THE EFFECTS OF CHANGE MANAGEMENT ON MERGERS AND ACQUISITIONS: A CASE STUDY OF L’OREAL EAST AFRICA LIMITED

BY

MICHELLE OTINDA

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

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A Research Project Submitted to the Chandaria School of Business in partial fulfillment of the requirement for the Degree of Master in Science in Organizational Development (EMOD)

UNITED STATES INTERNATIONAL UNIVERSITY AFRICA

SUMMER 2015
STUDENTS’ DECLARATION

I, the undersigned, declare that this is my original work and has not been submitted to any other college, institution or university other than the United States International University in Nairobi for academic credit

Signed: ___________________________ Date: ___________________________

Michelle Otinda (ID 612904)

This project report has been presented for examination with my approval as the appointed supervisor.

Signed: ___________________________ Date: ___________________________

Dr. Zachary Mosoti

Signed: ___________________________ Date: ___________________________

Dean, Chandaria School of Business
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ABSTRACT

The purpose of this study was to examine the effects of change management on mergers and acquisitions. The research questions were: What is the effect of change management of organizational structure on mergers and acquisitions? To what extent does change management effect organizational culture in mergers and acquisitions? And finally, what are the implications of change management on human capital in mergers and acquisitions?

This study adopted descriptive research survey design. The population of the study was 270 employees, with target sample size of 40 of Managers at L’Oréal EA Ltd in Nairobi. Structured questionnaires were used to collected data based on the research questions. Descriptive statistics was used to analyze data for frequencies, percentages distribution tables, and the mean. Inferential statistics analysis was done using correlation, linear regression and multiple regression. Data was presented using tables and figures.

The findings on the effect of change management on organizational structure as a result of mergers and acquisitions revealed the existence of a significant positive relationship between organizational structure and selection and change management, r (0.795); P = 0.000 ≤ 0.05.

The findings on the extent to which change management affect organizational culture in mergers and acquisitions indicated the existence of a significant positive relationship organizational structure and change management, r (0.463); P = 0.000 ≤ 0.05.

The findings on the implications of change management on human capital in mergers and acquisitions revealed the existence of a strong positive between human capital and change management, r (0.596); P = 0.000 ≤ 0.05. Finally, multiple regression analysis the study variables indicated, a strong significant relationship exists only all the three variables. Organizational structure r (0.315); P ≤ 0.000 < 0.05; equally Organizational culture r(0.223); P ≤ 0.002 < 0.05; while Human capital, r (0.206); P ≤ 0.030 < 0.05.

In conclusion, the relationship between L’Oréal EA Ltd organizational structure which included centralized structures and I.T decision structures was statistically significant. The study findings on culture and change management had a strong positive relationship with organizational leadership, organizational politics, and organizational learning which are components of organizational culture; therefore, the relationship between organizational
culture and change management was statistically. Finally, the study findings have established that human capital is essential component in organizational change management processes. For this study, downsizing, outsourcing and remunerations were are critical components that enhances human capital relationship with change management, therefore, the relationship between organizational culture and change management at L’Oréal EA Ltd was statistically significant.

Recommendation for improvement at L’Oréal EA Ltd includes enhancing developing sustained effort towards decentralized organizational structure that gives employees more autonomy in decision making, build trust, communicate and continually capacity build employees skills towards process automation that has been brought about as a result of the change at L’Oréal EA Ltd. Secondly, Managers should be encouraged and trained on use of referent and expert power, since they are the most effective forms of organizational power during change management and organizational transitions. Managers should also embrace and exhibit emotional intelligence, coaching and mentoring, and creating relationships as a way of building strong coalitions as change agents at L’Oréal EA Ltd. Finally, senior managers should establish trust among employees by communication candidly about the change processes so as to allay fear and anxiety concerning downsizing, or outsourcing parts of L’Oréal EA Ltd operations, and harmonize remuneration packages not only extrinsically, but also intrinsically so as to enhance employee’s morale at L’Oréal EA Ltd.
ACKNOWLEDGEMENT

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DEDICATION

This research project is dedicated to my friends and family who helped and encouraged me along the way. Thank you.
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<td>Human Resource Management</td>
</tr>
<tr>
<td>I.T</td>
<td>Information Technology</td>
</tr>
<tr>
<td>KSA</td>
<td>Knowledge Skills and Attitude</td>
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<tr>
<td>M&amp;A</td>
<td>Mergers and Acquisitions</td>
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<tr>
<td>P&amp;G</td>
<td>Procter and Gamble</td>
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<td>SPSS</td>
<td>Statistical Package for Social Sciences</td>
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CHAPTER ONE

1.0 INTRODUCTION

1.1 Background of the Problem

Organizations in the current globalized world continuously face winds of change in quest to remain relevant (Kärreman Alvesson, 2009). The ability for organizations to be dynamic and resilient ultimately determines their competitive edge. (Senior Swailes, 2010). According Meaney and Pung, (2008) change is inevitable and a critical part of existence of organizations. Change management on the other hand can be a challenge particularly in cases of merges and acquisitions. According to John, et al., (2014) most mergers and acquisitions fail because of poor mechanism for change management. According to Nickols (2008), change management refers to organizations ability to plan, initiate, change within its operations in a systematic fashion. As noted by Meaney and Pung, (2008) change management within mergers and acquisitions are difficult due to the complex nature in styles of leadership, organizational cultures, and other implications on human capital resources.

According to Layne (2010), over the years organizations have voluntarily entered into mergers and acquisitions, or forced to do so by prevailing external or internal circumstances. Some of this circumstances include turbulent economic times, constrains of globalization, social and political forces, changes in technology, increasing competition and deregulations among others. Equally, other organizations enter into mergers and acquisition as a matter of corporate strategy to leverage on synergies, corporate diversity, market penetration, and growth (Simonet and Tett, 2012).

In this post-modern era, globalization, market liberalization, and internalization has brought as much chaos within and between organizations making change management transitions tedious, dynamic and elastic (Van-Oudenhoven DeBoer, 2009). Similarly, Layne (2010), argues that organizations have to restructure themselves to accommodate change dynamics making the management of change itself more difficult. Literature in the cosmetic industry reminds us that a wide range of factors affect change management particularly during mergers or acquisitions within the sector. According to Michela and Burke (2009), change management during mergers can be a daunting task to leaders. Equally Layne (2010), contends that the challenge in driving mergers and acquisitions in the cosmetic sector lies in the ultruristic and deceptive realism that the selected change
factors would work. Different organizations that have divergent organizational cultures, leadership styles, and operational styles, therefore ignoring this reality can spell doom to any quest to initiate and manage change transitions within mergers and acquisitions.

In the late 20th Century, organizations and business mergers flourished in the business world (McCarthy and Dolfsma, 2012). For the cosmetic industry, mergers were initiated for different reasons. For instance, companies would enter into a vertical or horizontal merger so as to reap the rewards and combined strengths. According to Kazík (2012), the 1990’s brought about the greatest mergers and acquisitions in the cosmetic sector in the world. For instance, Proctor and Gamble an American global conglomerate with over 138,000 employees in over 80 countries acquired Indian Gillette company, a well known and respected brand, and a proven winner merged so as to gain access in the wide Indian market. As part of change management within Gillette India, Proctor and Gamble exported American executives from their headquarters in Ohio to manage the new acquisition. The change management was successful due to myriad integration of Indian corporate culture, and American corporate leadership style that formed a series of planned transition.

However, according to McCarthy and Dolfsma (2012), the change management of Gillette India into P & G’s organizational culture wasn’t without fault. For instance during this period, anxiety within P&G itself over the merger lead to some employees resigning. Most of these employees were convinced that the deal was a threat to their job security. As a result some employees were given a severance package, while others were fired. As case may be for P&G and Gillette, due diligence showed that P&G didn’t have any sales force, while on the other hand, Gillette had a commanding working sales force. The acquisition therefore represented a win – win for both organizations (Kazík, 2012).

According to Roberts (2014), L’Oréal is the world’s leader in cosmetics sector. In June 2014, L’Oréal acquired the Los Angeles-based cosmetics market NYX so as to bolster its makeup lines in North America. This was as a result in the faltering production and sales from the French company that owned NYX. According to Kitching, (2014) cross cultural and continental merger between L’Oréal and NYX experienced tumultuous change management due to clash in corporate culture and leadership styles. In as much as the deal helped L’Oréal to rack in $93 million in sales, several line managers, production
managers, and employees were sent packing resulting in mistrust, and hostility between the remaining employees from different backgrounds and corporate cultures.

According to Michela and Burke (2009), managing change in cross cultural acquisitions is the most difficult aspect managers and organizational leaders have to steer through. Elrod II and Tippett (2010), contends that the constant about organizational acquisitions and change management is that there are no guarantees, nothing is certain. Furthermore, Pietersen (2008), argues that the dilemma managers face in initiating change management in mergers and acquisition is in getting employees on board. A third of all merger failures are attributable to lack resistance to change by the employees. Elrod II and Tippett, (2010), echoes the same sentiments by highlighting that the underlying causes for and of employee resistance must be studied carefully fully for eventual success of navigating change management over mergers and acquisitions.

According to Philip and Lee (2011), change management in merging organizations culture occur when employees of the organizations become aware that performance and loyalty they ascribed to has suddenly changed. Most of the time, this is perceived as a threat to their corporate values, culture, and organizational lifestyles. As a result, such integrations leave employees in a defensive mood accentuated by mistrust within the institution and even culture shock (Kazík, 2012). Part of managing change in mergers and acquisitions revolves around managing disbelief and employee denial, resentment and anger, emotional change assimilation and acceptance of the change itself (John et al., 2014). According to Tippett, (2010), the African continent has not been spared the effects of change management in globalization of mergers and acquisition.

According to Holmes, (2013), Africa has experienced a fair share of mergers and acquisition, some being successful, while others struggling under the weight of poor change management. For instance, since the year 2006, mergers and acquisitions worth $276 billion have taken place resulting in dynamic changes within the corporate cultures of the organizations. According to the Deal Drivers Africa Report (2013), 1 650 merger and acquisitions have taken place in Africa since 2006. Equally important to note, mergers and acquisitions in Africa have largely been successful despite global economic uncertainty. However, Holmes, (2013), argues that change management in terms of
cultural mismatch have counted for 30% of failures in merger and acquisition even on the African continent.

According to Wroblewska, (2014) one of the concerns of acquisitions in Africa is due to poor change management case in point of South Africa’s Tiger Brands and Nigeria’s Dangote Flour. Tiger Brands acquired Dangote Flour without proper due diligence on business operation model, organizational culture, or even management styles between the two organizations. Two years after its acquisition in 2013, Tiger brands experienced massive change resistance, key operations and technological challenges and dysfunctions that lead it an $82 million loss. With the write-off occurring less than two years after the takeover, Tiger Brand’s CEO, Matlare, (2014), Tiger Brands made serious change management mistakes as it had not recognized the complex nature of merging different organization cultures.

Organizational culture, predominantly prevails in the day to day functionality of business entities. According to Tippett, (2010), organizational culture is foremost critical component of driving change management. Multinational businesses acquisitions and mergers must align, seamlessly integrate, and orchestrate a planned change in a manner that protects its business models. Equally important, according to Holmes, (2013), organizations engaged in mergers and acquisitions must understand that culture serves as a guide on social and ethical perceptions that guide business success.

In Kenya, Mergers and Acquisitions follow the usual paths as most other countries on the continent (Richard Haanee, 2012). The recent merger and acquisition that took place between L’Oréal and Interconsumer Kenya Ltd. L’Oréal is the world’s leader in cosmetics sector, and is based in Paris, France. L’Oréal is renowned for haircare products, skincare products, fragrances, and color cosmetics. According to L’Oréal-Paris (2015), L’Oréal began its consumer and professional markets in 1909. Over the years, L’Oreal has acquired a handful of other cosmetic firms in a bid to foster itself as the global market leader in cosmetics. For instance, Dess (2008), highlights that L'Oréal acquired Matrix, Kiehl's in 1851, acquired Maybelline in 1996, acquired SoftSheen in 1998, acquired Carson in 2000, acquired ARTec in 2002, SkinCeuticals in 2005 and Yves St Laurent in 2008. This acquisitions enabled L’Oréal to penetrate new markets rapidly, and develop a formidable international brands and clients like no other firm.
According to L’Oreal (2013), L’Oréal EA Ltdst Africa acquired Interconsumer Kenya Ltd to be part of L’Oréal EA Ltdst Africa. This was in a bid to gain the huge East African market that Interconsumer Kenya has emmersed just in few years. L’Oreal EA currently employs over 350 employees in Kenya, but targeting expansions in Uganda, Tanzania, Ethiopia, Burundi, and Rwanda (L’oreal, 2013). In as much as L’Oréal acquisitions and mergers have gone smoothly, venturing into East Africa that has divergent culture, compared to homogenous societies of the west where it has been operational is a major challenge. For instance according to Sellnow (2011), there is a simmering frustration with staff at L’Oreal EA business due to restructuring that is being conducted to align the East African model with other L’Oreal global brands. The acquisition therefore presents L’Oreal with change management strategy, that will touch on organizational culture, divergent leadership style, employee change resistance, structural realignment, technology and human capital integration. This paper seeks to determine the effects of the change management strategy in L’Oreal East Africa, after undergoing drastic transition between Interconsumer Kenya Ltd, and L’Oreal East Africa.

