision, which could assist in creating a sense of stability for employees through transparency.

Authentic Leaders

Ciaco (2023:13) defines Authentic leadership as a style of leadership that operates with integrity, self-awareness, transparency and honesty in decision-making and behaviour. Authentic leaders promote greater self-awareness within their followers with clear strengths in their moral compass, transparency and closer working relationships with their teams. These leaders are further described as creators of positive working environments that help workers flourish through changes experienced by companies in areas like M&As.

Authentic leadership is perhaps difficult to measure, but the theory is evident in the tangible conditions needed, which consist of suppressing individual needs and wants and containing their feelings and thoughts in the best interest of their teams. This transparency and trueness to self improve stability and employee commitment even in uncertain times when complex messages need to be delivered during organisational change (Ciaco, 2023:14).

Servant leadership

Howladar and Rahman (2021:70) concluded that servant leadership impacts organisational citizenship and positively influences organisational commitment. Instead of emphasising hierarchical and autocratic leadership traits, servant leaders promote a more democratic and inclusive approach, supporting employee growth and positively impacting company performance. The primary trait of servant leaders is setting aside their interests and personal goals. Servant leaders are selfless and motivated by helping others rather than pursuing power. They help grow their subordinates, enhance employee autonomy and are authentic in their approach. They value their teams and create inclusive cultures where shared responsibility is standard, naturally enhancing employee commitment (Howladar & Rahman, 2021:71).

Ubuntu style leadership

Chetty and Price (2024:1) stress the correlation of Ubuntu towards employee commitment. Ubuntu, sharing many character traits with Servant leadership, is the African leadership style emphasising the importance of interconnectivity, respect, and the value of community, and loosely translates from Xhosa that the sum total is greater than the individual. Bukusi (2024:27) adds to the knowledge by stressing the difference Ubuntu leadership brings is that it embraces the local culture in all its colours instead of trying to make it conform to a foreign culture, which it is not. Utilising the diversity and way of life, especially for African companies, shows dignity and solidarity, ultimately earning the local Teams' respect.

Table 2-4: Leadership Summary Views

Leadership Style Summary Views		
Leadership Style	Author	Main Views:
<i>Transformational Leadership</i>	<i>Lilla and Anton (2023:13)</i>	* Inspiring their teams through upliftment and motivating them to raise expectations and change. *Trust between manager and employee brings more content.
<i>Transactional leadership</i>	<i>Lilla and Anton (2023:13)</i>	* Transactional leadership is the structured approach, with relationships based on tasks and rewards rather than mutual trust - also needed during M&As.
<i>Authentic Leadership</i>	<i>Ciaco (2023:13)</i>	* A style of leadership that operates with integrity, self-awareness, transparency and honesty in decision-making and behaviour
<i>Servant leadership</i>	<i>Howladar and Rahman (2021:70)</i>	Promote a more democratic and inclusive approach, supporting employee growth and positively impacting company performance through change.
<i>Ubuntu style leadership</i>	<i>Bukusi (2024:27)</i>	*Embraces the local culture in all its colours instead of trying to make it conform to a foreign culture. *Utilising the diversity and way of life, especially for African companies, shows dignity and solidarity, ultimately earning the local Teams' respect.

Source: Developed by Author

Research agrees that good leadership through the M&A process is non-negotiable for a positive impact on EC. Although differing leadership styles are portrayed in this literature review, influential leaders are urged by the existing theory to adapt to the applicable leadership style as the situation necessitates, and it seems that none of the positive leadership styles are seen as more important. Employees need transparency, even if there is an unfavourable impact or outcome, which helps foster trust and stability through the M&A process.

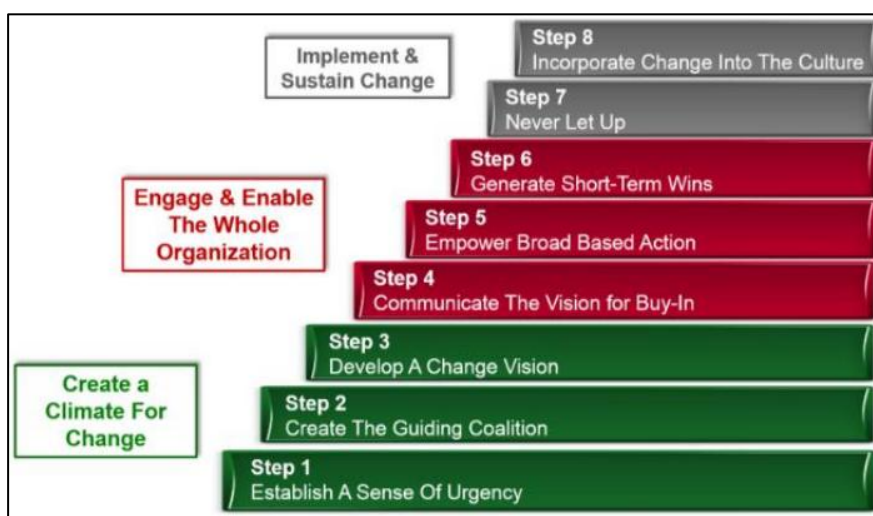
Poor, toxic or political leaders can, however, amplify feelings of insecurity and anxiety. Without solid leadership indicating a genuine concern for the individual, unwanted turnover and negative EC will increase, unfortunately. With the socio-economic factors of unemployment and poverty, leaders in South Africa are responsible for demonstrating transparency, adaptability, and commitment to improving employees' lives. The unintended consequence is improved commitment and improved company results.

2.5.5 Change Management

Kang *et al.* (2020:57) define change management as the process of leading and guiding an organisation from its current state to a projected future scenario in a strategic and defined manner. They claim that by incorporating change management techniques into pre-agreement activities such as acquisition approach strategies, target establishment and due diligence, the two merging companies stand a better chance of making the best strategic decisions for their organisations.

Over seventy per cent of organisational transformations fail due to a lack of change management before and during the M&A (Kotter, 2007:60). Central to all M&A success stories is the knowledge that the change process is determined by a series of phases established over time. Skipping over any of these stages or making unnecessary mistakes in any of them will have a detrimental long-term impact on the business.

Figure 2-6: Kotter 8-Step Model for Effective Change Management



Source: Laig & Abocejo, (2021:36)

The core of change management is the successful transition of people and organisations to a new business structure in which to operate. The essence of change management is to prepare the employees to be effective in the new, up-and-coming organisational environment and to consider all required human elements and technology changes that will set the new entity up for success (Kang *et al.*, 2020:57).

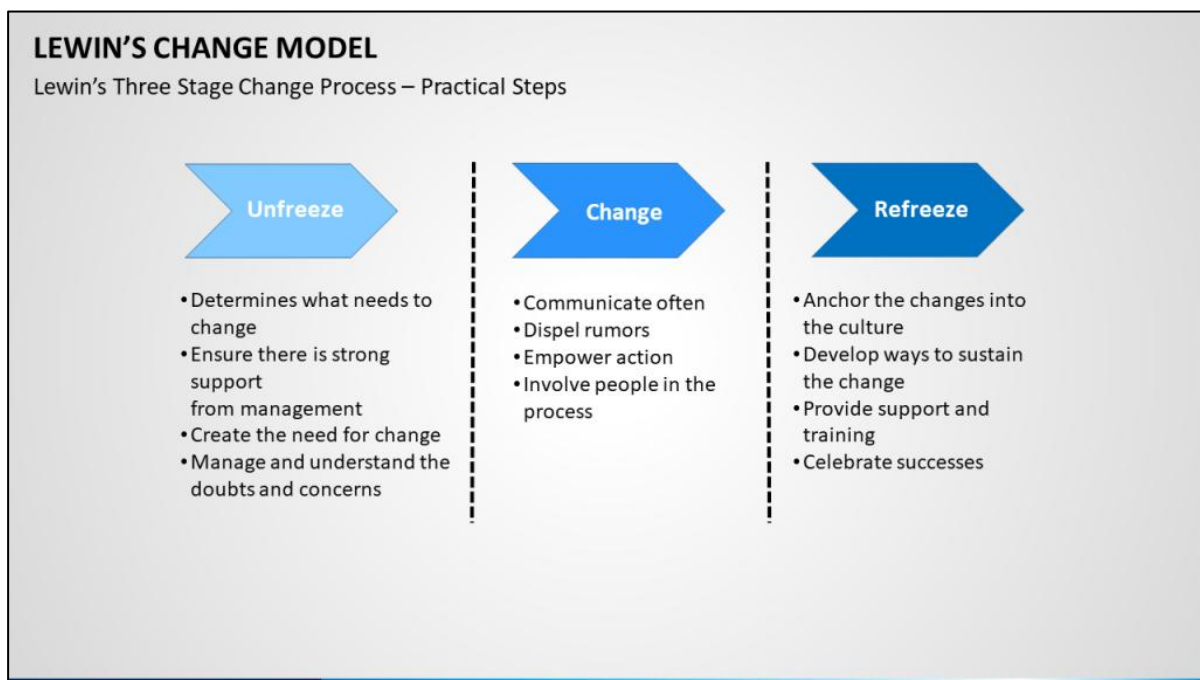
To the researcher's knowledge, the positive correlations between EC and change management are clear. Successful change management entails a deep comprehension from management toward processes like Kotter's change management model steps and the urgency and accuracy to implement these throughout the M&A process. Transparent two-way communication, intentionality to build a meaningful culture, and the necessary training and support are vital ingredients for success. Literature shows that failure to implement effective change management processes will lead to decreased levels of EC and increased employee turnover, negatively impacting the M&A's initial goals.

Kotter's model, depicted in Figure 2-6 (p. 28), appears most robust during the pre-acquisition phase, and thus, due to the importance of change management established during the literature and interview phases of the study, also to succeed in the study objective to contribute to a change management 'blueprint', a comparison between the Kotter eight-step model and Lewin three-step model will be made to ensure the strength of the CM process pre to post-acquisition by establishing the most robust recommendation.

When implementing drastic change within an organisation, Sehapalo (2020:45) suggests that Lewin's (1947) change theory model could reduce instability during an M&A and, more importantly, solidify the change post the transaction phase. The Lewin model offers solutions on how to help staff members deal with instability by double-clicking on the need for employee buy-in as a precursor for genuine organisational culture change.

Phase 1 of the stages, depicted in Figure 2-7 (p. 30), is concerned with framing the ideal conditions for change and explaining why the status quo must change to overcome employee reluctance (Sehapalo, 2020:46). The next phase is about implementing the change by any means possible, even if operating costs should be sacrificed in the short term.

Figure 2-7: The Lewin Change Management Model



Source: Sebapalo (2020:45)

The primary goal here is for staff members to learn and gain all the necessary information about the changes as an end goal for phase 2. Lastly, establishing performance KPIs should occur to manage, assess, control, and monitor performance versus the new ways of working. Also, rewarding employees should be instilled instead of performance-managing them, as leaders need to try to catch their people doing things right instead of trying to catch them doing things wrong.

According to Bekmukhambetova (2021:105), Kotter's model and concepts function well as a checklist, but it could fall short when practical guidance must be followed as a systematic procedure. Lewin's model significantly influenced the evolution of the theory of organisational transformation with its comprehensive analysis and process enhancements, especially during a crucial time like an M&A, and should be considered a supplement to Kotter's model due to the complexity of change management required in a significant organisational change. Figure 2-5 (p. 31) depicts the advantages of both Kotter and Lewin Models for visual comparison and possible fit to the study. The theory suggests that there isn't just one perfect change management process. Each M&A event and its unique situation should be considered when selecting a method or combination (Bekmukhambetova, 2021:109).

