ACADEMIC STAFF PERCEPTIONS AND THE IDENTIFICATION OF CRITICAL SUCCESS FACTORS IN A MERGER OF TWO ACADEMIC INSTITUTIONS

by

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DECLARATION

By submitting this thesis electronically, I declare that the entirety of the work contained therein is my own, original work, that I am the owner of the copyright thereof (unless to the extent explicitly otherwise stated) and that I have not previously in its entirety or in part submitted it for obtaining any qualification.

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ABSTRACT

The aim of this investigation is two-fold: to ascertain the perceptions and reactions of academic staff to a merger, and its impact on them; and secondly, to identify factors which are critical to merger success.

Although the two institutions had agreed on some form of closer relationship, the process was accelerated by a decision by the Department of Education to use mergers as a means of initiating change in South Africa's post-school education system.

Despite many superficial similarities, the two institutions were dissimilar. Only operational and financial factors were considered. The human factors were ignored. This was critical as the two institutions were totally different with regards to organisational culture and academic standards. The resulting clash in these areas proved to be a major stumbling block to the success of the merger.

Technikon A, regarded as the institution of choice, had been subjected to a variety of rapid environmental changes in the few years immediately prior to the merger. These changes had sapped staff morale. In addition, significant financial mismanagement had almost crippled the institution.

While the staff of neither institution was in favour of the merger, and both staff associations approached the Department of Education to stop it, the merger went ahead. However, the staff association of Technikon B publicly and vociferously opposed the merger, based on their fears that Technikon A's incompetent management and weak financial position would impact negatively on them.

Instead of integrating "best practice" systems, the weak Technikon A management allowed Technikon B to "make the running" and introduce only their systems into the merger. In effect, this turned the merger into a hostile take-over and allowed for the total deculturation of Technikon A.

The perceptions of a sample of Technikon A academic staff were canvassed, both pre- and post-merger. The pre-merger predictions were accurate and there was almost unanimous consent as to the outcomes of the post-merger environment.

Comparisons were made with other academic mergers in South Africa and overseas – notably Australia – and parallels drawn with the merger in question. In all cases, the perceptions of staff were very similar.

From the literature, a list of critical merger success factors was compiled, against which the present merger was compared. Given that this merger failed to successfully address almost all of the success criteria, the merger must, therefore, be regarded as a complete failure.

OPSOMMING

Die doel van hierdie ondersoek is tweeledig. Dit behels die bepaling van reaksies en persepsies van akademiese personeel wie ten nouste deur 'n samesmelting geraak is, asook 'n studie van die kritiese prosessuele aspekte wat 'n rol speel en in ag geneem behoort te word ten einde so 'n instelling suksesvol te laat verloop. Die instellings waarna verwys word, word in hierdie studie aangedui as synde Technikon A en Technikon B.

Alhoewel die twee instellings waarna verwys word in hierdie studie aanvanklik 'n samewerking ooreenkoms wou sluit, is hulle gedwing deur die Departement van Hoër Onderwys om 'n formele samesmelting te onderneem ter bespoediging van die regering se gestelde transformasie beleid in hoër onderwys.

Ten spyte van oppervlakkige ooreenkomste het die twee inrigtings oor baie andersoortige unieke eienskappe beskik. Dit wil voorkom asof operasionele en finansiële faktore hoofsaaklik die hoofoorwegings by die samesmelting was en dat menslike faktore buite rekening gelaat is. Dit wil blyk 'n kritiese fout te gewees het, omdat die twee instellings verskil het ten opsigte van hul organisasie-kultuur en akademiese standaarde.

Technikon A is alreeds voor die formele samesmelting aan struktuur veranderinge onderwerp en was ook geraak deur wanbestuur wat 'n baie nadelige impak op die moraal van die personeel gelaat het. Die personeel verenigings van beide inrigtings was gekant teen die samesmelting en veral die personeel van Technikon B het hewig beswaar daarteen gemaak. Hierdie teenstand is skynbaar geignoreer en daar is voortgegaan met die proses. Technikon A het 'n totale dekulturasie proses moes ondergaan en moes aanlyn kom met die bestuur en styl van Technikon B wie se standaarde hulle as minderwaardig beskou het.

Ten einde die proses te bestudeer is daar in hierdie navorsing gebruik gemaak van die metode van deelnemende-navorsing tegnieke ("participant observation techniques"). Onderhoude is gevoer met studente en personeel voor en na die proses; dokumente en verslae, asook media berigte is bestudeer en word aangehaal as bewyse. Vergelykings word getref met soortgelyke samesmeltings in Australië wat baie ooreenkomste toon met die in Suid Afrika.

Die praktiese studie tesame met die literatuuroorsig dui onomwonde aan dat die samesmelting wat in hiedie studie in oënskou geneem is. gemeet aan die hand van krities belangrike prosessuele faktore, as 'n mislukking beskou moet word.

TABLE OF CONTENTS

Chapter Three – Culture and Perception

Chapter Four – Research Methodology

Chapter Five – Background to and Historical Development of the Merger
Programme in South Africa

Chapter Six – Critique of the Merger Process

Chapter Seven – Conclusions and Recommendations

Appendices

List of Figures

CHAPTER ONE

INTRODUCTION AND OVERVIEW

1.1 INTRODUCTION

The aim of this introductory information is to provide a background to the topic under review. In this case, the introduction will be in two parts:

- A background to the importance of mergers.
- The merger programme in South Africa.

The objective of this research is two-fold:

- To investigate the reasons for, and impact of, the merger programme implemented on the higher education system – specifically the universities and technikons, and the extent to which the intended outcomes were met.
- To examine the merger of two institutions as part of the merger process. Using a historical and participant-observer approach, the aim of this section is to examine the impact on staff, organisational culture and systems, and their response to the merger in the form of a case study. From the research data, a series of critical success factors will be drawn and comparisons between reality and these success factors will be made in order to establish the extent to which this particular merger met, or failed to meet, the criteria for success.

BACKGROUND TO THE STUDY

1.2.1 MERGERS

The world has moved from the Industrial to the Information age. This "wave of change" was predicted by Toffler (1984). This movement, which began in the late 1970's/early 1980's, has had significant effects on the way in which business operates.

Technological change, especially in the field of computerisation, has had significant impacts, not only in communication but also on:

- Automation – replacing people with machines in order to improve productivity and decrease costs.
- Globalisation – an increase in trade between countries, as a consequence not only of computerisation and its effects on communication, but also other technological change, such as containerisation, jet travel (which increased the ability of producers to move more goods more cheaply), and of decreasing trade barriers (which facilitated international trade) (Hill, 2008; Daniels, Radebaugh & Sullivan, 2009). As a consequence of globalisation, firms were able to trade with the world rather than a few, selected clients/countries.

While globalisation produced benefits, the increase in international trade led to rapid increases in competition. Thus, in order to survive, firms were forced to cut their costs. Amongst the options to do so, more popular methods were to:

- Reduce staff – given that wages and associated labour costs often represented the single largest item in the cost of production, this becomes and obvious area to examine for cost reduction purposes. This is

achieved through downsizing, outsourcing, rationalising and automating (Hill, 2008).

- Some form of closer association with another firm. This may take the form of joint-ventures, acquisitions or mergers. A merger is any situation in which two or more firms combine to become a single unit, where after operating under a different name (David, 2007; Wheelen & Hunger, 2000).

Merging appears to provide many benefits, among them:

- Economies of scale (and thus lower unit costs)
- Increased capacity
- Access to other firm's technology
- The turning of a competitor into a collaborator, while at the same time benefiting from rationalisation – by merging, the new firm does not need two C.E.O.s, two marketing managers, and the like – all of which can result in considerable savings, especially in executive salary packages (Bruner, 2004; Carleton & Lineberry, 2004).

While the firms struggle to become more cost effective, a change in the management-employee relationship also results. As firms are increasingly unwilling/unable to "carry" excess staff, should an employee's skills become obsolete or redundant, there is little need/ability to retain them, whereas previously the individual would have been retained or transferred.

"Job security is now almost completely a function of your keeping your skills current and marketable" (Robbins, 1997, p.22).

It also means that in many cases, the concept of a "job for life" is becoming increasingly rare.

While firms may refer to their staff as their "most valuable asset", staff are increasingly regarded as just another factor of production, to be acquired or disposed of according to the needs of the firm.

This means that a significant change has occurred between management and "the managed". Previously, long service staff tended to be loyal and committed to the firm. They had moved from the formal economic to the informal psychological contract, based on mutual trust.

In many cases, the actions and motives of management are now being viewed with a pervasive distrust. They are perceived to have irrevocably broken the trust relationship – in which case, employees revert to the formal economic contract and are no longer loyal to the firm, but rather to their next pay check. As Robbins (1997, p.23) puts it, "the unwritten loyalty contract that previously existed between employers and employees has been irrevocably broken."

Given that mergers almost invariably result in redundancies, it is almost inevitable that once the decision to merge with another firm is announced, there is a decline in employee morale and an increase in stress and uncertainty. While staff may be able to understand on a rational level why the merger should occur, on an emotional level, there is always the fear of job loss, of reduced promotion potential, and the like, all leading to increased cynicism and distrust (Hay & Fourie, 2002).

Despite its popularity, it is unfortunate that the success record for mergers is less than encouraging. This will be indicated later in the text. The majority of mergers fail to live up to expectations. In addition, there is the human factor – the damage mergers do to individual careers and aspirations is often enormous (Robbins, 1997).

The main reason for failure lies in the fact that most top management tend to concentrate on financial and operational aspects (Anthony, Perrewe & Kacmar, 1996). Frequently little or no consideration is given to the reactions of staff, and less to the cultural compatibilities of the two firms; yet (as will be indicated later in the text), it is these two factors which are most likely to cause failure (McShane & von Glinow, 2005). Robbins (1997, p.345) states that "the landscape is littered with corporate marriages in which management failed to accurately assess the downside from culture clash."

In extreme cases, it is possible that the problems of integration are such that a mass staff exodus may occur, leaving only a shell of a company, almost bereft of its intellectual capacity.

In modern strategic management thinking, it is evident that mergers are "the way to go" – a rapid way to grow the organisation, while at the same time decreasing overheads and thus increasing profits. However, this premise is often flawed.

According to systems theory, each organisation is made up of a number of interrelated subsystems which interact synergistically to create organisational success. The total system that comprises the organisation includes, among others, management systems, technical and operational systems, financial systems and human systems. If the firm is to prosper and grow, all of these systems must interact positively. However, it appears that many senior managers concentrate on a few systems and tend to ignore/overlook others – notably the human systems.

If managers choose to grow through mergers, frequently an objective is the reduction of costs through cutting staff. Thus, instead of the human subsystem assisting in the growth, it actually hinders it by emotionally or physically withdrawing from the organisation.

As the human system is thus, at least to a degree, disabled, it actually reduces the potential for success. Indeed, Martin and Roodt (2008, p.25) state that "studies have shown that employees' organisational commitment, job satisfaction and turnover intentions have been negatively affected as a result of a merger or acquisition, or even the announcement of one... which can be very costly to firms."

Thus a critical but overlooked factor in any merger must be to look after and develop the human subsystem. If staff are to maintain trust and commitment to the firm, they must be treated accordingly: "The way that people are managed has a powerful impact both on productivity and on profitability" (Roos & van Eeden, 2008, p.54).

This flawed analytical thinking tends to manifest itself in a focus on growth over development, or bigger over better. Mergers and acquisitions frequently make firms bigger, but often they do not develop them, in the sense of improving their capacity to provide for their own needs and those of their customers. In order to overcome this, a paradigm shift is required. Managers need to stop thinking atomistically and start systems thinking. Any system is as strong as its weakest subsystem. Thus firms should not only record mistakes of commission, but also those of omission – things not done that ought to have been done in order to create a realisation of where the firm is failing (Economist, 3.11.2009).

