An empirical study of the effect of a merger on organisational climate

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(ii)Confidentiality Clause

The dissertation contains confidential information. I would therefore ask that a two-year period elapses before the dissertation is lodged in the library.

(iii) Abstract

The issue of mergers and, in particular, the effect of mergers on employees is an important one due to the alarming number of mergers taking place at present both globally and in South Africa. Only recently have researchers begun to study the impact of mergers on employees. Many authors argue that this element is critical in determining the success or failure of a merger. The study examines a company, which recently experienced a merger and attempts to establish whether or not the merger had a detrimental effect on organisational climate. The study achieves it's aim by reviewing the literature and administering a self-completion questionnaire to the entire operational staff at three hierarchical levels, namely; store manager, sales administrator and sales person of the organisation in the KwaZulu Natal region. The study thus constitutes a census of all employees at the aforementioned three levels. The questionnaire administered includes both an organisational climate measuring instrument (an existing eighteen item scale was used) and an attitude to mergers measuring instrument, made up of twelve items, which was constructed for this study. The data was then analysed utilising both descriptive and inferential statistics.

Chapter 1

Introduction to the study

1.1. Problem Statement

In August 1999 management at The Foschini Group prompted a merger between American Swiss Jewellers and Sterns Jewellers. The two companies although both falling within the Foschini Group umbrella had been managed separately, with autonomous merchandise, marketing and operations departments. Under the new structure these departments would now report to one management team. The rationale for the merger was to realise both cost saving and economies of scale benefits due to synergies between the two companies. The merger thus resulted in an alteration of the two organisations' structures and people.

Change can be a threat to both managerial and non-managerial personnel thus resulting in them resisting change. After the merger, top management positions at The Foschini Group Jewellery were filled predominantly with American Swiss Jeweller's management team personnel. Furthermore the Managing Director of American Swiss Jewellers assumed responsibility of the Foschini Group Jewellery. The period which followed was characterised by high staff turnover, particularly among employees who had worked for Sterns Jewellers. It is noted that due to the bigger functional structure which was created by the merger, certain Stern's employees benefited from promotions as new positions were created.

The study will endeavour to provide management with feedback on the effect of the merger on organisational climate.

The problem statement is thus :

What effect has the merger between American Swiss Jewellers and Sterns Jewellers, constituting the Foschini Group Jewellery, had on Organisational Climate.

1.2. Research Objectives

Of the 100 largest mergers and acquisitions in American history, 94 have occurred since 1980 (Grimm, 1987). In 1985 alone, there were 3000 mergers and acquisitions involving more than $180 billion in financial assets (Brown & Byrne, 1986). According to Newark, a New Jersey based Securities Data Company, in 1996 there were more than 10200 mergers involving a record $659 billion in the United States alone. The firm reports the 1996 activity represents a 10 percent increase in the number of deals and a 30 percent increase in the total value of transactions from 1995. There are always idiosyncratic reasons that are relevant to each particular merger, however, researchers are usually searching for a few general principles that could explain the broad patterns of merger activity. Among the explanations offered at various times have been the exploitation of economies of scale, synergy, the acquisition of market power, diversification and the acquisition of undervalued assets (Keenan & White, 1982). The South African economy has not been exempt from merger mania. The banking industry has been particularly affected, with the ABSA merger which recently took place. The South African retailing industry is another which is marked by mergers and acquisitions.

The Foschini Group acquired Total Sports for R65 million in 2000 to name just one acquisition. Mergers are thus set to be an important phenomena in the South African economy.

'Behind the ceaseless chatter about competitive advantage, greater efficiencies of scale, boosting the stock price and cutting costs, it's the human side of the equation that matters most' (Greengard, 1997). The study will focus primarily on the relationship between mergers and organisational climate. The general framework of the study is to ask how one independent variable, a merger, affects a dependant variable namely; organisational climate.

The study will specifically focus on the following question :

- What effect do mergers have on employees perception of organisational climate?

Chapter 2

2.1. Literature Review

Only recently have researchers begun to study the impact of mergers and acquisitions on employees, an issue many argue is critical in determining the success or failure of mergers and acquisitions (Buono, Bowditch & Lewis, 1985). This research indicates that mergers and acquisitions have a potentially negative human impact, primarily in the form of attitudinal declines and increasing turnover. For example, mergers and acquisitions can cause depression (Imberman, 1985), uncertainty (Schweiger & Walsh, 1990), loss of control (Imberman, 1985), and job insecurity (Robino & DeMeuse, 1985). One study tracing the top management of 200 acquired firms found that well over half of top management had left the acquired organisation during the five-year period following the acquisition (Hayes, 1979).

According to Pat Callahan, human resources director at Wells Fargo Bank in the United States, mergers involve monitoring morale, melding cultures, creating new organisational structures and streamlining benefits. 'The human debris generated by merging firms often serves as a financial and psychological drag on productivity and profits, and can create a legacy of problems that can hex human resources and vex senior executives' (Greengard, 1997).

In 1993 Newman and Krzystofiak conducted a study on changes in employee attitudes after an acquisition at a small bank in the north-eastern United States. A longitudinal analysis was conducted with data collected both before and after the acquisition. The results of the study showed that only satisfaction with pay and social satisfaction remained stable, in all other dimensions namely job satisfaction, satisfaction with work relationships and overall employee attitudes, satisfaction was lower and commitment to the organisation was depressed.

I will now focus on two international mergers; namely the Time Warner – AOL merger and the Daimler-Benz – Chrysler merger, and then look at a local merger. In doing so I will further explore the actual effects of a merger on a company's human resources.

The first case study which I will examine, is in fact one of the biggest mergers of the last decade. The AOL – Time Warner merger received a lot of press , mostly negative probably due to the failure statistics of many mergers. Gunther, makes the following comment;

"What's the old saying? Be careful what you wish for? If America Online and Time Warner think they've had an agonizing time getting their merger past Washington regulators-and yes, they have-just wait until they get the deal done, take on the mind-boggling task of turning the two companies into one, and then try to run it, as they say they will, as a world-changing, rule-breaking, speed-generating, synergy-creating, fast-growing, moneymaking media, entertainment, and Internet rocket ship that, we're assured, will be pro-competitive, consumer-friendly, and socially responsible too. Whew. Merely contemplating the scale and complexity of the task that the dealmaking duo of Steve Case and Jerry Levin have handed to their operating minions would

exhaust lesser mortals. It's beyond daunting" (Gunther 2001, page 86).

Gunther further explains that this isn't to say that what still stands as the new millennium's biggest, boldest deal won't pay off. Gunther believes that eventually, it may pay off. "The thinking behind the merger remains sound. The executives in charge are strong. There's a plan in place, which is mostly about remaking Time Warner, leveraging customer relationships, and creating big new ventures in arenas like music and TV. And together these companies will be able to deploy an unequaled array of assets, a TV and movie studio, cable and TV networks, cable systems, magazines, interactive properties like instant messaging, and at the centre of it all, AOL's 26 million member online service (29 million including CompuServe), the engine that will be asked to power much of the enterprise. In the long run, the potential is vast. The people trying to steer the process face pitfalls and obstacles at every turn. Many things can go wrong"(Gunther 2001, page 87).

The facts are that most big mergers don't work as well as anticipated. In the case of AT&T-TCI or Disney-ABC, neither of which was as complicated as the AOL, Time Warner deal, the mergers failed to produce the synergies which were hoped for (Gunther, 2001).

Knowing this in advance it seems doesn't help. As in the case of the merger between Daimler-Benz and Chrysler, Jurgen Schrempp, who, when he merged the two companies claimed that his challenge would be "to beat the statistics, 70% of mergers have not brought results for shareholders"(Gunther 2001, page 88). That figure came from his own company's study of big, cross-border mergers, a category into which AOL Time Warner fits.

Compounding the problems experienced, the deal also faced critical financial barriers. According to J. Michael Kelly, who will be the new company's CFO: $40 billion in revenues in 2001, which should grow by 12% to 15%; $11 billion in Ebitda (earnings before interest, taxes, depreciation, and amortization), which is projected to grow 25% annually. Some analysts say the company will generate as much as $5 billion in free cash flow per annum, and while AOL won't confirm that figure, Kelly says cash flow will grow a staggering 50% annually. Analysts believe that these bold projections, against the background of a slowing United States economy and the Dotcom crash, are going to be difficult to achieve (Gunther, 2001).

Furthermore, the advertising market is softening. Entertainment industry analysts have downgraded Disney, News Corp., and Viacom, because, as Morgan Stanley's Rich Bilotti writes, "most advertisers will cut their advertising budgets, if they have not already," to boost profitability in the year ahead. The new AOL Time Warner will generate about 25% to 30% of its revenues in 2001 from advertising, and it's projecting enormous growth in AOL's advertising revenues without any slowdown in Time Warner's. It really does not make sense to believe that Internet advertising will grow dramatically without damaging old media (Gunther, 2001).

In addition and more applicable to this thesis are the people issues. Besides the integration of two different cultures, the crowding at the top of the management hierarchy poses a major problem. The senior corporate structure is particularly top heavy. According to Steve Case, the chief architect of the merger, having a lot of talented individuals is advantageous, "Yes, there are a lot of cooks in the kitchen," he says, "but this is quite a feast that we want to serve" (Gunther 2001, page 88).

However, another media mogul has other thoughts. "In a merger, someone eats somebody else," (Gunther 2001, page 88) John Malone, the former cable kingpin, said recently about the AOL Time Warner deal. "The idea of a merger of equals is bullshit. In this case, the challenge will be for AOL to transform Time Warner's operating divisions into paragons of Internet-linked efficiency without destroying the qualities that have made most of them industry leaders. Each is a multibillion-dollar enterprise run by an executive whose business card says CEO. This isn't like acquiring Netscape or CompuServe. Time Warner has 70,000 worldwide employees, many in creative businesses that AOL executives know little or nothing about. Already a few Time Warner operating executives have bristled at what they perceive as the arrogance of the conquerors from Dulles"(Gunther 2001, page 89).

In the face of this turmoil, executives at the new conglomerate remain positive. After the completion of the merger in January, promises of financial performance made the year before were in fact coming to fruition. Backing up their claims, executives from the former AOL – in effect the acquiring company in the union, although smaller – launched a focused attack on Time Warner's management structure and culture. Co-chief operating officer, Bob Pittman, who appears to be an instrumental change agent, in his haste to push through the changes, appears to be damning the old Time Warner: "They were managed quite well by their industry standards, but we're trying to get more out of them" (Grimes&Waters 2001, page 30). In view of the slowing U.S economy, if he and his management team can achieve this it will be one of the great turnarounds of all time (Grimes & Waters, 2001).

Merrill Lynch recently forecast that advertising will grow more slowly this year, 2001, than U.S gross domestic product for the first time since 1992, which will hurt Online media firms most. Advertising spending in this new medium will shrink by 25% this year, says the US investment bank (Grimes & Waters, 2001).

Early signs of the advertising slowdown led to disappointing earnings at the Time Warner cable networks in the final months of last year and AOL admits the pressure is building (Grimes & Waters,2001).

According to Wall Street analysts, the company generates only 25% of its revenue from advertising, a lower proportion than other diversified media groups. The bulk of revenue comes from subscriptions to the AOL online service, cable television systems and magazines, with a smaller share coming from direct purchases of music and movie tickets.

The AOL service is also less dependent than Yahoo on advertising, although a slowdown in that would rob the firm of one of its strongest growth engines. Mike Kelly, chief financial officer of the new company, says AOL's online advertising inventory continues to grow in part because of cross-media deals the company has struck with a several big advertisers in which television, print and online advertising were sold together.

However, Holly Becker, an internet analyst with Lehman Bros, warns AOL is unlikely to "remain completely unscathed by the current environment, especially given the overall ad market. In fact, without Time Warner's business, 2001 may have been a difficult year for AOL" (Grimes &Waters 2001, page 31).

To counter this, Pittman and his management team are quickly pushing through changes in the way the old Time Warner businesses are run. Top of their list is to slash costs, rejuvenate some of Time Warner's slower-growing operations and force new integration.

AOL already claims to have cut $225m from spending on digital media and it has started paying employees less cash and more stock. Also, the company says it has, to date, saved $100m by shifting Time Warner's online activities onto the AOL technology infrastructure (Grimes &Waters, 2001).

Furthermore, according to Becker there have also been early signs of a management shake-up in some Time Warner divisions. The old Time Warner businesses will have to grow much faster than their historical norms if AOL is to achieve its targets this year.

The most visible moves so far have come in television. Besides 400 job losses at CNN days after the merger was completed, Pittman has restructured the network TV unit, which includes Cartoon Network and TBS.

This move means persuading powerful media barons long accustomed to complete freedom to integrate their businesses. And it means achieving the synergies often talked about in big mergers but seldom achieved (Grimes & Waters, 2001).

The integration of the cable TV channels once owned by Ted Turner and the WB broadcast network has been the most visible sign of these efforts. While calling Turner "a television genius" and saying he would not act against the entrepreneur's wishes, Pittman is clearly prepared to change the way things have been done in the old Turner empire.

Other modest yet revealing signs of the new integration effort have been a series of cross-marketing and joint advertising initiatives. For instance, using the AOL service to sell magazine subscriptions has yielded 1 million new readers for Time magazine.

Also, AOL predicts a series of "bundled" advertising deals for companies like Continental Airlines and Princess Cruise lines, which will bring in $100m in revenue though advertising executives say AOL could have made some of that independently.

To push such initiatives, Pittman has overlaid a new bureaucracy on the company. A new "ad council" brings together sales teams from different divisions. And the six CE's of the AOL Time Warner business divisions now meet every two weeks.

Amid this shake-up and the background of a difficult US economy, Pittman is doing his best to sound a note of calm (Grimes & Waters, 2001).

AOL can still achieve its financial goals this year, says Merrill Lynch analyst Henry Blodget. He furthermore maintains that they are not immune but they are in a better position than others and management has always delivered (Grimes & Waters, 2001).

Pittman recognises how much rests on the company's performance in its first 12 months. As the standard-bearer for the merging of the old and new media worlds, all eyes are on AOL Time Warner.