1.2 Problem Statement
Since the acquisition and establishments of L’Oreal East Africa in 2013, the organization has embarked on massive expansion and penetration into the African Market (Deal Drivers Africa Report, 2013). Deal drivers Report (2013) further asserts that East African market is extremey complex due to its heterogenious organizational cultures, leadership styles and human capital. Most employees at the acquired Interconsumer were loyal employees who started the organization few years ago. The infusion of global state of the art and cutting edge technology from the L’Oréal headquarters in Paris has brought about unrest among locally acquired staff and managers, who feel their jobs are at risk, and their culture threaten since most decisions are now made in the global office in Paris. According to Sellnow (2011), there is a simmering frustration with staff at L’Oreal EA business due to restructuring that is being conducted to align the East African model with other L’Oreal global brands. This acquisition therefore presents L’Oreal with change management challenges that have to be navigated through while at the same time turnaround profitable. Most of the successes in L’Oréal’s previous acquisitions have been in homogenous territories, where technology, production, and human capital integration is far more advanced compared to the East African Market. After the Acquisition of
Interconsumer Kenya, and subsequent change process in realigning it with L’Oréal EA Ltdst Africa model that fits global structures, there seem to be lack of enthusiasm, and low morale among employees. Most of the product lines are undergoing radical automation, with supply of raw materials being outsourced. As a result, fear of redundancy, or threat to job security perpetually exists at L’Oréal E.A.

Equally, to the best of my knowledge, there is no research done to guide L’Oréal EA Ltdst Africa management on how to deal with change management particularly in acquisitions of heterogenous organizational cultures, divergent leadership styles, and a growing human capital still getting acquited to old fashion cosmetics production line. This paper therefore seeks to bridge the knowledge gap in this sector, and help L’Oréal EA Ltdst Africa conduct a seamless change management strategy in a highly complex and dynamic business environment.

1.3 Purpose of the Study
The purpose of this study was to examine the effects of change management on mergers and acquisitions.

1.4 Research Questions
This research was guided by the following questions:

1.4.1 What is the effect of change management of organizational structure on mergers and acquisitions?
1.4.2 To what extend does change management effect organizational culture in mergers and acquisitions?
1.4.3 What are the implications of change management on human capital in mergers and acquisitions?

1.5 Significance of the Study
This study should benefit the following stakeholders:

1.5.1 L’Oréal EA Ltdst Africa
This study is beneficial to L’Oréal EA Ltdst Africa in that it will enable both management and employees to understand the effects of change management as a result of the acquisition and change processes taking place at the organization. The study will also
provide findings upon which L’Oréal EA Ltd Africa can integrate into decision making so as to enhance seamless organizational cultures change, structure change and human capital changes and thereby build a resilient organization for regional and global competitiveness.

1.5.2 Cosmetics Industry
This study is also beneficial to the cosmetics industry in Kenya and East Africa as a whole and provide findings that will help the sector formulate a clear understanding of change management effects particularly in businesses undergoing mergers and acquisitions.

1.5.3 Government
This study is equally beneficial to the government as the mandate to regulate mergers and acquisitions in Kenya based on the study findings on the effects change management particularly as relates to human capital development. Furthermore, the Central Bank of Kenya which is mandated to regulate mergers and acquisitions can assimilate the findings into policy formulation to further strengthen the laws, and best practices.

1.5.4 Researchers and Academicians
This study will add value and knowledge that researchers and academicians will find useful in conceptualizing and establishing trends and factual data upon which they can build further hypothesis or develop further research on effects of change management on mergers and acquisitions.

1.6 Scope of the Study
This study focused on senior, and middle level management at L’Oréal EA Ltd Africa as they are the main agents and drivers of change management. The study took place at L’Oréal EA Ltd Africa offices on Mombasa Road and was conducted for a period of one week so as to enable all targeted respondents adequate time to participate.

1.7 Definition of Terms
1.7.1 Organizational Culture
Organizational culture is defined as a set of beliefs, values, behavior patterns, myths, and symbols that organizations subscribe to (Elrod II and Tippett, 2010). Similarly,
organizational culture is defined as the informal consciousness developed by members within an organization as they establish external and internal integration, of an organization (Hatch, 2010).

1.7.2 Organizational Structure
According to Sablynski, (2012), organizational structure is defined as the established patterns of relationships within and among the components of parts of an organization. The structure forms the framework upon which organizational tasks, responsibilities and authority relationships rest.

1.7.3 Human Capital
According to Beach (2009), human capital is defined as the knowledge, attitude, competency, and behavior that individual bring to the work place. Equally human capital is also defined as the abilities, skills, and education that individuals possess in order to effectively function in an organizational environment (Rodriguez Loomis, 2009)

1.7.4 Mergers and Acquisitions
According to Wan and Yiu (2009) acquisition is defined as the purchase of one Organization by another organization for purposes of expansion, profitability, diversification or market share while a merger is defined as the agreement entered into by two organizations to combine the systems, structures, cultures, and operations of two companies and have them function as one.

1.8 Chapter Summary
This chapter has also elaborated on the statement of the problem, purpose of the study, scope of the study, and significance of the study. The chapter has also endeavored to define terms used in the study, and has outline research questions that forms the basis for literature review in chapter two. Chapter three elaborates on the research methodology used in the actual field survey. Chapter four represents the findings from the survey using descriptive statistics including tables and figures. Finally, chapter five provides the study summary, discussions, conclusion and the recommendations.
CHAPTER TWO

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter reviews the previous studies that have been carried out on the effects of change management on mergers and acquisition. The effects are based on the research questions highlighted in chapter one. These include: effects on organizational structure, effects on organizational culture, and effects on human capital. The chapter summary provides an outlines of the areas covered in this chapter and a description of what chapter three covers.

2.2 Effects of Change Management on Organizational Structure

According to Herath (2007), organizations are institutions that are formed by people with intent of achieving specific objectives individuals cannot achieve alone. To achieve these objectives as stated by Bourgeois et al., (2004), organizations form relationships among organizational parts that are referred to as organizational structure. Similarly, Martinelli (2010), refers to organization structure as a set of elements in interaction that enhances decision making units in an organization. Equally, organizational structure is defined as a set of methods, processes, and hierarchies through which, organizations distribute distinctive tasks that synergizes duties and responsibilities in a formal manner, so as to coordinate, controls, and motivates employees towards the set objectives of the organization (Michela and Burke, 2009).

Herath (2007), argues that sets of relationships do form proper structures that anchor proper functioning of organizations. According to Elrod II and Tippett (2010), Beach (2009), and Kazík (2012), organizational structures can be hierachical, horizontal or integrated. Most of these structures, Herath (2007), insists, are static in nature and most often cannot meet the dynamic requirements of efficiency and adoptability particularly in mergers and acquisitions. Mergers and acquisitions by their very nature destabilize the harmonious inner workings of organizational structure. According to Zheng et al., (2010), organizational structures do offer a way in which responsibility and powers are allocated within an organization, how work procedures are executed, and how decisions are made.
However, mergers and acquisitions offer major disruptions in existing sets of relationships that form functional units within organization. As a result, decision making chains are disintegrated; work units reconstituted, abolished, or restructured (Simonet and Tett, 2012). According to Hatch (2010), if change management is not properly instituted to manage the disruptions and changes, employees motivation is crushed, loyalty disipated, while performance and profitability fizzle. Decision making structures, information technology structures, and operational structures are some of the areas being examined for change management effects on organizational structure.

2.2 Decision Making Structures
According to Waight (2013), an organization’s structure influences its innovation potential. Various studies have indicated how decision making organizational structures enables ingenuity, creativity and staff autonomy on new products and processes in mergers and acquisitions (Lam, 2005). Change in decision making structure occurs when mergers and acquisition take place between organizations with divergent decision making structures, i.e. Centralized and decentralized decision systems.

2.2.1 Centralized Decision Structures
According to Kitching (2014), organizations with centralized structures possess multiple layers of management and control with the organization maintaining a hierarchical high level of authority. Almost all decisions within the organization have to follow the levels of approval and decision making. Andrews (2012), asserts that change management within transitioning decision structures can be frustrating and demoralizing for employees and management.

Employees plan and resist such changes, particularly when the autonomy associated with their work is is striped by the transition. Herath (2007) argues that in a centralized structure, employees do have limited authority for decision making. When management strip away their authority and distribute it to line and staff employees, resistance often ensues. These effects of change management calls for prudent synthesis and analysis on how to plan, inform, integrate and assimilate the changes with minimal upheaval (Liao, 2011).
Similarly, Andrews (2012), agrees with Liao (2011), that centralized decision structures focuses on top-down management. Managing change in this organization is difficult since the culture precipitates an environment where executives make all decisions, then communicate to middle managers, who pass the decision down the chain. Since this structure is fairly bureaucratic, employees have less autonomy. However, the sudden changes where employees are suddenly given much autonomy to make decisions can lead to abuse, confusion, frustration and even a threat to management’s position of authority (Chen & Huang, 2010).

2.2.1.2 Decentralized Decision Structures

According to Andrews (2012), change management for organizations transitioning from decentralized systems to centralized systems can bring about frustration, and resistance. Just as Chen and Huang (2010), state, Liao (2011), similarly argues that change management from decentralized structures to centralize can cripple individual creativity within an organization as decisions are implemented in a top down hierarchical structure. According to Andrews (2012), decentralized decision structures do seek to eliminate unnecessary bureaucracy so as to place autonomy in the hands of supervisors and staff. By doing so, organizations tend to increase the span of control, delegation, and accountability.

The challenge with change management in transitioning from decentralized structures to centralized structures is employee autonomy to decision making is stripped away (Elrod II and Tippett, 2010). As a result, Liao (2011), argues that organizations begin to convulse into a state of shock, change resistance, denial, mistrust, and loss of loyalty which can eventually destabilize the organizations prospects for good performance or profitability. The greatest mistakes executives make in mergers and acquistions is failure to study the decision making structures so as to make seamless integrations for appropriate structure that are best fit for merging or acquired organizations (Sherman, 2010).

According to Ka’rreman and Alvesson (2009), organizations that manage with decentralized structures in mergers and acquisitions have better integration rates than those that don’t. Change management that establishes less bureaucracy enhances employee’s performance, motivation, and loyalty. Functional units work, delegation and accountability is managed better and employees tend to be satisfied with this structures
(Elrod II and Tippett, 2010). However, during merger and acquisitions, organizations can self-destruct by moving backward from decentralized structures to centralized structures. According to Kotter (2002), managers find it difficult to manage change that involves curtailing autonomy involved in decentralization back to a hierarchical decision structure. Most often, the resistance is based on the fact that more bureaucracy is introduced back, functional unit’s micro managed, delegation and accountability scaled back, response and feedback to slow, as decisions have to be made from central authority points.

According to Liao (2011), this kind of decision structures are most often felt in mergers and acquisitions that involve multinationals that have headquarters in different countries, while initiating decisions, and planning for all subsidiaries in other countries. Beach, (2009) contends that employees who once enjoyed autonomy feel frustrated and ready to resist this kind of change. Therefore management in mergers and acquisitions should pay closer attention to the effects of this kind of changes otherwise organizational performance can be affected adversely.

### 2.2.1.2 Mixed Decision Structures

According to Andrews (2012), and Liao (2011), mixed decision structures are the best options in change management for mergers and acquisitions. Mixed decision structures enables management to extend autonomy and authority for decision making to employees and line managers in areas of their functional units, while at the same time, ensuring that critical decisions, or major decisions are reserved for top executive in the subsidiary, or headquarters of merging firms. Equally Zheng et al., (2010), argues that in mergers and acquisitions, employees don’t necessarily feel threatened when less disturbance is introduced to their functional units.