While in South Africa the business sector has been following the trends towards mergers, mergers have not been confined to this area. World-wide, academic institutions have been forced into mergers in order to survive. Given the financial and other problems present in higher education in the late 1990's, it was inevitable that the concept of the mergers of academic institutions would arise.

An outline of this particular problem is indicated in the next section.

1.2.2 BACKGROUND TO CHANGES IN THE ACADEMIC ENVIRONMENT

The objective of this section is to outline the changes in the academic environment and to indicate that by ignoring many of the tenets of industrial and organisational psychology, management and government changed a committed academic cadre into a generally alienated one.

Over the last dozen years, the environment of higher education – specifically as it refers to universities and technikons (or "universities of technology" as they are now known) has undergone radical change. It is suggested that this change is most felt among the academic staff of these institutions as they are the ones who are "in the trenches", bearing the brunt of such change on a daily basis.

Given the magnitude and rapidity with which these changes have taken place, it has huge implications for the reactions of especially academic staff at these institutions.

While it may be argued that the case is being overstated, these changes have been dramatic and, in virtually all cases, negative, as will be indicated in the main body of the research (Hay and Fourie, 2002; Wyngaard and Kapp, 2004; van der Westhuizen, 2004).

In times past, the term "academic" provided the individual with a certain cachet. Academics were accorded status and respect: they were highly qualified professionals, working in a collegial environment, seeking to extend knowledge to the more academically capable students. It was a calling rather than a profession.

To quote the view of one long service academic colleague, "I trained as a pharmacist, but I have gone beyond that. I am no longer a pharmacist. Now it is my duty to train the next generation of pharmacists." While this probably sounds

arrogant, it carries with it the conviction that academics could multiply themselves through the dissemination of their knowledge, skills, experience and enthusiasm, and that their students would become confident, competent professionals.

But that was then. Now this elegant existence has gone – replaced after the government merger programme by systems which are now often little more than "academic factories" (Yates, January 2000). With the possible exception of the "charmed circle" of universities who escaped the merger process – many academics now find themselves acting as little more than supervisors in a production department being required, in terms of government exhortations for massification and throughput, to churn out ever larger numbers of students – (somewhat akin to producing sausages in a sausage machine), many of whom are at best minimally qualified and often barely competent. Indeed the students often appear to have more clout than the staff: increasingly, institutions of higher learning are more eager to please students than to instruct them (Iannone, November, 1998).

In other words, many academics have moved from producing quality to "manufacturing mediocrity" (Finance Week, Feb 2009, p.21).

The researcher worked in the pre-and-post merger academic environment. While it is normal to romanticise "the good old days", he feels it can be honestly stated that academics did not realise how fortunate they were, when compared to the present system.

In order to understand the degree of change, and to understand how negatively it impacted on the academic environment, it is necessary to provide a before and after comparison of environments and to place it in the context of industrial/organisational psychology.

Academic life was regarded as a job for life. It operated in an environment which was slow to change. Indeed, Robbins (1997) commented on how resistant academia was to change. It tends to attract idealistic individuals with a high service ethic (Meich and Elder, 1996) who appear to be more interested in intrinsic than extrinsic rewards. Indeed most academics could command significantly higher incomes if employed in industry, where their qualifications, knowledge and experience would be snapped up. Lea and Brostrom (1998) indicate that they tend to be self-directed, individualistic and self-motivated: they place a high value on their autonomy – which probably makes them sometimes more difficult to manage.

Academics tend to exhibit high levels of commitment not only to teaching and their profession, but also to their academic department and employing institution (Meich and Elder, 1996). However, as change occurs, so too does levels of commitment. However, consequent upon the magnitude of changes to which they have been subjected, although commitment to their profession may still be high, commitment to the employing institution is often low – in other words, to still like many aspects of their work, yet be estranged and alienated from the employing institution (Harshbarger, 1989).

The magnitude of change and the actions of management have resulted in feelings of powerlessness and concern for future careers.

People who are highly committed tend to be emotionally involved and invest themselves in their institution, resulting in high levels of motivation and performance (Kreitner and Kinicki, 1998). Unfortunately, this attitude tends to generate higher stress levels.

However, if the individual's ability to perform is reduced, for example through management interference, performance will be affected, leading to higher levels of stress, frustration and eventually aggression, fixation or withdrawal (Mullins,

2007). Stress levels rise due to the lack of fit between individual needs and management demands (Blix, Cruise, Mitchell and Blix, 1994).

All of the many changes happened over a relatively short period of time. It also occurred when the demand for greater numbers of trained professionals was growing as a result of the world moving further into the information age. The shortage of trained professionals was exacerbated by the "brain drain" of (predominantly white) skilled, experienced professionals as a result of government policies. The result for academics was larger classes of often inferior students, many of whom were patently not university/technikon material (Barron, 1996).

Faced with the magnitude of change such as

- Change of government policies
- Demands for "massification" and "throughput", which leads to rapidly and radically increased class sizes
- Decline in student quality
- Decreases in financial aid – resulting in having to do much more with much less
- Poor salaries
- Lack of respect
- High job stress (Naidoo, 15.01.2008, p.2)

have led to lowered levels of motivation (Kerlin and Dunlap, 1993) and frequently commitment now turning to alienation. The impact of these changes could well have been ameliorated had management shown a degree of support and encouragement for the staff. On the contrary, as will be indicated in the main text, they were berated for not doing enough. In the case in point, the degree of alienation was such that this resulted in a vote of no confidence in management (Campus Talk, April 1997).

All of the above were precursors to the change in top management style from collegial to managerial and the final act – the merger programme. These were the final straws in the "death" of commitment for many staff.

Whenever mergers occur, environmental change is usually significant. Given the changes, the psychological contract is broken and commitment levels plummet as both parties move back to the economic contract. Commitment to the "old" institution is gone – in some cases, the "old" institution was simply absorbed into the "new" institution. Thus, it is often similar to starting in a new organisation, on probation, while both parties assess their situations and decide whether or not to commit to the new institution, and as both parties renegotiate their options as to whether they stay or leave the institution. In such periods of often intense uncertainty, industrial psychology indicates that direct interventions to reassure and calm staff emotions should be applied: in reality, it appears that this factor was significantly absent.

The implications of mergers are such that Martin and Roodt (2008) comment that even the mention of a merger is liable to result in widespread negative reactions and a drop in performance.

What is to be learned from all of the above?

Simply that management (be it government or institutional) cannot simply unilaterally and autocratically change the rules without expecting significant negative responses.

In terms of uncertainty, as in the case of merger situations, in order to maintain continuity while the process unfolds, the need for a loyal, committed, high performing staff cannot be underestimated (Jansen, 2002) yet it appears that in all the mergers, management acted to actually alienate staff.

As any student of industrial and organisational psychology will know, from their knowledge of organisation behaviour, the attainment of organisational goals is a two-way street, best attained through cooperation rather than confrontation between the parties concerned.

As Mullins (2007, p.3) stated, organisational behaviour is not only the study of people within an organisational setting … (but also) involves the understanding, prediction and control of human behaviour."

Although much of organisational behaviour pertains to improving performance through motivation and leadership, the subordinates must accept these concepts for them to be attainable. The fact is that it seems in many cases the leadership was seen to be the cause of the problem rather than the solvers of problems. The job of managers is to attain goals through the best use of human performance by making the work experience both challenging and enjoyable: by creating social units designed to achieve goals and to treat staff as a primary source of productivity gains (Cascio, 1991) in order that work performance may be achieved through increased levels of job satisfaction, motivation and commitment (Greenberg and Baron, 1997). This implies working with – rather than being confrontational in – dealings with staff. Especially in the case in point, confrontation appeared to be the preferred approach.

When significant change occurs, the use of organisational development techniques to smooth the transition to the new systems and to reduce resistance and conflict cannot be underestimated, yet no use appears to have been made of these techniques.

Yet in the case in point, and from what may be inferred from other merger research (as indicated in the main body), these factors were simply largely ignored. Management simply imposed their systems: staff were expected to comply.

By blatantly ignoring the lessons to be learned from the disciplines of industrial and organisational psychology the negative outcomes of significant environmental change and especially of the mergers, which may have been mitigated, were simply allowed to occur and inevitably contributed to what is generally regarded as a failed exercise (Reddy, 2007) as in all cases it appears that the critical role of people and their reactions to the merger were simply ignored by management.

1.2.3 ACADEMIC MERGERS

In the late 1990's, it became evident that significant problems pertaining to higher education were cause for concern (Jansen, 2002; Hay & Fourie, 2002).   The main concern of the new ANC government was the status of historically black institutions: they were unstable and many black students were applying to enter previously white institutions – in other words, there was a migration away from these black to white universities and technikons.   This reduced their financial status and viability.

In addition, the anticipated huge increase in black enrolments in higher education had not materialised (Finweek Survey, February 2009).   In order to overcome both of these problems, the then Minister of Education decided to press ahead with a merger programme aimed at cutting the number of universities and technikons from 36 to 21 (Jansen, 2002).

Despite contestation from many quarters, the merger programme was forced through. The aim was to increase accessibility of entrance to black students, to stop their integration to other institutions, and provide a common level of education.

The aim was also to cut the enormous costs of running thirty-six institutions. Through mergers, it was hoped to cut costs through, among other things, the

rationalisation of programmes, prevention of programme duplication, and the cutting of the wage cost to obtain the benefits of economies of scale.

The extent to which these actions were successful is discussed later.

In addition, the reaction of staff from one institution which was involved in the merger is researched. As indicated earlier, when mergers occur, most emphasis is given to financial factors. Little, if any, effort is given to examining the "people" side of such a merger (Anthony, Perrewe & Kackmar, 1996). This research will attempt to rectify this shortcoming and identify factors influencing staff (especially academic staff) in their reaction to the uncertainty and stress of being involved in a merger.

Emphasis will be given to individuals' feelings, including their perceptions, their attitudes to the merger and to management, and the effect of the merger on culture. Critical to the success of any merger is the extent to which the cultures of the merger parties are compatible. While compatibility can help make a merger a success, incompatibility can be a major factor in the disruption and possible destruction of a merger (Robbins, 1997; McShane & van Glinow, 2005).

Using data from various sources, the research will attempt to identify factors critical to the success of a merger, and compare these against the realities of the merger.

This section will be dealt with on the basis of a historically based case study. As a member of staff of one of the technikons, the researcher has an insider view of the event as a participant-observer.

1.3 DELIMITATIONS OF THE STUDY

While the research will provide an overall historical view of the merger, the emphasis of staff reactions will be confined to those of the "subordinate" organisation, as they were required to make the greatest degree of adjustment.

1.4 STRUCTURE OF THE DISSERTATION

The dissertation is structured as follows:

CHAPTER ONE

This chapter provides the introduction to the study. Background information referring to the rise of mergers as a strategic option, the changes occurring in academic institutions and a comment on academic mergers is presented.

The study is contextualised in terms of its position with regard to industrial and organisational psychology.

CHAPTER TWO

This chapter indicates the rationale for mergers. The aims and stages in the merger process are presented. The success potential and potential problem areas are discussed prior to presenting data with reference to academic mergers in South Africa. A background overview regarding the merger programme is presented.

CHAPTER THREE

This chapter deals with the concepts of culture and perception and their impact on staff responses to mergers. The important aspects of cultural compatibility in mergers are presented, together with the outcomes of deculturation.

Reference is also made to organisational climate. The effects of culture change in both Australia and South Africa are presented.

Perceptions of mergers are then presented, both for Australia and local academic mergers.