It appears that a concerted effort is being made by management to capitalise on synergies between the two companies. However, employees of the two organisations will be affected by the traumatic change which is taking place. It is not clear at this stage whether any effort is being made by management To assist employees through this period.

Focusing now on another merger namely, the merger between Daimler-Benz and Chrysler, which received considerable publicity, many problems are now surfacing two years hence.

In late January 2001, Chrysler announced the industry's biggest reductions ever, 20% of its work force, or 26,000 people. However, management found itself under more scrutiny than usual. The reason for this is that the management team who announced the cutbacks didn't even work at the company three months prior, a move which has sparked a great deal of controversy.

Germany's Daimler-Benz merged with Chrysler two years ago. At this time Chrysler was outperforming almost every other automaker in the world. It looked like a viable deal at the time for Daimler-Benz, however in hindsight, it appears that Daimler bought at the top of the market. Since the sale, Chrysler has overspent on new product, competitors like Toyota and Honda have grabbed market share, and industry overcapacity has kept prices soft. In the last half of 2000, Chrysler cut production and boosted incentives; its losses are estimated at $1.75 billion (Taylor, 2001).

The heavy losses followed with the dismissal of Chrysler's American CEO, by Daimler Chairman Jurgen Schrempp. Schrempp subsequently replaced him with seasoned Daimler executive Dieter Zetsche. According to auto analyst, Alex Taylor, Zetsche will be leading a dispirited American work force that never felt comfortable with its German owners and now feels betrayed by them (Taylor, 2001).

"The Chrysler culture was 'Live on the edge; be a little bit crazy,' " (Taylor 2001, page 68) says an executive at another automaker. "That's 180 degrees from German culture, which is all about order and rules" (Taylor 2001, page 68). Zetsche has already run into stubborn resistance from Chrysler's suppliers, which have refused to comply with his order to cut prices 15% over the next two years (Taylor, 2001).

However, the strategic rationale for the merger, combining German technology with American market savvy, remains intact according to Taylor (Taylor, 2001).

Taylor further comments that adversity has served Chrysler well in the past, forcing it to take chances on new vehicles like the minivan. Chrysler's cost cutting in the late 1970s and again in the early 1990s set the stage for huge profits when sales rebounded. Taylor further comments that the sight of German owners firing American workers may stir nationalistic passions, but this is no reason to give up on this company (Taylor, 2001).

The 15month merger between the two companies was a traumatic affair according to Daimler-Chrysler CEO Jurgen Schrempp. In an effort to boost morale he will be spending more time at Chrysler's headquarters in Auburn Hills, Michigan, in 2001. According to Schrempp the inevitable pressures that come from trying to integrate two very different organizations have created strains, and several top executives have departed including, as alluded to above the American Chairman of Chrysler. In an interview conducted between Schrempp and auto analyst Alex Taylor the protests which were subsequently sounded, puzzled Schrempp, who believes that business always comes before personal or career considerations. Further to this end, when he announced that he would end his 35-year marriage last year, he explained it by saying he wanted to concentrate on making the merger a success (Taylor, 2001).

When asked to comment on why some executives left the business Schrempp commented:

"I am amazed that out of a company with 460,000 people, and let's say 100,000 management people, we lost possibly two or three related to the merger. So a handful of people left. What's the big deal?" (Taylor 2001, page 69).

However the fact still remains that investors have knocked Daimler-Chrysler stock down to $65 from the 52-week high of $102. In addition, with Schrempp's attitude regarding departed employees, what was the human resources cost of the merger? Did Daimler even take this aspect of the merger into account? Going by Jurgen Schrempp's comments it would appear that absolutely no effort was made by management to integrate Chrysler employee's into the new organisational culture which would appear to be the Daimler culture.

Turning now to a South African merger which recently took place; namely, the merger between Net#work and Berry Bush, it appears that the problems experienced internationally hold true for the local market.

At the time of the merger between the two advertising agencies it seemed like a good idea, Net#work and Berry Bush, both successful agencies but very different, Net#work, extremely creative, Berry Bush great on strategy. In effect the two agencies appeared to be perfect complements of each other. (Koenderman, 2000)

Net#work always successful at the Loeries (the creative awards) and Berry Bush thriving at Apex (the effective advertising awards). Net#work was frustrated in its role at TBWA's "conflict" agency, while Berry Bush was affiliated to BBDO, currently the world's leading creative agency group. (Koenderman, 2000)

The two agencies were thus merged as Net#work BBDO Berry Bush. Unfortunately the apparent perfect match hasn't turned out as expected. Complementary turned out to be incompatible. The two cultures didn't blend. The merger was thus undone. This was achieved by allowing

Net#work and Berry Bush to operate independently as two sister agencies under the BBDO umbrella.

The 1998 MRA agency survey showed the contrasts. Berry Bush was seen as professional, reliable, stable, strong in client service, didn't lose business. Net#work, on the other hand, was dynamic and progressive, with creative skills that helped it win awards and gain business. The advertising industry thrives on intellectual capital, thus the apparent differences expressed above are clearly an indication that the two businesses had diametrically opposite cultures.

"We've adopted a dual branding strategy," says Net#work MD Keith Shipley. "Mergers should be based on synergies and operational cost savings so that 1+1=3. But synergies seldom materialise. Egos and cultures clash. You get negative disruption and actual loss of value, so that 1+1=1½" (Koenderman 2000, page 96).

Nevertheless, some of the original objectives have been achieved. Net#work has absorbed Berry Bush's Johannesburg agency, which did not have the necessary critical mass. Berry Bush's Cape Town operation has been strengthened by absorbing the local Net#work office. BBDO has got the strong creative resource it wanted in South Africa, and Net#work's culture fits perfectly with the global organisation (Koenderman, 2000).

And there has been some synergy. Throwing the two very different agencies together, even temporarily, prompted each to address its weaknesses. Berry Bush is paying more attention to its creative product, while Net#work recognises the need to beef up its client service.

"This is our big focus now," says Shipley. "Then we will be unassailable. Clients want creativity and they want it managed well. Our competitive position is creative leadership" (Koenderman 2000, page 97).

In taking over Berry Bush Johannesburg, "Net#work has taken on some of our strategic advantage," says Berry. "That has worked extremely well for them. We have added a dimension to their agency. But it is easier to operate autonomously" (Koenderman 2000, page 97).

New Berry Bush MD Martin Neethling believes that it is important that their creative product improves, certainly perceptually. But they won't ever change the importance they place on the Apex awards. He maintains that both agencies will benefit from being part of BBDO Worldwide. Furthermore he states that there is cross-shareholding in the businesses, but they will not attempt to force the two businesses together in the interests of some neat organogram (Koenderman, 2000).

According to Shipley "We thought there would be a good balance of business styles, blending experience with youth, and size does count.

Getting and satisfying your human resources is a lot easier if you are a top-10 agency. But we've discovered that there's no such thing as a corporate merger, only a takeover. Our cultures and heritage are very different. Both staff and clients select one or the other because that's what they want. There's no benefit in forcing a new culture on key stakeholders, clients and staff" (Koenderman 2000, page 97).

Net#work incurred some losses in the aborted merger. It gave up Woolworths (handled out of Cape Town) because Berry Bush had Shoprite, and now Woolworths is handled by TBWA Hunt Lascaris. It also surrendered Nissan, a TBWA-aligned account, but its win of Delta Motor Corporation (Opel) has more than compensated for that. And there are other international BBDO accounts which may be available to it now, including Bayer, Henkel, Gillette, Dulux and Unilever (Koenderman, 2000).

However, in spite of the above supposed benefits the fact is that the merger went so wrong that it was in fact aborted. As mentioned, the main reason for this was cultural incompatability between the two organisations and thus their people. Perhaps the agencies have learned some valuable lessons, but at what cost to the employees?

2.2. Hypothesis

From the foregoing discussion, a specific testable hypothesis was devised as follows:

Employees perceive that mergers have a detrimental effect on organisational climate.

Chapter 3

Research Design and Methodology

3.1. Research Design

Cooper and Schindler (1998) define research design as :

' .. the strategy for a study and the plan by which the strategy is to be carried out' (p. 151).

The design used is a formal, cross - sectional, correlational, ex post facto research design. In order to facilitate why the aforementioned research design was chosen, each element of the design will be explained :

- Due to the fact that the research question has been clearly crystallised the study undertaken is a formal study. The aim of the study is to test the hypothesis which has been formulated.
- The design, which was utilised is ex post facto in that the researcher had no control over the variables in terms of being able to manipulate them. The study is cross - sectional in nature as the study was carried out once and represents a snapshot of one point in time.
- The study is furthermore correlational in that it attempts to discover or clarify relationships using correlational methods.

The study involved the administration, by a manager, of a self-completion attitudinal questionnaire to all operational employees at certain levels of the operational hierarchy at the Foschini Group Jewellery in the KwaZulu Natal region. The KwaZulu Natal region was chosen as I reside in the area and this will therefore reduce costs and facilitate ease of data collection. The self-completion questionnaire was administered by the respective area manager which the store reports to. This strategy of a self-completion questionnaire requesting respondents to fill in the questionnaire and hand the completed questionnaire back to the respective area manager ensured that a high response rate was attained - the targeted response rate was at least 75% of the total employee count. (The actual response rate achieved was 77%.) As the questionnaire was administered to all the employees of interest the design constituted a census. A postal questionnaire was considered, however the aim was to ensure that the response rate was at least 75%, and one of the major drawbacks of a postal questionnaire is non-response.

The questionnaire includes a preamble as to how to fill in the questionnaire. The respondent was asked to include their age, ethnicity, sex and position. In addition, the questionnaire asked respondents for their length of service. The purpose for this is to ascertain whether or not the respondent was in the organisation's employ at the time of the merger. Respondents were furthermore requested to indicate whether they work in a Sterns or American Swiss store in order for comparisons of data to be made between responses from employees from the two chains.

3.2.Scaling Design

Due to the fact that the human element of mergers, as mentioned above, has not received much attention, a suitable scaling design to measure employees attitudes to mergers could not be found in the literature. It was therefore necessary to construct an attitude to mergers scale.

A twelve item Likert scale was constructed by the researcher for this purpose. Care was taken to ensure both validity and reliability. According to Cooper and Schindler (1998) a measure is reliable to the degree that it supplies consistent results. (p.173) Cooper and Schindler (1998) further state that Cronbach's alpha has the most utility for multi–item scales at the interval level of measurement.(p.173) For this reason Cronbach's alpha was utilized in order to assess consistency or homogeneity among the items.
According to information from :
http://www.ats.ucla.edu/stat/spss/faq/alpha.html, a reliability coefficient of 0.80 is considered acceptable in most Social Science applications. In order to calculate Cronbach's alpha, SPSS was utilised, the results of which are reflected in Appendix 3 on page 123. The alpha value for the attitude to mergers

measuring instrument is 0.72 and for the organisational climate measuring instrument is 0.8119. It would appear that the attitude to mergers measuring instrument marginally does not comply with the requirements for internal consistency. However, in order to improve reliability external sources of variation were minimised, in that the other two area managers responsible for the administration of the questionnaire's were well briefed by myself, thus increasing the internal consistency of the instrument. The organisational climate measuring instrument with a reliability coefficient of 0.8119 complies fully with the guideline outlined above.

The organisational climate measuring instrument consists of items relating to dimensions originally identified by Likert and Likert (1976). The instrument which consists of an eighteen item likert scale was subsequently successfully utilised by Coldwell (1997) in a study which inter alia measured organisational climate.

3.3. Sample

As noted in the section on design, the study involved a census. A stratified simple random sample was considered, it was however concluded that due to the ease of access to the affected employees and the relatively small number of employees, a census would be utilised. The table below reflects the total number of employees employed in the Kwazulu Natal region in the three job hierarchies to be studied :

Table1 : Designation and Employee Count

Designation	**Number of Employees**
Store Manager	32
Sales Administrator	30
Sales Person	53
Total	115

The questionnaire was administered to the 32 store managers, 30 sales administrators and 53 sales people. The targeted response rate was at least 75% of the total number of respondents. The target was thus at least 24 store managers, 21 sales administrators and 40 sales people. As stated in the section above on design a response rate of 77% was achieved. Although a response rate of 100% was hoped for, this was not possible due to the fact that when area managers visited the stores in some instances staff were off for the day or were ill. The attained response rate of 77% however, complies with the parameters I set for representivity.

Due to the fact that there is only one Regional Manager and three Area Managers in the Kwazulu Natal region, these two hierarchical levels were excluded from the study as anonymity cannot be guaranteed. This may appear to impinge on the accuracy of the design however, according to Greengard (1997) mergers affect every employee in the organisation.

3.4. Measurement

Cooper and Schindler (1998, p.159) define measurement as :

' assigning numbers to empirical events in compliance with a set of rules. '

The data collected for the study is interval data. According to Cooper and Schindler (1998) many attitude scales are presumed to be interval.

The hypothesis which has been formulated is negative in nature in that it proposes that mergers have a detrimental effect on organisational climate. The organisational climate measuring instrument which was used was positively scored. The attitude to mergers scale which was constructed was negatively scored. Therefore, if the respondent scores low on the organisational climate instrument, they perceive organisational climate to be bad, and high on the attitude to mergers scale, they have a negative attitude to mergers. There would thus be a negative correlation between the two variables, which would indicate that mergers do have a detrimental effect on organisational climate.

3.5. Ethics

The guidelines for ethical considerations as set out by White (2000) will be adhered too. In addition, a system was developed to guarantee confidentiality of respondents to the questionnaire. On the questionnaire, respondents were instructed to place the completed questionnaire in an envelope, which was provided. Respondents were furthermore instructed not to identify themselves on either the questionnaire or the envelope. The completed questionnaires were removed by the respective area manager, thus guaranteeing anonymity.

Chapter 4

Findings

The questionnaire, which was administered generated quantitative responses. The data was coded, care was taken while coding as the attitude to mergers instrument was negatively scored and the organizational climate instrument was positively scored. The coded information was then interpreted using the SPSS software package. Both descriptive and inferential statistics were used. The questionnaire contained only closed questions. The responses on the likert scale were converted into numbers from one through to five.