Table 2-5: Comparative advantages of both Kotter and Lewin Models

Comparative Advantages of the Kotter and Lewin CM Models		
<u>Model Aspect</u>	<u>Kotter's 8 Step Model</u>	<u>Lewin's Unfreeze-Change-Refreeze Model</u>
<i>Complexity</i>	Detailed and structured 8-step process with clear actions	Simpler and broader 3-step framework
<i>Employee Focused</i>	Underline early and frequent engagement	Focuses on breaking down existing processes to ease the transition
<i>Cultural Integration</i>	Anchors changes in culture helps align with long-term goals.	Refreeze helps solidify the changes
<i>Speed of implementation</i>	Provides flexibility for gradual or rapid change	Generally applies to a faster, single change
<i>Suitability for M&As</i>	It seems suitable for preparing employees for M&As	It seems more practical than Kotter in stabilising the post-transaction period

Source: Adapted from Bekmukhambetova (2021:105)

2.6 SUMMARY

Literature assisted the researcher in exploring the main factors influencing employee commitment during M&As. Significant organisational changes like M&As are complex, and their uncertainty often leads to employee anxiety. Overall, the literature highlights the interconnectedness of factors like good leadership and effective communication on employee commitment and positive organisational results. The human elements of M&As, although receiving less attention, are essential for business continuity as direct correlations between these factors can be drawn to business performance. Managing the organisation correctly through these instabilities is vital, underscoring the need for a robust change management model which carefully considers and navigates the organisation through these changes without negatively impacting employee commitment and unwanted staff turnover.

CHAPTER 3 RESEARCH METHODOLOGY

3.1 INTRODUCTION

The well-known research onion was first presented by Saunders *et al.* (2007:130) to illustrate how the challenges underlying the researcher's selection of data collection and techniques, research philosophies, and research decisions could be approached. The Research Onion, depicted in Figure 3-1 (p. 33), is also presented in this chapter and was utilised to create the basis for the empirical investigation.

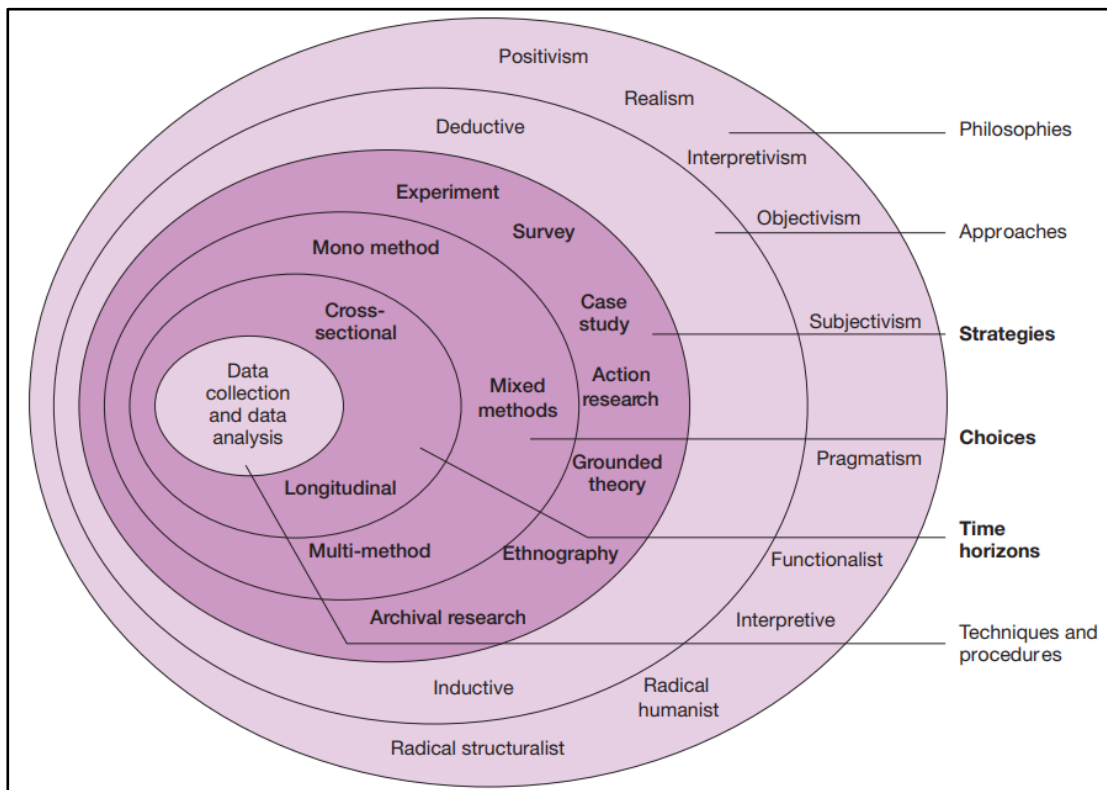
Because the research onion offers a systematic framework that leads researchers through the many stages of the research process, it is a valuable model for creating a research method. To ensure that all essential elements are considered and integrated, each onion layer represents an individual aspect of the research design.

3.2 RESEARCH DESIGN

This study's research adopted a qualitative, interpretive approach, and according to Saunders *et al.* (2007:113), this paradigm refers to humans' theoretical perspective to understand their surroundings, primarily aiming to comprehend the basic concepts associated with life at the workplace. The primary data collected and performed in this study was done through in-depth interviews with participants in the FMCG sector in South Africa. The literature review familiarised the reader with global acquisitions within the South African FMCG market and their impact on EC.

While quantitative research aims to quantify facts, qualitative research offers insights and a deeper understanding of the problem. According to Malhotra (2010:139), qualitative and quantitative research should not compete but must be seen as complementary as a best practice. However, qualitative research was chosen for this study to develop alternative explanations for the topic at hand (Saunders *et al.*, 2007:119)

Figure 3-1: The Research 'Onion'



Source: Saunders *et al.* (2007:132)

3.3 EMPIRICAL STUDY

3.3.1 Research paradigm

Interpretivism emphasises that humans are different from physical phenomena because they can create meaning from their perspective. (Saunders *et al.*, 2019:148). Interpretivism further focuses on the multiple interpretations and definitions and the complexity and richness of the feedback (Saunders *et al.*, 2019:149). The meanings of the feedback were studied to better comprehend the respondents' experiences and viewpoints during the acquisition of an FMCG company. Qualitative approaches, like in-depth interviews, promote candid discussion and enable participants to freely share their thoughts and opinions, further supporting the interpretivist approach.

3.3.2 Research approach

The theory around the topic was built through an inductive approach because it focused on exploring a specific topic (Saunders *et al.*, 2019:153). Inductive research began with specific industry observations, and insights were built upon, leading to findings rather than

testing an existing hypothesis (Saunders *et al.*, 2007:152). By collecting qualitative data through interviews and investigating respondent feedback, emerging themes led to a better understanding of the research problem.

3.3.3 Research strategy

The research strategy for this study implored a case study approach consisting of semi-structured interviews. Saunders *et al.* (2007:139) stated that one would be especially interested in the case study approach when wanting to comprehend the research background and its procedures fully. Various data collection methods could be utilised, including questionnaires, observations, interviews, and documentary analysis.

A single-case strategy is frequently considered when representing a unique case study. Also, one case might be chosen because it is representative or allows you to examine a particular case out of reach of others (Saunders *et al.*, 2007:140). Determining the actual case is crucial to using a single case strategy, and it is often the company that part-time students work for, which was also true for this study with proximity to the PepsiCo-Pioneer Foods acquisition.

3.3.4 Methodological choice

A researcher could choose a mono, mixed, or multi-method approach. A mono method, which may be quantitative or qualitative, uses only one method of data collection and one matching analytic process. Mixed or multi-methods, on the other hand, are mixes of quantitative or qualitative methodologies (Saunders *et al.*, 2007:147).

This study employed the mono method as a single data-gathering method and associated analytic method through in-depth interviews to determine the factors influencing employee commitment during global acquisitions (Saunders *et al.*, 2007:147). The qualitative, mono-method approach focused on a single collection method through semi-structured interviews, providing a richer understanding of the topic. The mono-method approach supported the inductive process of the study since it allowed for flexibility in evaluating participant replies and finding new, developing themes.

3.3.5 Time horizon

Saunders *et al.* (2007:148) guide researchers in arranging their research to ask if they want it to represent a moment in time or rather ongoing, like a diary consisting of evolving, ongoing entries. The 'moment in time' answer is linked to the cross-sectional time horizon and the approach undertaken by this study, as the in-depth interviews occurred at a specific point in time.

3.3.6 Study population and sampling

Defining the target population was the first step in the sampling design. The target population were carefully selected to avoid ineffective and misleading results (Malhotra, 2010:340). Probability and nonprobability are the two main categories of sampling techniques (Malhotra, 2010:344). This study adopted nonprobability, snowball sampling to allow for personal judgement from the researcher instead of mere chance. Information was secured and managed with strict guidelines, ensuring compliance with the POPI Act.

The study population comprised individuals within PepsiCo or the legacy Pioneer Foods businesses across hierarchical levels of seniority and departments, such as Legal, Finance, Commercial, Operations, Sales and Administrative support – providing a comprehensive view of the factors influencing employee commitment during the M&A throughout the business.

These inclusion criteria prevailed and were adhered to for the study population:

- Employees from either PepsiCo or the legacy Pioneer business employed during the acquisition, current or who have left post the transaction.
- Management-level employees at the same and higher level as the researcher.
- Cross-functional employees from the Cape Town and Johannesburg offices at legacy Pioneer Foods and PepsiCo head office facilities were included.
- Online, in-depth interviews were held through Microsoft Teams.
- The study was gender-neutral, and the conditions above were the only criteria to be met for inclusion.

The exclusion criteria for respondents were as follows:

- PepsiCo employees at a lower level within the organisation than the researcher to avoid any influence on the research outcome.
- Employees with less than one year of experience in the business before the acquisition were not considered.

Any demographic data collected were only for profiling and not for comparing specific responses from different demographic groups.

Sampling continued until theoretical saturation was achieved. Data collection ceased when it stopped delivering new information within the sample size (Saunders *et al.*, 2007:499). Data collection continued until participant additions did not produce new findings for the study, known as data saturation (Saunders *et al.*, 2019:315).

3.3.7 Designing the measuring instrument

A semi-structured interview guide was used as the measuring tool for this study. It was tailored for the study to obtain detailed responses regarding the elements influencing employee commitment throughout an M&A. According to Saunders *et al.* (2007:317), semi-structured interviews are helpful for qualitative research because they offer a methodical framework for directing the discussion while enabling the researcher to delve further into important topics as new information becomes available.

The interview guide covered topics like leadership styles, employee commitment, job satisfaction, job security, cultural integration, morale and communication - and it was arranged into themes according to the study objective. Open-ended questions on each theme were utilised to provoke comments on specific incidents that impacted EC towards the company. Also, as Saunders *et al.* (2007:321) recommended, the interview guide steered clear of leading questions and jargon to facilitate the relaxed expression of respondents' thoughts and ideas.

3.3.8 Collection of data

The study complied with the NWU ethical guidelines, values, and other relevant international ethical criteria. Further, the data collection process only began once all NWU

research prerequisites and clearances were obtained. Additionally, respondent anonymous feedback was treated with the necessary privacy standards in mind, and the researcher ensured compliance with the POPIA Act at all times.

The researcher performed interactive Microsoft Teams semi-structured interviews with the respondents to collect the necessary data, consisting of employees from the legacy Pioneer Foods and PepsiCo businesses employed during the acquisition. Microsoft Teams was a practical choice due to the geographical spread of respondents. Saunders *et al.* (2007:195) address various aspects critical for gathering research, which were addressed ethically throughout the data collection process.

Company permission was obtained from PepsiCo Legal, HR and the Commercial departments within PepsiCo, with the following summary conditions strictly adhered to:

- After obtaining individual management alignment, all internal resources were expected to participate voluntarily.
- PepsiCo first pre-approved questions before they were directed to internal resources.
- No internal respondents were asked to share PepsiCo's proprietary or confidential information.
- Every interview was carried out carefully and ethically. The permission included the right to record individual contributions with their approval, and recordings were stored safely and securely to be destroyed afterwards.
- Feedback had to be in aggregate format, and the identity of the internal resources was kept confidential during all stages of the study.
- No specific work product was questioned, and the company approval conditions were respected throughout the interviews and study.

3.3.9 Data analysis

According to Saunders *et al.* (2019:637), themes can naturally arise from the data through thematic analysis, which aligns with the inductive research technique and is ideal for exploratory research. This study used thematic analysis, which efficiently found patterns and themes in the qualitative data, allowing for a thorough investigation of the elements affecting employee commitment during the relevant M&As.