CHAPTER FOUR

This is the presentation of the research methodology. It indicates the research outline and the methodology used – a qualitative approach using both historical and participant observer methods was used for the collection of data.

Pre- and post-merger perceptions of staff are presented and conclusions are drawn.

Comments regarding the advantages and shortcomings of these approaches and the methods of data collection are presented.

CHAPTER FIVE

This chapter outlines the historical development of the merger programme – first dealing with the macro-issues and reactions thereto before presenting data pertinent to the merger in question. The merger process and the actions of particular groups of stakeholders are presented – both pre-and-post merger, and comments made regarding the degree of success/failure of the merger are made.

CHAPTER SIX

This chapter presents a critique of the merger process both at macro and micro level. Critical success factors are identified as well as the extent to which these critical merger success factors were disregarded. Conclusions are drawn at both macro and micro levels.

CHAPTER SEVEN

The final set of conclusions is presented, both at the macro and micro level merger process.

The whole merger process is seen to be a failure. At the micro level, the actions of top management are presented and critiqued against the critical success factors. The particular case is also seen to be a failure.

Recommendations for further study are made.

1.5 CONCLUSIONS

Having provided an overview of the research, including the objectives, research methodology, and a brief background overview, it is now appropriate that the topic of mergers be examined in greater detail. This will be provided in Chapter Two.

GLOSSARY OF TERMS

COUNCIL – the technikon/university supreme policy-making body. The equivalent of a business firm's board of directors.

HEADS OF ARGUMENT – arguments presented by NUTESA as evidence during wage negotiations.

NEHAWU – National Education Health & Allied Worker's Union – membership mainly from lower level staff.

NUTESA – National Union of Technikon Employees of South Africa. A staff association mainly for academic, technical, administrative and clerical staff.

TENUSA – Technikon Educational National Union of South Africa. A breakaway group, mainly from ex-Technikon B NUTESA members.

SRC – Student's Representative Council. Elected body to represent students.

VICE CHANCELLOR/RECTOR/PRINCIPAL – terms used interchangeably to represent the CEO of the organisation. Different terms were used at different times.

CHAPTER TWO

MERGERS AND THE MERGER PROCESS

2.1   INTRODUCTION

Having provided a brief overview of the research topic in Chapter One, it is now appropriate to examine the topic of mergers in greater detail in order to understand the rationale behind the merger process.

Not only will the topic of mergers be discussed, but the problems and opportunities of merging, together with the experiences of other South African educational institutions who were also part of the merger programme will also be examined.

The aim of this section is to promote awareness of what mergers hope to achieve, and potential problem areas, which need to be addressed, with special reference to the staff involved.

A merger is "a combination of two corporations in which only one corporation survives" (Gaughan, 1991, p.4). "Two separate organizations are blended to become a single new organization, often with a new name, in which the assets and liabilities of both are merged." Although there are differences in detail, the terms merger, acquisition and takeover are often used interchangeably (Gaughan, 1994, p.5).

Although they are popular (Cartwright & Schoenberg (2006) indicated that in 2004 a merger occurred globally every 18 minutes), mergers are but one of a variety of options which can be considered when moving to a closer relationship with another firm. Other options include joint ventures, acquisitions and strategic alliances.

While some takeovers are hostile, most mergers are negotiated in a friendly environment, usually with the help of an intermediary. Hostile mergers, sometimes referred to as takeovers, have the least prospect of success. If one of the parties opposes the move, and may provide at best minimal cooperation, the potential for successful integration appears to diminish significantly (David, 2007; Hunger and Wheelen, 1993).

Most mergers are in the same core business – if not, there is little to keep firms together. Indeed 70% of firms divested units, which were not considered core activities (Walton, 1999). Indeed in many cases, selling off parts of the merged institution is not uncommon as the new firm repositions itself in the market.

Each merger is different. They can vary along a continuum, from individual units with high levels of individual autonomy to total integration – in other words, a completely new institution – as occurred in the case under study.

The greater the degree of integration, the greater the resultant problems (Jones in Lock, 1994). In addition, equal size mergers are also more difficult to finalise as both parties have approximately equal power (Boisi & O'Toole, 1987). Where the parties are of unequal size, the larger/stronger partner usually imposes its culture on the smaller/weaker institution. This means that in equal size mergers both parties should be required to make concessions, which rarely happen. True mergers are the exception rather than the rule. "Invariably, there is a dominant partner, or one partner is seen to be dominant" (Walton, 1999, p.491).

Mergers may be:

- Horizontal – similar type of business - usually for greater power share.
- Vertical – different stages of production – backward to sources of raw material; forward for ensuring continuity of supply or forwards to customers.

- Conglomerate – different businesses. Diversification spreads risk. Often only centralized financial control.

- Concentric – "similar but different" – a commonality around a core, but wider range of activities (Jones in Lock, 1994, p.47; Johnston, 1999, p.8; Robbins & Coulter 1996, p.271).

2.2   AIMS OF MERGERS

Mergers occur for good business reasons – to acquire benefits more rapidly than would have been possible through purely internal growth.   David (1999, p.60) suggests that mergers provide:

- Improved capacity utilization
- Better use of sales force
- Reduce managerial staff
- Gain economies of scale
- Smooth seasonal sales trends
- Gain access to new suppliers, distributors, customers, creditors and products
- Gain new technology
- Reduce tax obligations

Other sources take a somewhat different view, and suggest the following reasons:

Growth – a result of the growth ethos – "bigger is better" (Robbins & Coulter 1996; Jones in Lock, 1994, p.47).   From growth comes synergy – where the combined efforts of two firms produce more benefits than the two firms action independently (Gaughan, 1991, p.101).   This implies elimination of duplicate facilities and the removal of inefficient managers.   Thus, higher profitability and synergy may be of two types:

- Operating synergy, resulting from economies of scale and lower unit costs of production, as well as potentially wider product ranges.
- Financial synergy, resulting from improved access to finance and at lower cost.

Despite the benefits outlined above, Jones (in Lock, 1994, p.74) comments "there is increasing evidence that casts doubt on the significance of economy of scale and demonstrates that profitability is independent of size … (and that) failure to meet … objectives for acquisition may be as high as 70 or 80%."

1. Diversification – moving into new areas to broaden operations and spread risks.
2. Economic motives – usually through integration. While vertical integration is not applicable here, Gaughan (1991, p.101) indicates that horizontal integration results in increased concentration, leading to higher degrees of monopoly/oligopoly power.
3. Hubris hypothesis – whereby top managers desire to control "biggest" firm – in other words, an ego reaction. It could be suggested that this could be, for example, manifested as:

- A government minister wanting to be perceived as a great reformer, or
- Top managers wanting to improve their status and power by controlling a larger, more powerful institution.

2.3 STAGES IN THE MERGER PROCESS

Hubbard (2001) indicates that although all mergers are different, for increased prospect of success, the following general steps should be adhered to. The diagram below outlines the main stages.

```
                        ┌─────────────────────────────┐
                        │    Acquisition Objectives    │
                        └─────────────────────────────┘
                                      │
    Information gathering             ▼
                        ┌─────────────────────────────┐              Pre-acquisition
                        │     Acquisition Overview     │              Planning
                        └─────────────────────────────┘
                                      │
    Information assessment            ▼
        ┌───────────────────────────────────────────────────┐
        │   Acquisition blueprint = implementation plan      │
        └───────────────────────────────────────────────────┘
                                      │
    Information dissemination         ▼                     Communicate the Plan
                        ┌─────────────────────────────┐
                        │  Acquisition Implementation  │      Implement the Plan
                        └─────────────────────────────┘

    Information monitoring,
    stabilisation and feedback                           Stabilisation and Monitoring
```
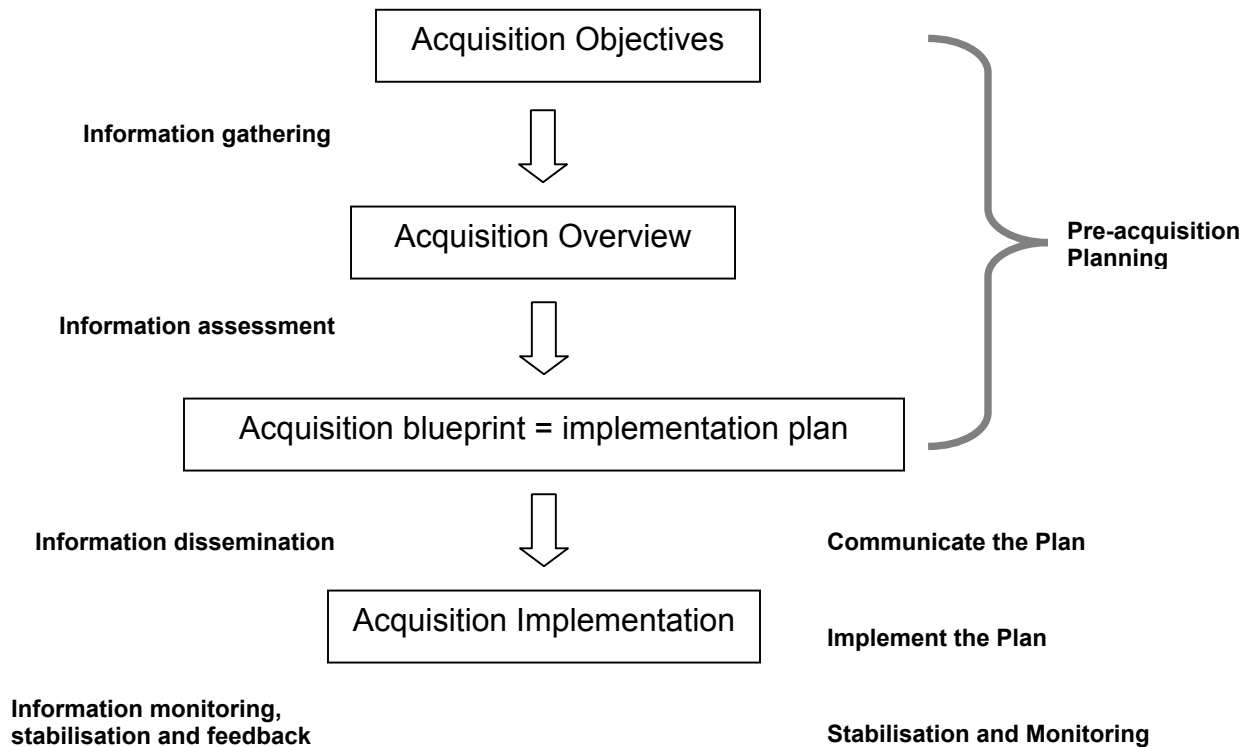
(Hubbard, 2001, Acquisitions, p.62)

Figure 2.1 INFORMATION GATHERING AS PART OF THE ACQUISITION PROCESS

The objectives of any merger are extremely complicated. Assuming preliminary negotiations have been successful, and a closer relationship has potential, the following key areas should be considered, among them the objectives of the transaction, whether a merger is the best option – and if so, in what form it should take, potential benefits, and so on.

Critical here is the production of a due diligence report. This indicates the degree of "fit" or compatibility and the "process issues" regarding how the two will operate post merger.

If differences are too great, then the potential for failure may be so high that it is best to withdraw.

2.3.1   ACQUISITION OVERVIEW

This stage acts as a bridge between the acquisition objective and the blue print, or operational plan. Its aim is to clarify how the objectives, which are general and non-specific, can be met by the acquisition at hand (Hubbard, 2001, pp.65-66).

Here, amongst other things, the degree of integration, possible cultural differences, level of employee satisfaction, speed of change are decided upon.