However, Holmes (2013), refutes Zheng et al., (2010) assertion that merging organizations can reach amicable agreements on mixed decision structures. According to Holmes (2013), most multinational acquisition of African businesses tends to favor centralized systems, where decisions are made in a bureaucratic top-down fashion from headquarters, and dictated down upon acquired or merged firms in Africa. The subtleness lies in the fact that assimilation of cultures, decisions, and operations have to be synchronized with the mother company’s operations. As a result, effects of managing change in this environment most often results in employee terminations, restructuring,
transfers among others, which eventually bolts concerns within the organization (Wroblewska, 2014).

2.2.2 Information Technology Structures
In mergers and acquisitions, technological import plays a major role in determining the final outcome of the entities merging or being acquired (Mento, Jones and Dirndorfer, 2012). According to Aral et al., (2010), information technology structures has a massive impact on organizational performance. A study conducted by Arvanitis and Loukis (2009), on the effects of information technology in managing change in mergers and acquisitions, revealed that there is a positive correlation between the level of technology and firm performance.

However, the study also revealed that managing change in the integration of the information technology in the merged or acquired organizations brought turbulence, frustration and threats of job loss to managers and employees within the system. As a result, managers who acquired the capability of adequately plan for the technology, explain that the technology, and the integration of the technology in an efficient manner, had more collaboration and support from employees than those who didn’t.

2.2.2.1 Radical Technological Integration
According to Mento, et al., (2012), technological structures can take the form of radical technological integration or incremental technological integration. Radical technological integration involves technologies that have an impact on the entire organizational functionality. For instance, rapid automation of production lines, in commercial or industrial product lines is a receipt for failure in organizations (Bourgeois et al., 2004). Change management in mergers and acquisitions can be an uphill task for management due to the automation of process which leads to redundancy. The fear and threat of job losses due to technological automation and innovation can also breed resistance, subbotage, and even outright rebellion, mistrust, and loss of loyalty (Philip Lee, 2011).

2.2.2.1 Incremental Technological Integration
Mento, et al., (2012), contends that mergers and acquisitions that have greater success in managing change are those that implement incremental technological integration. Bocquet
et al., (2007), agrees with Mento, et al., (2012), that aspects of redefining organizational framework, structure, people, and processes should be done in planned phases so as to ensure adequate buy in from managers and employees. According to Gera and Gu (2009), information technology enables organizations to introduce significant changes in areas that need re-engineering, or enhanced efficiency. However, the implementation process can disintegrate the entire organizations operations leading to unnecessary costs, or losses. It is critical therefore, during change management, for planned incremental technological integration to be explained to management and staff, and equally prepared for the integration through training and capacity building (Mento et al., 2012). In as much such coordinated steps cannot be a solution that shields the organization to change resistance, it however enables smoother, integrated transitions with less operational disruptions.

2.3 Change Management Effect Organizational Culture

According to Lucas and Kline (2008), socialization significantly affects organizational cultures of different firms. In a research done by Barbaroux (2011), on acquisitions and mergers in the cosmetics industry in America, indicates that employees’ needs are directly linked to organizational culture, which is precipitated by organizational socialization. According to Balthazard et al., (2006) there exist a positive correlation between organizational culture and performance. In mergers and acquisitions it is important to maintain productive values and norms within an organizational culture that positively influence organizational performance. However, Barbaroux (2011), argues that mergers and acquisitions can inherit negative values and norms entrenched within organizational cultures.

According to Lucas and Kline (2008), the negative dysfunctions result in lowered effectiveness, efficiency and performance of an organization. In conducting change management for mergers and acquisitions, Andrews et al., (2008), notes that, the culture of loyalty, information security, management values of secrecy, accessibility and accountability have strong positive correlations with effective change transitions.

According to Valencia et al., (2011), organizational culture is considered as one of the fulcrums for organizational innovation during merger transitions. For instance, organizations that exhibit adhocracy culture do undergo change management easily,
handling and solving problems faster, with minimal incumbency resistance, frustration, nor anger since they already enjoy flexibility and freedom to be true to their culture. According to Barbaroux (2011), change management within this culture doesn’t elicit resistance compared other forms of organizational cultures.

Andrews, et al., (2008), therefore argues that change management that is instigated as a result of mergers or acquisitions should contend for adhocracy flexibility in winning members on board. Some of the other aspects of organizational culture that affects change management in mergers and acquisition include; organizational leadership, organizational politics, and organizational learning.

2.3.1 Organizational Leadership

According to Nguyen and Mohamed (2011), the success of any given organization particularly in mergers and acquisitions relies upon the efficiency, and character of the leader. For instance, according to Lucas and Kline (2008), defines transactional leadership as the influence a leader exerts on his subordinates by providing promises, in exchange for staff performing certain tasks. On the others hand, Kazík (2012), defines transformational leadership as the the ability of a leader to model and motivate staff into action over a greater good, vision or mission.

Charismatic leadership is defined as the leaders ability to communicate by inspiring followers on an emotional way that spurs them towards a cause. Finally, contingent reward leadership on the other hand involves the leaders ability to assign followers tasks and responsibilities and structuring rewards in exchange for great work done (Aral, Brynjolfsson, and Wu, 2010).

According to Nguyen and Mohamed (2011), Leadership is the art and science of mobilizing teams to struggle for shared aspirations. To examine the effects of change management in mergers and acquisitions, leadershers have to understand that their style of leadership has a positive relationship organizational change dynamics. For instance, resistance to change, or resistance to introduction of new technology, might be as a result of the leadership style. Skillful leaders understands this aspect of organizational culture,
and adjust their style where possible so as to make the transitions less frictional or repulsive (Bourgeois, McAllister, and Mitchell, 2004).

Valencia et al., (2011), in referencing the work of Weber (1978), attributes successful culture change to charismatic interventions by leaders in mobilizing others towards a successful transition cause. According to Weber (1978, 1996), leaders must inspire trust and belief in their staff if they hope to steer them towards change. Equally, Valencia et al., (2011), argues that leadership in mergers and acquisitions should revolve around motivating people towards desired change. Martinelli (2010), Elrod II and Tippett (2010), and Liao (2011), argue that leaders influence the nature of the work environment, hence organizational culture. In this regard, leaders in mergers and acquisitions can influence the attitude of organizational members by initiating a set of planned actions within the feasible capacity of their organizations to absorb the change.

2.3.2 Organizational Politics

According to Gotsis and Kortezi (2011), organizational politics refers to self interest of individuals within organization without proper consideration how those interests affects organizational quest to achieve its objectives. Organization during merger or acquisition environment must adopt behaviors that inject positive political behavior. According to Gadot (2009), organizational self-interest is representative of inert actual human behavior that can paralyze the operations of an organization. In mergers and acquisitions, change management can be difficult as a result of employees taking advantage of the transition periods to promote self-interest, at the expense the overall organizational objectives.

Weissenberger-Eibl and Teufel (2011), points out that there exists a positive relationship between change management in acquisitions and mergers and organizational politics. Equally, there exists a relationship between aspects of change that are adopted as a result of organizational politics, and those aspects that are rejected. According to Beyes and Volkmann (2010), merging organizations must identify their political organizational theory that enhances the realization of organizational change management objectives.

According to Muhammad (2007), the organogram of any given organization, job or work distribution, hierarchies of autonomy form the basic lenses through which organizational
politics can be viewed. However, Gadot (2009), challenges this assertion by arguing that relationships between decision makers and specific staff members within mergers and acquisitions determines the level of politics within the organizations. Sheard et al., (2011), asserts a unique dynamic that trust between supervisor and employee, and the willingness for the two to help each other attain organizational attain organizational goals absolves any simmers of political tention.

As a result, change management processes being driven by the supervisor gets cordial embrace, as employees do not feel threatened by the change. However, the reverse is true, Gadot (2009), argues, if change management is being driven by antagonistic relationships between line managers and employees. Worse still, in mergers and acquisitions, if the new standards of pay renegotiation seems intimidating particularly on performance management front, then political posturing takes centre stage, and genuine aspects of desired change are lost.

According to the Sheard (2011), aligning organizational politics to suit organizational business models and objectives is the main goal of change management agents or managers. Having the ability to dissect through bureaucracy so as to determine networks within the organization that are the centres of organizational politics is a positive front for effective drive in change management in mergers and acquisitions. Aral et al., (2010), argues that failure for managers and organizational leaders to indentify and manage organizational political networks can be detrimental to any quest to drive successful change.

Sheard (2011), argues that organizational politics can take different types such as; creating obligations, attacking and blaming, managing impressions, cultivating networks, controlling information and forming coalitions. Realigning types of political types found within the confines of an organization determines the extent to which it will be sucessful navigating change. According to Weissenberger-Eibl and Teufel, (2011), organization politics equally depend on power plays at any organization. The extent to which power plays are enforced at an organization determines the extent to which change management can be effective with positive effects. Some of the political power plays in organizations include; legitimate power, expert power, coercive power, referent power, and reward power (Field, 2011).
2.3.3 Organizational Learning

According to Xenikou and Simosi (2009), mergers and acquisition transitions can transform employees working attitude towards organizational learning, which determines the eventual success the organization will experience. Muhammad (2007), defines organizational learning environment as the entrenchment of new culture organizational members adopt to structure their changing work environment so as to achieve organizational objectives.

According to Pokharel (2010), the enhancement of a learning environment can indeed sway the resistance within the organizational push for change. To determine the level of learning, managers should observe the penetration rate of the new organizational aspects in local departments (Arvanitis and Loukis, 2009). According to Olav-Eikeland (2011), organizational culture influences organizational change and learning processes. The act of changing the physiological contract between employees and managers, and the power differential between the two can lead to enhanced organizational culture, and organizational learning, or frustration, balkanization, or even knowledge and skill redundancy (Xenikou and Simosi, 2009).

According to Field (2011), there exists a positive correlation between organization learning processes and change management. Further, the human resource management during change is largely reflected in more cooperation, more coordination, and less change resistance. Similarly, Olav-Eikeland (2011), maintains that organizational learning has a positive relationship with performance and growth and productivity for mergers and acquisitions. According to Valencia et al., (2011), organizations that are undergoing, organizational change have undergone mergers or acquisition, should develop leadership and learning programs to aid fast track the realization of organizational objectives.

2.4 Implications of Change Management on Human Capital

The usage of the Human Capital was first introduced by an American scholar Theodore Schultz, in his research on agricultural productivity in the United States. Following the coining of human capital, Gary Becker (1975), developed a human capital theory, which stated that income was a determinant factor caused by the level of education and the level of experience of a person had acquired.
According to Arvanitis and Loukis, (2009), human capital can equally be defined as the embodiment of talent, knowledge, judgment and experience an employee possesses. Littler and Gandolfi (2008), argue that human capital is important because it provides the source of strategic renewal and innovation for most organizations. In mergers and acquisitions, human capital provides the fulcrum profits and competitive advantage is built (Barbaroux, 2011). Mergers and acquisition occur in order to enhance human capital capacity which is critical in driving profitability, market and product growth (Elrod II and Tippett, 2010).

According to Martinelli (2010), Lucas and Kline (2008), and Aral et al., (2010), there exists a positive correlation between levels of human capital in organizations that have undergone mergers and acquisition, successful integration of change, and overall performance. Based on their research on change management in mergers and acquisitions, most successful organizations organized their human capital in a systematic manner that did not disrupt the business model or operational functions. As had been stated earlier, Organizational change evokes both positive and negative emotions in employees. The extent to which this human capital is managed determines the success rate of the change management leaders in mergers seek to integrate (Kotter, 2002).

According to Van Dijk and van Dick (2009), the process of integrating merging corporate cultures, and entire sets of human capital policies and procedures requires a keen evaluation, revision, or replacement. The boomerang from such neglect can be catastrophic. Notably, as argued by McEnrue et al., (2008) effects of cross cultural clash and an ill-conceived human capital integration strategy is attributable to most failure in mergers and acquisitions. Most venture capitalists, and acquisition managers pay little attention to the management of talent during mergers, hence suffer the consequences of such neglect. Some of the effects revolve around downsizing, outsourcing, and remunerations disharmony.

2.4.1 Downsizing

According to Amundson, et al., (2007), downsizing concept emerged from a number of management and organizational theories seeking contract or shrink the labor work force in
order to cut costs and increase profitability. However, Szabla (2009), downsizing is a coordinated, and planned eliminations of human capital so as to enhance profitability, productivity, improve organizational efficiency, and competitiveness. In mergers and acquisitions, change management can be as simplistic as downsizing, however, the consequences of such actions can haunt organizations for years to come (Littler and Gandolfi, 2008)

According to Alker and McHugh, (2010), many organizations undergoing mergers and acquisition have failed or struggled to perform as a result human capital mismanagement, loss of talent, and demotivated employees. Most often than not, downsizing usually occurs during mergers and acquisitions. According to Szabla (2009), their exists a positive correlation between downsizing and change management particularly in industrial or commercial industries.