Transcripts of research participants' interviews also serve as a source of qualitative data (Anderson, 2007:1). The first step in ensuring accuracy and depth in data representation was to transcribe the Microsoft Teams recording verbatim. After that, the transcripts were imported into ATLAS.ti, which aided in managing and organising the collected qualitative data.

Coding was done two-fold. The ATLAS.ti intelligence in visualising network diagrams, themes, and subthemes was combined with the researcher's notes to help the researcher understand and make sense of the various aspects and how they relate to the topic. The assistance of ATLAS.ti ensured thorough and systematic data analysis and aligned perfectly with the study's interpretive approach.

3.3.10 Trustworthiness

According to Bryman *et al.* (2015:44), ensuring trustworthiness in qualitative research is vital for establishing the final research output's validity, reliability, and credibility. Bryman *et al.* (2015:45) also described credibility as the confidence in the correctness of the research findings, which can be assured for this work with the procedures used and described thus far.

Second, continuous confirmation checks were performed to ensure that the context was accurately expressed based on input from respondents, backed up by the respondent recordings. The 'audit tracks' of the researcher's notes and recordings further ensure dependability and reliability. Finally, the ATLAS.ti software tool supported the validity of the researcher's findings with the systematic and unbiased interpretation of codes and themes retrieved from the data set. Participant's own words and quotations were thus used to form themes.

3.4 ETHICAL CONSIDERATIONS

Malhotra (2010:128) stressed that only information seen as appropriate should be used in the research. He also reprimanded any information requests that might infringe on the respondent's privacy or their company's working information. Section 3.3.8 (p. 36) gave more detailed information on how permissions were obtained from the company. Still, mention must also be made here of the thorough research proposal submission for ethical

clearance to the NWU Ethics Committee, which was approved for its logic and ethical soundness (Ethics reference number: NWU-01785-24-A4).

After detailed discussions with the company on the reasoning behind the research and the approved participant list, ethical conditions were signed off on and implemented to safeguard both the company and the respondent's privacy. Participation in the study was voluntary, highlighted through the informed consent form each individual received. The informed consent form also addressed the study purpose, the nature of their involvement, data collection and processing methods and the right to withdraw participation at any stage. These measures protected respondent rights and privacy whilst complying with the POPIA Act and sound research practices.

Saunders *et al.* (2007:187) further linked objectivity from the researcher as a broad ethical issue not to be ignored. The collection phase should consist of complete and accurate data gathering, and one should refrain from using subjective selection in what you document. After considering this prerequisite, the researcher carefully selected company internal resources who were at the same or higher job grade within the business and also people across departments and functions, minimising the pressure on them to conform to unintended researcher pressure whilst improving the richness of the data simultaneously.

3.5 CONTRIBUTION OF THE STUDY

A comparison with Whetten's (1989:490) base conceptual framework for worthy theory additions ensured objectivity in the study contribution by addressing the how, what, and why necessary for building on theory and adding practical value. Although the study focuses on a case study in the South African FMCG industry, broader industry implications are possible in similar emerging markets with context applications to their socio-economic nuances.

Exploring the factors that impact employee commitment through the acquisition of an FMCG company, focusing on a specific case study, has the potential to not only build on the current body of literature knowledge but also guide managers practically and help avoid pitfalls naturally created by these complex transactions. There is a tendency to underestimate the people side of business acquisitions, and highlighting the importance

of employees as critical gatekeepers to positive business performance will allow management to make better decisions. Navigating these people factors and their due consideration should be added to the acquisition 'blueprint'. Training and a practical way of applying the knowledge gained should be the aim for an industry output, carefully considering the steps to guide employees through M&As to avoid unwanted staff turnover.

3.6 SUMMARY

This chapter's empirical study described the thorough approach used to investigate the factors influencing employee commitment during M&As within a South African FMCG industry, expanding from the research onion. The first section of the chapter included an explanation of the research design, highlighting the qualitative and interpretive aspects of the methodology.

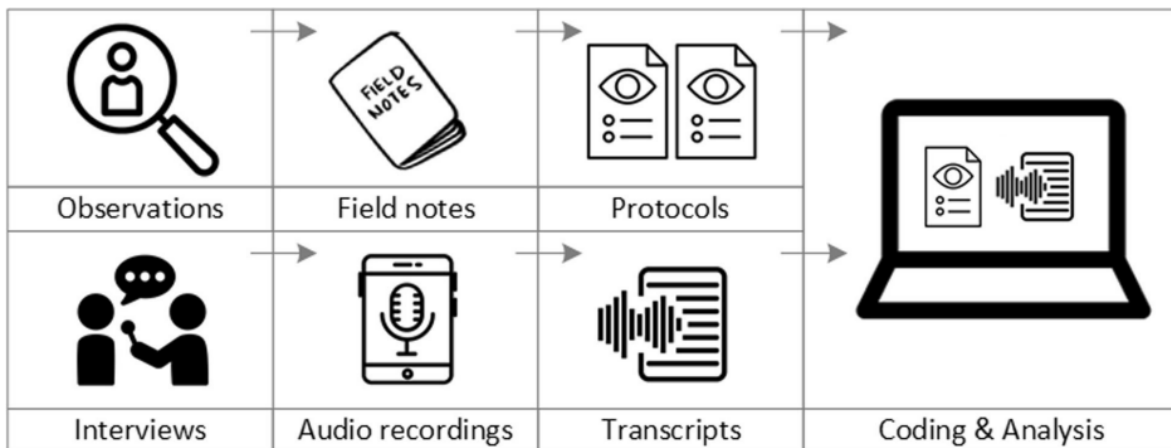
Understanding employees' subjective experiences during the M&A was the primary objective of the interpretivist study. This strategy supported the exploratory goals of the research and produced rich, theoretically grounded findings. The primary data collecting method, Microsoft Teams interviews, ensured the flexibility and accessibility of participants. The case study research strategy was chosen to give an in-depth evaluation of employee perceptions in this particular M&A.

CHAPTER 4 EMPIRICAL STUDY AND RESULTS

4.1 INTRODUCTION

Chapter four presents the findings from the qualitative investigation and a thorough analysis and comparison of the obtained data. The researcher also kept a field diary during the interviews and captured preliminary thoughts and themes directly after the interviews to compare them with the system analytics tool findings afterwards. Busetto (2020:3) advised, when practical, that written notes from a field diary may be taken during or after the interviews (process depicted in Figure 4-1) and that these notes have various benefits, such as narrowing the gap between the researcher and the topic of the study, possibly revealing topics the researcher was unaware were relevant to provide a deeper understanding of the practical aspects of the research issue at hand.

Figure 4-1: Data collection followed by data analysis



Source: Busetto (2020:6)

4.2 QUALITATIVE RESULTS

4.2.1 Concepts

Treemaps and Concept Clouds were created for this project using ATLAS.ti. Smit and Scherman (2021:2) explained that by combining articles into a single ATLAS.ti project, fast keyword searches may be conducted, supporting arguments about the suitability of the resources. ATLAS.ti provides valuable functions like word counts and word clouds, which were used and applied to the field notes and interviews, depicted in Figures 4-2 and 4-3 (p. 42). Due to the field notes taken beforehand and readily available after the

4.2.2 Thematic analysis

The analysis took place on two levels to maintain focus on answering the primary and secondary research questions, with the first focusing more on the manual analysis of the transcripts and field notes compiled during the interviews and the second for corroboration through ATLAS.ti after the process of interviewing was completed for a more scientific lens on the information.

4.2.3 First-level analysis

- The “Record and Transcribe” function of MS Teams was used during the interviews, and it served as a backup for the manual transcriptions completed after the interview.
- After the interviews, the discussions were manually transcribed, and field notes were compiled for each interview, stating takeaway points from the interview, recommendations made by the participant, and the researcher’s impressions from the interview, which also allowed the researcher to assess and understand the data generated critically.
- After the interviews, the field notes were compared, and a preliminary list of initial automatic conclusions and recommendations was compiled.
- Additional field notes were made during the coding and detailed analysis phases.

4.2.4 Second-level analysis

- The transcriptions were cleaned (removing company acronyms and jargon, translating terms from other languages, correcting language errors, etc.) out of respect for the participants and to ensure any sentences quoted in the final research report were of good quality. However, care was taken not to dilute the meaning and essence of the responses.
- Before entering the transcriptions into Atlas.ti, the introduction and field notes were removed, and the transcripts were saved under the names “Participant 1 answers”, etc., to ensure that the introduction and field notes do not distort the analysis.
- All these answers were entered into Atlas.ti.
- Transcripts were manually coded, where 210 codes were generated.
- Codes were sorted, cleaned, duplicates removed, and synonyms merged, with 84 codes remaining.

- Codes were grouped into 8 code groups. Groups were based on the themes from the field notes but subdivided further to generate themes.
- Themes were identified from the groups.
- Links were found between codes (within themes and general), whereafter
- Network diagrams were drawn for visual clarity and order.
- Conclusions were also drawn from the data to achieve the study's primary and secondary goals defined in Chapter 1.

4.2.5 Preliminary Themes Identified

Communication:

1. Good communication influences commitment and job retention positively.
 - a. Calm nerves
 - b. Communication should touch on the long-term aspects, not only the immediate.
 - c. As the initial message changed, the communications' truthfulness negatively impacted commitment.
2. Clear communication is vital to maintaining commitment.
3. Communication clarity impacts commitment positively and reduces uncertainty.
 - a. Need-to-know basis sharing impacts commitment negatively.
 - b. People fear the unknown. Put their minds to ease where possible.
4. The comms level didn't cover all departments, impacting speciality staff negatively.
5. Selective communication occurred. Not properly consulted.
6. The truthfulness of communications was questionable.
7. Proactive communication
 - a. Upfront Communication
8. The respondent was put at ease early on and thus did not experience any uncertainty or negative employee commitment.
9. Integrity in communication impacts commitment, where comms turn out untrue.
10. Poor communication from the onset impacted commitment negatively.

Theme 1: Communication is vital. It needs to be:

- **pro-active (part of change management)**
- **across all departments and levels**
- **truthful (and perceived as such)**
- **signalling integrity**
- **and should continue after the M&A**
- **It reduces uncertainty and is vital to commitment**

Leadership:

1. Combination needed. Ubuntu, we need to acknowledge our people more and have charismatic leaders with emotional intelligence and functional expertise to navigate the necessary styles easily
2. Transparency and visibility
3. Biases were observed from leaders to their teams, possibly impacting commitment. External companies could solve this.
4. Empathy is critical. Transformational and Transactional are both needed.
5. Speed to action is crucial, according to this respondent.
6. In-person to pick up on the trustworthiness of body language correlates positively with commitment.
7. They are perceived as untrustworthy as their actions contradict their words.
8. Use the positives from the acquisition to motivate staff, impacting commitment positively.
9. Tailor leadership styles by knowing teams individually.
10. A flexible leader who is emotionally and commercially savvy is needed.
11. Need someone sensitive yet performance-driven to improve commitment.
12. Leadership adds to commitment:

Theme 2: Leadership style needs to be addressed to ensure commitment

- **Transformational, people-oriented leadership style is necessary for commitment**
- **Leaders must be visible on all levels**
- **Elements of transactional leadership style also add value**

- **Current leadership is regarded as biased**

Culture:

1. Participant experiences local companies' cultures more direct and hostile.
2. PepsiCo is more structured but notes that its acumen is more professional.
3. The old company acknowledged people; the new is only about performance and the scoreboard.
4. Culture changes:
5. Cultural integration issues impact commitment.
6. If not integrated, it impacts employee commitment negatively.

Theme 3: Cultural integration is needed for commitment

- **Lost sense of autonomy during merger (culture)**
- **Serious disconnect between cultures of two companies**

Organisational systems:

1. Commitment is impacted negatively for the respondent due to increased workload after the acquisition.
2. Engagement is correlated to employee commitment.
3. Change management was lacking. Commitment decreases without consultation through the various phases.
4. Benefit fairness when integrating.
5. Job gradings were not perceived as fair and above board.