2.3.2   THE ACQUISITION IMPLEMENTATION

The acquisition blueprint, or implementation plan is then able to be promulgated. It aims include:

2.3.3.1   The implementation plan – producing what will happen, and when, what changes will be implemented, and the logic for such actions (Hubbard, 2001).

The plan is thus ready for implementation whereafter, it may be stablised and its progress monitored. This phase should be regarded as a project and its actions co-ordinated by a project team, tasked with the actual integration process. In this regard, the changes will require direction provided by good change managers.

Each merger has unique problems (Jones, 1994). These problems must be handled by managers who are usually not versed in the integration processes required. Some managers are good politicians, others are good administrators, but "few are good managers of change" (MacMillan and Tampoe, 2000, p.191). Thus, to reduce the high potential for failure change managers will have to lead task forces formulating and initiating change in the organisation.

2.3.3.2   Post merger management is required not only to monitor progress, but also to stabilise the merged institution. It also has to deal with gaps in the process.

Unfortunately, this is often a neglected area, as executives generally put a great deal more interest and energy into pursuing the deal than into managing the transition towards the new organization (Coffey, Garrow & Holbeche, 2002, p.30).

Despite the fact that both institutions will have had contacts in a variety of areas over the past, there will be areas of difference, which required attention. In addition there will also be new problems areas, which only become apparent after the merger. There will continue to be "post-merger surprises, occasioned by gaps in mutual knowledge and understanding" (Needham in Rock, 1987, p.284). To make matters worse, the post-merger management process is one "where consultants and external experts are of limited use" (Rouse in Rock, 1987, p.295). Where most managers are not good change managers, this period could become fraught with problems (MacMillan & Tampoe, 2000).

Mergers are complicated events. The greater the degree of integration, the greater the difficulty of attaining success.
Robbins (1997, p.345) indicates that mergers can occur at three levels:

- Extension mergers, where both parties retain much of their individuality. This is the least disruptive option.
- Collaborative mergers, where operations are integrated and should be considered only where the parties are culturally compatible.

- Redesign mergers, which results in widespread change and the emergence of the more dominant party's culture and practices being adopted, and consequently, significant change in the operations of the "junior" partner. In the case of an "equal" merger, both parties should be affected by significant changes, which creates greater uncertainty and resistance.

Guptara (in Lock, 1994, p.70) indicates that the organization has "the unenviable task of learning to manage complete ambiguity, massive continuous change, while retaining the core workforce through the demographic collapse." Feldman & Spratt (1999, p.19) agree, stating management is often "overwhelmed by trying to staff two disparate corporate cultures with two paranoid staffs and conflicting practices into one new company that needs but one culture and for few employees." Uncertainty prevails. It is suggested that this occurred in the present case under consideration.

If handled properly, the post-merger integration period can take three to five years for both physical and cultural integration to be complete. During this time, management should encourage and support staff to "get on board", yet still give them the opportunity to "mourn the past" (Walton, 1999, p.491). If it is not the "us versus them" mentality can continue almost indefinitely.

Robbins (1997, p.349) agrees, indicating that some mergers "seem never to mellow… internal bickering created by efforts to blend two disparate cultures" may continue even years after the event.

2.4   SUCCESS POTENTIAL OF MERGERS

Mergers are a world-wide phenomenon. In South Africa in 2007, mergers worth R514 billion occurred, representing only 1.5% of global deals (Financial Mail 14.03.2008).

Although the pace of mergers increased during the nineties (David, 1999, p.60), not all of them were successful. Indeed, Tredaux (2001, p.14) states "success is not always guaranteed … up to 60% of all mergers fail to achieve promised shareholder value for the acquirer". This is not as surprising as it seems, given that mergers change the fundamental dynamics of the organization almost overnight.

Nor is this all: Coffey, Garrow & Holbeche (2002) agree with the prediction that 60-70% of mergers are doomed to failure because of problems pertaining to integration, but add that only 17% of mergers reap the benefits of mergers and acquisitions and actually add value to the new organization; 30% made no difference, while 52% actually destroyed value. It is suggested that the merger in the present case fits into the 52%, which destroys value, as will be illustrated later.

Hubbard (2001, p.12) concurs stating "50 to 83% of acquisitions fail to create shareholder value." She also makes a point that "hard" financial data and "soft" subjective data provide strikingly similar results.

Renton (2002, p.31) adds to the above, stating while the rationale for mergers is improvement, and "are sometimes realized in capital – intensive businesses in employee-dependant businesses the problem of merging different organisational cultures can easily erode the anticipated gains." Note should be taken of the fact that both parties in the merger referred to in this study were highly employee dependant. Many mergers do not last more than three years as one study

indicated that only 20% of local mergers result in long-term gains in shareholder value. The reason is simple: people make or break the success of a merger, not money.

Coffey, Garrow & Holbeche (2002) simply add to the list of potential problems by stating most mergers fail to reap benefits and again place the reason on the people factor and their reaction to the merger.

The researcher believes that this was the single most critical outcome of the merger in question and one which set the tone for future developments.

"For the merger to work effectively, the integration of the two organizations should not be carried out as if one organization simply imposes its will and its ways on another" (Coffey, Garrow & Holbeche 2002, p.41). The most successful mergers are those where companies move beyond aggressive/passive modes, proactively seek to shape a common future.

Carleton and Lineberry (2004, p.8) reiterate the potential for failure, referring to mergers "abysmal track record… Where deals look good on paper, but serious problems lurk in the process".

They state that

- Most cost money
- 70% result in lower stock prices
- 55% - 77% fail to deliver on promises
- In the first four to eight months, many experience a 50% productivity drop
- Result in half the businesses being resold, often at significant loss
- 60% are considered failures within five years
- 40% of cross-border mergers are total failures
- Quote a General Electric report which states that 95% of mergers produce "disappointing results".

They conclude (Carleton & Lineberry, 2004, p.9) "the overall success of mergers over the last decade gets a C- at best." Bruner (2004, p.30) agrees that most mergers fail: he states that only about 20% succeed and that rampant failure "often results in more value being destroyed than created."

Thus "the odds of achieving organizational success after a merger are not good." (Carleton & Lineberry, 2004, p.121). They ascribe this as being due to:

- Failure to assess the potential impact of attempting to merge and integrate the cultures of companies involved
- Failure to plan for systematic and efficient integration of those cultures.

However, post-merger success is possible, … (but) requires a change in conventional wisdom (Carleton & Lineberry, 2004, p.121).

While Carlton and Lineberry (2004) report that merged organizations routinely report decreased profitability, loss of market share and brand confusion. More important, from the point of view of this research, are the reports of low staff motivation and morale, loss of key individuals and disruptions. "Culture clash is the biggest obstacle to achieving success" (Carleton & Lineberry, 2004, p.14) but that little or nothing is done about it. Indeed, Carlton and Lineberry quote sources indicating the significance of culture in the merger process, but they "didn't feel it was possible to do much about it… (and that)… inevitable culture clash issues that arise *just have to be lived through*" (Carleton & Lineberry, 2004, p.85). While longstanding and deeply embedded organizational cultures can result in misunderstanding and misinformation, it can be effectively and reliably managed, but this rarely occurs. These factors will be dealt with later in this paper.

The message is clear: the potential for merger success is low: other options could/should first be considered. Given the above, the warnings that a merger strategy for South African post school institutions was to be introduced indicated

that its potential for success was at best minimal. As will be indicated later, the reasons were largely political in nature and had little to do with economic factors common to business mergers.

2.5   POTENTIAL PROBLEM AREAS IN MERGERS

In addition to problems pertaining to lack of management competence/experience in mergers, and a lack of appropriate planning, as indicated previously – the main problem areas are indicated below:

2.5.1   THE NEED FOR COMMUNICATION

Throughout the merger process, the need for communication with staff is essential. Yet this appears to be an area in which management appears to overlook or ignore.

Hubbard (2001, p.16) states one element at all stages of a merger is highlighted as being crucial to the process and consequently acquisition in general is communication. "I found communication to be a crucial step in overall acquisition success, although not in itself enough to guarantee success" (Hubbard, 2001, p.16).   Studies have found that effective communication during acquisition reduces ambiguity and employee stress thereby increasing chances of success.

At the time of the "disruption", when years of loyalty and commitment, of informal networks and individual security is thrown into turmoil, "unease is present" (Rouse in Rock, 1987, p.295). Yet the tendency is to resolve issues of higher management only, as management are often insensitive to the needs of lower level employees. Yet this "only intensifies the insecurity of those whose job stability and peace of mind depend on the confidence of those to whom they respect" (Rouse in Rock, 1987, p.295). This should be provided through frequent updates, but in fact, this rarely happens.

2.5.2   "PEOPLE" ASPECT OF MERGERS

An integral part of any due diligence report should be reserved for the human resources of the firms concerned. Hubbard (2001, p.62) states that this is usually given only a cursory investigation: the due diligence report normally concentrates on the top management echelon "and not much further than that."

The most important aspects of the due diligence report and any merger plans appear to concentrate on the financial and operations aspects (Coffey, Garrow & Holbeche, 2002) as these are perceived to be core tangible factors.

Little emphasis appears to be given to non-tangible issues – yet these are issues which are not easily transferred. "These intangibles and hard to measure characteristics may not guarantee the success of the business. But if they are lost, an ongoing business can be destroyed." (Needham in Rock, 1987, p.422).

It is the "people"/intangible aspects that are critical to merger success. These aspects, while they may not add much to the success of a merger, can lead to the destruction of the business if they are not addressed (Needham, 1987).

Gaughan (1991, p.150) summed up the situation as follows: "although sound economic reasons for the merger must prevail, the human element cannot be discounted as an important part of the world of mergers and acquisitions".

Thus the degree of change is enormous, even if all concerned wanted the merger to succeed.   Thus a vital aspect of change leadership and change management is managing the effects of change on staff.

Despite the importance of "people" issues to the success or otherwise on mergers, little consideration appears to be given to especially two critical "people areas":

2.5.2.1   Staff reactions to mergers. As indicated, little importance appears to be given to this aspect.

"Only 37% ... indicated that they audited the management and personnel prior to acquisition" (Anthony, Perrewe and Kacmar, 1996, p.422). This indicates that "people" are regarded as an insignificant aspect in a merger and are simply required to adapt to and comply with the new order. (Cartwright & Cooper, 1990). Yet, mishandling human issues and "implementing a strategy which is inconsistent with the culture ... is doomed to failure". (Coffey, Garrow & Holbeche, 2002, p.18).

Change is effected through people. MacGregor (1979, p.25) indicates that in South Africa, while financial considerations were the main reasons for mergers, "considerable importance should be placed on the human aspect and the parties concerned were well aware of the fact that the success or failure of the merger was dependent on the people involved."

Mergers are inherently disruptive – not only to the firm's operations, but also to the staff and comfort zones are destroyed and familiar patterns disrupted. Long service, loyalty and social networks which previously represented predictability and continuity are now all open to change (Anthony, Perrewe & Kacmar, 1996).

Predictability is replaced by uncertainty, fears regarding future employment, changes in duties and other work-related concerns all have deleterious effects, not only on morale, but also on productivity (Rouse in Rock, 1987). Stress becomes ever present, because of the "sheer volume and pace of change". (Coffey, Garrow & Holbeche, 2002, p.22), which leads to a change in the psychological contract and

a climate of ambiguity, weakened trust levels ... (and) self-preservation (Carleton and Lineberry, 2004, p.34).

As a result, any post-merger strategy must address the fear of change in each component of the business.