The most extreme form of downsizing in mergers and acquisition may take the form of radical cuts in management, staff, management and even board members (Littler and Gandolfi, 2008). The severity of this action is hinged on the import of foreign expatriates and consultants to run the merged organization without regard to organizational culture, values, and structure among others. According to Chen and Huang (2010), treating human capital as quick and easy disposable organizational assets has a positive correlation with failures of most mergers and acquisition. Organizational expectancy of good performance form employees must be matched with human capital capacity enhancement, and jobs protection within mergers and acquisitions. In this regard, change management will not lead employees to adamantly resist changes as they are assured of the security of their jobs.

2.4.2 Outsourcing

According to Zhou and Ren (2010), the effects of globalization, mergers and acquisitions have brought challenges most business around the world. Many organizations are turning to outsourcing to reduce costs of operations. According to Yakhlef (2009), and Zhou and Ren (2010), the industries that are most affected with outsourcing are industries with production lines, design and manufacturing lines, services, raw materials, and even customer care can be outsourced. In mergers and acquisitions, outsourcing is not a new
phenomenon, however, the effects of such phenomenon has repercussions not only on economic status but on livelihoods, talent and human capital restructuring (Belcourt, 2009)

In as much as outsourcing is considered as the appropriate method for reducing costs, while at the same time focusing on core activities, and enhancing service provision, navigating and implementing successful change management processes is most difficult. According to Belcourt (2009), outsourcing eliminates local employees jobs, threatens organizational culture, obliterates organizational values, and at times demoralizes and demotivates employees (Hätönen, 2009). Zhou and Ren (2010), contends that there exists a positive correlation between failed change management and outsourcing of jobs in mergers and acquisition.

**2.4.3 Remuneration Disharmony**

According to Agrawal and Walkling (2008), change management in mergers and acquisitions can be difficult due to disharmony in remuneration and benefits structure. In cases where the acquired organizational staff, feel that their counterparts on the same level withing the conglomerate of multinational are earning better, frustration and agitation takes the centerfold. According to Zhou and Ren (2010), most mergers and acquisitions are not honest in practice as they may appear on paper. Instinctively, the acquirer’s desire profitability at minimal costs, while those acquired desire to reap the benefits of dualistic synergy as a result of the merger or acquisition. According to Bliss (2011), change management in mergers and acquisitions should revolve around establishing a center point that in remunerations, benefits and value, enhances both the shareholders value, the employees value, and the acquirer value.

However, most often than not, as highlighted by Agrawal and Walkling (2008), greed, and unquenched and unbridled desire to turn profits at all costs disrupts organizational values and culture while at the same time builds mistrust, lack of ownership and disloyalty among employees, managers, and executives in multinational offices. Gadot (2009) argues that such predilections forms organizational change management land mine.
Sometimes, remuneration pay-size differentials between executives, managers, and employees in different subsidiaries contribute to talent drain, and more so, unrealized performance targets (Bourgeois, McAllister, and Mitchell, 2004). It is therefore necessary in building a coalition that will act as agents of change management for organizational executives to subdue the lure for greed at the expense of organizational values, culture and pride (Alker and McHugh, 2010). It is equally fundamental that all employees of an organization have a sense of belonging, ownership, and pride in their organization. Failures in implementing policies particularly in remunerations and benefits that displays equity, fairness and justice, then change management becomes a long winding road for management and implementers.

According to Herath (2007), organizations pay structures are formed with intent of achieving organizational objectives. To achieve these objectives as stated by Bourgeois et al., (2004), organizations do form hierarchies in relation to job descriptions and the value the individuals with those descriptions add to the organization. Similarly, Martinelli (2010), argues that pay scales and remuneration strategies do influence organizational change management policies, therefore they are significant.

Agrawal and Walkling (2008), had argued that change management in mergers and acquisitions can be difficult due to the nature and laws affecting different countries and labor laws concerning remuneration. As a result organization organizations should always endeavor to ensure that their merger policy takes into consideration disparities in the remuneration structures (Herath, 2007).

2.5 Chapter Summary
The chapter presented the literature and recent studies on the effect of change management on mergers and acquisitions. The highlighted reviews include change management effects on organizational structure, organizational culture, and human capital. Chapter three highlights the research methodology, which includes population of the study, the sample size, and procedures used in the course of the study.
CHAPTER THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the study methodology which includes research design, study population, sampling technique, sample size, data analysis, the study procedures adopted in the study, and finally the chapter summary.

3.2 Research Design

According to Saunders, Lewis and Thornhill (2012), Research Design refers to a framework for the collection and analysis of data to answer research question and provide reasoned justification for choice of data resources, collection methods and analysis techniques. The research design adopted for this research was exploratory descriptive study. Descriptive approach addressed research objectives through empirical assessment that involved numerical quantitative measure. Quantitative numerical data collected made statistical analysis of findings feasible. This study utilized purposive sampling as middle level managers and top executives were the only ones targeted for this study. The methodology was carried out using a questionnaire survey. According to Cox and Hassard (2005) a survey is a method of carrying out research using structured questionnaire that are given to a sample of a population and designed to elicit specific information from the respondents. The survey questions were designed to gather information on such things as attitudes, intentions, awareness, behaviors and motivations.

3.3 Population and Sampling Design

3.3.1 Population

According Cooper and Schindler (2008) population of a study is defined as the total collection people, or elements in the study, where references are made. The total population of this study was 40 top and middle level managers at L’Oréal EA Ltd. The selected population consisted of mid-level managers and top executives. The population consists of 30 functional department’s managers and 10 top level managers within L’Oréal EA Ltd.
3.3.2 Sampling Design

Sampling is the process of selecting a number of individuals for a study in such a way that the individual selected represents the large group from which they are selected from Mugenda et., (2003). Sampling procedure may be defined as a systematic process of individuals for a study to represent the larger group from which they are selected (Cooper and Schindler, 2008). They all define sample as method of selecting a portion of the population for conducting a study in order to represent the population adequately since it is impossible to take the entire population because of time, financial factors and errors which can discourage the researcher and lead him to surrender the study. This study utilized purposive sampling as respondents are targeted based on managerial roles.

3.3.2.1 Sampling Frame

Lewis, Saunders and Thornhill (2003), defines a sampling frame is the list of that constitutes the population that enables a researcher can make a selection. The sampling frame was obtained from L’Oréal EA Ltd Africa Human Resources office.

3.3.2.2 Sampling Technique

The sampling process was guided by the parameters in the population in line with specific objectives of the study (Cooper and Schindler, 2011). The purposive sampling utilized documented all departmental managers, and top executive to ensure that all sectors and departments were sampled. Semi-structured questionnaires were then administered to obtain the necessary data.

3.3.2.3 Sample Size

Cooper and Schindler (2008), describe the sample size as a smaller set of the larger population. Mugenda (2003) argued that the choice of sample size is governed by the confidence you need to have in your data, level of certainty, the accuracy you require for any estimates made in your sample, the type of analysis you are going to undertake and finally the size of total population from which your sample is drawn. This study was a census, meaning all the 40 middle level managers and top executives were sampled.
3.4 Data Collection Methods

Data collection is the process of gathering and measuring information on variables of interest, in an established systematic fashion that enables one to answer stated research questions, test hypotheses, and evaluate outcomes (Cooper and Schindler, 2008). The primary data collection method was carried out by the use of questionnaires. This was accomplished by approaching a member sampled explaining the objective of the research and handing them the questionnaire to fill.

The questionnaire incorporated a Likert scale of 5 measurements (Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree), Yes and No answer questions and questions where respondents had to pick an answer from options that had been provided. The questionnaire had four sections. Section ‘A’ formed bio-data questions, Section ‘B’ had questions under research question 1, section ‘C’ had questions under research question 2, while section ‘D’ had questions under research question 3. According to Glaser and Strauss (2009), study questionnaires are critical instruments for research in data as they form the data collection tool. The use of questionnaires was justified to the extent that questionnaires are effective way of collecting information from a large literate sample in a short span of time and at a reduced cost than other methods. The questionnaires was made use of closed ended questions to ensure consistency, easy coding, and data analysis.

3.5 Research Procedures

Research procedures refer to a detailed description of the steps to be taken and the conduct of research should be provided for by the purpose of study. A pilot test involving 10 respondents was carried out to check the validity, clarity and reliability of the contents of the questionnaire. A pilot test was conducted to detect weaknesses in design and instrumentation and to provide proxy data for selection of probability sample. Research procedures draws subjects from the target population to simulate the actual process that actual data collection will follow (Cooper and Schindler, 2008). According to Saunders et al., (2009) a complete account of the research process including pilot testing, scheduling of the subjects and collection of the data collection instruments has to be conducted. To ensure high response rate, the researcher delivered the questionnaires in person and encouraged the respondents to fill the questionnaire.
3.6 Data Analysis Methods
Data analysis involves reducing accumulated data to a manageable size, developing summaries, looking for patterns, and applying statistical techniques (Cooper and Schindler, 2008). For this study, quantitative data was analyzed using both descriptive and inferential statistics. Inferential statistics was utilized for correlations, and multiple regression. The analysis process of this study involved processing raw data into distribution tables, frequency, and charts. The Statistical Package for Social Sciences (SPSS) was used to analyze day. The study data is and presented tables and figures.

3.7 Chapter Summary
This chapter has highlighted on research methodology, research design used in the study, the study population, the sampling technique adopted and the research procedures utilized. Finally the chapter has presented the data analysis techniques adopted for the study. The next chapter presents the results and findings of the study.
CHAPTER FOUR

4.0 RESULTS AND FINDINGS

4.1 Introduction

This chapter presents study findings based on research the research questions. The study findings are structured based on each research question. The first research question is presented first, then findings of second research question, and finally the findings on the third research question. The findings are presented in tables and figures. Out of the 40 questionnaires distributed, 31 were received back representing 77.5 % response rate.

4.1.1 Reliability Analysis

Reliability analysis for this study was conducted to establish whether the questionnaire instrument was reliable. Alpha values and test for reliability should be 0.6 for a study questionnaire to pass reliability test. Cronbach Alpha for the study is 0.736. Table 4.1 shows reliability findings

Table 4. 1: Reliability Analysis

<table>
<thead>
<tr>
<th>Scale</th>
<th>Items</th>
<th>Cronbach's Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Management</td>
<td>12</td>
<td>.859</td>
</tr>
<tr>
<td>Centralized Structures</td>
<td>6</td>
<td>.757</td>
</tr>
<tr>
<td>Decentralized Structures</td>
<td>6</td>
<td>.735</td>
</tr>
<tr>
<td>Mixed Structures</td>
<td>6</td>
<td>.717</td>
</tr>
<tr>
<td>IT Structures</td>
<td>5</td>
<td>.692</td>
</tr>
<tr>
<td>Organization Leadership</td>
<td>5</td>
<td>.673</td>
</tr>
<tr>
<td>Organizational Politics</td>
<td>5</td>
<td>.734</td>
</tr>
<tr>
<td>Organizational Learning</td>
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<td>.744</td>
</tr>
<tr>
<td>Downsizing</td>
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<td>.726</td>
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<td>Outsourcing</td>
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<td>.725</td>
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<tr>
<td>Remuneration</td>
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<td>.737</td>
</tr>
<tr>
<td><strong>Average</strong></td>
<td><strong>0.773</strong></td>
<td><strong>0.736</strong></td>
</tr>
</tbody>
</table>
4.2 Demographic Data

The findings on demographic data are presented in this section. This includes respondent’s gender, department of work, years at the organization, and designation.

4.2.1 Respondents Gender

According to the findings, 52% or respondents were male, while 42% were female.

![Respondents Gender](image1.png)

Figure 4.1: Respondents Gender

4.2.2 Respondents Age

According to the findings in Figure 4.2 respondents aged 31 to 40 years were the majority at 38.7%, followed by respondents aged 41 to 50 years were 35.5%, while 25.8% of respondents were aged 18 to 30.
4.2.3 Department

The study findings on work department indicate that 29% of respondents were in finance, 25.8% were in sales, 22.6% were marketing, 12.9% were in operations, while 9.7% of respondents were from customer care.
4.2.4 Years of Work at L’Oreal

The study findings in Figure 4.4 indicates that 38.7% of respondents had worked between 4 to 6 years at L’Oréal, 35.5% had worked 7 to 9 years; 16.1% had worked 1-3 years while 9.7% had worked 10 to 12 years at L’Oréal.