Theme 4: Badly integrated systems and structures create uncertainty

- **New systems, processes and procedures create uncertainty**
- **Post structures**
- **Perceived unfairness**
- **Selective appointment of managers**

Job security needs to be guaranteed:

1. Job security: Commitment decreases when job security is uncertain.
2. Job security: Uncertainty impacts job security and commitment.
3. Job uncertainty impacts employee commitment negatively
4. Job satisfaction directly impacts employee commitment.
5. Uncertainty is an issue for the participant
6. Uncertainty can impact morale and commitment – especially with a multinational coming in.
7. Manager support (or lack of it) directly impacts employee commitment.
8. International opportunities could increase commitment.

Theme 5: Perceived insecurity negatively affects commitment

- **Positives: International opportunities**
- **Negatives: Severe insecurity experienced**
- **Affects commitment negatively**

Change management:

- a. Processes seem not to have been thought through, frustrating the respondent.
- b. Change management was lacking. Commitment decreases without consultation through the various phases.

Theme 6: Change management was insufficiently done

- **Pro-active change management is necessary for commitment**
- **Change management includes improved communication (See theme 1)**

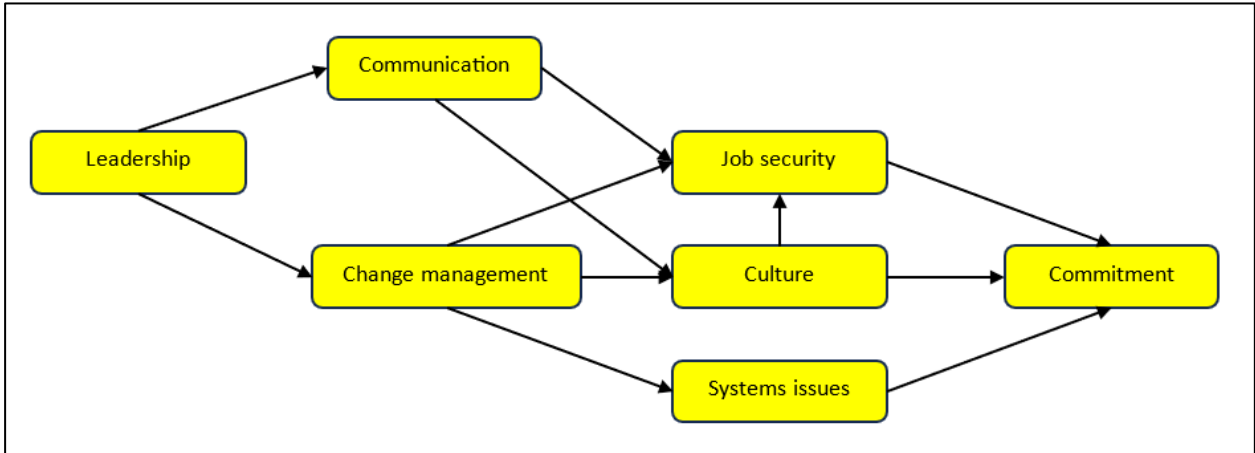
4.3 PRIMARY AND SUPPORTING THEMES

4.3.1 Primary theme

Leadership is the primary and most vital determinant of employee commitment during M&As, directly influencing other critical themes such as communication, change management, job security, and organisational culture. As depicted in Figure 4-4 (p. 48),

we can see that effective leadership is closely related to the quality and consistency of the messaging during M&As, as they are the primary channel for conveying the message across the business. They are also responsible and in control of all the change management principles instilled, setting the tone and providing the necessary roadmap to move employees forward while avoiding fear and resilience amongst all staff members. If leaders can implement CM successfully, employee perceptions about their perceived job security will be positive, giving them the confidence to contribute positively to the M&A without anxiety and improving EC scores. Leaders also play a pivotal role in merging various cultures by acting as ambassadors, respecting both legacy cultures and aligning the best from both cultures into one to create a sense of belonging for employees from either front. Leadership decisions regarding system integration impact EC, albeit less significant than the other factors. Leadership is the central theme throughout the interconnected themes leading to increased EC. When leadership fails, the ripple effects can be felt throughout the organisation up to company performance.

Figure 4-4: Primary relationships emerging from the data



Source: Developed by Author from ATLAS.ti results

When asked about leadership, participants distinguished between constructive and destructive styles. They experienced leadership as destructive during M&A, as depicted in Figure 4-5 (p. 50).

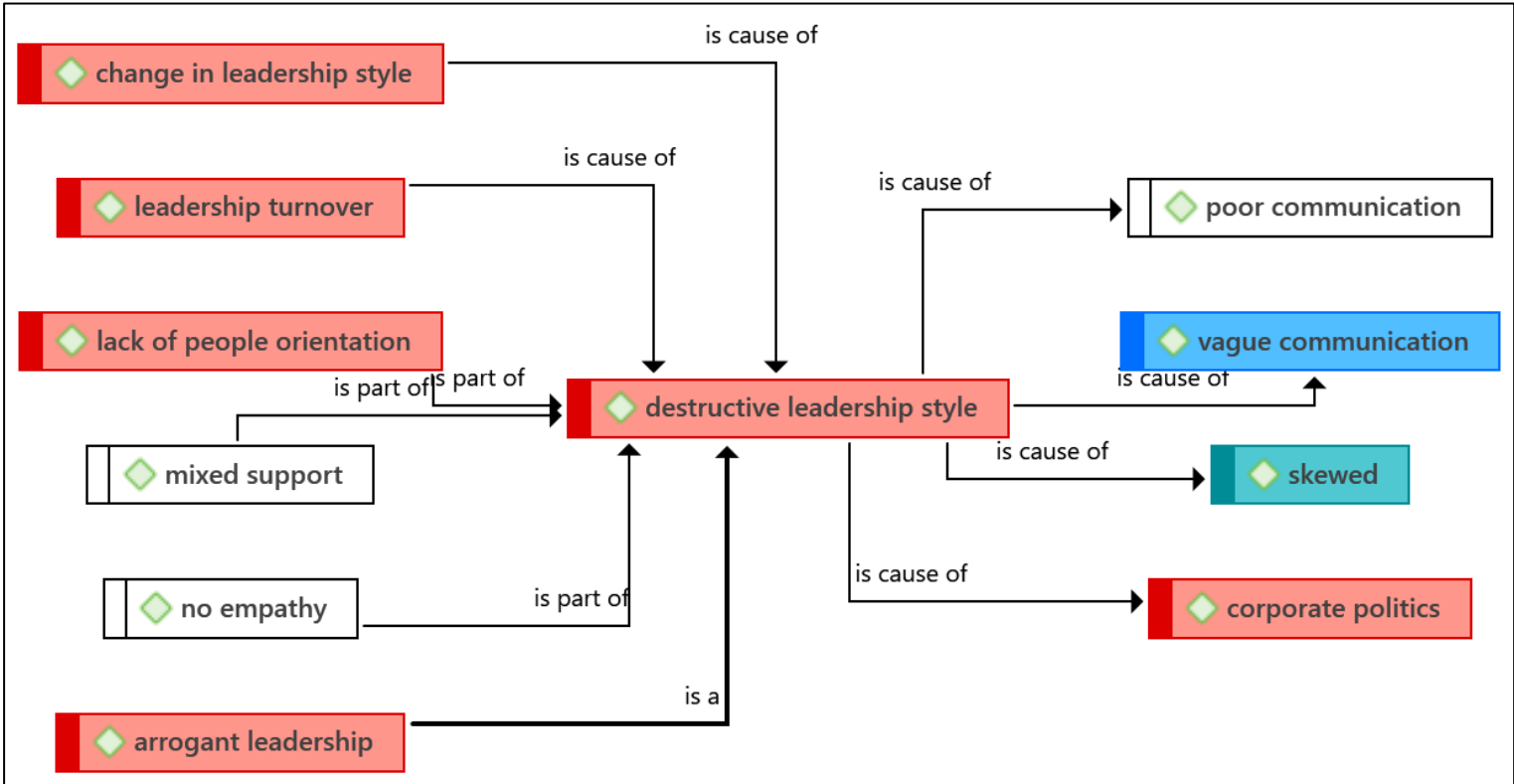
“We need a leader to test the status quo within policies and procedures. The leader needs to be approachable, results-driven, and compassionate. Thomas always hops on the positive, causing positivity to flow through. It could be a combination of transactional and transformational leadership, but a mixture of the styles is required.”

“Leadership behaviour is always essential – people that speak honestly and openly. If you can be transparent as a leader and empathetic towards your people and the cause, it will be a great help throughout the acquisition process. There should be no arrogance from the leader, as individuals differ in their needs during these changes. It would help if you had somebody sensitive that can still be performance-driven. Results don’t come alone – they are delivered through your people.”

However, the participant data suggests the need for a constructive leadership style, as depicted in Figure 4-6 (p. 51), compared to destructive leadership styles. The traits associated with constructive leadership styles include fostering trust, collaboration, and effective communication, and they align with findings stated by Glover (2023:31) that trust is seen as a vital component of the transformation process during M&A integration. Also, due to its role in the organisational change process, employee stress, and adoption of organisational cultural changes, poor communication was deemed the primary cause of M&A failures.

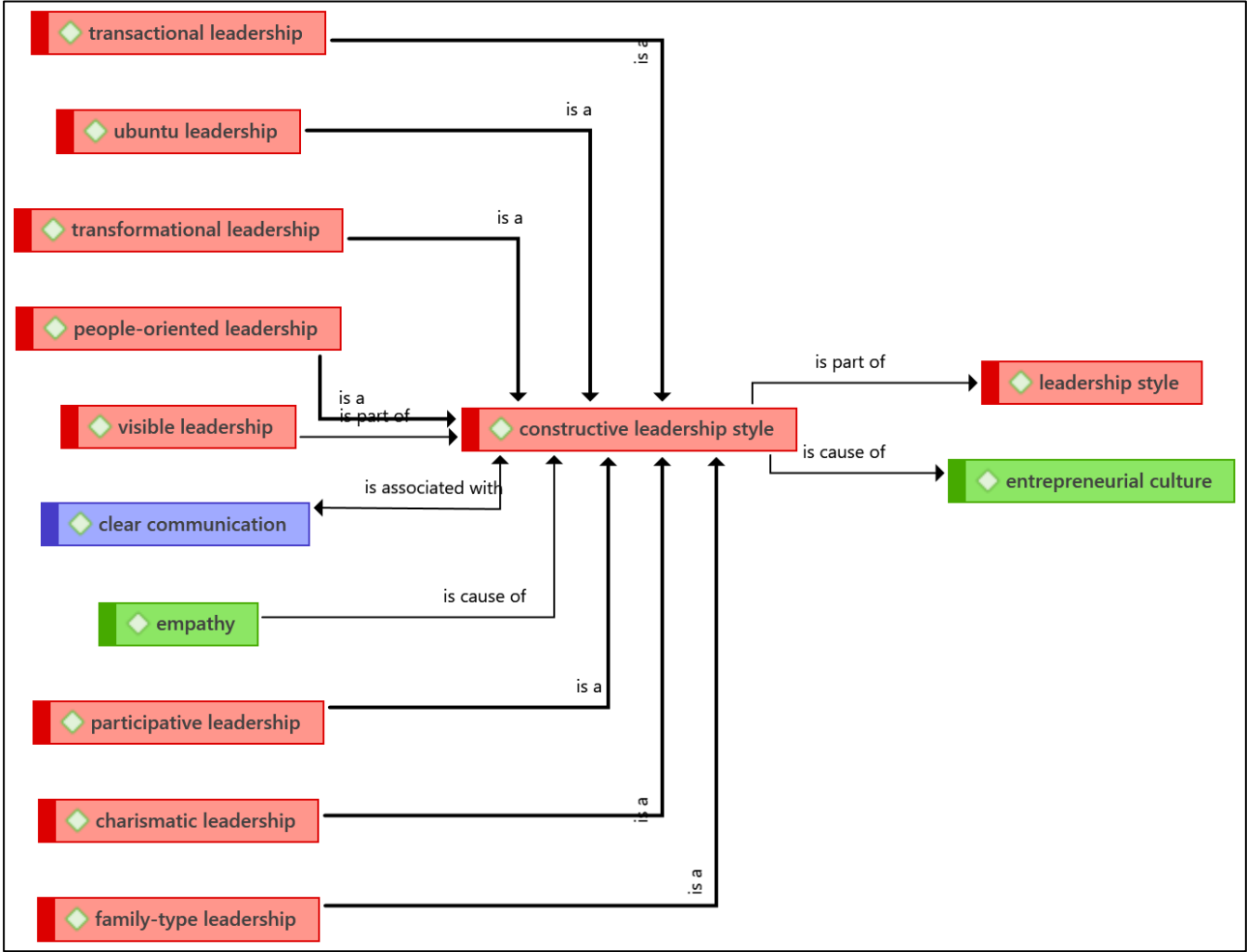
Glover (2023:103) further underlined that when leaders display insincerity and a lack of empathy with employee difficulties and uncertainties during M&As, a correlation could be drawn between this lack of constructive leadership and employee intent to leave an organisation. Probably the most interesting correlation in the data is that of constructive leadership towards a more entrepreneurial culture, which was also supported by Glover’s findings linking positive organisational culture to promote an innovative, open, and entrepreneurial mindset (Glover, 2023:41).