2.5.2.2   The other frequently ignored aspect is the critical soft issue of cultural compatibility. Walton (1985) suggests that cultural disturbances could account for up to 30% in lost performance if high levels of cultural incompatibility exist. Indeed Robbins (1997, p.345) states that "cultural incompatibility breaks up more marriages than those traditional factors ... the landscape is littered with corporate marriages in which management failed to accurately assess the downside of culture clash." The impact of culture on mergers is dealt with in the next chapter.

2.6 ACADEMIC MERGERS

Mergers represent a worldwide phenomenon, from which academic institutions have not been spared. In other countries mergers of academic institutions have taken place with various results. In Germany this was unsuccessful, in the Netherlands they appear to have been more successful (de Paravincini, 2004). In Australia mergers were fraught with problems, as attempts to cobble together disparate institutions took little note of the impact of different cultures on the merged institutions (Mahony, 1995; Johnson, 1999). It is suggested that, like the Australian example, cultural incompatibility was a major negative factor in the merger of in question.

Experience with overseas academic mergers helps to provide insights into outcomes of mergers in this country, as parallels with their experiences can be drawn.

As a case in point, Kavanagh and Ashkanasy (2006) undertook a six year longitudinal study of six Australian institutions of higher learning which were merged into three universities.

They make the point that, like RSA, mergers are prompted by a need to rationalise to increase efficiency and reduce costs. They found that "unless mergers are handled effectively, … the reverse is likely to occur." (Kavanagh & Ashkanasy, 2006, p.598)

They further state that mergers are "highly complex events with a seemingly infinite number of factors that can lead to success or failure." (Kavanagh & Ashkanasy, p.582)

According to Kavanagh & Ashkanasy (2006), the following appear to be findings which are significant for success:

- Most managers lack merger skills, leading to negative staff perceptions regarding not only their ability, but on the success of the merger;
- Managers need to be accepted by staff – be competent and able to create an atmosphere of psychological safety for staff;
- Communication is vital and should be ongoing;
- Given the degree of change, people's reaction should be the primary focus of change – an ability to deal with "stressful destabilisation" (Kavanagh & Ashkanasy, p.585), failing which, dysfunctional outcomes result;
- The speed of the merger depends on the ability of staff to absorb change;
- In order to push the pace of merging top management "move to tighten control by imposing ... constraints ... and reducing freedom ... to make decisions" (Kavanagh & Ashkanasy, 2006, p.585) resulting in a move to a power and role culture controlled by top management. This results in increased negative responses and increased resistance from staff.

Although each of the three mergers proceeded in a different manner, each had similar results. All respondents indicated:

- Negative reactions to their merger;
- All experienced a shift to higher levels of autocracy in top management;
- All experienced significant culture change.

Of the three types of merger, Kavanagh & Ashkanasy (2006) categorised the mergers as follows:

1. Indifference – the merged institutions carried on much as before the merger. Only minor structural changes occurred, with both parties operating largely as separate entities.
2. Immediate – the institutions were closed, staff reassigned and integrated into major campuses. The merger was cemented and the new institution moved on.
3. Incremental – a phased in negotiated agreement which retained a degree of autonomy for each institution.

It was only the third option in which staff did not complain about being trivialised, and where management culture shifted to a more open task and person-support culture. Thus despite many perceived disadvantages, it may be perceived as the least unsuccessful.

2.7   RECOMMENDATIONS FOR ACADEMIC MERGERS IN RSA

"Mergers occur fairly regularly in higher education abroad, but are not a common phenomenon in South Africa ... (thus) very little documented research and academic discourse exists on the topic in our country" (Botha, 2001, p.274).

Botha also stressed that in RSA, all the academic mergers were forced: in all cases the merger partners were allocated.

According to Botha (2001, p. 274) mergers may be:

- Friendly or hostile;
- Strategic or financial;
- Vertical, horizontal, concentric, conglomerate or congeneric.

Commenting on the above, Wyngaard and Kapp (2004) indicated that most academic mergers in RSA were hostile, financial and political.

Botha (2001) writing before the mergers actually took place warned that potential problems included:

- Choice of a merger partner – must be culturally compatible and able to develop a joint culture. Although not stated as such a due diligence would be required.
- Enabling legislation to facilitate the merger.
- Timing the merger: noting that many institutions were not "historically and politically ready for merging" (Botha, 2001, p.275).
- A merger plan to transform for both merger and post merger integration be drawn up. Care should be taken to avoid an "inappropriate pace of integration" (Botha, 2001, p.275).
- Peoples' issues are probably the most important aspect of the process. He warned against over-reliance on financial information and ignoring people and cultures "at their peril" (Botha, 2001, p.275).

To assist merger planners, Botha (2001) drew up a 20 step module for the successful implementation of an academic merger (Refer to Appendix A).

Hay, Fourie and Hay (2001, p.126) proposed a seven point framework for a merger:

1. Conduct feasibility study.
2. Develop an initial proposal of intent.
3. Establish time frames in order to monitor progress.
4. Set up a consultative stakeholder process. This should include a shared vision not imposed by one institution, and a mechanism for dealing with sensitive issues.
5. Set up team building initiatives to forge a new institutional culture share experiences and identify challenges.
6. Resolution of technical issues, establish steering committees and sub-committees including a strategic plan, plans for finance, and plans for human resources.
7. Formulation of "a merger proposal" including a rationalisation plan, a strategic plan for the new institution including finance, organisational structures and time scales. This stage should include due diligence and financial reports from the parties concerned.

Botha (2001) also suggested three options for merged structures:

1. The confederal structure:

   A confederation is formalised and fairly permanent union in which the constituent elements retain full autonomy. Mutual consent to collaborate and cooperate on issues of mutual interest and a contract between the parties that describes the obligations and rights of each party regarding the collaboration, are characteristic of a confederal structure. No one party will be able to dictate to the other regarding matters outside the cooperation agreement.

2. The federal structure:

The federal structure can take a variety of forms, the two main variants being:

    (i)   centralised powers and functions are specified while the decentralised powers and functions (in other words, "the rest") remain with the individual members of the federation.

    (ii)   Devolved powers and functions are specified while everything else is centralised.

3. The unitary structure:

The existing parties merge into a single body with one central administration. Certain functions and powers could be decentralised if necessary, but a single identity would be essential.

Each option has advantages and disadvantages while the confederal and federal structures are simpler, given that each entity retain a fair degree of cultural and administrative systems intact, it is significant that in almost all circumstances, it was the federal model of complete integration that was chosen in the case study reported in chapter 4. This despite the fact that it was the most difficult model to implement, and because of the degree of cultural and administrative and academic change involved, the one most likely to be unsuccessful.

Botha (2001) concludes that although merging is a complex endeavour with much opportunity for failure, if properly planned and managed, it is possible to make a resounding success of the process. However, he adds the comment that "additional resources, guidance and assistance would be required, as the merging activity uses so much of the time and energy of those involved, that the quality of the core business would otherwise undoubtedly suffer." (Botha, 2001, p.280)

Thus it is essential that adequate resources both human and financial, are mobilised to effect a positive outcome.

2.8 OVERVIEW OF RSA ACADEMIC MERGERS

The RSA merger process was proclaimed as an effort to increase efficiency, overcome the effects of apartheid, and increase throughput, for purely economic reasons (C.H.E., 2000). Despite this, there can be little doubt that the merger programme was simply a political experiment, pushed through despite serious reservations as to the successful outcome of the programme, mainly in order to ensure the survival of the previously black institutions and to push through increased numbers of black graduates even if it meant combining totally disparate institutions into a "one size fits all" system (Wyngaard & Kapp, 2004).

Quoting a report in the Quarterly Review of Education and Training (no date given) in the Mail & Guardian newspaper, doubt was expressed regarding the ability to increase access and participation in the tertiary process. "There is a strong concurrence … that proposals are less consistent with the stated goals of higher education transformation and more fundamentally of political pressures" (MacFarlane, 2002, p.6). Other options including improving the school system to improve the quality of university entrants, or upgrading black institutions' quality of academic programmes were ignored. Thus the merger proposals were regarded as "potentially counter-productive to the goals of transformation/ or as a potentially costly mistake". Thus the suggestion that the Education Department "take a step back from mergers as its standard tool … and to rethink transformation strategies." (MacFarlane, 2002, p.6) was ignored.

Nor is this all: Schultz (2003, p.34) felt that government underestimated the complexity of higher education institutions "which manifested itself in the various mergers." "Predictably, the public higher education system will, over the medium term, experience notable quality depreciations in service and movement on other

transformational aims." This prediction appears to have been accurate, as will be indicated later.

From the above, it would appear that the government ignored warnings that the merger process would potentially create more problems that it solved.

Despite widespread opposition, it became obvious that the mergers would be pushed through. A couple of examples below indicate the degree of negativity by the institutions concerned:

- Rand Afrikaans University (R.A.U.): "deplore the decision .... place both institutions at great risk" (Groenewald & MacFarlane, 2004, p.8), RAU had "put forward a reasonable and well motivated alternative proposal" (Groenewald & MacFarlane, 2004, p.8) which was rejected without reasons given. There was "implacable opposition", and "fears that the merger would wreck a very good university" (Groenewald & MacFarlane, 2004, p. 8).

- Pretoria/Gauteng/North West: The staff were reported to be very despondent, especially as the merger had "effectively been a takeover." (MacFarlane, September 2006, p.8). It was not a really merger as Pretoria had swallowed the other two merger partners ... simply absorbing the other two (MacFarlane, September 2006, p.8). The "one faculty, one campus" total integration module used here was rejected by most staff.

- University of Natal/University of Durban-Westville: initially a federal system had been proposed, but was pushed aside in favour of a totally merged unitary system. In addition to public wrangling for the vice-chancellorship claims of subtle racism, victimisation, distrust of management and sexual harassment (Naidoo, December 2006) together with fears of a drop in standards (Dismayed, 12.06.2006, p.16) and the fact that "by all accounts, the University of Natal had been taken over by the University of Durban-Westville" indicated the degree to which the merger was disliked. Each of

the other merged institutions provided evidence that the system of mergers was not successfully implemented.

Given this degree of opposition, there was little prospect of staff cooperation in the merger process. Indeed, Jansen (2002, p.155) indicated that people do not always act rationally even if improved benefits are forthcoming, and that there was staff resistance even when the mergers were a fait acompli.

Mfusi (2004) indicated that no set of directions for merging were issued by Government. Each institution used its own methods. Thus each merger evolved differently. While in his 2002 edition, Jansen's researchers detail some of the individual mergers, Jansen (2002, p.163) indicated four types of outcome:

1. Institution obliteration

   Leading to the disappearance of one merging unit. The Guyani Agricultural School simply ceased to exist. Its good curriculum, "richly endowed with professional knowledge and widely regarded as a centre of innovation", was simply ignored (Jansen, 2002, p.163) and its buildings were reclaimed by the Government.

2. Protected Enclosure

   A unit was allowed to continue a separate existence within the new merged institution. This is the case of the Johannesburg College of Education, which enjoyed a separate dispensation regarding finance, promotions and campus statutes. It continued as an autonomous entity.

3. Subsumed Integration

This involved the takeover of a smaller viable unit, in this case the University of Pretoria took over the MEDUNSA Veterinary Science Facility. The larger institution made only marginal changes to its structures and procedures. This resulted in a specialised small unit becoming part of a larger comprehensive institution.

4. Equal Partnership

In the case of Technikon A and Technikon B. Regarded by Jansen as providing the best potential for success it seemed to combine two established units, their physical assets, students and staff. It was unlikely to lead to dissatifisfaction from either partner, although Technikon B being financially better off, could potentially take the lead later.

Despite these glowing predictions, within four years, Jansen would be called in as Administrator to sort out the problems of this supposedly perfect merger and save it from collapse.