Initially descriptive statistics were used, as this is an excellent way to describe and compare data (White, 2000). Descriptive statistics do not tell the researcher whether the results reflect the true situation or whether the results occurred by chance. For this reason inferential statistics were utilised which according to White (2000) give a good indication whether the quantitative results of any investigation have arisen by chance alone or represent true differences existing. Due to the fact that the data, which was collected is interval data, a parametric test was used. Correlational analysis was applied to study the relationship between the two variables of interest; namely, mergers and organisational climate.

A preliminary analysis of the questionnaires revealed the following; a total of 89 questionnaires were collected. Of this, one questionnaire contained missing information, thus 88 questionnaires were utilised for the statistical analysis.

Of the respondents who completed the questionnaire the majority (59.01%) were employed at American Swiss at the time of the merger while 30.7% were employed at Sterns and 10.2% were not employed by the Group. Furthermore, 62.5% are currently employed by American Swiss and 37.5% by Sterns. The study focuses on the respondents perceptions in terms of where they are currently employed on completing the questionnaire.

Almost half of the respondents, 49.4%, are Asian, while the balance is made up of 19.1% Black, 16.9% White and 14.6% Coloured. Interestingly, 85.4% of the respondents are female. This is perhaps due to the nature of the business; namely, jewellery retail. Of all the respondents 41.6% have been involved in a merger.

Furthermore the mean length of service was 6.14 years, the median 5 years and the mode 3, indicating a low staff turnover for the respondents who completed the questionnaire. The mean age of the respondents who formed part of the study was 33.61 years, the median 30 and the mode 30.

Having completed a preliminary examination of the data, the information reflected in the crosstabulations in Appendix 1 on page 82 will now be interpreted

For ease of interpretation bar charts for each of the items in the Attitude to Mergers measuring instrument and the Orgaisational Climate measuring instrument have been prepared thus making the interpretation of the results easier.

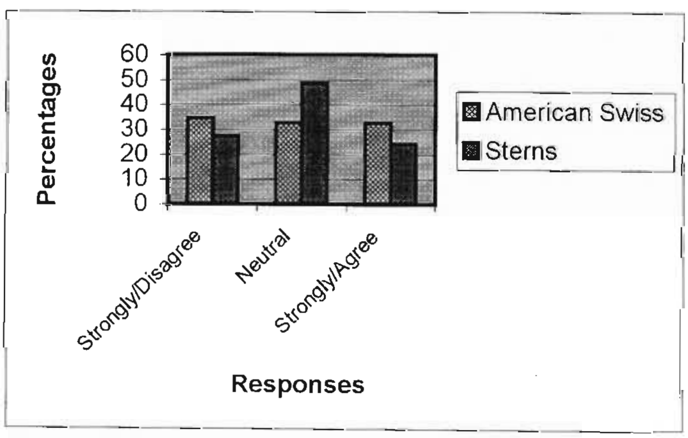

Figure 1: "Mergers cause more harm than they do good"

There do not appear to be any significant differences between the responses of the “dominant” group, that is the group initiating the merger, American Swiss, and the “submissive” group, that is the group being merged, Sterns.

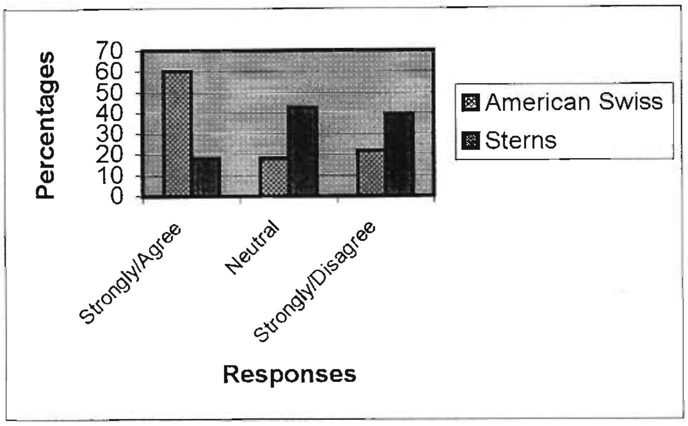

Figure 2: "Mergers have a positive effect on company culture"

60% of the "dominant" group, American Swiss, agree or strongly agree that mergers have a positive effect on company culture as opposed to 18.2% of the "submissive" group, Sterns. In addition, 39.4% of the Sterns respondents disagreed or strongly disagreed that mergers have a positive effect on company culture as opposed to 21.8% of the American Swiss respondents.

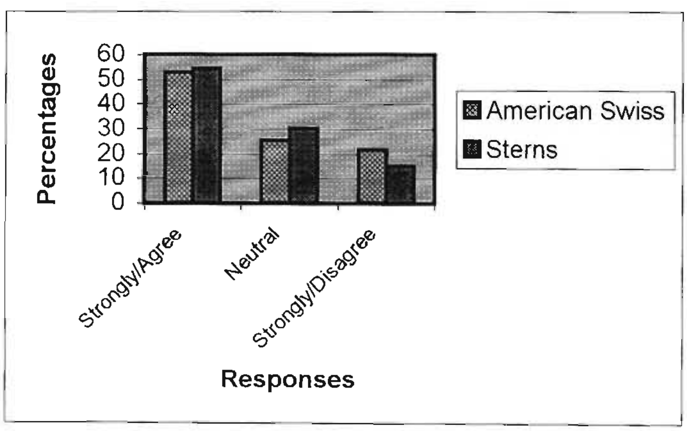

Figure 3: "Mergers result in cost reductions"

52.7% of the American Swiss respondents and 54.5% of the Sterns respondents agree or strongly agree that mergers result in cost reductions.

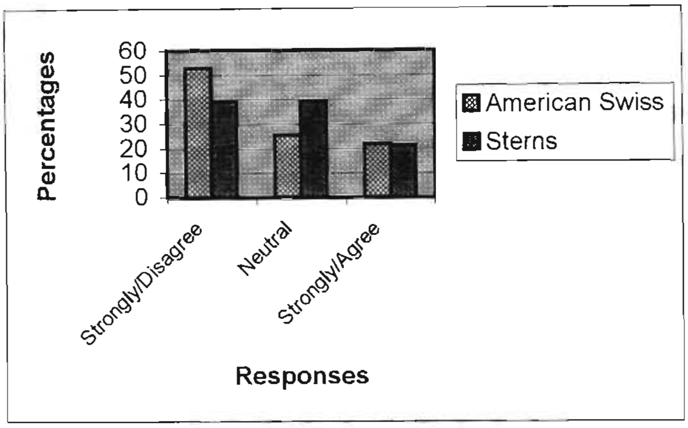

Figure 4: "Mergers have a negative effect on profitability"

There do not appear to be significant differences between the responses from the two groups. However, reinforcing the cost reduction issue in figure 4, 52.7% of the American Swiss respondents and 39.4% of the Sterns respondents disagree or strongly disagree that mergers have a negative effect on profitability.

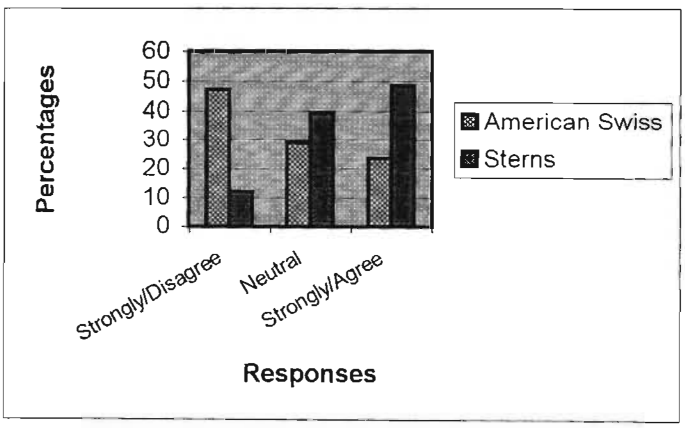

Figure 5: "Mergers have a negative effect on staff morale"

47.3% of the dominant group, American Swiss, perceive that mergers do not have a negative effect on staff morale, whereas only 12.1% of the "submissive" group, Sterns, perceive that mergers do not have a negative effect on staff morale. Furthermore almost half of the Sterns respondents, 48.5%, as opposed to 23.6% of the American Swiss respondents, perceive that mergers do in fact have a negative effect on staff morale.

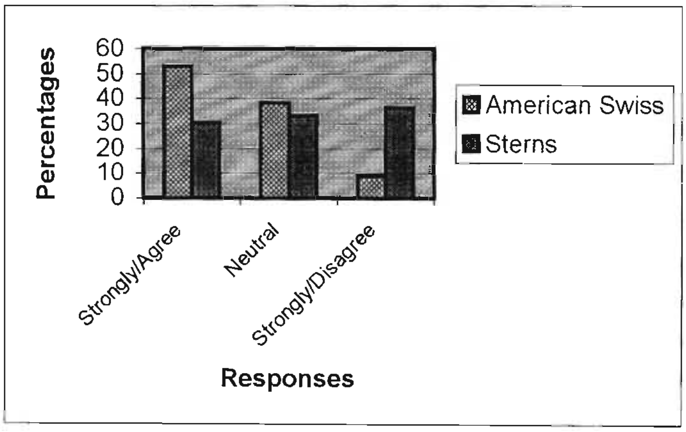

Figure 6: "Mergers have a positive effect on employees' commitment to the organisation"

52.7% of the "dominant" group, American Swiss, as opposed to only 30.3% of the "submissive" group, Sterns, perceive that mergers do in fact have a positive effect on employees' commitment to the organization. Only 9.1% of the "dominant" group as opposed to 37.5% of the "submissive" group disagreed or strongly disagreed with this statement.

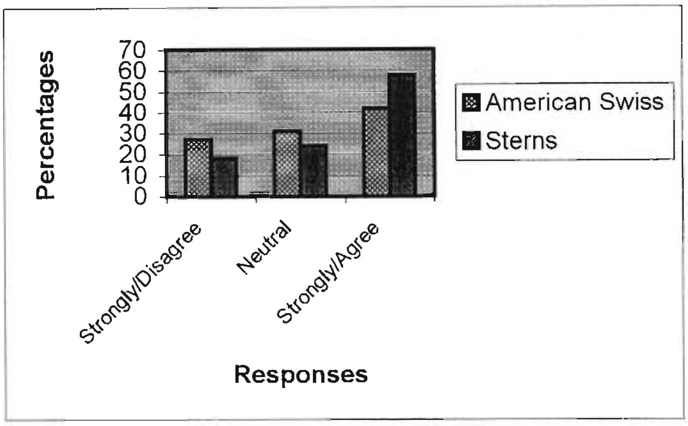

Figure 7: "Mergers result in increased labour turnover"

More than half of the Sterns respondents, 57.6%, and 41.8% of the American Swiss respondents agreed or strongly agreed that mergers result in increased labour turnover.

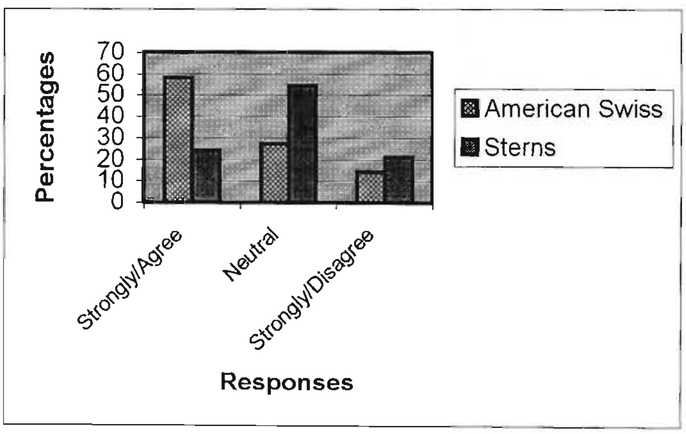

Figure 8: "Mergers have a positive effect on staff productivity"

58.2% of the "dominant" group, American Swiss, as opposed to 24.2% of the "submissive" group, Sterns, perceive that mergers have a positive effect on staff productivity.

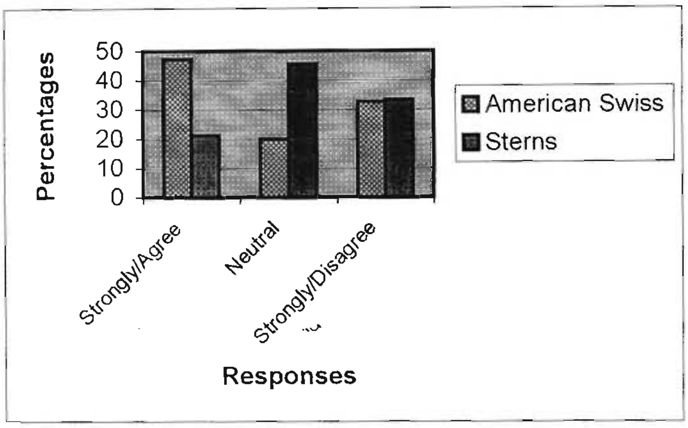

Figure 9: "Mergers result in increased job satisfaction"

47.3% of the "dominant" group, American Swiss, perceive that mergers result in increased job satisfaction, whereas only 21.2% of the "submissive" group, Sterns, believe mergers result in increased job satisfaction.

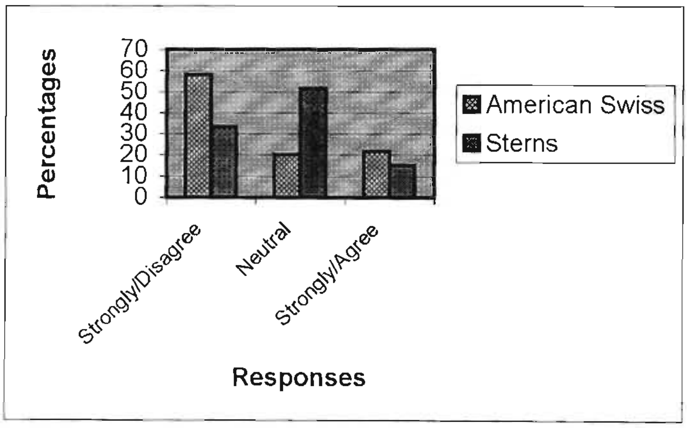

Figure 10: "Mergers result in a negative change in job characteristics"

58.2% of the American Swiss respondents as opposed to 33.3% of the Sterns respondents perceive that mergers do not result in a negative change in job characteristics.