Figure 4-5: Destructive leadership behaviour (experienced)



Source: ATLAS.ti

Figure 4-6: Constructive leadership behaviour (proposed)



Source: ATLAS.ti

Sample quotes in support of constructive leadership:

“We need a leader to test the status quo within policies and procedures. The leader needs to be approachable, results-driven, and compassionate. Thomas always hops on the positive, causing positivity to flow through. It could be a combination of transactional and transformational leadership, but a mixture of the styles is required.”

“Transformational leadership is what was needed. We had a few ‘pow-wow’ sessions scheduled where HR would consult and engage us, but both of those were cancelled if I remember correctly.”

Communication is an essential part of leadership, as per the following quotations. Glover (2023:31) supported this notion, stressing the importance of town halls, workshops and realistic merger previews as part of M&A communication.

“You can’t underestimate communication. Employees should not be left to connect the dots themselves. That gives people the opportunity to exploit the message and cause more anxiety. Visible leadership has been lacking and would be necessary for successful future acquisitions – especially at crucial sites. The fact that you are not present communicates a contrary message to the one placed on notice boards. Also, we know what is coming around the corner from a senior leader’s perspective, and we need to help our people with what we can see is coming next. Help them upfront with minimum requirements so they can make an informed decision. Ubuntu leadership goes hand-in-hand with that again.”

“We need a leader to test the status quo within policies and procedures. The leader needs to be approachable, results-driven, and compassionate. Thomas always hops on the positive, causing positivity to flow through. It could be a combination of transactional and transformational leadership, but a mixture of the styles is required.”

4.3.2 Supporting themes

4.3.2.1 Sub-theme 1 – Employee Commitment is directly affected by a change in culture

During the interviews, participants distinguished between the cultural issues they experienced by referring to people-oriented culture (the pre-M&A culture) and performance-oriented culture (the new culture).

“The culture coming from company-x was very different from the culture we are used to, so yes, definitely from that point of view. The nuances are very different between local companies and international businesses. The culture must still move toward the more structured PepsiCo way, and more opportunities exist.”

“The culture has changed from a company-x perspective but hasn’t impacted my commitment. Legacy company-x was very strong in processes, but company-x was more relaxed and entrepreneurial. Current culture sees necessary changes to the legacy company-x way of doing things, but the tried and tested PepsiCo processes will prevail. I’m happy with the journey of the culture, which resonates with me.”

The participants distinguished between people- (or family)- and performance-oriented culture, and some found the M&A a problematic transition.

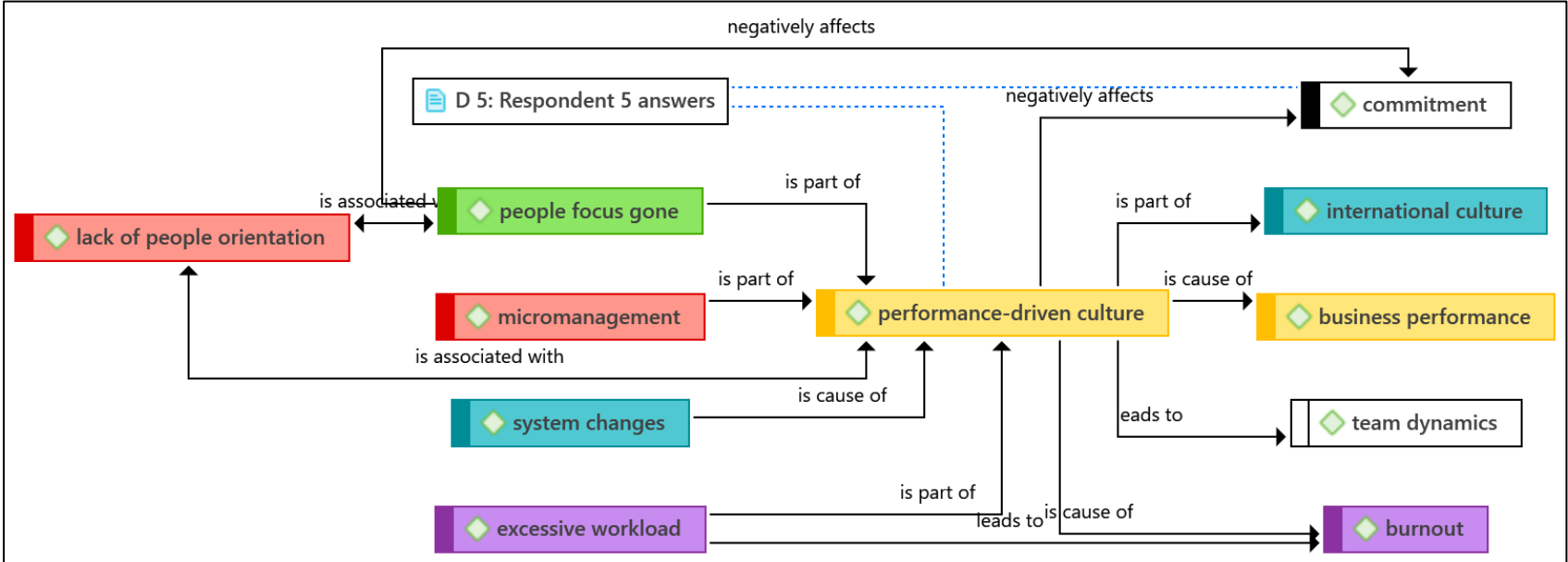
“I’ve previously asked for some spending when trying to get buy-in from my team, things like pens and t-shirts insignificant in value, but was told by my leader that they would be OK with snacks and cold drinks – showing a total lack of interest in the value people can bring to the table. With the theory you mentioned, I guess it will never be a one-size-fits-all leadership style. The leader would need to be more people-focused whilst maintaining the business performance side. Emotional intelligence, and there is now also AQ, the Adaptability Quotient, talking directly about the adaptability of people through change.”

“How the economy is currently performing, and meeting company requirements are becoming more challenging, and how we are addressed adds so much more pressure, influencing commitment negatively. The acquisition has placed more focus on business performance, causing the focus on people to reduce.”

The performance-driven culture is characterised and depicted in Figure 4-7 (p. 55), supported by the following quotations:

“It would seem that the PepsiCo culture prevailed after the acquisition, which is very much performance-driven. There are, however, still pockets of the legacy company-x business where the culture was not as driven as the legacy company-x business. The legacy company-x business was more flexible and entrepreneurial, whereas the company-x business was much stronger procedurally and processes-driven. The acquisition somewhat stifled that spirit, which would impact company-x decision-making speed. My commitment was affected in part due to words and actions not always aligning with our new culture.”

Figure 4-7: Characteristics of a performance-driven culture



Source: ATLAS.ti

Examples of feedback emphasising the above links are as follows:

“It would seem that the PepsiCo culture prevailed after the acquisition, which is very much performance-driven. There are, however, still pockets of the target business where the culture was not as driven as the legacy business. The target business was more flexible and entrepreneurial, whereas the legacy business was much stronger procedurally and processes-driven. The acquisition somewhat stifled that spirit, which would impact the target company’s decision-making speed. My commitment was affected in part due to words and actions not always aligning with our new culture.”

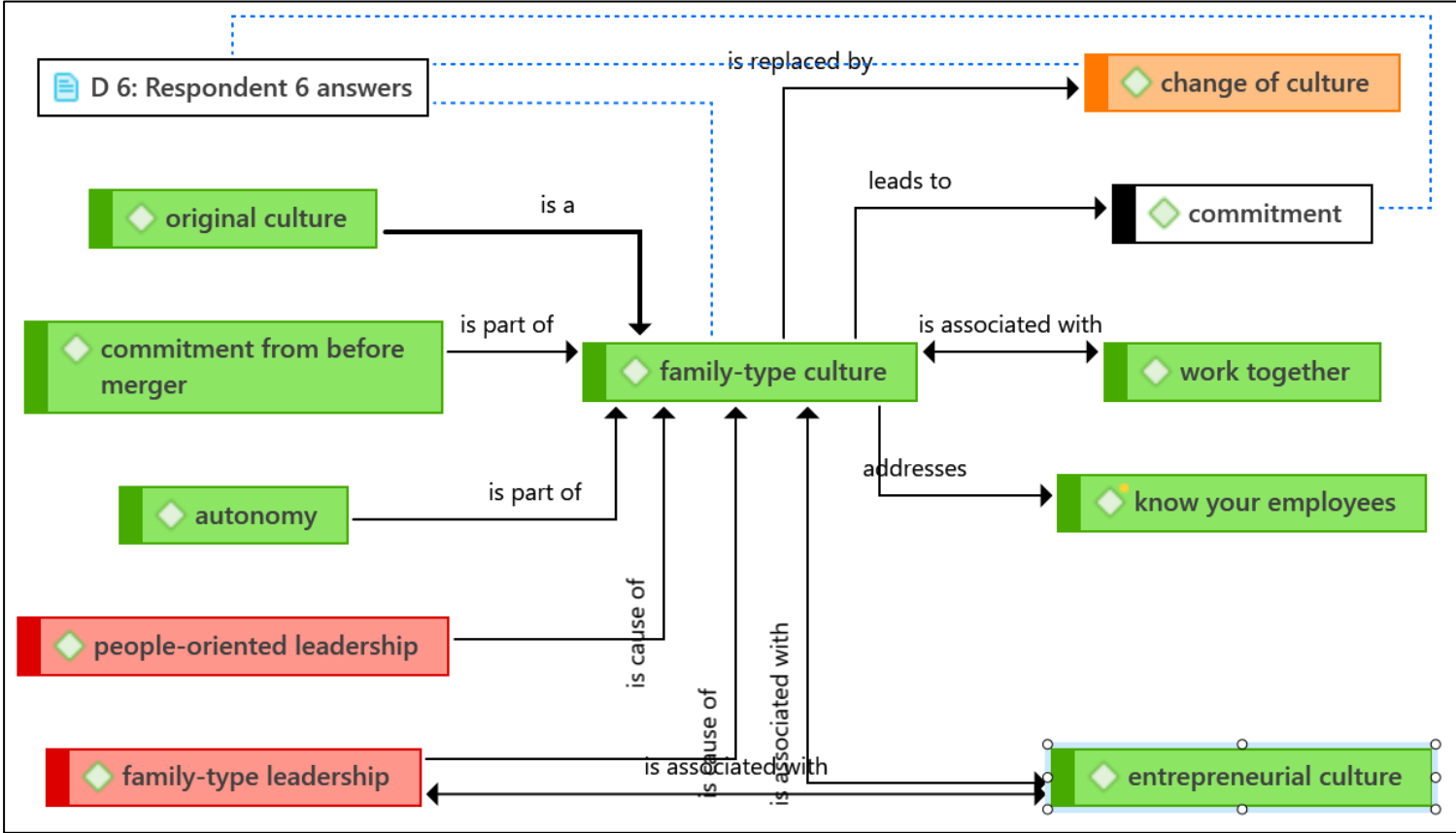
“I’ve thoroughly enjoyed my job the last ten years and changed roles and managers every two years, not ever dreaming of the roles my career would lead me to. My previous manager was a legacy company-x person who gave me autonomy, which I very much enjoyed. My current manager, a company-x person, micromanages me like a junior-level employee. Essentially, the way the previous regime managed versus the new management is talk and cheese, and I’m struggling with that.”