![Years of Work at L’Oreal](image)

Figure 4.4: Years of Work at L’Oreal

4.2.5 Respondents Designation

The study findings in Figure 4.5 indicates that 52% of respondents were managers; 42% were supervisors, while 6% directors at L’Oréal.
4.3 Effects of Change Management on Organizational Structure

The study findings on effects of change management on organizational structure are presented for centralized structures, decentralized structures, mixed structures, and I.T decision making structures.

4.3.1: Centralized structures

Study findings in Table 4.2 on centralized structures, majority of respondents indicated with a mean of 4.32 that middle level managers don’t have autonomy to make decisions L’Oréal EA Ltd Ltd. This was followed by respondents with mean on 4.23 and SD of 0.497 indicated that most decisions at L’Oréal are made at the Headquarters, while respondents with the least mean of 3.74 and SD of 1.125 indicated that decision making structures greatly affect change management at L’Oréal EA Ltd Ltd.
Table 4.2: Centralized Structure

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
</tr>
<tr>
<td>Most decisions are made at L’Oréal HQ</td>
<td>31</td>
</tr>
<tr>
<td>Only important decisions are made at L’Oréal Headquarters</td>
<td>31</td>
</tr>
<tr>
<td>Middle level managers don’t have autonomy to make departmental decisions</td>
<td>31</td>
</tr>
<tr>
<td>Decision making systems are highly centralized at L’Oréal EA Ltd Ltd</td>
<td>31</td>
</tr>
<tr>
<td>Centralized decision making structures greatly affect change management at L’Oréal EA Ltd Ltd</td>
<td>31</td>
</tr>
</tbody>
</table>

Valid N (listwise) | 31  |

4.3.2: Decentralized Structures

According to the study findings in Table 4.3, 80.6% of respondents L’Oréal EA Ltd decisions are not made locally while only 19.4% indicated that most decisions are made locally. When asked whether L’Oréal EA Ltd has decentralized structures, 58.1% of respondents agreed while 41.9% disagreed. 71% of respondents indicated that decentralized structures doesn’t affect change management at L’Oréal EA Ltd, while 29% of respondents agreed.

Table 4.3: Decentralized Structure

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution YES</th>
<th>Distribution NO</th>
</tr>
</thead>
<tbody>
<tr>
<td>Most decisions at L’Oréal EA Ltd are made locally</td>
<td>F</td>
<td>%</td>
</tr>
<tr>
<td>L’Oréal EA Ltd has decentralized structures</td>
<td>18</td>
<td>58.1%</td>
</tr>
<tr>
<td>Decentralized structures greatly affect change management at L’Oréal EA Ltd</td>
<td>9</td>
<td>29%</td>
</tr>
</tbody>
</table>
4.3.3 Level of Autonomy in Decision Making

According to study findings in Figure 4.6, 67.7% of respondents indicated that autonomy levels at L’Oréal EA Ltd rested with operations decisions, while 22.6% of respondents indicated that level of autonomy was on tactical decisions, while 9.6% indicated that level of autonomy was with strategic decisions.

Figure 4.6: Level of Autonomy in Decision Making

4.3.4: Mixed Decision Structures

According to the study findings in Table 4.4 on decentralized structures, majority of respondents indicated with a mean of 3.52 and SD of 1.411 that mixed decision making affects how change management is done at L’Oréal EA Ltd Ltd. This was followed by respondents with mean on 3.48 and SD of 1.1.061 indicated that mixed decision structure work best at L’Oréal EA Ltd; while respondents with the least mean of 1.55 and SD of 0.568 indicated that L’Oréal EA Ltd has a mixed decision making structure.
Table 4.4: Mixed Decision Structures

<table>
<thead>
<tr>
<th>Statements</th>
<th>Distribution</th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>L’Oréal EA Ltd has a mixed decision making structure</td>
<td>31</td>
<td>1.55</td>
<td>0.568</td>
<td></td>
</tr>
<tr>
<td>Both managers and employees have autonomy to make departmental decisions</td>
<td>31</td>
<td>2.81</td>
<td>1.352</td>
<td></td>
</tr>
<tr>
<td>Lower level employees are involved in decision making processes</td>
<td>31</td>
<td>3.35</td>
<td>1.253</td>
<td></td>
</tr>
<tr>
<td>Mixed decision structure works best at L’Oréal EA Ltd</td>
<td>31</td>
<td>3.48</td>
<td>1.061</td>
<td></td>
</tr>
<tr>
<td>Mixed decision making affects how change management is done at L’Oréal EA Ltd</td>
<td>31</td>
<td>3.52</td>
<td>1.411</td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>31</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.5: I.T Decision Making Structures

According to table 4.5, majority of respondent’s at 61.3% indicated that radical I T structures has not enabled L’Oréal EA Ltd form decision structures. This was followed by 54.8% indicated that L’Oréal EA Ltd doesn’t have I.T integrated decision structures. 51.6% of respondents Incremental I.T integration has enabled L’Oréal EA Ltd form decision structures, while 41.9% of respondents indicated that departments do not have autonomy in make decision.
Table 4.5: I.T Decision Making Structures

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th>YES</th>
<th>%</th>
<th>NO</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does L’Oréal EA Ltd have IT integrated decision making structures</td>
<td></td>
<td>14</td>
<td>45.2%</td>
<td>17</td>
<td>54.8%</td>
</tr>
<tr>
<td>Do departments have autonomy to make decision</td>
<td></td>
<td>2</td>
<td>6.5%</td>
<td>13</td>
<td>41.9%</td>
</tr>
<tr>
<td>Radical I.T structures has enabled L’Oréal EA Ltd to form decision structures</td>
<td></td>
<td>912</td>
<td>38.7%</td>
<td>19</td>
<td>61.3%</td>
</tr>
<tr>
<td>Incremental I.T integration has enabled L’Oréal EA Ltd to form decision structures</td>
<td></td>
<td>15</td>
<td>48.4%</td>
<td>16</td>
<td>51.6%</td>
</tr>
</tbody>
</table>

4.3.6: Type of I.T Decision Making Structures

According to the study findings in Figure 4.7, 59.4% of respondents indicated that management information systems (MIS) was the type of I.T decision structure at L’Oréal EA Ltd, while 18.8% indicated automated operation systems, with a further 18.8% of respondents indicating decision making systems.

Figure 4.7: Type of I.T Decision Making Structures
4.3.7 Correlation between Organizational Structure and Change Management

The correlation between organizational structure and change management was conducted to determine whether there was any relationship between the two. The study findings are shown in Table 4.6.

Table 4.6: Correlation between Organizational Structure and Change Management

<table>
<thead>
<tr>
<th>Distribution</th>
<th>Change Management</th>
<th>Organizational Structure</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>N</td>
<td></td>
</tr>
<tr>
<td>Change Management</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Organizational</td>
<td>.795**</td>
<td>1</td>
</tr>
<tr>
<td>Structure</td>
<td>.000</td>
<td></td>
</tr>
<tr>
<td></td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Table 4.6 indicates a strong positive relationship between organizational structure and change management, r (0.795); P = 0.000 ≤ 0.05, therefore relationship was significant.

4.3.8: Linear Regression between Organization Structure and Change Management

Linear regression between organizational structure and change management was conducted to determine the level of relationship. Table 4.7 and 4.8 shows the findings. Regression model used was \( Y = \beta_0 + \beta_1X_1 \).

Table 4.7: Organization Structure and Change Management Regression Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.795a</td>
<td>.456</td>
<td>.451</td>
<td>.226</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), Organizational Structure
Table 4.8: Organization Structure Linear Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>1.101</td>
<td>.224</td>
<td>1.598</td>
<td>.010</td>
</tr>
<tr>
<td>Change Management</td>
<td>.645</td>
<td>.117</td>
<td>.795</td>
<td>3.509</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Change Management

Table 4.8 study findings indicates positive correlation between organizational structure and change management, r (0.795); P = 0.000 ≤ 0.05. Table 4.7 adjusted R square of 0.451, indicates that 45.1% of variation in change management is attributable to variations in organizational structure.

The formula used to compute the relationship was;

\[ \text{Change Management} = 1.101 + 0.645 \times 1 \]

4.4 Effects of Change Management on Organizational Culture

The study findings on effects of change management on organizational culture are presented in this section

4.4.1 Organization Leadership Style and Change Management

According study findings in figure 4.8, majority of respondents at 31.3% indicated that transactional and transformational leadership combination are the predominant leadership style at L’Oréal EA Ltd. 28.1% of respondents indicated charismatic, 25% indicated transactional leadership, 9.4% of respondents indicated transformational, while only 3.1% indicated a combination of both charismatic and transformations.
4.4.2 Organizational Leadership Perception and Change Management

According to Table 4.9, 50.6% of respondents indicated that leadership style influences change management, while 5.4% disagreed. 50% of respondents equally indicated that they like the leadership style at L’Oréal EA Ltd, compared to 12.5% who didn’t. 44% of respondents indicated that organizational culture affects change management at L’Oréal EA Ltd, compared to 4.2% who disagreed, and finally 41.6% of respondent’s indicated that leadership style influences organizational Culture, while 6.6% disagreed.
Table 4.9: Organizational Leadership Perception and Change Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>You Like Leadership style at L’Oréal EA Ltd</td>
<td>F</td>
</tr>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>Leadership style influences organizational Culture</td>
<td>2</td>
</tr>
<tr>
<td>Leadership style influences change management</td>
<td>2</td>
</tr>
<tr>
<td>Organizational culture affects change management at L’Oréal EA Ltd</td>
<td>4</td>
</tr>
</tbody>
</table>

4.4.3 Organizational Politics and Change Management

According to the study findings, majority of respondents at 31.1% indicated that they use organizational politics to cultivate networks, 25% indicated that attacking and blaming is the politics at L’Oréal EA Ltd. 21.9% indicated controlling information, 9.4% indicated forming coalitions, while another 9.4% indicated creating obligations is the type of organizational politics experienced at L’Oréal EA Ltd.
4.4.4 Organizational Power and Change Management

According to the study findings in Table 4.10, the majority of respondents at 75% felt that the organizational power at L’Oréal EA Ltd is coercive while 15.6% indicated legitimate power. Respondents who indicated reward power was 6.3% while those who indicated expert power were only 3.1%.

Table 4.10: Organizational Power and Change Management

<table>
<thead>
<tr>
<th>Statements</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legitimate</td>
<td>5</td>
<td>15.6%</td>
</tr>
<tr>
<td>Coercive</td>
<td>23</td>
<td>75%</td>
</tr>
<tr>
<td>Reward</td>
<td>2</td>
<td>6.3%</td>
</tr>
<tr>
<td>Expert</td>
<td>1</td>
<td>3.1%</td>
</tr>
<tr>
<td>Total</td>
<td>31</td>
<td>100%</td>
</tr>
</tbody>
</table>

4.4.5 Organizational Politics Effect on Change Management

Figure 4.10 indicates that 67% of respondents felt that organizational politics do affect change management, while 33% of respondents did not believe that organizational politics do affect change management.
4.4.6 Organizational Learning and Change Management

Study finding in Table 4.11 indicates that majority of respondents at 75% felt that L’Oréal EA Ltd has learning programs, another 75% of respondents believed that L’Oréal EA Ltd has capacity building opportunities, with only 3.1% or respondents disagreeing. 65.6% felt that learning influences change management at L’Oréal, while 15.6% disagreed, finally, 59.4% of respondents believed that L’Oréal EA Ltd provides a learning environment to employees for effective change management.
Table 4.11: Organizational Learning and Change Management

<table>
<thead>
<tr>
<th>Statement</th>
<th>Distribution</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>L’Oréal EA Ltd has Learning Programs</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
<td>F %</td>
</tr>
<tr>
<td>L’Oréal EA Ltd has Capacity Building opportunities</td>
<td>1      3.1%</td>
<td>3  6.3%</td>
<td>0  0%</td>
<td>0  0%</td>
<td>24 75%</td>
<td>4 12.5%</td>
</tr>
<tr>
<td>L’Oréal EA Ltd has Training programs for Change</td>
<td>0  0%</td>
<td>0  0%</td>
<td>1  3.1%</td>
<td>2  6.3%</td>
<td>24 75%</td>
<td>4 12.5%</td>
</tr>
<tr>
<td>L’Oréal EA Ltd Provides a learning environment</td>
<td>1  3.1%</td>
<td>1  3.1%</td>
<td>2  6.3%</td>
<td>20 62.5%</td>
<td>8 22.4%</td>
<td></td>
</tr>
<tr>
<td>Learning influences change Management at L’Oréal</td>
<td>5 15.6%</td>
<td>0  0%</td>
<td>0  0%</td>
<td>0  0%</td>
<td>21 65.6%</td>
<td>5 15.6%</td>
</tr>
</tbody>
</table>

4.4.7 Correlation between Organizational Culture and Change Management

The correlation between organizational structure and change management was conducted to determine whether there was any relationship between the two. The study findings are shown in Table 4.12.