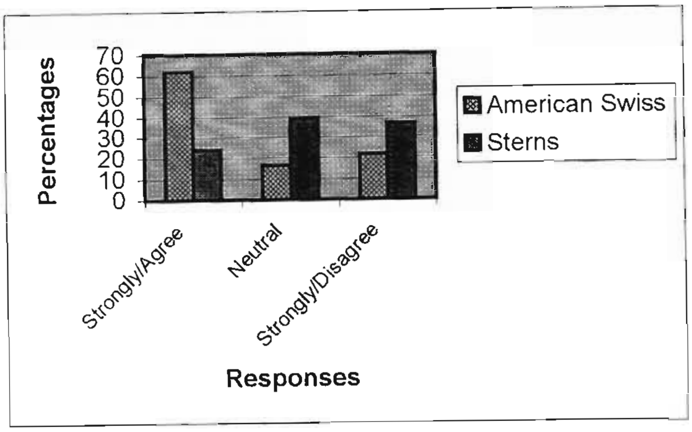

Figure 11: "Mergers result in greater opportunities for career advancement"

61.8% of the "dominant" group, American Swiss, as opposed to 24.2% of the "submissive" group, Sterns, perceive that mergers result in greater opportunities for career advancement.

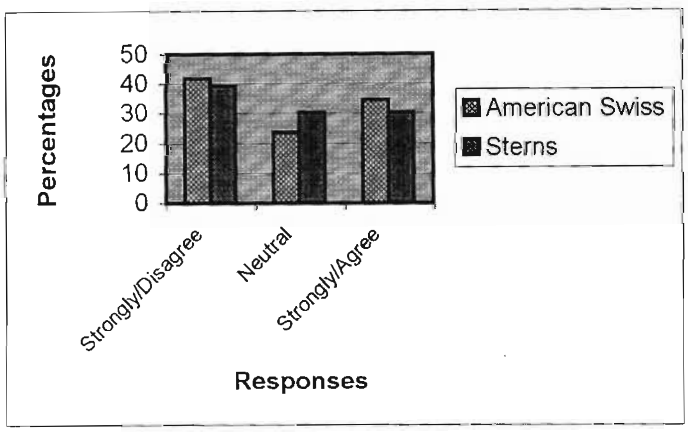

Figure 12: "Mergers result in reduced job security"

41.8% of the American Swiss respondents and 39.4% of the Sterns respondents perceive that mergers do not result in reduced job security.

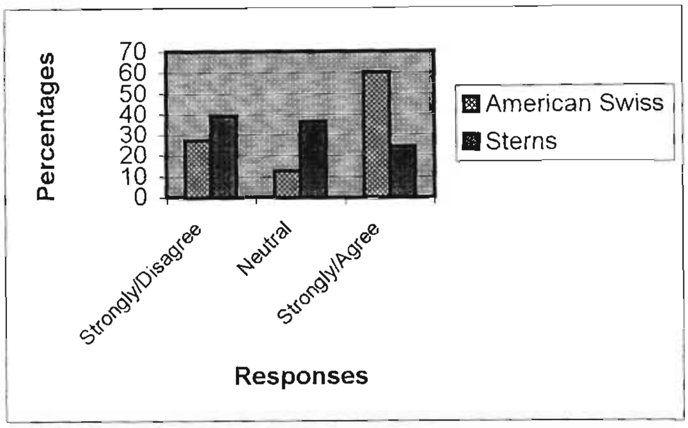

Figure 13: "Confidence and trust is generally shown by management towards their subordinates"

60% of the "dominant" group, American Swiss, believe that confidence and trust is shown by management towards their subordinates, whereas 24.2% of the "submissive" group, Sterns, believe that confidence and trust is shown by management towards their subordinates.

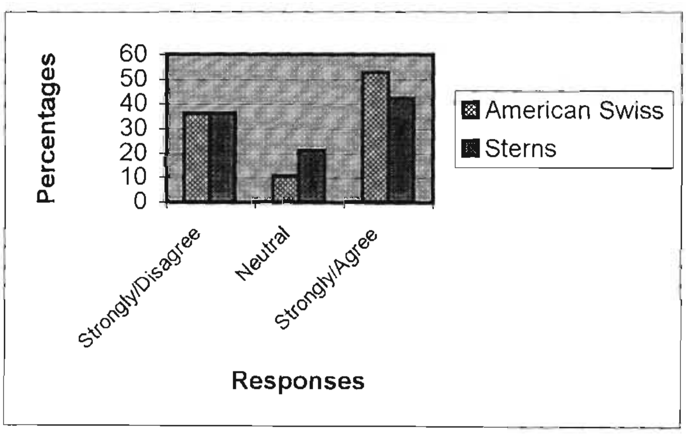

Figure 14: "People feel free to talk to management about problems in their jobs"

52.7% of the American Swiss respondents and 42.4% of the Sterns respondents agree or strongly agree that people feel free to talk to management about problems in their jobs.

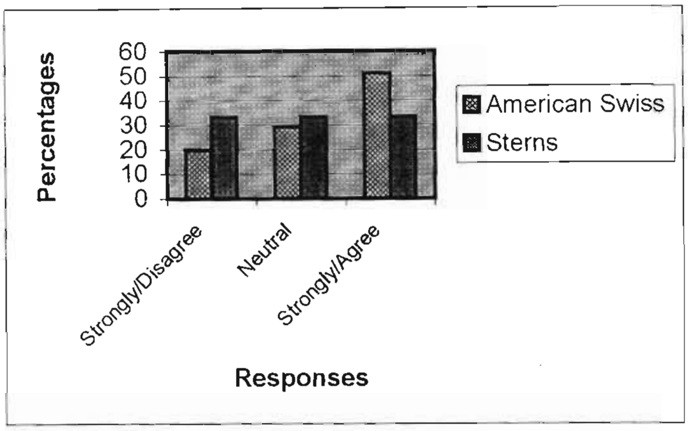

Figure 15: "Subordinates' ideas are encouraged and used constructively by management"

Just over half of the American Swiss respondents,50.9%, believe that subordinates' ideas are encouraged and used constructively by management.

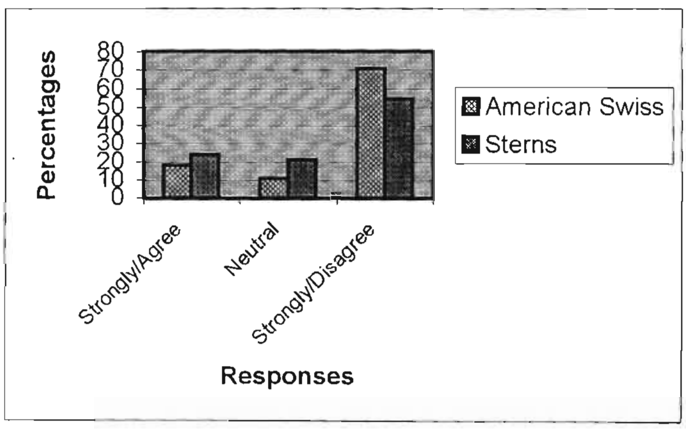

Figure 16: "Fear, threats and punishment is mainly used by management to get subordinates to do their work"

70.9% of the American Swiss respondents and 54.5% of the Sterns respondents believe that fear, threats and punishment, is not mainly used by management to get subordinates to do their work.

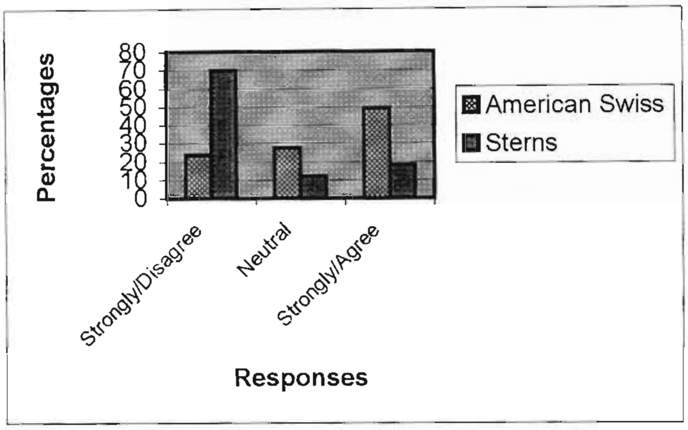

Figure 17: "In this company encouragement and material rewards are used to get employees to work well"

23.6% of the "dominant" group, as opposed to 69.7% of the "submissive" group believe that encouragement and material rewards are not used to get employees to work well. Furthermore, 49.1% of the "dominant" group, believe that encouragement and material rewards are in fact used to get employees to work well, whereas 18.2% of the "submissive" group believe this to be the case.

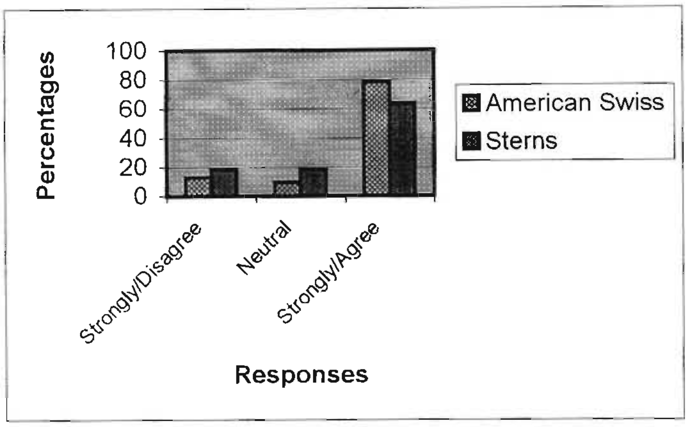

Figure 18: "All employees feel a sense of responsibility here for achieving organisational goals"

78.2% of the American Swiss respondents and 63.6% of the Sterns respondents believe that all employees feel a sense of responsibility for achieving organizational goals. In addition, 12.7% of the American Swiss respondents and 18.2% of the Sterns respondents disagree or strongly disagree with this statement.

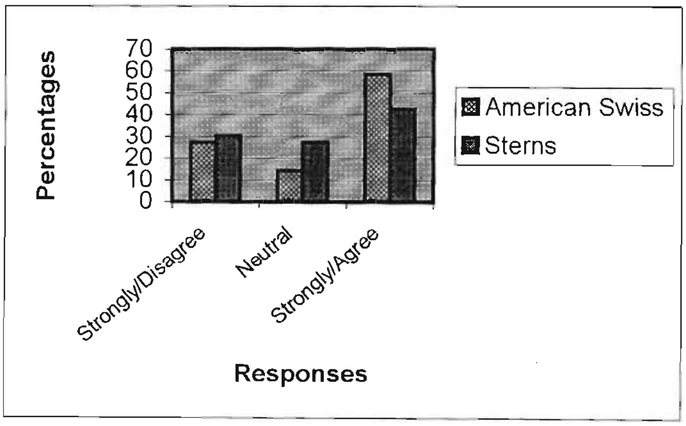

Figure 19: "A strong sense of cooperative teamwork exists in this organisation"

58.2% of the "dominant" group and 42.4% of the "submissive" group believe that a strong sense of cooperative teamwork exists in the organisation.

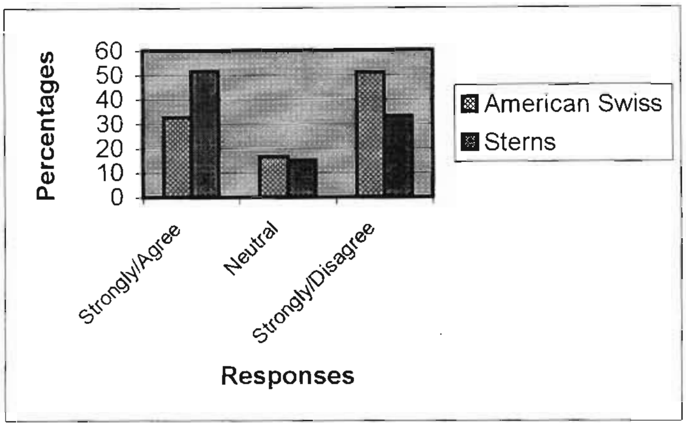

Figure 20: "There is poor upward communication in this company"

32.7% of the American Swiss respondents and 51.5% of the Sterns respondents feel that there is poor upward communication. In addition, 50.9% of the American Swiss respondents and 33.3% of the Sterns respondents feel that there is not poor upward communication in the company.

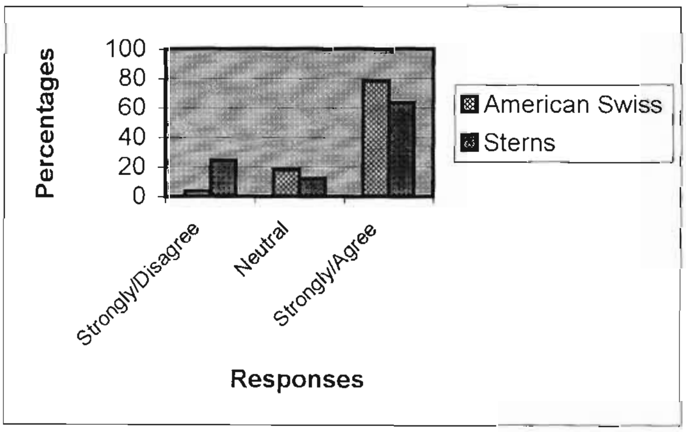

Figure 21: "Subordinates usually accept communications from management trustingly"

78.2% of the American Swiss respondents as opposed to 63.6% of the Sterns respondents believe that subordinates usually accept communications from management trustingly.