The reaction of staff in different institutions to the merger are indicated below:

- News of the merger was met with mixed feelings. Intellectually a positive reaction, but misgivings as to the outcomes. One respondent welcomed the merger, stating it was "preferable to the present losing organisation. (Wyngaardt & Kapp, 2004, p.192)
- Levels of communication differed. Most felt poorly informed. "Left in the dark – and a lack of connection." (Wyngaard & Kapp, 2004, p.191)
- Facilitation varied between institutions, but generally there appears to have been a lack of prior planning.

- An ongoing theme was the perceived lack of involvement of staff, which led to many negative outcomes:
  - low morale – "devastating" (Wyngaard & Kaap, 2004, p.194). The majority were "demotivated, cynical, clinically depressed and could barely operate" (Wyngaard & Kaap, 2004, p.198).
  - Increased conflict between staff , lack of loyalty, feelings of betrayal of disappointment and despair are quoted.
  - Indeed the matter in which some staff were treated – especially those who were not reappointed (as in the case of certain Pretoria Teachers' College staff) experienced grief similar to that of bereavement. Van der Westhuizen (2004) studied some of these individuals and their responses mirrored those of the Kubler-Ross (1986) grief reaction process of denial and isolation, anger, bargaining, depression and finally acceptance.
- The majority of staff were severely affected by the merger, many reacted negatively to the magnitude of change, with some having to "work with traumatised staff" (Wyngaard and Kapp, 2004, p.198).

One respondent summed it all up as follows: "I am not in favour of mergers of the kind I have experienced. There must be ways of effecting mergers that can be more user friendly." (Wyngaard & Kaap, 2004, p.199)

Despite all the negative responses, Wyngaard and Kapp (2004, p.198) state that "it will be described as a success no matter what happens on the rock face of the staff and student realities."

2.9 CONCLUSIONS

In this chapter, various factors pertaining to mergers has been presented. The information presented suggests that although merger success is possible, the objectives of mergers are rarely met. Indeed, there appears to be a greater

potential for failure than for success. With regard to the academic merger programme in South Africa, it appears that this was an unpopular decision and one forced on institutions. Evidence suggests it was bulldozed through for political rather than economic motives. Thus, the potential for success was further reduced, as, unless the merger is voluntary, the success potential is significantly reduced.

From the evidence presented, the mergers appear to have had significant negative emotional responses from the staff concerned.

In the following chapter, it is intended to research the responses of staff to the merger process.

CHAPTER THREE

CULTURE AND PERCEPTION

3.1 INTRODUCTION

As indicated in the previous chapter, while top management appear to be more concerned with quantifiable strategic factors qualitative factors may have a considerable positive or negative impact on the outcome of a merger.

In this chapter, the impact of organisational culture of individual and group perceptions will be examined to ascertain the extent to which they may influence, either positively or negatively, the outcomes of mergers.

The success of any merger is often dependent on the extent that positive outcomes in these areas are obtained.

Mergers represent change: these changes in the formal organisation impact on the informal sector of the organisation. Thus both the formal and informal organisations impact on each other.   This interaction is normally depicted as the organisational iceberg, in which the visible aspects represent the formal organisation, and the "hidden" part represents the informal organisation.

Thus, as the formal structures change, the informal structures adapt to these changes. Depending on the way in which the merger has taken place, the reaction of the informal organisations may be positive or negative. If the change is perceived in a negative or threatening light, the informal reactions will tend to be negative i.e. formerly committed individuals may perceive the change as management having reneged on their part of the psychological contract, withdraw emotionally (or even physically) and revert to the economic contract.

Senior (2002, p.122) indicates that the formal/visible aspect of the organisation is a small part of the total organisational iceberg; the informal or covert/hidden aspects, which include the values, attitudes, policies, beliefs and culture of the organisation may not become "apparent until one collides with them unwittingly."

3.2   ORGANISATIONAL CULTURE

Organisational culture is "a system of shared meaning held by members that distinguishes the organization from other organizations" (Robbins, 1997, p.306). Culture represents the organizational "values, beliefs and behavioural patterns that form the core identity of the organization" (Megginson, Moseley & Pietri, 1992, p.520). As such, it represents the personality of the organisation.

Culture is not an objective entity, but has cognitive, affective and behavioural characteristics (Senior, 2002). Each organisation has its unique characteristics which dictate how members are likely to respond.

Culture affects "virtually all aspects of organizational life … it is capable of blunting or significantly altering the intended impact of even well thought out changes in an organization … (as such it represents) a defence against change" (Senior, 2002, p.155) and affects the extent and manner in which an organisation can effect change.

"The assumptions, values and beliefs that represent organizational culture operate beneath the surface of organizational behaviour. They are not directly observed, but their effects are everywhere" (McShane & von Glinow, 2005, p.476), and are powerful drivers of decisions and actions (Senior, 2002, p.122) which "directs how things are done, but are rarely talked about" (Senior, 2002, p.122). It is a powerful but insidious influence on "the way we do things around here." It increases consistency and reduces ambiguity. Indeed, Naylor in Mullins (2007, p.726) states that culture has both visible elements such as artifacts and language, as well as invisible elements in the form of beliefs, norms and values.

A strong culture implies "a commonly understood perspective on how organizational life should happen, with most organization members subscribing to it. The strength of culture is dependent on the number of staff subscribing to it, and the intensity with which members believe in it" (Senior, 2002, p.150).

Cultures have a powerful influence on institutional members. There is no "correct" culture: organizational cultures differ. The right culture for one organization may be totally inappropriate for another" (Robbins, 1997, p.326). This means that "if a merger occurs and the cultures are not compatible, there is often one big unhappy family." (Robbins, 1997, p.326).

As organizations mature, their culture tends to become more unconscious; especially if it is a strong culture it becomes more entrenched and difficult to change. Indeed it may even become a matter of pride (Yukl, 2002).

The more a culture is embedded, the greater the potential resistance for change. This cultural stability represents a comfort zone, but one which is "elusive, intangible, implicit and taken for granted" (Robbins, 1993, p.608). This intangibility makes it more "difficult to concretize" and alter (Greenberg & Baron, 2000, p.487). Furthermore, when coming into contact with a different culture, the potential for conflict increases, and it may result in frustration and insecurity until cultural assimilation is completed. Anthony, Perrewe & Kacmar (1996, p.424) indicate that employees "go through cultural shock as the two cultures collide, and they tend to pull out their support and patience if they anticipate more changes to the culture than they can handle."

It also acts as a sanctioning and reward device. Thus it is a powerful monitor of behaviour, which "persists even when exposed to new cultures. Such persistence means that change, although not impossible, is often quite difficult" (Guptara in Lock, 1994, p.67).

A problem is that "cultures are so elusive and hidden that they cannot be adequately diagnosed, managed or changed" (Ivancevich & Matteson, 1993, p.681). Cultures sustain people through periods of difficulty and serve to ward off anxiety. One of the ways they do so is by providing continuity and stability. Thus people will naturally resist change to a new culture.

The functioning of an organization is not always rational, but "by rationality" (that varies according to the cultural environment (Ivancevich & Matteson, 1993, p.142). "Culture can be changed, in fact it is changing all the time" (Ivancevich & Matteson, 1993, p.125). It can be managed and may be manipulated, but cannot be consciously changed.

To make it more difficult, while culture may be manipulated and managed (Senior, 2002), it cannot be enforced. As it represents the informal aspects of working life including encapsulating feelings, values, attitudes and the like, it is a factor which is not responsive to formal directives. The covert elements of culture are outside ordinary management control (Mullins, 2007).

Despite the problems associated with attempts to measure organizational culture, evidence indicates that "culture is a key determinant of organizational effectiveness" and that "successful companies tend to have strong cultures," (Kreitner & Kinicki, 1998, p.66). Culture is related to both subjective and objective indices on a wide range of areas, from profitability to satisfaction, job performance and voluntary labour turnover.

Much of the ability to adopt existing and assimilate into cultures depends on the perceptions of staff regarding the manner in which the change has been introduced. If changes are perceived in a negative light, then perceptions of the change will similarly tend to be negative as the belief structures are seen to be threatened. "Educational institutions … are themselves extremely resistant to

change" (Robbins, 1997, p.516). Thus the bigger the change, the greater the degree of resistance that is likely to occur, as staff fear the perceived negative outcomes of change. The resistance may not be standardized: it may be overt, implicit, immediate or deferred. The greatest challenge is managing resistance which is implicit and/or deferred – implicit being the subtle loss of loyalty and motivation, and deferred being the surfacing of problems long after the initiating action.

3.3 CULTURAL COMPATABILITY

Cultural compatibility indicates the extent to which the two firms have sufficient similarities in their cultures to successfully blend the cultures.

Robbins (2001, p.517) indicates that

> in recent years cultural compatibility has become the primary concern … whether the acquisition works seems to have more to do with how well the two organisations' cultures match up. The primary cause (of failed mergers) is conflicting organizational culture ... (it is up to) astute executives to identify cultural problems during the "dating" stage, and cancel the marriage before tying the knot.

Rock (1987, xxi) agrees, indicating that "compatibility is a critical starting point, failing which the transaction has two strikes against it from the start, and the prospects for a successful integration are dim."

Robbins (1997, p.345) indicates that most firms look to financial and strategic factors when merging; however, the evidence shows that "cultural incompatibility

breaks up more marriages than those traditional factors". Robbins (1997, p.345) further states that "the ability to integrate the new company was ranked as the most important determinant of whether mergers, acquisitions or joint ventures succeed." The "landscape is littered with corporate marriages in which management failed to accurately assess the downside of a corporate clash."

McShane & von Glinow (2005, p.485) also agree "it's the people stuff that trips up mergers … the deal … looks good on paper, but if you don't engage the minds of the people from each culture you won't get the productivity you need to be successful. The corporate world is littered with mergers that failed because of cultural clashes."

3.4 DECULTURATION AND ACCULTURATION

In any merger situation, high levels of stress amongst staff are to be anticipated. However, should one of the merger partners assume a superior position and impose their culture on the subordinate partners, subordinate partner staff stress levels increase significantly as they are forced to endure greater levels of change (Panchal & Cartwright, 2001). Indeed, the subordinate partner endures more negative outcomes than the dominant partner, having to contend with feelings of compromised identity, perceptions of decreased security and more culture and comate change and stress, all resulting in a decrease of job satisfaction levels. (Pachal & Cartwright, 2001).

In extreme cases, the "superior" firm may resort to deculturation. Deculturation is applied by "imposing their culture and business practices ... strips away artifacts and rewards systems that support the old culture. People who cannot adapt ... are often terminated" (McShane & von Glinow 2005, p.487).

Deculturation strategy is rarely used and rarely works because "it increases the risk of social-emotional conflict ... Employees resist the cultural intrusions ...

thereby delaying or undermining the merger process" (McShane & von Glinow, 2005, p.487).

However, as will be indicated later, it is suggested that this is exactly what happened to Technikon A in the merger in question. Instead of resorting to the destructive system of deculturation, the positive approach of acculturation should have been followed.

In any merger situation, it is necessary to draw the cultures of the two organisations closer together. Any cultural change requires learning symbols and rituals appropriate to the new environment, and in addition recognise and feel the underlying values (Hofstede, 2005). This learning leads to feelings of distress, of helplessness and hostility towards the new environment. However, it is possible to introduce acculturation over a period of time (Hofstede, 2005, p.324 – 325). The process of acculturation goes through the following phases:

- Euphoria – excitement of new challenges;
- Culture shock – which starts when real life starts in the new environment;
- Acculturation – when learning the culture occurs – a period of adaptation to the new environment and becomes more confident and socially integrated; and
- Stable state – the final acceptance of the new culture. The stable state may be:
    - as good as before – resulting in cultural adaptation;
    - better than before – is enthusiastic of the new culture; or
    - negative when compared to the previous culture – with feelings of alienation and discrimination against the new cultural environment. If the latter situation continues, it may be assumed that the individuals concerned will be motivated to leave the firm.