Table 4.12: Correlation between Organizational Culture and Change Management

<table>
<thead>
<tr>
<th>Variables</th>
<th>Change Management</th>
<th>Organizational Culture</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Management</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.463**</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>31</td>
</tr>
<tr>
<td>Organizational Culture</td>
<td>Pearson Correlation</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
</tbody>
</table>
|                          | N                 | 31                     | 31
Table 4.12 linear regression indicates that there is a weak positive relationship between organizational culture and change management does exist, $r (0.463); P \leq 0.000 < 0.05$. Therefore the relationship is significant.

### 4.3.8: Linear Regression between Organization Structure and Change Management

Linear regression between organizational culture and change management was conducted to determine the level of significance. Table 4.13 and 4.14 shows the findings. Regression model used was $Y = \beta_0 + \beta_2 X_2$.

#### Table 4.13: Organization Culture and Change Management Regression Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.463a</td>
<td>.211</td>
<td>.204</td>
<td>.112</td>
</tr>
</tbody>
</table>

b. Predictors: (Constant), Organizational Culture

#### Table 4.14: Organization Culture Linear Regression Coefficients

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.426</td>
<td>.234</td>
</tr>
<tr>
<td>Change Management</td>
<td>.201</td>
<td>.117</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Change Management

Table 4.14 study findings indicates positive relationship between organizational culture and change management, $r (0.463); P = 0.000 \leq 0.05$. Table 4.13 adjusted $R$ square of 0.204, indicates that 20.4% of variation in change management is attributable to variations in organizational culture.

The formula used to compute the relationship was;

**Change Management = 2.426 + 0.201 X_2**
4.5 **Effects of Change Management on Human Capital**

The study findings on effects of change management on human capital are presented in this section.

4.5.1 **Downsizing and Change Management**

The study findings in Table 4.15 on downsizing, majority of respondents indicated with a mean of 3.94 and SD of 0.680 that downsizing influences employee’s resistance to change management. This was followed by respondents with mean on 3.87 and SD of 0.424 indicated that downsizing affects employee’s commitment to change management; while respondents with the least mean of 3.10 and SD of 0.513 indicated that downsizing impacts on human capital to deliver L’Oréal EA Ltd objectives.

<table>
<thead>
<tr>
<th>Statements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>L’Oréal EA has undergone downsizing since the acquisition of Interconsumer Kenya Ltd</td>
<td>31</td>
<td>3.74</td>
<td>.264</td>
</tr>
<tr>
<td>L’Oréal EA Ltd has not undergone downsizing since acquisition of Interconsumer Kenya Ltd</td>
<td>31</td>
<td>3.61</td>
<td>.116</td>
</tr>
<tr>
<td>Downsizing affects employees commitment to change management</td>
<td>31</td>
<td>3.87</td>
<td>.424</td>
</tr>
<tr>
<td>Downsizing influences employees resistance to change management</td>
<td>31</td>
<td>3.94</td>
<td>.680</td>
</tr>
<tr>
<td>Downsizing impacts on human capital to deliver L’Oréal EA Ltd objectives</td>
<td>31</td>
<td>3.10</td>
<td>.513</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5.2 **Outsourcing and Change Management**

According to the study findings in Table 4.16, 77.4% of respondents indicated that L’Oréal has outsourced part of its operational processes, while 22.6% disagreed.
Table 4.16: Outsourcing and Change Management

<table>
<thead>
<tr>
<th>Statements</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>NO</td>
<td>7</td>
<td>22.6%</td>
</tr>
<tr>
<td>Yes</td>
<td>24</td>
<td>77.4%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

4.5.3 Outsourced Operations

According to the study findings in Table 4.17, 76% of respondents indicated that products lines at that L’Oréal have outsourced, 16.7% indicated marketing and sales, while 7.3% of respondents indicated customer care.

Table 4.17: Outsourced Operations

<table>
<thead>
<tr>
<th>Statements</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Care</td>
<td>2</td>
<td>7.3%</td>
</tr>
<tr>
<td>Products Line</td>
<td>24</td>
<td>76%</td>
</tr>
<tr>
<td>Marketing and Sales</td>
<td>5</td>
<td>16.7%</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>31</strong></td>
<td><strong>100.0%</strong></td>
</tr>
</tbody>
</table>

4.5.4 Remunerations and Change Management

According to the study findings in Table 4.18 on remuneration, majority of respondents indicated with a mean of 4.35 and SD of 0.877 that remuneration disharmony affects employee’s commitment to change management processes at L’Oréal EA Ltd. This was followed by respondents with mean on 3.94 and SD of 1.209 indicated that remuneration disharmony/disputes do exist at L’Oréal EA Ltd; while respondents with the least mean of 3.77 and SD of 0.990 indicated that synchronized remuneration exists between L’Oréal EA Ltd and employees at Headquarters.
Table 4.18: Remuneration and Change Management

<table>
<thead>
<tr>
<th>Statements</th>
<th>N</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>A synchronized remuneration exists between L’Oréal EA Ltd and employees</td>
<td>31</td>
<td>3.77</td>
<td>.990</td>
</tr>
<tr>
<td>at Headquarters</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Remuneration disharmony/disputes exist at L’Oréal EA Ltd</td>
<td>31</td>
<td>3.94</td>
<td>1.209</td>
</tr>
<tr>
<td>Remuneration disharmony affects employees commitment to Change Management</td>
<td>31</td>
<td>4.35</td>
<td>.877</td>
</tr>
<tr>
<td>processes at L’Oréal EA Ltd</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.5.5 Correlation between Human Capital and Change Management

The correlation between human capital and change management was conducted to determine whether there was any relationship between the two. The study findings are shown in Table 4.19

Table 4.19: Correlation between Human Capital and Change Management

<table>
<thead>
<tr>
<th>Variables</th>
<th>Change Management</th>
<th>Human Capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Change Management</td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>N</td>
<td>31</td>
<td></td>
</tr>
<tr>
<td>Human Capital</td>
<td>Pearson Correlation</td>
<td>.596**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td></td>
<td>.002</td>
</tr>
<tr>
<td>N</td>
<td>31</td>
<td>31</td>
</tr>
</tbody>
</table>

Table 4.19 linear regression indicates that there a strong positive relationship between human capital and change management does exist, $r (0.596); P \leq 0.002 < 0.05$. Therefore the relationship is significant
4.3.8: Linear Regression between Organization Structure and Change Management

Linear regression between human capital and change management was conducted to determine the level of significance. Table 4.20 and 4.21 shows the findings. Regression model used was \( Y = \beta_0 + \beta_3 X_3 \).

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.596(^a)</td>
<td>.534</td>
<td>.512</td>
<td>.308</td>
</tr>
</tbody>
</table>

\(^c\) Predictors: (Constant), Human Capital

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>1.684</td>
<td>.204</td>
</tr>
<tr>
<td>Change Management</td>
<td>1.002</td>
<td>.226</td>
</tr>
</tbody>
</table>

\(^a\) Dependent Variable: Change Management

Table 4.21 study findings indicates positive relationship between human capital and change management, \( r (0.596); P = 0.000 \leq 0.05 \). Table 4.20 adjusted R square of 0.512, indicates that 51.2% of variation in change management is attributable to variations in human capital.

The formula used to compute the relationship was:

\[
\text{Change Management} = 1.684 + 1.002X_3
\]

4.7 Multiple Regression between Organizational Structure, Culture, Human Capital and Change Management

Since individual variables had significant relationship with change management, they subjected to multiple regression to establish whether the combined variables still had a significant relationship with change management. Tables 4.22 and 4.23 indicates the findings. The regression model used was \( Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + e \).
Table 4.22: Multiple Regression Summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.558&lt;sup&gt;a&lt;/sup&gt;</td>
<td>.349</td>
<td>.316</td>
<td>.132</td>
</tr>
</tbody>
</table>

<sup>a</sup> Predictors: (Constant), Organization Structure, Culture, Human Capital

Table 4.23: Multiple Regression Coefficients

<table>
<thead>
<tr>
<th>Variables</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
</tr>
<tr>
<td>(Constant)</td>
<td>.136</td>
<td>.021</td>
</tr>
<tr>
<td>Organization Structure</td>
<td>.376</td>
<td>.104</td>
</tr>
<tr>
<td>Organization Culture</td>
<td>.177</td>
<td>.058</td>
</tr>
<tr>
<td>Human Capital</td>
<td>.247</td>
<td>.011</td>
</tr>
</tbody>
</table>

<sup>a</sup> Dependent Variable: Change Management

According to Table 4.23, study findings, a strong significant relationship exists only all the three variables. Organizational structure r (0.315); P ≤ 0.000 < 0.05; equally Organizational culture r (0.223); P ≤ 0.002 < 0.05; while Human capital r (0.206); P ≤ 0.030 < 0.05. Therefore all variables were significant. The adjusted R square in Table 4.22 of 0.316, which indicates that 31.6% of variation in change management is attributable to variations in organizational structure, culture, and human capital.

The regression relationship formula was:

**Change Management** = 0.136 + 376X<sub>1</sub> + 0.177 X<sub>2</sub> + 0.247 X<sub>3</sub>

Where X<sub>1</sub> = Organizational Structure

X<sub>2</sub> = Organizational Culture

X<sub>3</sub> = Human Capital
4.8 Chi Square Tests

Chi-Square test was used to determine whether significant association existed between gender and stage of change for respondents at L’Oréal. The findings are shown in the table 4.24 below.

**Table 4.24: Chi Square Test for Gender and Change Cross Tabulation**

<table>
<thead>
<tr>
<th>Stage</th>
<th>Of Change</th>
<th>Gender</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>% within What stage of Change is L’Oréal EA</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Ltd Africa currently going through</td>
<td></td>
</tr>
<tr>
<td>Shock</td>
<td>% within What stage of Change is L’Oréal EA</td>
<td>60.0% 40.0%</td>
</tr>
<tr>
<td></td>
<td>Ltd Africa currently going through</td>
<td>100.0%</td>
</tr>
<tr>
<td>Denial</td>
<td>% within What stage of Change is L’Oréal EA</td>
<td>76.5% 23.5%</td>
</tr>
<tr>
<td></td>
<td>Ltd Africa currently going through</td>
<td>100.0%</td>
</tr>
<tr>
<td>Acceptance</td>
<td>% within What stage of Change is L’Oréal EA</td>
<td>25.0% 75.0%</td>
</tr>
<tr>
<td></td>
<td>Ltd Africa currently going through</td>
<td>100.0%</td>
</tr>
<tr>
<td>Integration</td>
<td>% within What stage of Change is L’Oréal EA</td>
<td>58.1% 41.9%</td>
</tr>
<tr>
<td></td>
<td>Ltd Africa currently going through</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

**Table 4.25: Chi Square Test for Gender and Change Management Stage**

<table>
<thead>
<tr>
<th>Chi Square Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>7.349a</td>
<td>3</td>
<td>.040</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>7.887</td>
<td>3</td>
<td>.048</td>
</tr>
<tr>
<td>Linear-by-Linear Assoc.</td>
<td>0.585</td>
<td>1</td>
<td>.004</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>31</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

According to the findings, Table 4.24, 76.5% of male respondents were in denial stage compared to 23.5%, equally, 75% of female respondents were in acceptance stage compared to 25% of male respondents. Table 4.25 indicates a Pearson Chi-Square $X^2 (3) = 7.349; \ P \leq 0.040<0.05$; therefore there is a significant association between gender and change management stage at L’Oréal.
4.8.1: Chi Square Test for Change Effects and Departments Cross Tabulation

Chi-Square test was used to determine whether significant association existed between L’Oréal work departments and change effects. The findings are shown in the table 4.26 below.