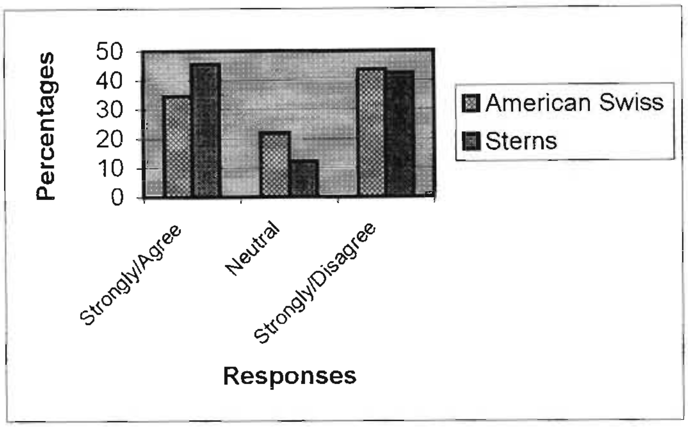

Figure 22: "Management are generally unaware of the problems faced by subordinates"

45.5% of the Sterns respondents as opposed to 34.5% of the American Swiss respondents feel that management are generally unaware of the problems faced by subordinates.

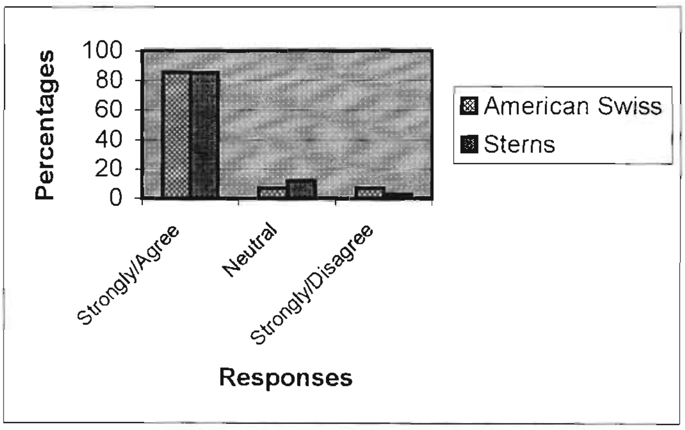

Figure 23: "Decisions in this company are mostly made at the top"

85.5% of the American Swiss respondents and 84.8% of the Sterns respondents believe that decisions in the company are mostly made at the top.

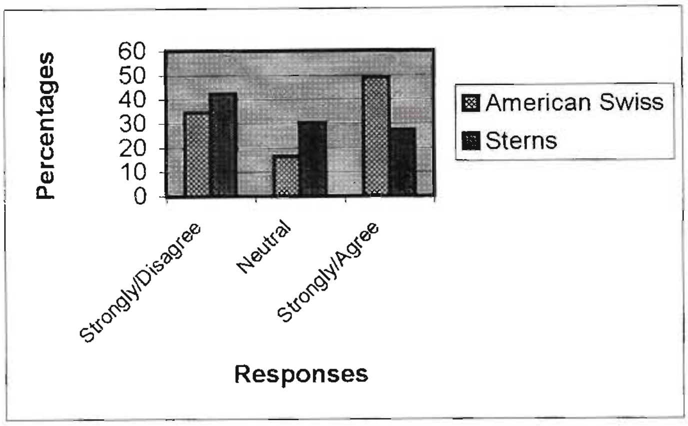

Figure 24: "Subordinates are much involved in decisions concerning their work"

49.1% of the American Swiss respondents as opposed to 27.3% of the Sterns respondents feel that subordinates are much involved in decisions concerning their work.. Furthermore, 42.4% of the Sterns respondents as opposed to 34.5% of the American Swiss respondents feel that this is not the case.

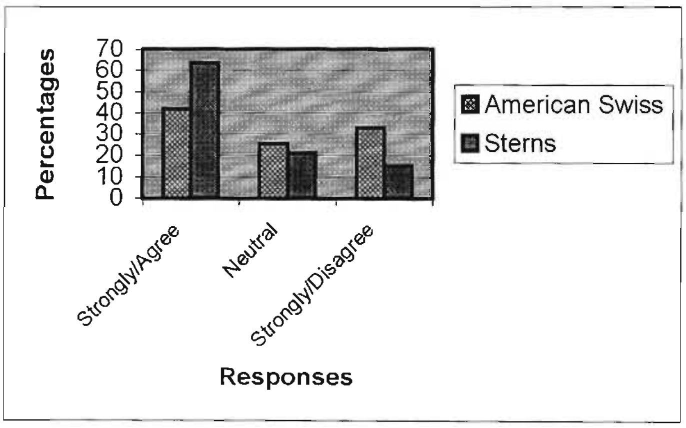

Figure 25: "The way decisions are made here decreases employees' motivation"

41.8% of the American Swiss respondents and 63.6% of the Sterns respondents believe that the way decisions are made decreases employees' motivation.

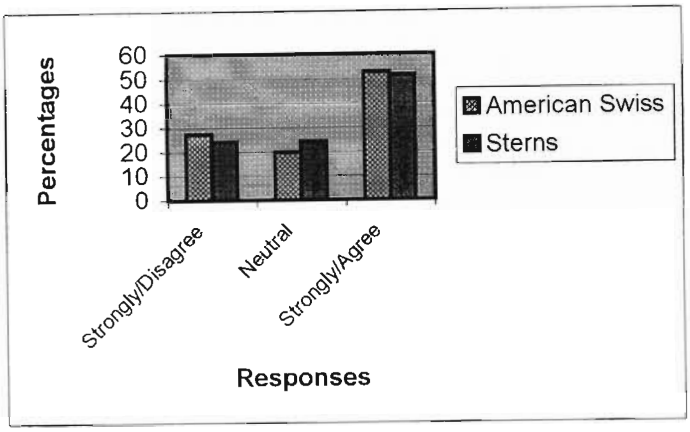

Figure 26: "Company goals and objectives are established by participation between management and subordinates"

Over half of each of the groups believe that company goals and objectives are generally established by participation between management and subordinates.

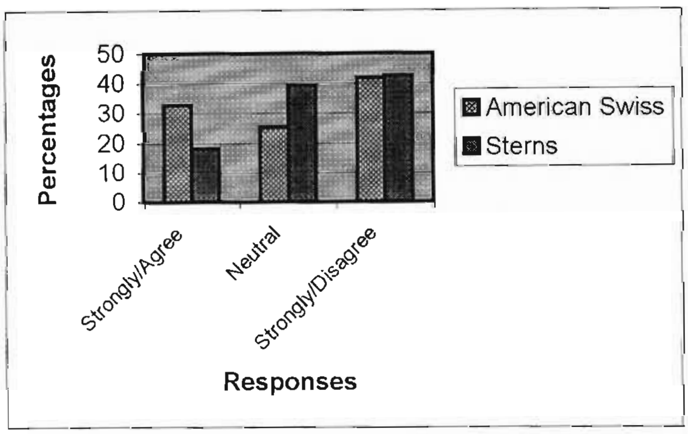

Figure 27: "Resistance to company policies from certain elements of the workforce, is common in this organisation"

32.7% of the American Swiss respondents as opposed to 18.2% of the Sterns respondents feel that resistance to company policies from certain elements of the workforce is common in the organization.

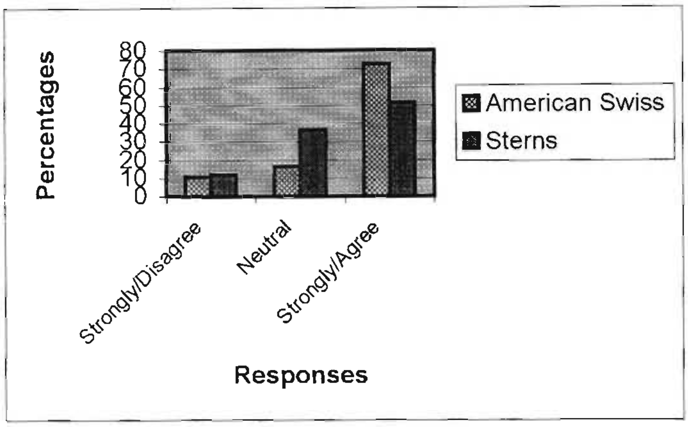

Figure 28: "Responsibility is widely delegated among employees in this organisation"

72.7% of the American Swiss respondents and 51.5% of the Sterns respondents believe that responsibility is widely delegated among employees in the organisation.

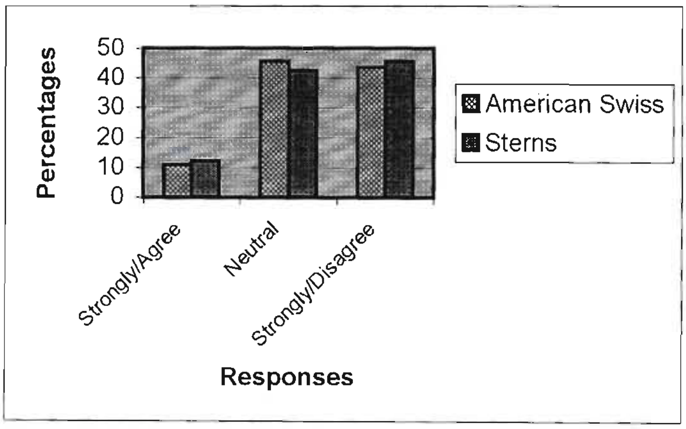

Figure 29: "Formal control of management is undermined by people without formal authority"

43.6% of the American Swiss respondents and 45.5% of the Sterns respondents believe that formal control of management, is not undermined by people without formal authority.

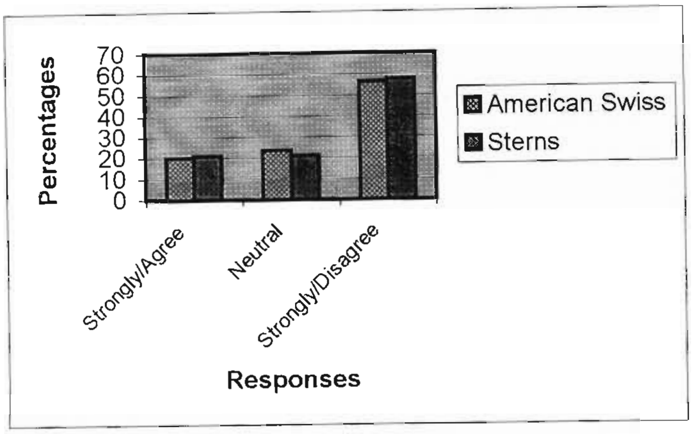

Figure 30: "Budget setting, performance appraisals and other methods of control are generally used for policing and punishment rather than guidance and reward"

56.4% of the American Swiss respondents and 57.6% of the Sterns respondents believe that budget setting, performance appraisals and other methods of control are not generally used for policing and punishment rather than guidance and reward.

It was then decided to assess whether or not significant levels of difference exist in certain of the responses, as alluded to in the descriptive narrative for each of the bar charts, made by both the American Swiss and Sterns respondents. This was accomplished by utilizing the Chi-Square test for each of the items in both the Attitude to Mergers and the Organisational Climate measuring instruments. Null hypotheses were formulated for each of the items, which were then accepted or rejected based on the levels of significance. A null hypothesis which was rejected would consequently indicate a significant level of difference between the responses made by American Swiss and Sterns respondents. For ease of interpretation I have prepared a table summarizing Chi-Square and p. Alpha has been set at 0,05.

Table 2 : Chi-square tests of Attitudes to Mergers measuring instrument scores and Organisational Climate measuring instrument scores by company affiliation

FACTOR	**CHI-SQUARE**	**P**	**NULL HYPOTHESIS**	**ACCEPT/REJECT**
ATT TO MERGERS: MERGERS DO HARM	2.171	0.338	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	ACCEPT

Table 2 Continued

ATT TO MERGERS: POSITIVE EFFECT ON CULTURE	14.826	0.001	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: RESULT IN COST REDUCTIONS	0.665	0.717	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	ACCEPT
ATT TO MERGERS: NEGATIVE EFFECT ON PROFIT	2.078	0.354	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	ACCEPT

Table 2 Continued

ATT TO MERGERS: NEGATIVE EFFECT ON MORALE	12.004	0.002	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: POSITIVE EFFECT ON COMMITTMENT	10.415	0.005	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: INCREASED LABOUR TURNOVER	2.110	0.348	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	ACCEPT

Table 2 Continued

ATT TO MERGERS: POSITIVE EFFECT ON PRODUCTIVITY	9.855	0.007	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: INCREASED JOB SATISFACTION	8.261	0.016	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: NEGATIVE CHANGE IN JOB CHARACTERISTICS	9.519	0.009	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT

Table 2 Continued

ATT TO MERGERS: OPPORTUNITIES FOR CAREER ADVANCE	12.077	0.002	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	REJECT
ATT TO MERGERS: REDUCED JOB SECURITY	0.493	0.782	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ATTITUDE TO MERGERS	ACCEPT
ORGANISATIONAL CLIMATE: CONFIDENCE	11.949	.003	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	REJECT

Table 2 Continued

ORGANISATIONAL CLIMATE: AVAILABILITY	1.930	.381	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: IDEAS	3.025	.220	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: FEARS	2.705	.259	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

Table 2 Continued

ORGANISATIONAL CLIMATE: REWARDS	18.144	.000	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	REJECT
ORGANISATIONAL CLIMATE: RESPONSIBILITY	2.379	.304	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: TEAM WORK	2.776	.250	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

Table 2 Continued

ORGANISATIONAL CLIMATE: POOR COMMUNICATION	3.287	.193	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: PROBLEMS	1.709	.426	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: DECISIONS	1.188	.552	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

Table 2 Continued

ORGANISATIONAL CLIMATE: SUB DECISIONS	4.598	.100	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: MOTIVATION	4.557	.102	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: GOALS	.250	.882	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

Table 2 Continued

ORGANISATIONAL CLIMATE: RESISTANCE	2.908	.234	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: RESPONSIBILITY	4.917	.086	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT
ORGANISATIONAL CLIMATE: FORMALITY	.085	.958	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

Table 2 Continued

ORGANISATIONAL CLIMATE: BUDGETS	.073	.964	THERE IS NO ASSOCIATION BETWEEN PRESENT EMPLOYER AND ORGANISATIONAL CLIMATE	ACCEPT

From the above it is evident that nine of the thirty null hypotheses were rejected. Therefore, of these nine null hypotheses which were rejected, significant differences exist between the responses to statements regarding attitude to mergers and organizational climate, of the "dominant" group, American Swiss and the "submissive" group, Sterns. Therefore, there is some difference between the way in which the "dominant" group, American Swiss, and the "submissive" group Sterns believed the merger had effected them. Furthermore, in the nine items where significant differences were found between the responses from the two groups it was the "submissive" group, Sterns, who believed that the merger had been detrimental, whereas the "dominant" group, American Swiss, were more positive about the merger. It would appear that the "submissive" group, Sterns, suffered more due to the merger than the "dominant" group, American Swiss. In terms of the author's experience of the merger, having being employed by American Swiss at the time of the merger, this perception of which group of employees were more detrimentally affected due to the merger is confirmed.