“It doesn’t seem like the organisation is considering its employees. Benefits were not integrated. Some had fuel cards, others didn’t. The fact that some employees earned more due to the size of their accounts instead of looking at the effort other employees had to put in due to the complexity of their accounts is an issue for me that needs to be corrected in the future. The legacy company-x business gave a tenth cheque to employees with ten years of service, but company-x did not. When benefits need to be cut, find a fair middle-ground for employees from both legacy businesses. Secondly, when restructuring happens, an outside company should assist with making decisions to ensure they are fair and defensible, and not automatically have people connected with leaders be favoured.”

“It changed from an almost family-owned style business to a more corporate, performance-driven culture. Empathy is lacking in our company.”

The people-oriented culture participants experienced before the M&A and still yearn for is depicted in Figure 4-8 (p. 57).

Figure 4-8: Ideal culture sketched by participants



Source: ATLAS.ti

“Yes, the PepsiCo culture is very different. The processes and audit requirements are more stringent, although, from a department-x point of view, we were similar. Our legacy department-x business was used to autonomy without requiring many departments' signoffs before making decisions. For me, the one big difference is that we used to do everything, and in PepsiCo, there is an expert for every category that needs to give their input. The steps we must follow make decision-making much slower, which does not resonate with me.”

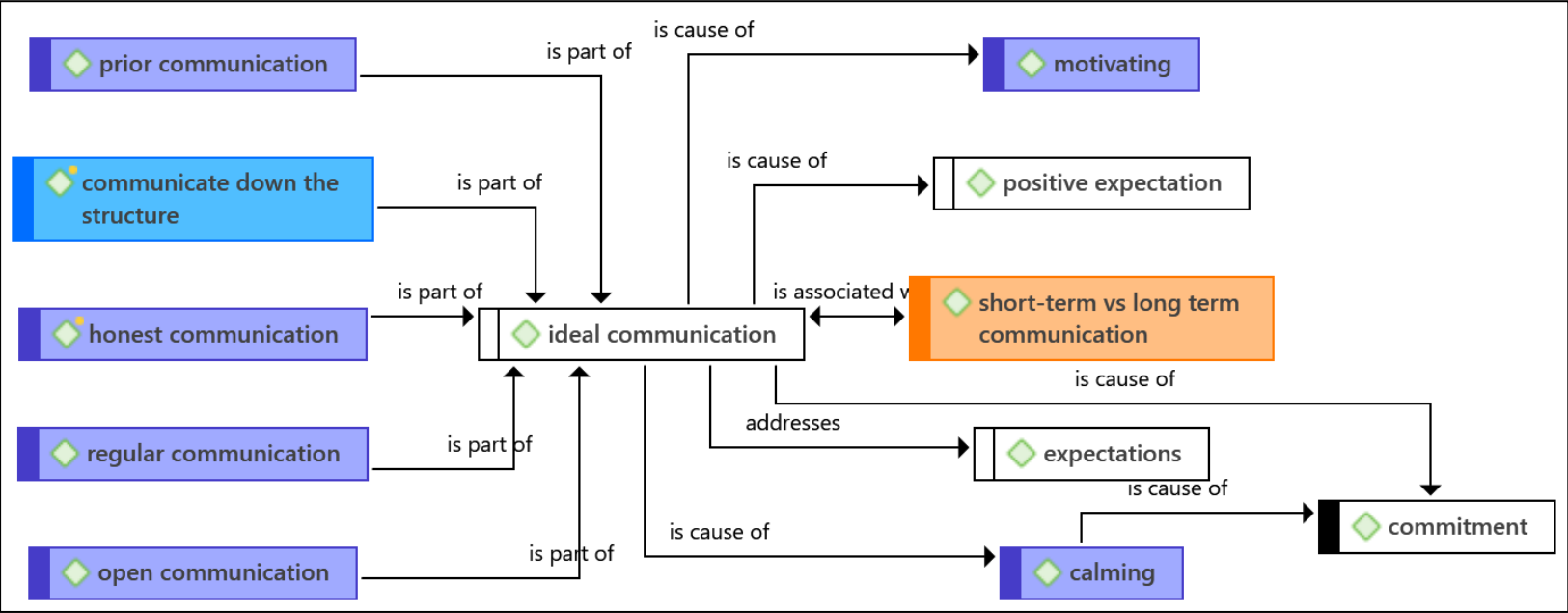
“It doesn't seem like the organisation is considering its employees. Benefits were not integrated. Some had fuel cards, others didn't. The fact that some employees earned more due to the size of their accounts instead of looking at the effort other employees had to put in due to the complexity of their accounts is an issue for me that needs to be corrected in the future. The legacy company-x business gave a tenth cheque to employees with ten years of service, but company-x did not. When benefits need to be cut, find a fair middle-ground for employees from both legacy businesses. Secondly, when restructuring happens, an outside company should assist with making decisions to ensure they are fair and defensible, and not automatically have people connected with leaders be favoured.”

“A Participative process is needed from the leader, involving staff. I have a 'family type' leadership style. Knowing people and what is important to them will always place the leader in a position where they know what is needed to motivate the specific individual. I worked with 12 different CEOs to mould me into leaders who know the best of what is required to boost their morale. The way we discuss leadership, transactional and transformational leadership, will be needed by the business. It is critical to involve staff in decision-making where possible. Emotional intelligence is essential.”

4.3.2.2 Sub-theme 2 - Communication is critical to culture and job security

Participants distinguished between the actual communication they experienced and their thoughts on the look and feel of ideal communication in Figure 4-9 (p. 59).

Figure 4-9: Ideal communication examples from participants



Source: ATLAS.ti

Typical quotations explaining these ideal leadership relationships are:

“Leadership behaviour is always essential – people that speak honestly and openly. If you can be transparent as a leader and empathetic towards your people and the cause, it will be a great help throughout the acquisition process. There should be no arrogance from the leader, as individuals differ in their needs during these changes. It would help if you had somebody sensitive that can still be performance-driven. Results don't come alone – they are delivered through your people.”

“I think clear and regular communication is critical from leadership. Talking once a month would not be good, and the transaction period should also be short - not six to twelve months, but rather three to six months. As a leader, I admit that my EQ (Emotional intelligence) is very average; hence, I feel the business should support us in communicating. If leaders cannot be supported, you should get an external company to facilitate the process, but employees should be communicated with clearly. The speed is more important to me than the leadership style, as one can only take stress for so long.”

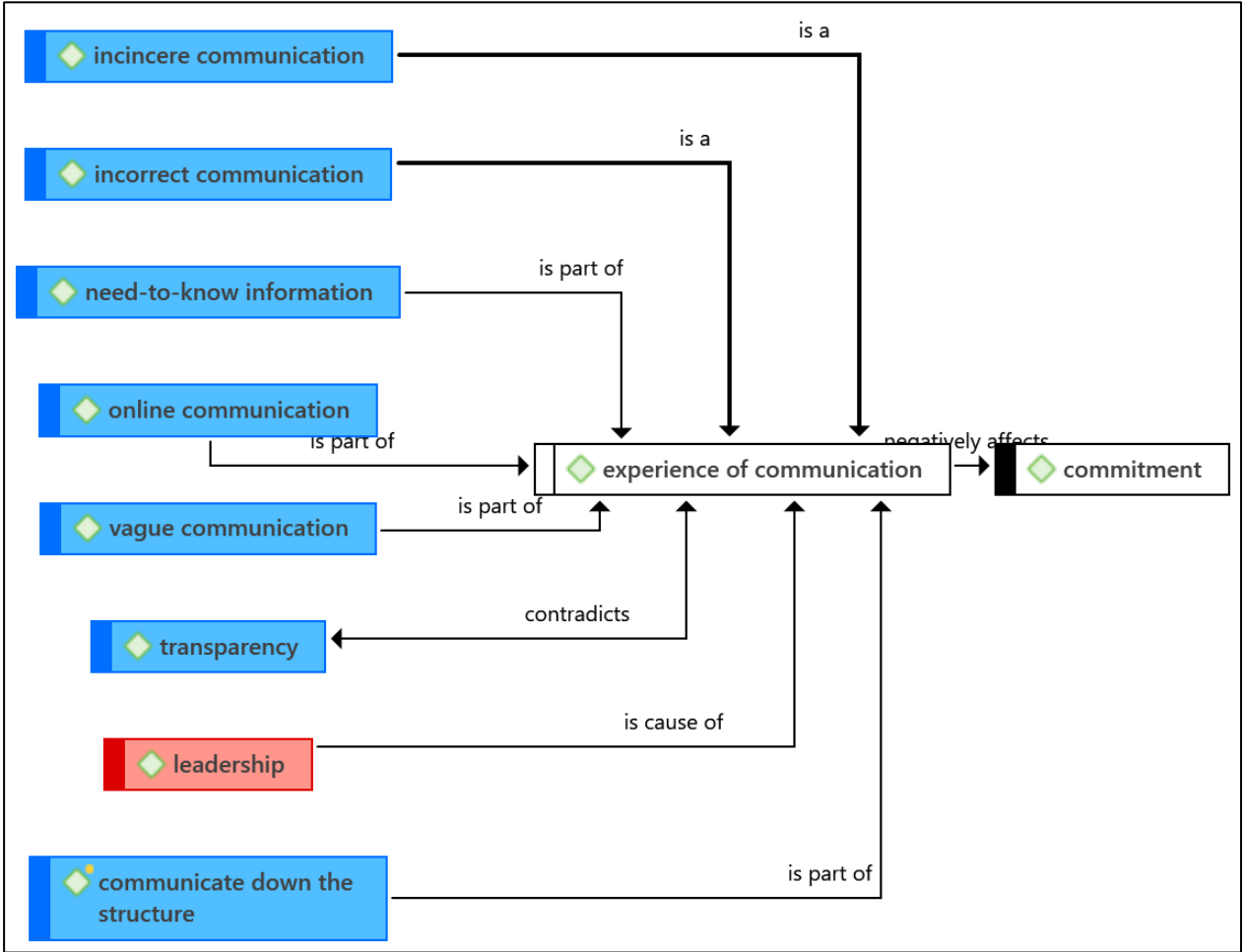
“I was privileged to have received prior communication with my leadership and the sector leadership, so the communication was good for me. The stability created there gave me a sense of calmness and allowed me to see the changes as opportunities for growth.”

“There was communication, but we could have gone into more detail further down the pipeline. Being more transparent about systems and organograms would have made people less resistant to change and improved their commitment. We have since improved, and our moving into SAP was clearly communicated to all stakeholders. Motivating staff by telling them they can go and work anywhere in the world by mastering the new SAP system is an excellent motivator for improved commitment. The communication was there, but I would recommend one level further.”

“I felt more committed when they told us we would have jobs, which was critical for me to take away some of the uncertainty. I also said I wouldn't become negative, which improved my commitment. I was also looking forward to the opportunity to prove myself.”

The actual communication quality experienced by participants is depicted in Figure 4-10 (p. 61).

Figure 4-10: Actual communication quality experienced by participants



Source: ATLAS.ti

“There was communication, but we could have gone into more detail further down the pipeline. Being more transparent about systems and organograms would have made people less resistant to change and improved their commitment. We have since improved, and our moving into SAP was clearly communicated to all stakeholders. Motivating staff by telling them they can go and work anywhere in the world by mastering the new SAP system is an excellent motivator for improved commitment. The communication was there, but I would recommend one level further.”

“Leadership behaviour is always essential – people that speak honestly and openly. If you can be transparent as a leader and empathetic towards your people and the cause, it will be a great help throughout the acquisition process. There should be no arrogance from the leader, as individuals differ in their needs during these changes. It would help if you had somebody sensitive that can still be performance-driven. Results don't come alone – they are delivered through your people.”

“There was ample communication, but the details were lacking. My department wasn't discussed in any communications, impacting us negatively.”