These phases are indicated in the diagram below:
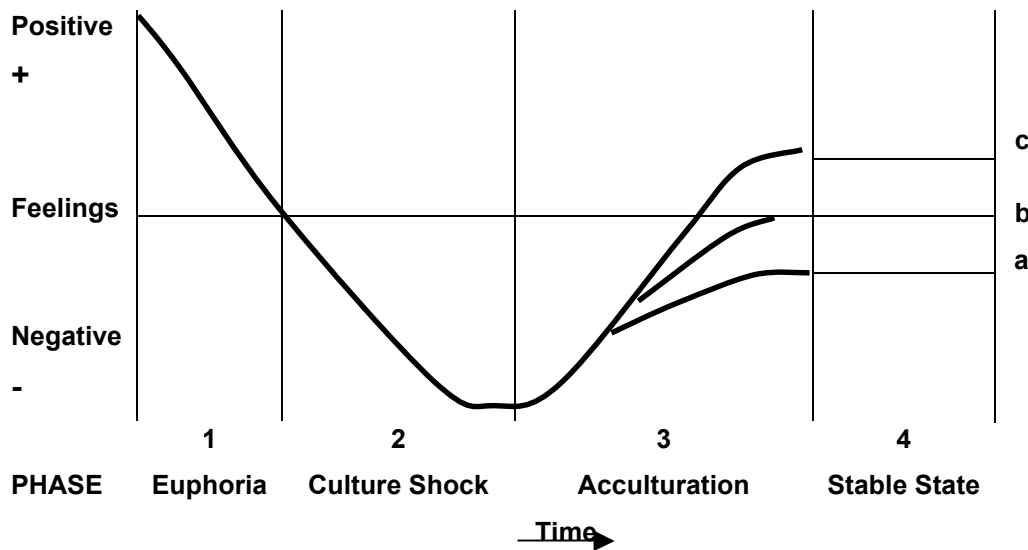
Hofstede, G.H. (2005), Cultures and Organisation, p.324.

Figure 2.2 ACCULTURATION CURVE

Hofstede (2005, p.235) warns that "culture shock may be so severe that assignments have to be terminated prematurely", thus the magnitude of the cultural change is such that certain individuals are unable to cope and suffer much mental/physical/emotional trauma that they cannot continue in the environment.

This emphasises the need for interventions in order to reduce the degree of cultural shock and to smooth the transition period to the new environment.

3.5 ORGANISATIONAL CLIMATE

Climate and culture interact with each other. Culture represents a longer-term environment: climate is more like a mood – short-term and easier to change.

Although culture will influence climate, the mood after a merger varies between anxiety and excitement, according to "waves of change". Thus "a climate survey

at any one of the points leads to take into account current aspects at local level."
(Coffey, Garrow & Holbeche, 2002).

Climate is a general concept which is often difficult to define precisely. It is more likely to be felt; some forces are better understood than others (Mullins, 1999, Thompson, 2006).

Climate relates to "the prevailing atmosphere surrounding the organization, to the level of morale, and to the strength of feelings or belonging, care and goodwill among members." (Mullins, 1999, p.810), Thompson (2006, p.2) defines it as "the way in which organizational members perceive and characterize their environment in an attitudinal and value-based manner." The influence of such attitudes cannot be underestimated, as they "may have profound effects not only on the way we perform, but also the quality of life we experience while at work" (Greenberg and Baron, 1999, p.176). Many academics are highly committed to their profession, if not their management (Meich and Elder, 1996). If this commitment is shaky, for example, as a resut of organisational change or having to operate in a perceivedly hostile climate, the results are potentially high levels of stress, emotional withdrawal and alienation. (Blix, Cruise, Mitchell and Blix, 1994)

In effect it is a snapshot of the environment at a given time. It is thus an important and influential aspect of satisfaction and reflection on institutional effectiveness and success in higher education. It is also a source of influence for shaping behaviours within the organisation, and is highly influenced by organizational leadership.

Climate operates on a more accessible level than culture and is thus more adaptable to short-term interventions for positive organizational change. However, any interventions to improve organizational climate must take into consideration deeper patterns embedded in the climate.

While culture indicates what an organization is about, climate indicates the employees' feelings and beliefs about the organization – in other words, it is based on perceptions of the members. It represents the internal environment of the organization as experienced by its members, which influences their behaviour and which describes the values of particular characteristics of the organization. It regards the organization as a social system and the extent to which membership is perceived as rewarding or otherwise, the state of trust and understanding between members and between members at different levels in the hierarchy (superior-subordinate relations) and indicates how members make sense of the organisation's policies, practices, procedures and rules in psychologically meaningful terms.

Indeed, Thompson (2006) indicated that organizational success is a by-product of a positive climate and that organization leadership has a direct bearing on the climate of the organization.

Given that a supportive climate improves employee satisfaction, loyalty and commitment, it makes sense to address these factors on an organizational level rather than risk negative alienation of staff. If the climate is perceived as negative or threatening, there will be a negative effect on levels of staff morale or overall group satisfaction (Mullins, 1999).

Organisational climate – related items such as trust, communication, guidance, recognition and feedback are significant contributors to morale level. (Mullins, 1999).

Thompson (2006) found significant positive outcomes result from supportive climates: hostile climates result in low morale and high levels of staff alienation. While improving the organisational climate will not guarantee improved effectiveness, the lower the levels of morale, the less effective the organisation is likely to be.

3.6 EFFECTS OF CULTURAL CHANGE IN AUSTRALIA

Reporting on three mergers, Kavanagh and Ashkanasy (2006, p.94) indicated that irrespective of how the merger was managed, cultural change was seen as an important factor. Of the respondents, 91.7% indicated a visible change in culture – 75% recording a significant and 16.7% very significant change.

Cultural change impacts on performance and loyalty. As old values become under scrutiny, individuals respond by becoming more defensive and less trusting. Once culture is changed, behaviour changes: thus while cultural change is inevitable, if coercive change occurs, not only will staff respond by increasing labour turnover, but coercive change is unlikely to sustain the behaviour sought.

Cultural change consists of changing peoples' minds as well as their behaviours; each will respond somewhat differently depending on how the impact of cultural change affects them and their working environment (Kavanagh & Ashkanasy, 2006, p.84).

The stronger the culture, the more difficult to change it. The greater the cultural differences, especially perceived by the non-dominant partner, the greater the human resources problems that will result.

Leaders play a substantial role in the success or failure of the merger. Failures are usually traced to neglected human resource issues. Thus it is up to the leaders/managers to help staff to relinquish past values which are not in tune with present values.

Given that mergers result in increased staff insecurity and reduced self-esteem, the primary focus of culture change should focus on the subjective impressions of all staff, but especially those from the "junior" members.

This applies especially to the "junior status" partners (Kavanagh & Ashkanasy, 2006, p.86) who feel the impact of the merger more strongly, feel more threatened by the change, resulting in feelings of worthlessness, inferiority and reduced commitment. To overcome these negative feelings, those leading the merger need to create an atmosphere of physiological safety to enable staff to adapt to new behaviours.

Staff should be coaxed into change. Expecting to impose changes and expecting a reflexive obedience to change is a "fantasy". Establishing a culture of willingness takes time. Transformational rather than transactional leadership is required (Kavanagh & Ashkanasy, 2006, p.87).

3.7 CULTURAL FACTORS IN SOUTH AFRICA

Botha (2001, p.276) indicates that the people aspects are the most important aspects of mergers. "The issues of culture, values, behaviour and working styles should be carefully managed from the very beginning of the process." The culturation of a new culture is among the key people issues in any merger.

Botha (2001, p.276) warns that in South Africa, the potential for culture clashes resulting from merging black and white institutions (and their implications for historical and political differences), the "big brother" syndrome – (UNISA/TSA/VUDEC) and language policy all would require a careful balancing act.

In many respects, the problems pertaining to culture in mergers played itself out through the perceptions of the staff involved. This aspect is dealt with separately.

3.8 CULTURAL ASPECTS

The cultures of the two organisations under consideration were totally different. As a senior member of an academic department, the researcher was well

positioned to observe these differences. Guptara (1994, p.67) notes that considerable cultural differences exist between nationalities which could, at least in part, explain some of the tension that existed between the (predominantly white) academic staff and the (predominantly black affirmative action) management at Technikon A as well as cultural differences between the two institutions.

Technikon B was predicated on an autocratic centralised and extremely bureaucratic model. It could be compared to a typical Mc Gregor Theory X organisation. It was a conservative structure which promoted conformity, obedience and where employees "knew their place" and accepted their status (Jones, 2001, p.149).

By comparison, Technikon A operated on a decentralised model. Work revolved around academic departments, the heads of which enjoyed considerable autonomy. The system worked well in that it continued to operate effectively despite its perceivedly mainly incompetent top management.

Had a due diligence survey been conducted, differences between the two cultures would have become immediately obvious. As it was this document was only presented six months after the merger (Jansen, 2002, p.167).

Had this been a merger of equals, both parties would have had to modify their culture. As it was, the Technikon A leadership was weak and abdicative "not visible or assertive" (Jansen, 2002, p.174) and simply allowed Technikon B to impose its culture on Technikon A – i.e a complete deculturation of Technikon A occurred.

3.9 PERCEPTIONS

"Perception is the process by which an individual gives meaning to the environment. It involves organizing and interpreting various stimuli into a psychological experience" (Gibson, Ivancevich & Donnelly, 1994, p.106). Perception is necessary to give a meaningful and coherent picture of the world to individuals.

Cascio (1995) makes the point that it is not only objective organizational conditions and practices that affect employee perceptions, but also the employees' subjective perceptions of physical, mental and emotional well-being.

Kreitner & Kinicki (1998, p.660) indicated that "organizational culture was significantly correlated with employee behaviour and attitudes and that the congruence between an individual's values and the organisation's values was significantly correlated with organizational commitment, job satisfaction, intention to quite and turnover."

Misperception often occurs, as "people interpret the behaviour of others in the context of the setting in which they find themselves" (Gibson, 1994, p.107). Indeed, managers and subordinates often have widely differing perceptions of the same situation (Gibson, 1994, p.107).

"Managers need to recognize that their employees react to perceptions, not reality … Employees organize and interpret what they see, and this creates the potential for perceptual distortion" (Robbins & Coulter, 1996, p.478). If employees perceive a situation to exist, they will behave as if these conditions actually exist. This is often reinforced by the degree of distrust/lack of credibility held by staff about management (Stoner, Freeman & Gilbert, 1995).

It is also important to realize that perception is a significant determinant of attitudes. Attitudes are determinants of behaviour, which are learned and exert

specific influence on a person's response to people and situations. Although an emotional basis, it provides a predisposition towards specific situations.

While some attitudes are organized and are close to the core of personality and may thus be persistent and enduring, it may be possible to change attitudes (Ivancevich & Matteson, 1994, p.90).

As attitudes influence performance, negative attitudes can have a significantly deleterious effect on the organization, with poor attitude and negative perceptions reinforcing each other in a downward spiral. Thus it is important for management to attempt to engender positive attitudes and positive perceptions in an organization. The fact that perceptions may be inaccurate is immaterial. Cronje (1994, p.3) sums up the important influence of perception as follows:

> Perception is always a stronger factor in an organizational environment than are the "brute facts", "what seems" outweighs whatever can be classified as "what is". Though perception is subjectively experienced by individuals, it becomes a major objective reality in the organization as soon as sufficient consensus is reached about any fact of organizational life.