As stated on page 35 in section 3.4. Measurement, the hypothesis which was formulated is negative in nature in that it proposed that mergers have a detrimental effect on organisational climate. In addition, the organisational climate measuring instrument which was used was positively scored while the attitude to mergers scale which was constructed was negatively scored. Therefore, if the respondent scores low on the organisational climate instrument, they perceive organisational climate to be bad, and high on the attitude to mergers scale, they have a negative attitude to mergers. There would thus be a negative correlation between the two variables, which would indicate that mergers do have a detrimental effect on organisational climate.

In order to verify whether a negative correlation exists between the variables of interest namely; organizational climate ("OSCALE" in the Tables which follow) and attitude to mergers ("ASCALE" in the Tables which follow), correlational analysis was applied using the SPSS statistical software package. Pearson's product moment correlational analysis was applied to the whole sample, Sterns only and American Swiss only.

Table 3: Pearson's product moment correlation for the whole sample

Correlations

		ASCALE	OSCALE
ASCALE	Pearson Correlation	1.000	-.529**
	Sig. (2-tailed)	.	.000
	N	89	89
OSCALE	Pearson Correlation	-.529**	1.000
	Sig. (2-tailed)	.000	.
	N	89	89

**. Correlation is significant at the 0.01 level (2-tailed).

From Table 3 it is evident that there is a significant negative correlation between the Attitude to Mergers instrument scores and the Organisational Climate Instrument scores for the whole sample. Therefore respondents who scored low on the Organisational Climate instrument scored high on the Attitude to Mergers instrument

Table 4: Pearson's product moment correlation for Sterns only

Correlations

		ASCALE	OSCALE
ASCALE	Pearson Correlation	1.000	-.676**
	Sig. (2-tailed)	.	.000
	N	33	33
OSCALE	Pearson Correlation	-.676**	1.000
	Sig. (2-tailed)	.000	.
	N	33	33

**. Correlation is significant at the 0.01 level (2-tailed).

From Table 4 it is evident that there is a significant negative correlation between the Attitude to Mergers instrument scores and the Organisational Climate instrument scores. This negative correlation is most significant in the Sterns situation where the Pearson Correlation is –0.676 at significance level of 0.000. Therefore respondents who scored low on the Organisational Climate instrument scored high on the Attitude to Mergers instrument.

Table 5: Pearson's product moment correlation for American Swiss only

Correlations

		ASCALE	OSCALE
ASCALE	Pearson Correlation	1.000	-.386**
	Sig. (2-tailed)	.	.004
	N	55	55
OSCALE	Pearson Correlation	-.386**	1.000
	Sig. (2-tailed)	.004	.
	N	55	55

**. Correlation is significant at the 0.01 level (2-tailed).

From Table 5 it is evident that there is a significant negative correlation between the Attitude to Mergers instrument scores and the Organisational Climate instrument scores. The negative Pearson correlation is –0.386 at a significance level of 0.004, less significant than the Sterns situation. Therefore, respondents who scored low on the Organisational Climate instrument scored high on the Attitude to Mergers instrument.

As stated for Table's 3,4 and 5 respondents who scored low on the Organisational Climate instrument scored high on the Attitude to Mergers instrument thus proving the hypothesis. However, it was furthermore shown that the negative correlation is most significant in the "submissive" group, Sterns, indicating that they perceive that the merger had a more detrimental effect on organisational climate than the "dominant" group, American Swiss.

It is also pertinent to mention that the questionnaire's were administered a year after the merger had taken place. Even with this amount of time passing, the results of the data analysis are still strong, indicating that the merger had a large impact on the human resources of the newly formed Foschini Group Jewellery.

Chapter 5

Discussion of the Findings and Recommendations

Numerous studies have shown that most corporate mergers are doomed to fail. A recent report by KPMG indicated that more than 50% of mergers destroyed shareholder value, and a further third made no difference (Business Day, 2001).

Neil Lazarus, head of Corpcapital's mergers and acquisitions department, says there are many reasons for failures, the main one being the lack of attention paid as to whether or not there is a fit between the different corporate cultures (Business Day, 2001).

According to Lazarus "It stands to reason companies cannot work together successfully if the different staff complements and key management do not understand one another's motivational drivers" (Business Day 2001, page 8).

Another factor often ignored is the need to work actively on the postmerger integration process. Also, failure to clearly communicate rationale and strategy to staff and external clients often results in the business activities of the new entity becoming confused and misdirected. Furthermore, the turmoil of a merger drives rapid staff turnover. According to Lazarus as a result key staff, which usually prefer a more stable environment, leave (Business Day, 2001).

Furthermore, Lazarus claims that mergers cannot work without clear and direct leadership and leadership struggles should be avoided at all costs (Business Day, 2001).

Lazarus maintains that it is vital that merger and acquisition strategies proactively target specific sectors or industries where the rationale for consolidation will be compelling (Business Day, 2001).

Furthermore, Lazarus claims that this strategy is diametrically opposed to the defensive strategies adopted in many mergers, which can place the merger at risk. The reason for this is that defensive strategies are generally employed when the companies involved are under threat. Where a company merges to escape a threat, care needs to be taken to ensure existing problems are not perpetuated. Failing this the merger will in all probability fail (Business Day, 2001).

In addition he maintains that the process should begin with identifying suitable targets within the chosen sector or industry, focusing on those providing maximum potential benefit from growth in earnings, operating potential and gearing. The next step is the appointment of an experienced leadmanager who has the support of all involved (Business Day, 2001).

Corpcapital also strives to encourage retention of key staff via restraint of trade agreements and mechanisms whereby they participate in ownership of the company. This includes earn-out incentives that reward future performance, or potential upfront cash realisations.

Furthermore Lazarus maintains that conceptualising a sustainable business model prior to doing the deal is a key to long-term profitability (Business Day, 2001).

Herman Bosman, head of corporate finance at Rand Merchant Bank, says despite the evidence that many acquisitions fail to deliver shareholder value, many companies continue to be driven by what they see as compelling reasons to expand via mergers and acquisitions (Business Day, 2001).

Bosman contends that economies of scale, business and network growth, increased product range, new research and technology, intellectual capital, and in South Africa the drive toward globalisation and the desire for hard-currency earnings, tend to encourage continued merger and acquisition activity (Business Day, 2001).

Therefore, according to Bosman, selection and implementation become critical. Bosman maintains that a firm needs clear financial and operation goals for the merged entities, which must be tested against a realistic view of the probability of attaining those goals. Cultural fit is another key issue. Negative attitudes in either the target company or the acquirer can spell disaster (Business Day, 2001).

In addition, Bosman states that management must ensure that it does not devote so much attention and energy to the merger that it loses sight of normal business operations.

Lastly, Bosman maintains that a senior manager should be made responsible for driving the merger while the rest of the team continues to add value to the business operations. Furthermore it is important to have a senior person whose sole responsibility is to gain value from the merger (Business Day, 2001).

From the author's experience, it is emphasised that the "dominant" company management team in the merger act in such a way as to be "culturally sensitive" to the needs of the "submissive" company's employees. Employees who feel they have been treated unfairly will leave or will remain, but will probably feel demotivated. Staff turnover seems to be contagious in the author's experience, as soon as a few people resign, others tend to also start looking for other employment opportunities.

Perhaps it is human nature for the "dominant" group to believe that the "submissive" group has nothing to offer. This is however, never the case in the author's opinion. The practices of the "submissive" group should be scrutinized very carefully before being discarded, or preferably if appropriate, should be incorporated in the merged entity. This will also go a long way to show the employees' of the "submissive" group that management is serious about taking their ideas and systems into consideration. The aforementioned must be driven by top management.

Chapter 6

Summary and Conclusion

6.1. Summary

The study, which was embarked upon examined a company, which recently experienced a merger. The purpose of the study was to establish whether or not the merger had a detrimental effect on organisational climate. The study achieved it's aim by reviewing the literature and administering a self-completion questionnaire to the entire operational staff at three hierarchical levels, namely; store manager, sales administrator and sales person of the organisation in the KwaZulu Natal region. The questionnaire administered included a demographic and both an organisational climate measuring instrument (an existing eighteen item scale was used) and an attitude to mergers measuring instrument, made up of twelve items, which was constructed for this study. The data was then analysed utilising both descriptive and inferential statistics.

It was clearly illustrated from the literature review that that the human resources element of mergers deserves as much, if not more, attention than the strategic and financial fit between the organisations involved if a merger is to be a success. The literature review explored two international mergers, Daimler-Chrysler and Time Warner - AOL, and a local merger Net#work BBDO Berry Bush, where it was evident that the human resources element had been largely ignored by management. The last mentioned local merger was in fact aborted due to the cultural incompatibility of the two organizations again emphasizing the importance of the human side of a merger.

The cross tabulations which were illustrated graphically using bar charts suggested that significant differences existed between the responses from the "dominant" group, American Swiss, and the "submissive" group, Sterns in that the Sterns respondents appeared more negative about the merger than the American Swiss respondents. This was confirmed by utilising the Chi-Square which showed that significant differences did in fact exist between the responses from the two groups. Nine of the thirty items were shown to contain significant differences illustrating that the Sterns and American Swiss respondents perceived the merger differently. Furthermore, the "submissive" group, Sterns, were more negative about the merger than the "dominant" group, American Swiss.

The hypothesis was then proved by utilising correlational analysis which showed a significant negative correlation between the Attitude to Mergers instrument and the Organisational Climate instrument. This was evident in both the whole sample, the American Swiss respondents separately and the Sterns respondents separately. Therefore, respondents who scored low on the Organizational Climate measuring instrument scored high on the Attitude to Mergers measuring instrument thus proving the hypothesis. Furthermore, the negative correlation was greatest in the Sterns situation, indicating that the Sterns respondents perceived that the merger had a more detrimental effect on organizational climate than the American Swiss respondents.

It is clear that the human resources element of a merger cannot be ignored. If companies are to make successes of mergers more emphasis must be placed on ensuring that the employees are carefully managed through the process.

6.2. Conclusion

To conclude, the study could be extended further by incorporating Head Office staff, who were more affected than the operational staff by the merger as they were affected by inter alia retrenchments. It is the author's opinion that a lot more can be learnt about the effects of a merger on human resources and by doing so systems can be put in place to ensure that mergers do not fail

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Appendix 1: Crosstabulations

Att mergers: Mergers do good * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Mergers do good	Strongly/disagree	Count	19	9	28
		% within Att mergers: Mergers do good	67.9%	32.1%	100.0%
		% within Present employer	34.5%	27.3%	31.8%
	Neither	Count	18	16	34
		% within Att mergers: Mergers do good	52.9%	47.1%	100.0%
		% within Present employer	32.7%	48.5%	38.6%
	Strongly/agree	Count	18	8	26
		% within Att mergers: Mergers do good	69.2%	30.8%	100.0%
		% within Present employer	32.7%	24.2%	29.5%
Total		Count	55	33	88
		% within Att mergers: Mergers do good	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.171[a]	2	.338
Likelihood Ratio	2.158	2	.340
Linear-by-Linear Association	.005	1	.944
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.75.

Att mergers: Positive effect * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Positive effect	Strongly/agree	Count	33	6	39
		% within Att mergers: Positive effect	84.6%	15.4%	100.0%
		% within Present employer	60.0%	18.2%	44.3%
	Neither	Count	10	14	24
		% within Att mergers: Positive effect	41.7%	58.3%	100.0%
		% within Present employer	18.2%	42.4%	27.3%
	Strongly/disagree	Count	12	13	25
		% within Att mergers: Positive effect	48.0%	52.0%	100.0%
		% within Present employer	21.8%	39.4%	28.4%
Total		Count	55	33	88
		% within Att mergers: Positive effect	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	14.826[a]	2	.001
Likelihood Ratio	15.729	2	.000
Linear-by-Linear Association	10.247	1	.001
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.00.

Att mergers: Result in cost reduction * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Result in cost reduction	Strongly/agree	Count	29	18	47
		% within Att mergers: Result in cost reduction	61.7%	38.3%	100.0%
		% within Present employer	52.7%	54.5%	53.4%
	Neither	Count	14	10	24
		% within Att mergers: Result in cost reduction	58.3%	41.7%	100.0%
		% within Present employer	25.5%	30.3%	27.3%
	Strongly/disagree	Count	12	5	17
		% within Att mergers: Result in cost reduction	70.6%	29.4%	100.0%
		% within Present employer	21.8%	15.2%	19.3%
Total		Count	55	33	88
		% within Att mergers: Result in cost reduction	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.665[a]	2	.717
Likelihood Ratio	.679	2	.712
Linear-by-Linear Association	.240	1	.624
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.38.