“I did not know of the acquisition until about a week before it was announced, and I found out about it externally, which was embarrassing. The company-x department worked on the transaction, so they knew about the acquisition, possibly causing an integration problem at the onset. We also had a leadership change with four different people during that time. The tug-of-war between the leaders at the time caused a leadership crisis and impacted communication negatively, as sincerity was lacking.”

“The communication was good in the short term but not in the long term. I'm saying this because I mentioned the surprise in the leadership, which was overindexing to the company-x leaders' side. Even the x-position is a company-x person. That was daunting and tainted the communication, as it was very surprising. In the aftermath, the communication proved not entirely correct, which impacts one's commitment from now on. Some people seemed protected, which was also surprising.”

“The irony is that I was part of the team that implemented the changes in the sales-operations layer. We needed to integrate roles, and we could see that there would be duplication. And even at our level, it felt like information was shared on a need-to-know

basis, impacting my commitment at the time. Being completely honest with the people reporting to me was challenging because I didn't have all the answers.”

4.3.2.3 Sub-theme 3 - Change management is necessary to ensure commitment

“The leadership team told us upfront what would happen, so from that point of view, we knew our immediate jobs were safe, which is very important to employees and impacts employee commitment positively. The biggest thing is to communicate upfront and calm employees' nerves.”

“From a subjective point of view, one thinks of the uncertainties and emotions leading from these acquisitions. Job functions and role changes make one uncertain where you as an individual might end up, and not knowing where the whole process will end up impacts your loyalty or commitment to a certain degree. An anxiety reduction only comes after clear and constant communication from the business regarding the plans of where the company is heading.”

“The communication was good in the short term but not in the long term. I'm saying this because I mentioned the surprise in the leadership, which was overindexing to the company-x leaders' side. Even position-x is a company-x person. That was daunting and tainted the communication, as it was very surprising. In the aftermath, the communication proved not entirely correct, which impacts one's commitment from now on. Some people seemed protected, which was also surprising.”

“You can't underestimate communication. Employees should not be left to connect the dots themselves. That gives people the opportunity to exploit the message and cause more anxiety. Visible leadership has been lacking and would be necessary for successful future acquisitions – especially at crucial sites. The fact that you are not present communicates a contrary message to the one placed on notice boards. Also, we know what is coming around the corner from a senior leader's perspective, and we need to help our people with what we can see is coming next. Help them upfront with minimum requirements so they can make an informed decision. Ubuntu leadership goes hand-in-hand with that again.”

“Top management needs to have 'town halls' to say upfront which departments will be impacted – short term and then phased out in the longer term as well; it should not sit

with the manager alone to communicate changes, which is vital to get the holistic picture. Changes for impacted employees should be communicated quickly and fast. The tone of the message is less important than receiving open communication from the start. Should your department be affected even two years later, knowing about it would at least give employees a chance to react in advance.”

"Consultation is critical. Try to make employees feel like they are being heard, at least. Whether or not the feedback is implemented is secondary to me."

4.3.2.4 Sub-theme 4 - Job security must be managed, as it directly affects commitment

“With multinationals investing more in our country, I believe there are mainly positive implications for employees. On an individual basis, certain people might not be fully satisfied. Still, with the investment coming in, overall job security and job satisfaction will improve as the organisation enhances and strengthens after the acquisition. Increased job and career opportunities will also be a consequence of the acquisition.”

“I will explain it to you in three buckets – prior, during and after the acquisition. I was pretty committed in the prior period as I knew exactly where I fit into the business—the transition period started impacting my commitment somewhat due to the uncertainties that started creeping in. I started looking outside the company for opportunities to keep the proverbial back door open because certainty was lacking. My perception was also that security is linked to your possible contribution to the business.”

“Job security was a big concern, although it didn’t affect my commitment to the cause.”

“High-level communications were done, but merely for a tick-box exercise. I was impacted personally, and uncertainty crept in, as there were call centres on both sides of the legacy businesses, and I didn’t know the implications for my job security.”

4.3.2.5 Sub-theme 5 - Systems issues have a minor effect on commitment

“After the acquisition, though, the business didn’t consider which processes were the best, unfortunately, to ensure efficiency. I then had to adopt processes that have become archaic instead of looking at the best technology, AI, and so on, which became frustrating

for me. I believe the legacy business-x was more advanced with systems, processes, and controls, and now it feels like we've moved ten years back."

Systems issues have a minor effect on EC but must be considered to maintain employee effectiveness and JS.

4.4 THE SUCCESS FACTORS DURING M&A THAT LEAD TO EMPLOYEE COMMITMENT

The success factors derived from the interviews and study are:

- People-oriented leadership
- Communication before, during and after
- Structured change management process

They will influence

- Creating a synergistic culture
- Ensuring fair systems integration
- Job security will be maintained
- Which will lead to improved commitment

4.5 SUMMARY

Chapter 4 presented the results of the empirical investigation into the factors influencing EC during the acquisition of a South African FMCG company. A multi-layered analysis was employed, which involved manual analysis and transcription of the eight interviews, later followed up through rigorous corroboration through ATLAS.ti software, providing confidence and depth of the findings.

The analysis initially generated 210 codes, systematically refined to 84 meaningful codes consisting of 6 thematic groups: leadership, organisational culture, communication, job security, organisational systems, and change management, which captures the factors influencing EC during the acquisition process.

Leadership emerged as the primary factor, with constructive leadership styles identified as essential in cultivating an environment of trust, which guides professional relationships

through effective communication during the organisational transition period. Communication also plays a vital role as a sub-theme, ensuring employees remain calm and engaged throughout the process. Effective change management practices also emerged throughout the results as critical in facilitating employee adaptability and as a tool to help reduce resistance to the change.

The interconnectedness of themes was demonstrated throughout the chapter with network diagrams from ATLAS.ti illustrating how leadership is the unifying factor influencing other elements. This information provided valuable insights and practical guidance for stakeholders to navigate complex organisational changes during M&As, emphasising the importance of employee-centred strategies to maintain employee commitment during periods of significant change.

Chapter 4 is a vital building block of the holistic picture, leading us to the final chapter, where findings will be transformed into practical guidelines and recommendations, and conclusions will follow based on the study objectives at the onset.

CHAPTER 5 CONCLUSIONS AND RECOMMENDATIONS

5.1 INTRODUCTION

This study explored the factors influencing employee commitment during the acquisition of a South African FMCG company as the primary objective to help guide stakeholders during future company acquisitions. Chapter 5 serves as the final chapter of the study, joining the findings from the empirical investigation with the insights gathered from the literature review in Chapter 2 to address both the research problem and primary and secondary objectives set out at the research onset.

Chapter 5 starts by summarising the key findings from the data analysis, drawing attention to the alignment of the research objectives and the existing theory on the subject matter. In addition to providing a detailed discussion of the implications, Chapter 5 also presents practical recommendations to key stakeholders involved in the increasingly complex transition process posed by M&A transactions.

Finally, the chapter outlines the study's contribution to the literature, particularly the dynamic South African FMCG industry. Although this work continued building on the shoulders of prior researchers on the subject, there are limitations described to provide opportunities for future research to help increase focus on the crucial 'people element', directly impacting business performance.

5.2 RESEARCH OBJECTIVES

It is essential to ensure that the primary and secondary objectives have been adequately addressed throughout the analysis, thus ensuring the research problem is addressed and solved. The discussion section must include an interpretation of the results that is consistent with the primary and secondary objectives and grounded in current research. (Adeoye-Olatunde & Olenik, 2021:7).

5.2.1 Primary objective

The study's primary objective was to explore the factors influencing employee commitment and help guide stakeholders during company acquisitions. A qualitative analysis identified leadership, communication, change management, job security and

organisational culture as critical factors influencing EC. Leadership emerged as the central theme, and constructive leadership styles played an essential role in cultivating trust, flexibility and employee engagement throughout the M&A transition periods. Communication was a key enabler, ensuring transparency and reducing uncertainty during the transaction process. Proper change management practices and careful dealing with job uncertainty and cultural integration were vital for maintaining EC.

Finally, integrating these findings and overlaying them onto theoretical models from Lewin's change model and Kotter's Eight-Step Process assisted in meeting the primary objective and further amplifying success factors to focus on and implement for stakeholders.

5.2.2 Secondary objective 1 – Identifying the factors influencing EC

As mentioned, the study successfully identified leadership, communication, cultural alignment and employee involvement as factors that influence EC, with the positive versions of these reducing unwanted employee turnover. The findings further align with summary results from Atoniou *et al.* (2021:72) and Suorsa (2022:37) on factors influencing EC. Quotations and examples from the data further demonstrated how consistent and transparent communications reduced employee resistance and enhanced EC.

5.2.3 Research objective 2 – investigating the role of effective communication on EC

Communication was highlighted as an essential factor influencing EC, especially during the uncertainties that M&As bring. The findings align with results presented by Atoniou *et al.* (2021:72), where they proved the negative impact of poor communication on M&As and the converse, where effective communication positively impacts employee retention and EC.

5.2.4 Research objective 3 - Determining the role of leadership styles on employee commitment.

The study analysed Leadership styles in great detail, with constructive leadership styles emerging as a central influence on EC. The findings supported research by Lilla and

Anton (2023:17), amplifying the need for constructive leadership styles as they inspire their teams by upliftment and motivating them to rise above normal expectations during difficult times like M&As. The findings also corroborated the professed research need to inspire, support and empower employees during M&As.

5.2.5 Research objective 4 – To utilise the research results to formulate recommendations for enhancing EC

With the themes identified as base, success factors were identified, and practical recommendations were developed to guide stakeholders in future M&As. These include adopting constructive leadership styles and implementing robust change management strategies while prioritising transparent communication and cultural integration. The empirical findings and theoretical insights gathered throughout the study informed all recommendations.

5.3 CONCLUSIONS

Chapter 5 combines the findings in the feedback from participants with the theoretical literature presented in Chapter 2 to draw meaningful conclusions and to make realistic recommendations that should be implemented. The study confirmed that leadership is the most significant factor influencing EC during M&As. Constructive leadership styles emerged as vital in that they bolster trust and help employees with adaptability, all needed to uphold EC.

Effective communication complemented leadership by ensuring transparency and reducing the natural uncertainties that employees experience during M&As. The importance of structured change management strategies was also evident as they helped create a connection with management, breaking down the barriers that caused resistance and a lack of trust. The result of proper change management techniques was an integrated culture, creating a sense of job security through a sense of belonging.

The research problem and primary and secondary objectives were all addressed and met. The factors influencing employee commitment were identified, with practical recommendations deriving from the research findings to help guide companies and their key stakeholders through M&As, now with an improved approach to employee-centeredness.

5.4 RECOMMENDATIONS TO COMPANY MANAGEMENT

Several practical recommendations are proposed to enhance EC during M&As, specifically in the FMCG sector. The recommendations emphasize a leadership-driven, employee-centered approach to navigate these company transitions effectively.

5.4.1 Prioritise constructive leadership

Leadership plays a central role in influencing M&As. Managers and leaders should adapt their style to constructive leadership methods. Training programs should be implemented to develop these skills so that they can adapt to the situational needs as they present themselves. Transparency and visibility are required from leaders to connect with employees. Biases to specific team members should be avoided, and in some instances, external companies could be a solution to ensure independence and objectivity. The research indicated a need for leaders with sufficient levels of EQ and sensitive yet performance-driven leaders, which should be considered in the recruitment process for leaders. Sincerity and trustworthiness are non-negotiable. Not seen as trustworthy and actions contradicting words are harmful and impact EC negatively.

5.4.2 Ensure transparent and consistent communication

Effective communication is critical for reducing uncertainty and fostering trust. Clear channels should be established for timely and relevant updates about the progress and potential impacts of the M&A. The results showed that even perceived negative information is valued more than avoiding the truth about future changes. Good communication calms nerves, fostering a climate of business performance continuation. Communication should address the long-term and immediate aspects of the M&A, and the narrative shouldn't change down the line, sending mixed messages. Participants who experienced proactive communication could positively contribute to the M&A and support the business narrative at the customer level, which also calms the industry's nerves. Lastly, there should always be integrity in communications if you want to ensure high EC levels.