Table 4.26: Chi Square Test for Change Effects and Departments Cross Tabulation

<table>
<thead>
<tr>
<th>Statements</th>
<th>Finance</th>
<th>Marketing</th>
<th>Customer Care</th>
<th>Sales</th>
<th>Operations</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Downsizing</td>
<td>0.0%</td>
<td>100.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>0.0%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Restructuring</td>
<td>33.3%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>16.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Capacity</td>
<td>42.9%</td>
<td>14.3%</td>
<td>14.3%</td>
<td>14.3%</td>
<td>14.3%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Enhancement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Process</td>
<td>16.7%</td>
<td>16.7%</td>
<td>0.0%</td>
<td>50.0%</td>
<td>16.7%</td>
<td>100.0%</td>
</tr>
<tr>
<td>Automation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>29.0%</td>
<td>22.6%</td>
<td>9.7%</td>
<td>25.8%</td>
<td>12.9%</td>
<td>100.0%</td>
</tr>
</tbody>
</table>

Table 4.27: Chi Square Test for Departments and Effects of Change

<table>
<thead>
<tr>
<th>Chi Square Test</th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>21.542a</td>
<td>16</td>
<td>.159</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>20.221</td>
<td>16</td>
<td>.210</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>2.663</td>
<td>1</td>
<td>.105</td>
</tr>
</tbody>
</table>

According to the findings, table 4.26, 50% of respondents in sales department indicated that the effects of change as process automation, compared to 16.7% of respondents form finance, marketing and sales, customer care, and operations. Table 4.27 indicates a Pearson Chi-Square $X^2_{(16)} = 21.542$; $P \geq 0.159<0.05$; therefore the association between departments and effects of change management at L’Oréal were not significant.
4.9 Chapter Summary

The major findings of the positive relationship between organizational structure and change management. Equally, on Culture and change management, the study indicates positive relationship between organizational cultures. The study findings on human capital and change management indicates the existence of a positive relationship between human capital and change management.

Finally, multiple regression analysis the study variables indicated, a strong significant relationship exists only all the three variables. Organizational structure, Organizational culture, Human capital were significant.
CHAPTER FIVE

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Introduction

This chapter provides the study discussions, study conclusions, and the study recommendations. This chapter further highlights areas for further study and research. Discussions in this chapter were compared to the literature review that was presented in chapter two.

5.2 Summary

The purpose of this study was to examine the effects of change management on mergers and acquisitions. The research questions were: What is the effect of change management of organizational structure on mergers and acquisitions? To what extent does change management effect organizational culture in mergers and acquisitions? And finally, what are the implications of change management on human capital in mergers and acquisitions?

This study adopted descriptive research survey design. The population of the study was 270 employees, with target sample size of 40 of Managers at L’Oréal EA Ltd in Nairobi. Structured questionnaires were used to collected data based on the research questions. Descriptive statistics was used to analyze data for frequencies, percentages distribution tables, and the mean. Inferential statistics analysis was done using correlation, linear regression and multiple regression.

The findings on the effect of change management on organizational structure as a result of mergers and acquisitions revealed the existence of a significant positive relationship between organizational structure and selection and change management, \( r (0.795); P = 0.000 \leq 0.05 \).

The findings on the extent to which change management affect organizational culture in mergers and acquisitions indicated the existence of a significant positive relationship between organizational culture and change management, \( r (0.463); P = 0.000 \leq 0.05 \).
The findings on the implications of change management on human capital in mergers and acquisitions revealed the existence of a strong positive between human capital and change management $r (0.596); P = 0.000 \leq 0.05$.

Finally, multiple regression analysis the study variables indicated, a strong significant relationship exists only all the three variables. Organizational structure $r (0.315); P \leq 0.000 < 0.05$; equally Organizational culture $r (0.223); P \leq 0.002 < 0.05$; while Human capital $r (0.206); P \leq 0.030 < 0.05$.

5.3 Discussions

5.3.1 Organizational Structure and Change Management

According to the study findings, there is a significant positive relationship between organizational structure and change management, $r (0.795); P = 0.000 \leq 0.05$. The relationship between organizational structure and change management is significant since the $P$ value $\leq 0.000 < 0.05$ the required threshold for determining level of significance. The study findings are in agreement with Herath (2007), who argued that organizations institutions that are formed by people with intent of achieving specific objectives individuals, and this objectives make the relationship with change management significant.

Similarly, Martinelli (2010), argued that organization structure constitutes elements whose interaction enhances decision making units in an organization that are critical for change management processes making the relationship significant. Herath (2007), further argued that the sets of relationships do form proper structures that anchor proper functioning of organizations. According to Elrod II and Tippet (2010), Beach (2009), and Kazik (2012), organizational structures can be hierarchical, horizontal or integrated. Most of these structures, Herath (2007), insists, are static in nature therefore do affect change management at organizations. Mergers and acquisitions by their very nature destabilize the harmonious inner workings of organizational structure. According to Zheng et al., (2010), organizational structures do offer a way in which responsibility and powers are
allocated within an organization, how work procedures are executed, and how decisions are made hence the higher levels of significance.

However, mergers and acquisitions offer major disruptions in existing sets of relationships that form functional units within organization. As a result, decision making chains are disintegrated; work units reconstituted, abolished, or restructured (Simonet and Tett, 2012). According to Hatch (2010), if change management is not properly instituted to manage the disruptions and changes, employees motivation is crushed, loyalty dissipated, while performance and profitability fizzle. Decision making structures, information technology structures, and operational structures are some of the areas being examined for change management effects on organizational structure.

According to Andrews (2012), and Liao (2011), mixed decision structures are the best options that do enhance the relationship between structures for change management in mergers and acquisitions. Mixed decision structures enables management to extend autonomy and authority for decision making to employees and line managers in areas of their functional units, while at the same time, ensuring that critical decisions, or major decisions are reserved for top executive in the subsidiary, or headquarters of merging firms. Equally Zheng et al., (2010), had argued that in mergers and acquisitions, employees don’t necessarily feel threatened when less disturbance is introduced to their functional units.

However, Holmes (2013), refuted Zheng et al., (2010) assertion that merging organizations do reach amicable agreements on mixed decision structures. According to Holmes (2013), most multinational acquisition of African businesses tends to favor centralized systems, where decisions are made in a bureaucratic top-down fashion from headquarters, and dictated down upon acquired or merged firms in Africa. The subtleness lies in the fact that assimilation of cultures, decisions, and operations have to be synchronized with the mother company’s operations. As a result, effects of managing change in this environment most often results in employee terminations, restructuring, transfers among others, which eventually bolts concerns within the organization (Wroblewska, 2014). This to Holmes (2013), represents not a positive, but negative relationship with change management.
5.3.2 Organizational Culture and Change Management

According to the study findings, there is a significant positive relationship between organizational culture and change management, $r (0.463); P = 0.000 \leq 0.05$. The relationship between organizational Culture and change management is significant since the $P$ value $\leq 0.000 < 0.05$ the required threshold for determining level of significance. The study findings are in agreement with research done by Barbaroux (2011), on acquisitions and mergers in the cosmetics industry in America. His study indicated that employees’ needs are directly linked to organizational culture, which precipitates organizational socialization, which influences the level of relationship between culture and change management particularly in times of mergers and acquisitions. According to Balthazard et al., (2006) there exist a positive correlation between organizational culture and performance. In mergers and acquisitions they argue that it is important to maintain productive values and norms within an organizational culture that positively influence organizational change management. However, Barbaroux (2011), argues that mergers and acquisitions can inherit negative values and norms entrenched within organizational cultures.

According to Lucas and Kline (2008), the negative dysfunctions relationship is exhibited by a lowered effectiveness, efficiency and performance of an organization. In conducting change management for mergers and acquisitions, Andrews et al., (2008), noted that, the culture of loyalty, information security, management values of secrecy, accessibility and accountability all have strong positive relationship with effective change transitions. According to Valencia et al., (2011), organizational culture is considered as one of the fulcrums for organizational innovation during merger transitions. For instance, organizations that exhibit adhocracy culture do undergo change management easily, handling and solving problems faster, with minimal incumbency resistance, frustration, nor anger since they already enjoy flexibility and freedom to be true to their culture. According to Barbaroux (2011), change management within this culture doesn’t elicit resistance compared other forms of organizational cultures. The relationship is to the extent that conducive cultural environment is fostered way before the change happens.

Andrews, et al., (2008), further argued that change management that is instigated as a result of mergers or acquisitions should contend for adhocracy flexibility in winning
members on board. Some of the other aspects of organizational culture that affects change management in mergers and acquisition include; organizational leadership, organizational politics, and organizational learning.

Nguyen and Mohamed (2011), defined leadership as the art and science of mobilizing teams to struggle for shared aspirations. To examine the effects of change management in mergers and acquisitions, leaders have to understand that their style of leadership has a positive relationship to organizational change dynamics. For instance, resistance to change, or resistance to introduction of new technology, might be as a result of the leadership style. Skillful leaders understands this aspect of organizational culture, and adjust their style where possible so as to make the transitions less frictional or repulsive (Bourgeois, McAllister, and Mitchell, 2004).

Weissenberger-Eibl and Teufel (2011), had equally pointed out that the existance of a positive relationship between change management in acquisitions and margers and organizational politics. Equally, there exists a relationship between aspects of change that are adopted as a result of organizational politics, and those aspects that are rejected. According to Beyes and Volkmann (2010), merging organizations must identify their political organizational theory that enhances the realization of organizational change management objectives.

According to Field (2011), their exists a positive correlation between organization learning processes and change management. Further, the human resource management during change is largely reflected in more cooperation, more coordination, and less change resistance. Similarly, Olav-Eikeland (2011), maintains that organizational learning has a positive relation with performance and growth and productivity for mergers and acquisitions. According to Valencia et al., (2011), organizations that are undergoing, organizational change have undergone mergers or acquisition, should develop leadership and learning programs to aid fast track the realization of organizational objectives.
5.3.3 Organizational Structure and Change Management

According to the study findings, there is a significant positive relationship between human capital and change management, where \( r (0.596) \); \( P = 0.000 \leq 0.05 \). The relationship between human capital and change management is significant since the \( P \) value \( \leq 0.000 < 0.05 \) the required threshold for determining level of significance. The study findings are in agreement with studies conducted by Martinelli (2010), Lucas and Kline (2008), and Aral et al., (2010), who argued that there exists a positive correlation between levels of human capital in organizations that have undergone mergers and acquisition, successful integration of change, and overall performance. Based on their research on change management in mergers and acquisitions, most successful organizations synchronized their human capital in a systematic manner that did not disrupt the business model or operational functions. The extent to which this human capital is managed determines the success rate of the change management leaders in mergers seek to integrate (Kotter, 2002).

According to Van Dijk and van Dick (2009), the process of integrating merging corporate cultures, and entire sets of human capital policies and procedures requires a keen evaluation, revision, or replacement for the process to enhance positive levels of significance. McEnrue et al., (2008) argued that the effects of cross cultural clash and an ill-conceived human capital integration strategy was attributable to most negative relationship between human capital and change management. Most venture capitalists, and acquisition managers pay little attention to the management of talent during mergers, hence suffer the consequences of such neglect. Some of the effects revolve around downsizing, outsourcing, and remunerations disharmony.

Szabla (2009), contended that downsizing is the coordinated, and planned eliminations of human capital so as to enhance profitability, productivity, improve organizational efficiency, and competitiveness however it usually leads to negative relationship with change management processes. In mergers and acquisitions, change management can be as simplistic as downsizing, however, the consequences of such actions can haunt organizations for years to come (Littler and Gandolfi, 2008).
According to Alker and McHugh, (2010), many organizations undergoing mergers and acquisition have failed or struggled to perform as a result human capital mismanagement, loss of talent, and demotivated employees. According to Szabla (2009), there exists a positive correlation between downsizing and change management particularly in industrial or commercial industries.

According to Belcourt (2009), outsourcing eliminates local employees jobs, threatens organizational culture, obliterates organizational values, and at times demoralizes and demotivates employees (Hätönen, 2009). Zhou and Ren (2010), contends that there exists a positive correlation between failed change management and outsourcing of jobs in mergers and acquisition.

According to Bliss (2011), change management in mergers and acquisitions should revolve around establishing a center point that in remunerations, benefits and value, enhances both the shareholders’ value, the employee’s value, and the acquirer value. However, most often than not, as was highlighted by Agrawal and Walkling (2008), greed, unquenched and unbridled desire for profits disrupts organizational values and culture while at the same time building mistrust, lack of ownership and disloyalty among employees, managers, and executives in multinational offices. Gadot (2009) argues that such predilections forms organizational change management land mine, with negative relationship to navigate and manage change.

5.4 Conclusions
5.4.1 Organizational Structure and Change Management
Organizational structures are at the very heart of organizational change management. The study findings indicated a strong positive relationship between L’Oréal EA Ltd organizational structure which included centralized structures and I.T decision structures. Therefore, the relationship between organizational structures and change management was statistically significant.

5.4.2 Organizational Culture and Change Management
Based on the findings of the study, organizational culture fundamentally affects change management processes within an organization. The study findings indicated a strong
positive relationship between L’Oréal EA Ltd organizational culture, which included organizational leadership, organizational politics, and organizational learning. Therefore, the relationship between organizational culture and change management was statistically significant.