Att mergers: Neg effect on profit * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Neg effect on profit	Strongly/disagree	Count	29	13	42
		% within Att mergers: Neg effect on profit	69.0%	31.0%	100.0%
		% within Present employer	52.7%	39.4%	47.7%
	Neither	Count	14	13	27
		% within Att mergers: Neg effect on profit	51.9%	48.1%	100.0%
		% within Present employer	25.5%	39.4%	30.7%
	Strongly/agree	Count	12	7	19
		% within Att mergers: Neg effect on profit	63.2%	36.8%	100.0%
		% within Present employer	21.8%	21.2%	21.6%
Total		Count	55	33	88
		% within Att mergers: Neg effect on profit	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.078[a]	2	.354
Likelihood Ratio	2.062	2	.357
Linear-by-Linear Association	.529	1	.467
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Att mergers: Neg effect on morale * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Att mergers: Neg effect on morale	Strongly/disagree	Count	26	4	30
		% within Att mergers: Neg effect on morale	86.7%	13.3%	100.0%
		% within Present employer	47.3%	12.1%	34.1%
	Neither	Count	16	13	29
		% within Att mergers: Neg effect on morale	55.2%	44.8%	100.0%
		% within Present employer	29.1%	39.4%	33.0%
	Strongly/agree	Count	13	16	29
		% within Att mergers: Neg effect on morale	44.8%	55.2%	100.0%
		% within Present employer	23.6%	48.5%	33.0%
Total		Count	55	33	88
		% within Att mergers: Neg effect on morale	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.004[a]	2	.002
Likelihood Ratio	13.091	2	.001
Linear-by-Linear Association	10.951	1	.001
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 10.88.

Att mergers: Pos effect on commitment * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Att mergers: Pos effect on commitment	Strongly/agree	Count	29	10	39
		% within Att mergers: Pos effect on commitment	74.4%	25.6%	100.0%
		% within Present employer	52.7%	30.3%	44.3%
	Neither	Count	21	11	32
		% within Att mergers: Pos effect on commitment	65.6%	34.4%	100.0%
		% within Present employer	38.2%	33.3%	36.4%
	Strongly/disagree	Count	5	12	17
		% within Att mergers: Pos effect on commitment	29.4%	70.6%	100.0%
		% within Present employer	9.1%	36.4%	19.3%
Total		Count	55	33	88
		% within Att mergers: Pos effect on commitment	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	10.415[a]	2	.005
Likelihood Ratio	10.252	2	.006
Linear-by-Linear Association	8.776	1	.003
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.38.

Att mergers: Inc in labour t/o * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Inc in labour t/o	Strongly/disagree	Count	15	6	21
		% within Att mergers: Inc in labour t/o	71.4%	28.6%	100.0%
		% within Present employer	27.3%	18.2%	23.9%
	Neither	Count	17	8	25
		% within Att mergers: Inc in labour t/o	68.0%	32.0%	100.0%
		% within Present employer	30.9%	24.2%	28.4%
	Strongly/agree	Count	23	19	42
		% within Att mergers: Inc in labour t/o	54.8%	45.2%	100.0%
		% within Present employer	41.8%	57.6%	47.7%
Total		Count	55	33	88
		% within Att mergers: Inc in labour t/o	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.110[a]	2	.348
Likelihood Ratio	2.122	2	.346
Linear-by-Linear Association	1.911	1	.167
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.88.

Att mergers: Pos effect on productivit * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Pos effect on productivit	Strongly/agree	Count	32	8	40
		% within Att mergers: Pos effect on productivit	80.0%	20.0%	100.0%
		% within Present employer	58.2%	24.2%	45.5%
	Neither	Count	15	18	33
		% within Att mergers: Pos effect on productivit	45.5%	54.5%	100.0%
		% within Present employer	27.3%	54.5%	37.5%
	Strongly/disagree	Count	8	7	15
		% within Att mergers: Pos effect on productivit	53.3%	46.7%	100.0%
		% within Present employer	14.5%	21.2%	17.0%
Total		Count	55	33	88
		% within Att mergers: Pos effect on productivit	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.855[a]	2	.007
Likelihood Ratio	10.201	2	.006
Linear-by-Linear Association	6.177	1	.013
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.63.

Att mergers: Inc job satisfaction * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Att mergers: Inc job satisfaction	Strongly/agree	Count	26	7	33
		% within Att mergers: Inc job satisfaction	78.8%	21.2%	100.0%
		% within Present employer	47.3%	21.2%	37.5%
	Neither	Count	11	15	26
		% within Att mergers: Inc job satisfaction	42.3%	57.7%	100.0%
		% within Present employer	20.0%	45.5%	29.5%
	Strongly/disagree	Count	18	11	29
		% within Att mergers: Inc job satisfaction	62.1%	37.9%	100.0%
		% within Present employer	32.7%	33.3%	33.0%
Total		Count	55	33	88
		% within Att mergers: Inc job satisfaction	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.261[a]	2	.016
Likelihood Ratio	8.407	2	.015
Linear-by-Linear Association	2.064	1	.151
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.75.

Att mergers: Neg change in job char * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Att mergers: Neg change in job char	Strongly/disagree	Count	32	11	43
		% within Att mergers: Neg change in job char	74.4%	25.6%	100.0%
		% within Present employer	58.2%	33.3%	48.9%
	Neither	Count	11	17	28
		% within Att mergers: Neg change in job char	39.3%	60.7%	100.0%
		% within Present employer	20.0%	51.5%	31.8%
	Strongly/agree	Count	12	5	17
		% within Att mergers: Neg change in job char	70.6%	29.4%	100.0%
		% within Present employer	21.8%	15.2%	19.3%
Total		Count	55	33	88
		% within Att mergers: Neg change in job char	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	9.519[a]	2	.009
Likelihood Ratio	9.415	2	.009
Linear-by-Linear Association	1.134	1	.287
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.38.

Att mergers: Opp for career advance * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Att mergers: Opp for career advance	Strongly/agree	Count	34	8	42
		% within Att mergers: Opp for career advance	81.0%	19.0%	100.0%
		% within Present employer	61.8%	24.2%	47.7%
	Neither	Count	9	13	22
		% within Att mergers: Opp for career advance	40.9%	59.1%	100.0%
		% within Present employer	16.4%	39.4%	25.0%
	Strongly/disagree	Count	12	12	24
		% within Att mergers: Opp for career advance	50.0%	50.0%	100.0%
		% within Present employer	21.8%	36.4%	27.3%
Total		Count	55	33	88
		% within Att mergers: Opp for career advance	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.077[a]	2	.002
Likelihood Ratio	12.496	2	.002
Linear-by-Linear Association	7.822	1	.005
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.25.

Att mergers: Reduce job security * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Att mergers: Reduce job security	Strongly/disagree	Count	23	13	36
		% within Att mergers: Reduce job security	63.9%	36.1%	100.0%
		% within Present employer	41.8%	39.4%	40.9%
	Neither	Count	13	10	23
		% within Att mergers: Reduce job security	56.5%	43.5%	100.0%
		% within Present employer	23.6%	30.3%	26.1%
	Strongly/agree	Count	19	10	29
		% within Att mergers: Reduce job security	65.5%	34.5%	100.0%
		% within Present employer	34.5%	30.3%	33.0%
Total		Count	55	33	88
		% within Att mergers: Reduce job security	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.493[a]	2	.782
Likelihood Ratio	.488	2	.783
Linear-by-Linear Association	.009	1	.924
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.63.

Org climate: Confidence * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Confidence	Strongly/disagree	Count	15	13	28
		% within Org climate: Confidence	53.6%	46.4%	100.0%
		% within Present employer	27.3%	39.4%	31.8%
	Neither	Count	7	12	19
		% within Org climate: Confidence	36.8%	63.2%	100.0%
		% within Present employer	12.7%	36.4%	21.6%
	Strongly/agree	Count	33	8	41
		% within Org climate: Confidence	80.5%	19.5%	100.0%
		% within Present employer	60.0%	24.2%	46.6%
Total		Count	55	33	88
		% within Org climate: Confidence	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	11.949[a]	2	.003
Likelihood Ratio	12.281	2	.002
Linear-by-Linear Association	6.132	1	.013
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Org climate: Availability * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Availability	Strongly/disagree	Count	20	12	32
		% within Org climate: Availability	62.5%	37.5%	100.0%
		% within Present employer	36.4%	36.4%	36.4%
	Neither	Count	6	7	13
		% within Org climate: Availability	46.2%	53.8%	100.0%
		% within Present employer	10.9%	21.2%	14.8%
	Strongly/agree	Count	29	14	43
		% within Org climate: Availability	67.4%	32.6%	100.0%
		% within Present employer	52.7%	42.4%	48.9%
Total		Count	55	33	88
		% within Org climate: Availability	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.930[a]	2	.381
Likelihood Ratio	1.884	2	.390
Linear-by-Linear Association	.259	1	.611
N of Valid Cases	88		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 4.88.

Org climate: Ideas * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Ideas	Strongly/disagree	Count	11	11	22
		% within Org climate: Ideas	50.0%	50.0%	100.0%
		% within Present employer	20.0%	33.3%	25.0%
	Neither	Count	16	11	27
		% within Org climate: Ideas	59.3%	40.7%	100.0%
		% within Present employer	29.1%	33.3%	30.7%
	Strongly/agree	Count	28	11	39
		% within Org climate: Ideas	71.8%	28.2%	100.0%
		% within Present employer	50.9%	33.3%	44.3%
Total		Count	55	33	88
		% within Org climate: Ideas	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.025[a]	2	.220
Likelihood Ratio	3.037	2	.219
Linear-by-Linear Association	2.970	1	.085
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 8.25.

Org climate: Fears * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Org climate: Fears	Strongly/agree	Count	10	8	18
		% within Org climate: Fears	55.6%	44.4%	100.0%
		% within Present employer	18.2%	24.2%	20.5%
	Neither	Count	6	7	13
		% within Org climate: Fears	46.2%	53.8%	100.0%
		% within Present employer	10.9%	21.2%	14.8%
	Strongly/disagree	Count	39	18	57
		% within Org climate: Fears	68.4%	31.6%	100.0%
		% within Present employer	70.9%	54.5%	64.8%
Total		Count	55	33	88
		% within Org climate: Fears	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.705[a]	2	.259
Likelihood Ratio	2.663	2	.264
Linear-by-Linear Association	1.563	1	.211
N of Valid Cases	88		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 4.88.

Org climate: Rewards * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Rewards	Strongly/disagree	Count	13	23	36
		% within Org climate: Rewards	36.1%	63.9%	100.0%
		% within Present employer	23.6%	69.7%	40.9%
	Neither	Count	15	4	19
		% within Org climate: Rewards	78.9%	21.1%	100.0%
		% within Present employer	27.3%	12.1%	21.6%
	Strongly/agree	Count	27	6	33
		% within Org climate: Rewards	81.8%	18.2%	100.0%
		% within Present employer	49.1%	18.2%	37.5%
Total		Count	55	33	88
		% within Org climate: Rewards	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.144[a]	2	.000
Likelihood Ratio	18.493	2	.000
Linear-by-Linear Association	15.429	1	.000
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Org climate: Responsibility * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Responsibility	Strongly/disagree	Count	7	6	13
		% within Org climate: Responsibility	53.8%	46.2%	100.0%
		% within Present employer	12.7%	18.2%	14.8%
	Neither	Count	5	6	11
		% within Org climate: Responsibility	45.5%	54.5%	100.0%
		% within Present employer	9.1%	18.2%	12.5%
	Strongly/agree	Count	43	21	64
		% within Org climate: Responsibility	67.2%	32.8%	100.0%
		% within Present employer	78.2%	63.6%	72.7%
Total		Count	55	33	88
		% within Org climate: Responsibility	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.379[a]	2	.304
Likelihood Ratio	2.328	2	.312
Linear-by-Linear Association	1.513	1	.219
N of Valid Cases	88		

a. 2 cells (33.3%) have expected count less than 5. The minimum expected count is 4.13.

Org climate: Team work * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Team work	Strongly/disagree	Count	15	10	25
		% within Org climate: Team work	60.0%	40.0%	100.0%
		% within Present employer	27.3%	30.3%	28.4%
	Neither	Count	8	9	17
		% within Org climate: Team work	47.1%	52.9%	100.0%
		% within Present employer	14.5%	27.3%	19.3%
	Strongly/agree	Count	32	14	46
		% within Org climate: Team work	69.6%	30.4%	100.0%
		% within Present employer	58.2%	42.4%	52.3%
Total		Count	55	33	88
		% within Org climate: Team work	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.776[a]	2	.250
Likelihood Ratio	2.742	2	.254
Linear-by-Linear Association	.960	1	.327
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.38.

Org climate: Poor communication * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Poor communication	Strongly/agree	Count	18	17	35
		% within Org climate: Poor communication	51.4%	48.6%	100.0%
		% within Present employer	32.7%	51.5%	39.8%
	Neither	Count	9	5	14
		% within Org climate: Poor communication	64.3%	35.7%	100.0%
		% within Present employer	16.4%	15.2%	15.9%
	Strongly/disagree	Count	28	11	39
		% within Org climate: Poor communication	71.8%	28.2%	100.0%
		% within Present employer	50.9%	33.3%	44.3%
Total		Count	55	33	88
		% within Org climate: Poor communication	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.287[a]	2	.193
Likelihood Ratio	3.294	2	.193
Linear-by-Linear Association	3.214	1	.073
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 5.25.

Org climate: Communication * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Communication	Strongly/disagree	Count	2	8	10
		% within Org climate: Communication	20.0%	80.0%	100.0%
		% within Present employer	3.6%	24.2%	11.4%
	Neither	Count	10	4	14
		% within Org climate: Communication	71.4%	28.6%	100.0%
		% within Present employer	18.2%	12.1%	15.9%
	Strongly/agree	Count	43	21	64
		% within Org climate: Communication	67.2%	32.8%	100.0%
		% within Present employer	78.2%	63.6%	72.7%
Total		Count	55	33	88
		% within Org climate: Communication	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	8.783[a]	2	.012
Likelihood Ratio	8.672	2	.013
Linear-by-Linear Association	5.426	1	.020
N of Valid Cases	88		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.75.