5.4.3 Address job security concerns

Uncertainty around job security is a primary source of anxiety during M&As. Management must prioritise transparent discussions about workforce impacts early in the transaction. Ensure, as far as possible, that employees see leaders in person. Feedback from participants was that non-direct communications are more effective if employees can debate or contribute to the changes. Further, a better read on sincerity is shown to employees in person, enhancing the trustworthiness of the message and showing respect to staff members. Perceived insecurity negatively affects commitment and should be avoided early on.

5.4.4 Ensure cultural alignment

Merging various cultures is a significant challenge in M&As, as seen in this study. Cultural assessments should be conducted to identify opportunities for closing gaps as soon as possible. Shared values should be promoted, and inclusivity should be at the top of all leaders' minds, as a divide will negatively impact commitment. External resources could be employed to assist where blind spots exist. External company assistance should include seating arrangements, job grade alignment, and benefit structures. There should be no perceived biases, and misalignment in cultural aspects will negatively impact employee turnover and EC.

5.4.5 Monitor and address system issues

Although the impact on employee commitment proved minimal in the study, it has surfaced through participant feedback. The business should map out and understand system changes and working arrangements. Where employee productivity digresses, EC could decrease. Seeing that systems directly impact business performance and delivery, it is recommended that management ensure that employees are well-equipped to adapt to the change without disrupting their productivity or area of work.

5.4.6 Implement robust change management strategies

Change management frameworks should guide the M&A process. For this study's example, and specific to larger FMCG companies, a combination of the Lewin Change Model and Kotter's Eight-Step Process is recommended. All changes should be

thoroughly planned for and addressed proactively, addressing employee concerns in advance. Part of change management is improved communication, which is linked to the 'communication' section.

5.4.7 Promote employee involvement

The study participants involved in decision-making during the M&A showed excitement for opportunities during the transition and improved EC. Creating cross-functional teams or focus groups during the integration phase will provide valuable insights to employees, increase EC, and keep staff engaged and focused on delivering business objectives.

5.5 MANAGERIAL IMPLICATIONS

The findings and recommendations of this study have significant implications for management, particularly in the context of M&As and the various leadership teams of the organisation. These implications emphasise the need for proactive, employee-centred approaches to ensure EC during the acquisition and complex transition.

Managers must realise their pivotal role and potential impact on shaping employees' lives, either positively or negatively. Leadership is not merely an operational function but a strategic tool influencing organisational culture, employee morale and commitment. Constructive leadership styles have been addressed on various occasions. They are vital for emphasising trust-building and employee empowerment, which will help staff navigate the naturally tricky period that comes with M&As.

The research emphasises the need for good change management at various stages of the study. Management needs to approach change management as a core competency that combines structured planning with flexibility to address any emerging challenge; investing in the necessary change management training and integrating the recommended change management models of Lewin and Kotter could drastically enhance the organisation's chances of success and maintaining high levels of EC and wanted turnover rates. To ensure a practical solution to the recommendations is achieved, a visual managerial implementation guide or blueprint is depicted for the change management structure outline and easy access in Table 5-1 (p. 73) for the pre-acquisition stage and Table 5-2 (p. 74) for the during-acquisition and finally in Table 5-3 (p. 75) for the post-acquisition stages.

Table 5-1: Managerial Implementation ‘Blueprint’ (Pre-Acquisition)

M&A IMPLEMENTATION BLUEPRINT					
(Managerial Implementation Guide)					
<u>STAGE</u>	<u>ACTION</u>	<u>OBJECTIVE</u>	<u>RESPONSIBLE</u>	<u>TIMEFRAME</u>	<u>KEY RESOURCES</u>
<i>Pre-Acquisition</i>	Conduct Leadership Training focusing on Transformational and Constructive Leadership styles	Equip Leaders to inspire trust, Communicate effectively, and successfully guide employees through the change.	HR, External Leadership Trainers	3-6 Months prior to M&A	Leadership Training programs, Budget allocations
	Perform a cultural audit of both organisations	Identify similarities and conflicts to design a integration plan	HR, Cultural Specialists	3 Months before	Survey Tools & Focus groups
	Develop a clear communication plan	Ensure consistent and transparent messaging about the M&A	Communications Team, Legal, Leadership	2-3 Months prior	Communications tools & Templates
	Design the Change management Framework, using Lewin's and Kotter's Models	Create structured steps for planning, implementing and reinforcing the change	Change management project team	2 Months prior	Framework guidelines, Tools
	Obtain employee input on anticipated challenges through surveys and focus groups	Foster employee engagement and gather insights for planning	HR, Management	2 Months prior	Survey Platforms

Source: Developed by Author

Table 5-2: Managerial Implementation ‘Blueprint’ (During-Acquisition)

M&A IMPLEMENTATION BLUEPRINT					
(Managerial Implementation Guide)					
<u>STAGE</u>	<u>ACTION</u>	<u>OBJECTIVE</u>	<u>RESPONSIBLE</u>	<u>TIMEFRAME</u>	<u>KEY RESOURCES</u>
<i>During-Acquisition</i>	Execute the communication plan with frequent updates via meetings, emails and notices	Maintain transparency and reduce employee uncertainty	Leadership, Communications Team	Ongoing	Vital company communications platforms, and in-person
	Establish a cross-functional integrations team to oversee cultural alignment	Ensure coordination and address challenges arising from integration immediately	Integration Team, Team Leaders	Day 1	Vital company communications platforms, and in-person
	Conduct Town halls and orientation sessions to address concerns arising	Provide a platform to voice concerns and build on trust and EC	Leadership, HR	Within the first month	Town Hall, Online Platforms
	Set up anonymous feedback platforms and suggestion boxes	Encourage honest feedback to identify issue to be corrected	HR, IT	Ongoing	Survey Tools, Boxes
	Track integration progress and share quick wins	Reinforce the benefits of the integration, and boost morale	Leadership, Project temas	1-3 months	Project management tools

Source: Developed by Author

Table 5-3: Managerial Implementation ‘Blueprint’ (Post-Acquisition)

M&A IMPLEMENTATION BLUEPRINT					
(Managerial Implementation Guide)					
<u>STAGE</u>	<u>ACTION</u>	<u>OBJECTIVE</u>	<u>RESPONSIBLE</u>	<u>TIMEFRAME</u>	<u>KEY RESOURCES</u>
<i>Post-Acquisition</i>	Conduct workshops and Team Building activities	Work on a new collective culture continuously	HR, Culture specialists	3-6 Months	Budgets, Workshop materials
	Evaluate Leadership effectiveness with surveys from employees and performance metrics	Assess and improve leadership strategies to ensure they align with with employee and business needs	HR, Leadership	3-6 Months	Feedback surveys, Performance dashboards
	Monitor and support employee well-being	Address any concerns or challenges, using regular dipsticks	HR, Project teams	3-6 Months	Training, Counseling
	Regular communication forums to track progress	Maintain transparency and provide updates	Leadership, HR	Ongoing	Meetings, Communication tools
	Develop a performance review document highlighting lessons learnt	Create a best practices platform to guide future M&As	Leadership, Project Teams	6-12 Months	Review Framework, Flip Charts

Source: Developed by Author

5.6 STUDY LIMITATIONS

Although valuable insights are provided during this mini-dissertation into the factors influencing employee commitment during the acquisition of an FMCG company in South Africa, certain limitations will naturally occur, and could be as follows:

- **Geographical Focus:** Limited information on the South African FMCG sector is available on the topic, justifying the need for this study in the applicable market. However, due to the specific geographical focus, generalisation into other markets and sectors could be incorrect and should be considered carefully.
- **Focus on Employee Commitment:** The study focused on EC as the anchor variable, as much effort and focus is already placed on maintaining business performance. Whilst the decision was specifically made to focus on the people side of M&As, this study only addressed M&A business performance trends and statistics in the literature study.
- **Sample Size and Scope:** The study's sample size was ample, as saturation was achieved during data collection. However, with a company size of more than 12,000 employees, the participant perspectives hinge more on the professional employee population, and specific employee experiences could have been omitted.

5.7 FUTURE RESEARCH RECOMMENDATIONS

Future research could expand its scope to include multiple organisations across various industries to provide a comparative perspective on how sector-specific research variables impact EC during M&As. Additionally, a longitudinal study that tracks EC from the pre-acquisition phase to the post-integration would offer valuable insights into the M&A over time, with measured long-term impact and effectiveness of leadership and communication strategies. These approaches could also potentially address the limitations of this study and contribute to the broader understanding of sustained EC during company transitions.

5.8 SUMMARY

Chapter 5 conclusions and suggestions were made from the literature review and the empirical study's findings from the earlier chapters. Holistically, the study explored the factors influencing employee commitment during the acquisition of a South African FMCG company, intending to identify success factors to guide stakeholders through similar transitions, presented in Chapter 4.

The literature review highlighted the critical role of EC in ensuring organisational continuity and performance during M&As, emphasising the need for leadership styles, effective communication, and the alignment of the company cultures. The findings corroborated these insights, demonstrating that constructive leadership techniques and transparent communication were vital in fostering trust, reducing uncertainty, and maintaining employee morale during M&As.

The study also achieved the objective of identifying and presenting actionable success factors influencing EC. These were, in summary, people-oriented leadership, communication before, during and after the M&A and a structured change management process to be implemented. Ultimately, the work presented valuable insights into the academic knowledge and through its practical applications and 'Blueprint' offering to company management supporting leaders and important company stakeholders with an increased focus on the 'people aspects' of the M&A process, increasing EC and ultimately business performance to make the already complex transitions more sustainable and profitable.

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APPENDICES

APPENDIX 1-1: Informed Consent Form



NWU Business School
North-West University
Private Bag x6001
Potchefstroom, 2520
<http://commerce.nwu.ac.za/business-school>

10 September 2024

DEAR PARTICIPANT

INFORMED CONSENT TO PARTICIPATE IN AN INTERVIEW

You are invited to participate in a research study that forms part of a Master of Business Administration (MBA) degree. Please take some time to read the information presented here, which will explain the details of this study. Please ask the researcher interviewing you to explain any part of this study that you do not fully understand. You must be fully satisfied that you clearly understand what this research is about and how you might be involved. Also, your participation is entirely voluntary, and you are free to say no to participating; this will not affect you negatively in any way whatsoever. You are also free to withdraw from the study at any point, even if you agree to participate now.

This study has been approved by the NWU Economic and Management Sciences Research Ethics Committee (EMS-REC). It will be conducted according to the ethical guidelines and principles of the North-West University and other international ethical guidelines applicable to this study.

Your anonymous responses will further also be kept in a password-protected Google Drive file that is compliant with the guidelines of the Protection of Personal Information Act (Act 4 of 2013)(POPIA), and the study adheres to all these regulations.

Title of the project: Exploring the influences on employee commitment during the acquisition of a South African FMCG company.

Institution: NWU Business School

Ethics Reference Number: NWU-01785-24-A4

Names and contact details of project staff

	Supervisor	Researcher
Title, name & surname	Prof. Christoffel Botha	Izak Wessels
Function in Project	Principle Investigator	Researcher
Telephone		

What is this research study all about?

The work aims to present the success factors influencing employee commitment and help guide stakeholders during company acquisitions and structure change.

APPENDIX 1-2: Ethics Approval Letter



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: 018 299-484
Feziwe.Mseleni@nwu.ac.za

03 September 2024

ETHICS APPROVAL LETTER OF STUDY

Based on approval by the **Economic and Management Sciences Research Ethics Committee (EMS-REC)** on, **03/09/2024** 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-REC) 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: Analyzing the influences on employee commitment during the acquisition of a South African FMCG company.																		
Study Leader/Supervisor (Principal Investigator)/Researcher: Prof. C. Botha																		
Student: I. Wessels (44734700)																		
N			W			U			-	01785		-	24		-	A		4
Institution			Study Number			Year			Status									
<u>Status:</u> S = Submission; R = Re-Submission; P = Provisional Authorisation; A = Authorisation																		
Application Type:																		
Commencement date: 03/09/2024						Risk: Minimal												
Expiry date: 03/09/2025																		
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):

- None.

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 Diana Viljoen-Bezuidenhout

Chairperson: NWU Economic and Management Sciences Research Ethics Committee