5.4.3 Human Capital and Change Management
The study findings have established that human capital is essential component in organizational change management processes. For this study, downsizing, outsourcing and remunerations were are critical components that enhances human capital relationship with change management. Therefore, the relationship between organizational culture and change management at L’Oréal EA Ltd was statistically significant.

5.5 Recommendations
The following recommendations are based on the study findings and conclusions.

5.5.1 Recommendations for Improvement

5.5.1.1 Organizational Structure and Change Management
In order for L’Oréal EA Ltd to enhance change management integration post the acquisition period, there has to be a sustained effort towards decentralized organizational structure that gives employees more autonomy in decision making, build trust, communicate and continually capacity build employees skills towards process automation that has been brought about as a result of the change at L’Oréal EA Ltd. Equally, managers at L’Oréal EA Ltd should be involved in strategic decisions and not only operational as indicated by the study findings. This will enable management ownership of the organization hence making change integration flawless, and change acceptance faster. A support system should be established to help managers who have role confusion as a result of new authority and reporting structure towards L’Oréal headquarters.

5.5.1.2 Organizational Culture and Change Management.
Based on the findings of the study, L’Oréal EA Ltd exhibits both transactional and transformational style leadership. However, the coercive power politic highlighted in the study findings erode gains made by the transformational style leadership. Managers
should be encouraged and trained on use of referent and expert power, since they are most effective forms of organizational power during change management and organizational transitions. Similarly, in as much as cultivating networks and friendships was pronounced in the study findings for L’Oréal EA Ltd, attacking and blaming each other, and controlling information equally had high respondent’s scores. Managers should embrace and exhibit emotional intelligence, coaching and mentoring, and creating relationships as a way of building strong coalitions as change agents at L’Oréal EA Ltd.

5.5.1.3 Human Capital and Change Management.

The study findings indicated that respondents at L’Oréal EA Ltd had downsizing worries and anxiety post acquisition period. Probably this is due to the fact that change wasn’t communicated well, planned well, or executed well. Senior managers should establish trust among employees by communication candidly about the change processes so as to allay fear and anxiety concerning downsizing, or outsourcing parts of L’Oréal EA Ltd operations. As has been the case with most multinationals that acquire African business entities, remunerations are hardly harmonized to reflect similarly packages for same job groups for employees with sister agencies. Remuneration packages should not only be extrinsic, but intrinsic as well so as to enhance employee’s morale at L’Oréal EA Ltd.

5.5.1.2 Recommendations for Future Research

This study findings should be utilized by researchers and academicians who may wish to test or confirm hypothesis, or advance further studies on effects of change management on mergers and acquisitions.
References


Kazík, R. (2012). The impact of the corporate culture on the success or the failure of mergers and acquisitions. *Journal of Economic Literature (JEL), 60*-70.


Dear Respondent,

APPENDIX I: COVER LETTER

RE: REQUEST FOR YOUR PARTICIPATION IN MY RESEARCH PROPOSAL

My name is Michelle Otinda, currently pursuing a course towards completion of Executive Master of Science in Organization Development (EMOD) from United States International University – Africa.

In partial fulfilment of the requirements of the award of the degree, I am conducting a study on effects change management on mergers and acquisition; the case study of L’Oréal EA Ltd Africa. You have been selected to participate in this study. Participation is voluntary. Kindly spare a few minutes of your time to fill in the blanks of the attached list of questions to the best of your knowledge. Kindly complete all sections of the questionnaire to enable me complete the study. Please note that the information you provide will be treated as confidential, and will only be used for purpose of this research. The findings of this study will be shared with L’Oréal EA Ltd Africa to facilitate on decision making towards the adoption of strategies that will add value to the organization.

Your participation in this study will be highly appreciated.

Yours Sincerely,

Michelle Otinda
APPENDIX II: RESEARCH QUESTIONNAIRE

SECTION A: GENERAL INFORMATION

Kindly respond to the questions below by ticking in the boxes. Where space is provided you can write your answer

(A). BACKGROUND INFORMATION.

1. Name (optional) ____________________________

2. Gender.
   - Male □
   - Female □

3. Age
   - 18-30 yrs. □
   - 31-40 yrs. □
   - 41-50 yrs. □
   - 51-60 yrs. □
   - Over 61 yrs. □

4. What department do you work in?
   - Finance □
   - Customer Service □
   - Marketing □
   - Sales □
   - Operations □
   - IT Department □
   - Other (specify) ___________________________

5. How many years you have worked for L’Oréal E A?
   - 1-3 years □
   - 4-6 years □
   - 7-9 years □
   - 10-12 years □
   - 13-15 years □

6. Kindly indicate your designation at the L’Oréal E A
   - Manager □
   - Supervisor □
   - Director □
SECTION B:

Change Management Question

Kindly answer the following questions to the best of your knowledge by ticking (✓) the box that represents your answer (Turnover rate will be computed by dividing average turnover from questionnaire with total number of employees)

7. Do you understand the process of Change Management?
   A). YES  
   B). NO  

8. Is Change Management process taking place at L’Oréal EA Ltd Africa
   A). YES  
   B). NO  

9. In your experience, what is the major impediment to Change Management at L’Oréal EA Ltd Africa
   A). Lack of employees’ buy in  
   B). Lack of management buy in  
   C). Lack of Resources  
   d) Lack of stakeholder buy in  

10. Which part of change management at L’Oréal EA Ltd Africa has been successful.
    A). Planning for Change  
    B). Communicating Change  
    C). Training for Change  
    d) Implementing Change  

11. How is L’Oréal EA Ltd Africa managing change post Interconsumer acquisition?
    A). Very bad  
    B). Badly  
    C). Good  
    d) Very Good  

12. What stage of Change is L’Oréal EA Ltd Africa currently going through
    A). Shock  
    B). Denial  
    C). Acceptance  
    d) Integration  

13. What are some of the Change effects currently being experienced as a result of the acquisition of Interconsumer by L’Oréal EA Ltd Africa
A). Downsizing
B). Work restructuring
C). Process Automation
D). Staff Capacity enhancement
E). Other (Specify) ________________________________

14. Kindly indicate the type of Change Management in process at L’Oréal EA Ltd Africa
A). Functional Change
B). Dysfunctional Change
C). Avoidable Change
D). Unavoidable Change
E). other (specify) ________________________________

Every respondent to answer this section. Kindly tick in the spaces provided for the answer that best represents your view.

Research Question I: Effects of Change Management on Organizational Structure

<table>
<thead>
<tr>
<th>A) Centralized Structures</th>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
<th>Strongly agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>15. Most decision are made at L’Oréal headquarters</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Only important decisions are made at L’Oréal headquarters</td>
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<td>17. Middle level managers don’t have autonomy to make departmental decisions</td>
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<td>18. Decision making systems are highly centralized at L’Oréal EA Ltd</td>
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<tr>
<td>19. Centralized decision making structures greatly affect change management at L’Oréal EA Ltd</td>
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</tbody>
</table>

B). Decentralized Decision Making Structures

20. Most decision at L’Oréal EA Ltd are made locally
A). YES
B). NO
21. Do different departments have the autonomy to make their own decisions?

- YES  
- NO

22. Kindly indicate the level of autonomy in decision making employees have over the following:

- A). Strategic Decisions
- B). Tactical Decisions
- C). Operational Decisions
- D). Other (Specify) _________________________

23. Can you confidently imply that L’Oréal EA Ltd has a decentralized decision making structures?

- YES  
- NO

24. Decentralized decision making structures greatly affect change management at L’Oréal EA Ltd

- YES  
- NO

C) Mixed Decision Structures (Both centralized & decentralized)

<table>
<thead>
<tr>
<th>Strongly Disagree</th>
<th>Disagree</th>
<th>Neutral</th>
<th>Agree</th>
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</thead>
<tbody>
<tr>
<td>25. L’Oréal EA Ltd has a mixed decision making structure</td>
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<tr>
<td>26. Both managers and employees have autonomy to make departmental decisions</td>
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<tr>
<td>27. Lower level employees are involved in decision making processes</td>
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<tr>
<td>28. Mixed decision structure works best at L’Oréal EA Ltd</td>
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<tr>
<td>29. Mixed decision making affects how change management is done at L’Oréal EA Ltd</td>
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</tbody>
</table>

D) I.T Decision Making Structures

30. Does L’Oréal EA Ltd have integrated I.T decision making structures?

- A). YES  
- B). NO

31. Do different departments have the autonomy to make their own decisions?

- YES  
- NO

32. Kindly indicate which I.T decision making structures exists at L’Oréal EA Ltd:

- A). Decision Support Systems  
- B). Automated Operating Systems
C). Management Information systems
D). Other (Specify) _______________________

33. Radical I.T integration has enabled L’Oréal EA Ltd form decision making structures?
   YES  ☐  NO  ☐

34. Incremental I.T integration has enabled L’Oréal EA Ltd form decision making structures
   YES  ☐  NO  ☐

Research Question II: Effects of Change Management on Organizational Culture

A) Organizational Leadership
35. Kindly indicate the type of leadership at L’Oréal EA Ltd Africa
   A). Charismatics Leadership  ☐
   B). Transactional Leadership  ☐
   C). Transformational Leadership  ☐
   D). Charismatic and Transactional  ☐
   E). Charismatic and Transformational  ☐
   F). Transactional and Transformational  ☐

<table>
<thead>
<tr>
<th>A) Organizational Leadership continuation</th>
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</thead>
<tbody>
<tr>
<td>36. You like the leadership style of top management at L’Oréal EA Ltd</td>
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<tr>
<td>37. Leadership style at L’Oréal EA Ltd influences the organizational Culture</td>
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<td>38. Leadership style L’Oréal EA Ltd influences change management process</td>
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<tr>
<td>39. Organizational culture affects change management processes at L’Oréal EA Ltd</td>
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</tbody>
</table>

B). Organizational Politics
40. Kindly indicate the type of organizational politics experienced at L’Oréal EA Ltd:
   A). attacking and blaming  ☐
   B). Controlling Information  ☐
   C). Forming Coalitions  ☐
   D). Cultivating Networks  ☐
E). Creating Obligations  
F). Managing Impressions  

41. In organizational culture, power informs organizational politics. Kindly indicate the type of politics at L’Oréal EA Ltd:

A). Legitimate power  
B). Coercive power  
C). Reward power  
D). Expert power  

42. During change management, which power do you invoke that leads to change?

A). Legitimate power  
B). Coercive power  
C). Reward power  
D). Expert power  

43. Do you find it difficult to manage change because of different organizational power plays?  
YES  
NO  

44. Do you think organizational politics affects change management at the organization?  
YES  
NO  

<table>
<thead>
<tr>
<th>C) Organizational Learning</th>
<th>Strongly Disagree</th>
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<tbody>
<tr>
<td>45. L’Oréal EA Ltd has organizational learning programs</td>
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<tr>
<td>46. L’Oréal EA Ltd offers capacity building as part of change management program</td>
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<td>47. L’Oréal EA Ltd offers training programs as part of capacity building program</td>
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<td>48. Organizational leadership provides a learning environment</td>
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<td>49. Organizational learning influences the rate of change management at L’Oréal EA Ltd</td>
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Research Question III: Effects of Change Management on Human Capital

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<tr>
<th>A) Downsizing</th>
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<td>50. L’Oréal EA Ltd has undergone downsizing since the acquisition of Interconsumer Kenya Ltd</td>
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<td>51. L’Oréal EA Ltd has not undergone downsizing since acquisition of Interconsumer Kenya Ltd</td>
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<td>52. Downsizing affects employees commitment to change management</td>
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<tr>
<td>53. Downsizing influences employees resistance to change management</td>
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<tr>
<td>54. Downsizing impacts on human capital to deliver L’Oréal EA Ltd objectives</td>
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B). OUTSOURCING

55. Has L’Oréal EA Ltd outsourced part of its operational processes?

YES ☐ NO ☐

56. If YES, which operations have been outsourced?

A). Customer Service ☐
B). Raw materials ☐
C). Production lines ☐
D). Marketing & Sales ☐

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<thead>
<tr>
<th>C) Outsourcing continued</th>
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<td>57. Outsourcing affects change management commitment</td>
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<tr>
<td>58. Outsourcing does not influence change management process at L’Oréal EA Ltd</td>
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<th>D) Remuneration</th>
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<td>59. A synchronized remuneration exists between L’Oréal EA Ltd and employees at headquarters</td>
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<td>60. A synchronized remuneration doesn’t exists between L’Oréal EA Ltd and employees at headquarters</td>
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<td>61. Remuneration disharmony/disputes exist at L’Oréal EA Ltd</td>
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<tr>
<td>62. Remuneration disharmony affects employees commitment to Change Management processes at L’Oréal EA Ltd</td>
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The End

Thanks you for your participation.