Org climate: Problems * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Problems	Strongly/agree	Count	19	15	34
		% within Org climate: Problems	55.9%	44.1%	100.0%
		% within Present employer	34.5%	45.5%	38.6%
	Neither	Count	12	4	16
		% within Org climate: Problems	75.0%	25.0%	100.0%
		% within Present employer	21.8%	12.1%	18.2%
	Strongly/disagree	Count	24	14	38
		% within Org climate: Problems	63.2%	36.8%	100.0%
		% within Present employer	43.6%	42.4%	43.2%
Total		Count	55	33	88
		% within Org climate: Problems	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.709[a]	2	.426
Likelihood Ratio	1.762	2	.414
Linear-by-Linear Association	.367	1	.545
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.00.

Org climate: Decisions * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Org climate: Decisions	Strongly/agree	Count	47	28	75
		% within Org climate: Decisions	62.7%	37.3%	100.0%
		% within Present employer	85.5%	84.8%	85.2%
	Neither	Count	4	4	8
		% within Org climate: Decisions	50.0%	50.0%	100.0%
		% within Present employer	7.3%	12.1%	9.1%
	Strongly/disagree	Count	4	1	5
		% within Org climate: Decisions	80.0%	20.0%	100.0%
		% within Present employer	7.3%	3.0%	5.7%
Total		Count	55	33	88
		% within Org climate: Decisions	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.188[a]	2	.552
Likelihood Ratio	1.235	2	.539
Linear-by-Linear Association	.098	1	.755
N of Valid Cases	88		

a. 3 cells (50.0%) have expected count less than 5. The minimum expected count is 1.88.

Org climate: Sub decisions * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Sub decisions	Strongly/disagree	Count	19	14	33
		% within Org climate: Sub decisions	57.6%	42.4%	100.0%
		% within Present employer	34.5%	42.4%	37.5%
	Neither	Count	9	10	19
		% within Org climate: Sub decisions	47.4%	52.6%	100.0%
		% within Present employer	16.4%	30.3%	21.6%
	Strongly/agree	Count	27	9	36
		% within Org climate: Sub decisions	75.0%	25.0%	100.0%
		% within Present employer	49.1%	27.3%	40.9%
Total		Count	55	33	88
		% within Org climate: Sub decisions	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.598[a]	2	.100
Likelihood Ratio	4.673	2	.097
Linear-by-Linear Association	2.297	1	.130
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Org climate: Motivation * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Motivation	Strongly/agree	Count	23	21	44
		% within Org climate: Motivation	52.3%	47.7%	100.0%
		% within Present employer	41.8%	63.6%	50.0%
	Neither	Count	14	7	21
		% within Org climate: Motivation	66.7%	33.3%	100.0%
		% within Present employer	25.5%	21.2%	23.9%
	Strongly/disagree	Count	18	5	23
		% within Org climate: Motivation	78.3%	21.7%	100.0%
		% within Present employer	32.7%	15.2%	26.1%
Total		Count	55	33	88
		% within Org climate: Motivation	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.557[a]	2	.102
Likelihood Ratio	4.711	2	.095
Linear-by-Linear Association	4.492	1	.034
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.88.

Org climate: Goals * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Goals	Strongly/disagree	Count	15	8	23
		% within Org climate: Goals	65.2%	34.8%	100.0%
		% within Present employer	27.3%	24.2%	26.1%
	Neither	Count	11	8	19
		% within Org climate: Goals	57.9%	42.1%	100.0%
		% within Present employer	20.0%	24.2%	21.6%
	Strongly/agree	Count	29	17	46
		% within Org climate: Goals	63.0%	37.0%	100.0%
		% within Present employer	52.7%	51.5%	52.3%
Total		Count	55	33	88
		% within Org climate: Goals	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.250[a]	2	.882
Likelihood Ratio	.248	2	.883
Linear-by-Linear Association	.009	1	.923
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 7.13.

Org climate: Resistance * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Resistance	Strongly/agree	Count	18	6	24
		% within Org climate: Resistance	75.0%	25.0%	100.0%
		% within Present employer	32.7%	18.2%	27.3%
	Neither	Count	14	13	27
		% within Org climate: Resistance	51.9%	48.1%	100.0%
		% within Present employer	25.5%	39.4%	30.7%
	Strongly/disagree	Count	23	14	37
		% within Org climate: Resistance	62.2%	37.8%	100.0%
		% within Present employer	41.8%	42.4%	42.0%
Total		Count	55	33	88
		% within Org climate: Resistance	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	2.908[a]	2	.234
Likelihood Ratio	2.969	2	.227
Linear-by-Linear Association	.697	1	.404
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 9.00.

Org climate: Responsibility * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Responsibility	Strongly/disagree	Count	6	4	10
		% within Org climate: Responsibility	60.0%	40.0%	100.0%
		% within Present employer	10.9%	12.1%	11.4%
	Neither	Count	9	12	21
		% within Org climate: Responsibility	42.9%	57.1%	100.0%
		% within Present employer	16.4%	36.4%	23.9%
	Strongly/agree	Count	40	17	57
		% within Org climate: Responsibility	70.2%	29.8%	100.0%
		% within Present employer	72.7%	51.5%	64.8%
Total		Count	55	33	88
		% within Org climate: Responsibility	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.917[a]	2	.086
Likelihood Ratio	4.825	2	.090
Linear-by-Linear Association	2.154	1	.142
N of Valid Cases	88		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.75.

Org climate: Formality * Present employer

Crosstab

			Present employer		Total
			American Swiss	Sterns	
Org climate: Formality	Strongly/agree	Count	6	4	10
		% within Org climate: Formality	60.0%	40.0%	100.0%
		% within Present employer	10.9%	12.1%	11.4%
	Neither	Count	25	14	39
		% within Org climate: Formality	64.1%	35.9%	100.0%
		% within Present employer	45.5%	42.4%	44.3%
	Strongly/disagree	Count	24	15	39
		% within Org climate: Formality	61.5%	38.5%	100.0%
		% within Present employer	43.6%	45.5%	44.3%
Total		Count	55	33	88
		% within Org climate: Formality	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.085[a]	2	.958
Likelihood Ratio	.085	2	.959
Linear-by-Linear Association	.002	1	.967
N of Valid Cases	88		

a. 1 cells (16.7%) have expected count less than 5. The minimum expected count is 3.75.

Org climate: Budgets * Present employer

Crosstab

			Present employer		
			American Swiss	Sterns	Total
Org climate: Budgets	Strongly/agree	Count	11	7	18
		% within Org climate: Budgets	61.1%	38.9%	100.0%
		% within Present employer	20.0%	21.2%	20.5%
	Neither	Count	13	7	20
		% within Org climate: Budgets	65.0%	35.0%	100.0%
		% within Present employer	23.6%	21.2%	22.7%
	Strongly/disagree	Count	31	19	50
		% within Org climate: Budgets	62.0%	38.0%	100.0%
		% within Present employer	56.4%	57.6%	56.8%
Total		Count	55	33	88
		% within Org climate: Budgets	62.5%	37.5%	100.0%
		% within Present employer	100.0%	100.0%	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	.073[a]	2	.964
Likelihood Ratio	.074	2	.964
Linear-by-Linear Association	.000	1	1.000
N of Valid Cases	88		

a. 0 cells (.0%) have expected count less than 5. The minimum expected count is 6.75.

Appendix 2: Questionnaires

Please note that the responses to the attached questionnaires are anonymous. An envelope is enclosed in which the completed questionnaires must be placed. Do not put your name on the questionnaire's or the envelope.

Please answer the following questions before proceeding to the questionnaires.

What is your length of service at the Foschini Group Jewellery? (years & months)

What is your Company designation? (e.g. Salesperson)

At the time of the merger in August 1999 did you work for American Swiss or Sterns or were you not in the employ of the Foschini Group Jewellery? Put a tick(√) in the applicable box.

American Swiss	Sterns	Not employed by the Foschini Group Jewellery

Do you presently work for American Swiss or Sterns? Put a tick (√) in the applicable box.

American Swiss	Sterns

Please indicate your age to the nearest year.

Please indicate your ethnicity. Put a tick (√) in the applicable box.

Black	White	Coloured	Asian

Please indicate your sex. Put a tick (√) in the applicable box.

Male	Female

Have you ever been involved in a merger? Put a tick (√) in the applicable box.

Yes	No

ATTITUDE TO MERGERS

You may or may not have been part of the merger – a merger is the joining of two separate companies into one company - between American Swiss and Sterns. We would however, like to get your feelings on mergers.

The following items deal with aspects concerning the company you work in. Please indicate whether you:

- **Strongly agree**
- **Agree**
- **Neither agree nor disagree (feel neutral)**
- **Disagree**
- **Strongly disagree**

by putting a tick (√) in the one box you think describes how you feel for each of the items listed. Please also indicate under **each** of your ticked responses in the space provided, why you think this way. In other words briefly give your reason(s) for "agreeing" or "disagreeing" etc.

There are no right or wrong answers so please indicate what you really think.

1. Mergers cause more harm than they do good.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

2. Mergers have a positive effect on company culture.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

3. Mergers result in cost reductions.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

4. Mergers have a negative effect on profitability.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

5. Mergers have a negative effect on staff morale.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

6. Mergers have a positive effect on employees' commitment to the organisation.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

7. Mergers result in increased labour turnover (mergers cause people to leave).

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

8. Mergers have a positive effect on staff productivity.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

9. Mergers result in increased job satisfaction.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

10. Mergers result in a negative change in job characteristics (your duties and responsibilities of your job change for the worse).

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

11. Mergers result in greater opportunities for career advancement.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

12. Mergers result in reduced job security.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

ORGANISATIONAL CLIMATE

The following items deal with aspects concerning the company you work in.

Please indicate whether you:

- **Strongly agree**
- **Agree**
- **Neither agree nor disagree (feel neutral)**
- **Disagree**
- **Strongly disagree**

by putting a tick (√) in the one box you think describes how you feel for each of the items listed. Please also indicate under **each** of your ticked responses in the space provided, why you think this way. In other words briefly give your reason(s) for "agreeing" or "disagreeing" etc.

There are no right or wrong answers so please indicate what you really think.

1. Confidence and trust is generally shown by management towards their subordinates.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

2. People feel free to talk to management about problems in their jobs.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly Disagree

3. Subordinate's ideas are encouraged and used constructively by management.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

4. Fear, threats and punishment is mainly used by management to get subordinates to do their work.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

5. In this company encouragement and material rewards are used to get employees to work well.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

6. All employees feel a sense of responsibility here for achieving organisational goals.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

7. A strong sense of cooperative teamwork exists in this organisation.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

8. There is poor upward communication in this company.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

9. Subordinates usually accept communications from management trustingly.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

10. Management are generally unaware of the problems faced by subordinates.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

11. Decisions in this company are mostly made at the top.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

12. Subordinates are much involved in decisions concerning their work.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly Disagree

13. The way decisions are made here decreases employees' motivation.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly Disagree

14. In general, company goals and objectives are established by participation between management and subordinates.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

15. Resistance to company policies from certain elements of the workforce, is common in this organisation.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly Disagree

16. Responsibility is widely delegated among employees in this organisation.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

17. Formal control of management is undermined by people without formal authority.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

18. Budget setting, performance appraisals and other methods of control are generally used for policing and punishment rather than guidance and reward in this company.

Strongly agree	Agree	Neither agree nor disagree (neutral)	Disagree	Strongly disagree

Appendix 3 : Cronbach's Alpha

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RELIABILITY
 /VARIABLES=a1 a2 a3 a4 a5 a6 a7 a8 a9 a10 a11 a12
 /FORMAT=NOLABELS
 /SCALE(ALPHA)=ALL/MODEL=ALPHA
 /SUMMARY=TOTAL .
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Reliability

****** Method 1 (space saver) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S - S C A L E (A L P H A)

Attitude to Mergers measuring instrument

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
A1	20.2360	28.6596	.3549	.7017

A2	20.4270	28.8384	.3451	.7030
A3	20.6180	35.4888	-.2754	.7700
A4	20.5393	28.5695	.3902	.6970
A5	20.1910	25.9517	.5648	.6688
A6	20.4382	27.7717	.5029	.6827
A7	20.0112	30.8749	.1415	.7303
A8	20.5056	28.5937	.4502	.6907
A9	20.2360	26.5460	.5751	.6700
A10	20.5393	29.2513	.3533	.7022
A11	20.3820	26.6479	.4796	.6823
A12	20.3483	28.4341	.3630	.7006

Reliability Coefficients

N of Cases = 89.0 N of Items = 12

Alpha = .7200

```
RELIABILITY
 /VARIABLES=o1 o2 o3 o4 o5 o6 o7 o8 o9 o10 o11 o12 o13 o14 o15 o16 o17
o18
 /FORMAT=NOLABELS
 /SCALE(ALPHA)=ALL/MODEL=ALPHA
 /SUMMARY=TOTAL .
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Reliability

****** Method 1 (space saver) will be used for this analysis ******

R E L I A B I L I T Y   A N A L Y S I S - S C A L E (A L P H A)

Organisational Climate measuring instrument

Item-total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Alpha if Item Deleted
O1	36.8315	75.6417	.4024	.8026
O2	36.8989	71.0465	.5810	.7900

O3	36.8315	74.5281	.5039	.7964
O4	36.3258	77.9722	.3022	.8085
O5	37.0225	76.0904	.3839	.8037
O6	36.1910	78.3154	.3319	.8065
O7	36.6404	72.5283	.5616	.7921
O8	37.0000	74.1136	.4549	.7991
O9	36.2697	77.4492	.4242	.8019
O10	36.9213	75.7097	.4108	.8020
O11	38.0674	77.8818	.4181	.8024
O12	36.9551	74.8389	.4355	.8005
O13	37.3258	72.1540	.6448	.7877
O14	36.6854	76.0590	.3842	.8037
O15	36.7416	83.3302	.0312	.8218
O16	36.2921	79.2546	.2904	.8085
O17	36.5281	80.9793	.1908	.8133
O18	36.5169	78.0026	.3032	.8084

Reliability Coefficients

N of Cases = 89.0 N of Items = 18

Alpha =   .8119