This will obviously help or hinder management efforts, depending on the positive/negative nature of the perception.

Thus staff perceptions of management will affect the degree of commitment or alienation of that staff, their degree of motivation and job satisfaction, and on levels of individual stress. If perceptions are negative, these will hinder the acceptance of any decisions made by top management. Thus any actions by top management could reasonably be treated with suspicion. This could, in turn, impact on the levels of commitment and alienation felt by staff towards the

organization and change the perceptions of staff away from the trust-based, informal, psychological contract to a formal, narrow, economic contract.

3.10 PERCEPTIONS FROM OVERSEAS ACADEMIC MERGERS

Perceptions affect attitudes which in turn affect behaviours. In their study, Kavanagh and Ashkanasy (2006) found that although 16.7% of their sample accepted the merger with enthusiasm, 60% regarded mergers as inevitable and were resigned to change, while 20% resisted the process.

Unfortunately 69% of respondents felt the change had not been managed effectively (including 32% who indicated it had been very badly managed) compared to only 5.2% who felt it had been well managed (Kavanagh & Ashkanasy, 2006, p.590).

These statistics are critical, given the perceived magnitude of change. Significant to very significant change was recorded for 53.4% of respondents, while 34.5% (presumably from the major partners) reported little change.

The leadership style was a critical area. If the leader/manager was acceptable, then positive outcomes are likely to result – if not, no confidence and negative outcomes are inevitable. In the study, 43.1% of responses were negative: that 36.2% were positive could be because these respondents were familiar with the leader/manager.

"When change is handled well, cooperation and acceptance result: if it is managed badly ... stress, anxiety and disenchantment occur" (Kavanagh & Ashkanasy, 2006, p.593). In addition there were statements requiring greater transparency, consultation and even compassion from management.

Thus these managers must be carefully selected and much of the success of the merger depends on how effective they were as agents of change.

Again the style of management affects staff perceptions. In the three mergers: Style I – indifference - staff felt more strongly that their merger had been badly managed – "not handled well ... lip service to democracy." In II – immediate approach – those from the major partner were happier with the system, (as they were least affected by change) whereas the "junior partners" felt their needs had been trivialised or overlooked. In III – incremental approach – produced the most positive results, from both major and junior partners.

Thus perceptions as to how the merger process had been handled seemed to hinge, to a large extent, on the approach adopted by the management.

3.11 PERCEPTIONS IN SOUTH AFRICA

Hay and Fourie (2002, p.120) indicate that "few (if any) research has been undertaken in South Africa on the psychological experiences of academic staff in institutions which either have been merged or are in the process of merging".

Agreeing with the above sentiments, Wyngaard and Kapp (2004, p.189) go further that as a result, they had to "cite cases from elsewhere." They indicate largely negative responses in Australian academic mergers. Fears of loss of jobs, ending of careers, feelings of frustration, anxiety and loss, lack of commitment, demoralisation, loss of confidence – overall a traumatic experience.

Indeed, the effects are such that those who retain their jobs are often overcome with "survivor guilt" – fearing further layoffs, feeling guilty that though they retained their jobs and sad for colleagues who had to leave.

Botha (2001) concurs, stating that some of the words used to describe mergers on staff include traumatic, painful, distressing, anger, disbelief depression and withdrawal. In effect, all negative responses.

From the limited evidence of mergers in South Africa, the following reactions appear to be appropriate here.

Hay and Fourie (2002) indicated that in their study:

- 90.5% of respondents supported the concept of a merger, provided certain principles/circumstances were met.

- Only 2.8% did not feel insecure – i.e. 97.2% felt insecure regarding the effects of a merger: this included 25% very insecure and 57% moderately insecure.

- Government should not force mergers. Of this response, 21% fully agreed, 15.5% moderately agreed. Only 10% did not agree.

- That mergers should be initiated by the institutions themselves, 58% agreed moderately and 25% fully agreed.

- Institutions should be free to choose their own merger partner, 67% moderately agreed and 21% fully agreed.

According to Hay and Fourie (2002) the most important motivations were better utilisation of human and physical resources, academic improvements, diversification, elimination or duplication of programmes. Overall about 80% of respondents felt these four aspects were prerequisites for successful mergers.

Significantly the factor ranked lowest – that of financial gains – was the non-realisation that this was the primary reason for mergers – and perhaps the only alternative to institutional closure.

The respondents' perceptions of requirements for successful mergers were (ranked from most to least importance) (Hay & Fourie, 2002, p.124):

1. Leadership and commitment from the highest level.
2. Clear mission and goal formulation.
3. Effective structures for communication among partners and within each institution.
4. Quality assurance mechanisms for measuring success.
5. Clear agreements regarding cost-sharing arrangements.
6. Flexibility to act swiftly and creatively.
7. Ability to be experimental to, for example, develop innovative pilot programmes beyond merged organisations' capacities.
8. Balance mechanisms for providing parity between the dominant partner and others.
9. Commitment and buy-in to the process by all stakeholders.
10. The presence of a neutral third party.

"Most of these perceptions of staff could have been expected – that there should be strong leadership, clear goal formulation, effective communication as well as quality assurance mechanisms before, during and after the merging process." (Hay & Fourie, 2002, p.124)

However the three least important aspects appear to be insurance mechanisms to protect the interests of the parties.

Personal outcomes appear to be the most significant area of concern. "Respondents are not all concerned about working harder within a merged

institution, as long as they still have a job. Personal factors such as the fear of retrenchment, lowering of post level and delay in promotional opportunities, take precedence over 'organisational' factors such as the loss of institutional identity, too much organisational change and a divide in organisational loyalty." (Hay & Fourie, 2002, p.125)

Indeed, Hay and Fourie indicated that fear of retrenchment was regarded as "very important" by 84.7% of their samples. A further 11.1% of respondents regarded this factor as important – in other words, a combined total of 95.8%. This overriding factor is indicated by the fact that the next most important factor – decrease in post level was regarded as very important by 54.2%, important by 31.8% of respondents combined a total of 86.0%.

Other factors rated "very important" and important combined provided the following responses:

- Decreased promotion potential 75%.
- Power struggles 63%.
- Conflict 76.3%.
- Loss of identity 66.6%.
- Excessive change 65.3%.
- Divided loyalty 65.8%.
- More work for the same money 54.1%.

It is significant that although institutions were directed to merge, no framework was established by which this process was to be implemented. Each organisation was left to come up with its own solution and "each did as it deemed fit" (Mfusi, 2004, p.99).

As a consequence, there appears to be a wide range of reactions from staff at different institutions.

For example, Wyngaard and Kapp (2004) do not specifically mention salaries and retrenchment. Rather, they concentrate on the emotional reactions of staff. They indicated that the way the announcement of the merger was transmitted to staff differed between institutions: in some no discussion was allowed. Most felt they were poorly informed and reacted negatively to the lack of consultation. The degree of facilitation also varied: for some this appears not to have happened. In addition concerns regarding the ability of management to handle a merger were evident, as well as a lack of involvement of people in the merger process. Many appeared to have misgivings regarding the effects of a merger not only on themselves, but also on their students.

Many perceived it as a mixed blessing – while the potential existed for more programmes and improved status, there appeared no reason for the merger, and fears of job insecurity, differences in teaching philosophies, and loss of culture were all causes for concern.

Overall there appeared feelings of betrayal, stress and a "crippling fear of the unknown" (Wyngaard & Kapp, 2004, p.192). "Mergers do not respect tradition or identity. The loss is a personal one ... (like that) experienced during a bereavement."

All the above indicates a significant drop in morale: described by the authors as "devastating" in some instances, leading to demotivation, alienation and (sometimes chronic) depression.

While some reported no meaningful impact on the institutions, others reported "I lost autonomy and became absorbed into a massive bureaucracy" while another reported the institution "in disarray". (Wyngaard & Kapp, 2004, p.197)

3.12 CONCLUSIONS

From the above, there appears little doubt that the experiences of staff in South African academic mergers are similar to the findings of Kavanagh and Ashkanasy (2006). The emotional trauma experienced by many staff appears to have been significant and long lasting.

CHAPTER 4
RESEARCH METHODOLOGY

4.1 INTRODUCTION

The purpose of this chapter is to outline the research methodology used in this study.   It describes the nature of the sample methodology used, and the motivation for it's use. The design of the research procedure is indicated in order that the data may be analysed.

Finally, there is a critique of the methodology and analysis used, with a brief comment on ethical issues.

4.2 OBJECTIVES

The objective of the research is to analyse the extent to which a merger between two academic institutions was successful, and to identify problem areas and mistakes made using a historical and qualitative research approach.

4.3 RESEARCH DESIGN

According to Welman and Kruger (2001), research design is the basic plan which guides the collection of data and the analysis phases of the research project. It is the framework, which specifies the type of information to be collected, the source of data, and the data collection process. A good design will make sure that information gathered is consistent with the study objectives, and that the data is collected by accurate and economical procedures.

Two methods were deemed to be appropriate.

- A historical approach to outline the stages and developments of the merger process
- Two qualitative interview studies in order to obtain insights into the reactions of staff members to the merger.

It must be understood that this is an extremely emotive topic. The researcher was a senior and long-serving member of staff, and was thus able to be a participant-observer in the entire process. As such, the researcher has attempted, so far as is possible, to exclude his personal reactions, and has instead attempted to present anecdotal and other evidence. However, an occasional personal observation has been included.

4.3.1 THE HISTORICAL APPROACH

The historical approach deals with the meaning of events: it is appropriate for data which is primarily documentary in nature. It attempts to trace a series of events in order to discern the dynamics, which adds rationality and meaning to the whole (Leedy, 1993).

The aim is not the accumulation of facts, but the interpretation of events (Leedy, 1993, pp.22 – 31) in order to ascertain 'patterns of rationality', of cause and effect, and to present a factually supported rationale to explain why certain events happened.

Wherever possible, reference must be made to the primary event or source in order to better reconstruct it rather than using secondary sources. In this regard, documents, newspaper clippings, or witnesses to an event can be regarded as primary data.

In the present research, data was collected as soon as possible after the event, and is thus current and evenly available for verification of genuineness.

All documents must be subjected to stringent criticism to ensure that the data is credible and free from bias (Welman and Kruger, 2001), unless bias is an integral aspect of the research.

Welman and Kruger (2001, p.179) also suggest that the researcher have 'an intimate knowledge of the milieu ... of the period in which the event being studied took place'.

The data must also be synthesised and interpreted in order to propose causal explanations based on the researcher's interpretation of events, and if possible other researchers should be able to replicate procedures, analyses and conclusions (Welman & Kruger, 2001, p.179).

The strength of this approach lies in its ability to reconstruct the past through narrative techniques, with the emphasis on process and change. Its limitations are linked to the limitations of the data, the understanding and judgement of the researcher, and difference of interpretation. (Babbie & Mouton, 2001)

4.3.2 QUALITATIVE APPROACH

Given that the amount of official historical data was limited and comprised mainly of factual data, a few generalised statements which conveyed only the most limited information, it was deemed necessary to adopt a qualitative approach in order to obtain better insights into individual responses. Indeed, an ongoing complaint from staff was the lack of information (see later).

A qualitative approach was considered appropriate in that it was aimed at "understanding social and psychological phenomena from the perspectives of the

people involved" (Welman & Kruger, 2001, p.181). The aim was to use an insider (emic) perspective to obtain in-depth descriptions and understanding of events and actions as experienced and the recorded in terms of the specific context of the investigation, rather than trying to generalise to some theoretical population (Babbie & Mouton, 2001).

In effect, it aimed at obtaining "an insider perspective on social action… to study human action from the perspective of the social actors themselves… describing and understanding rather than explaining human behaviour" (Babbie & Mouton, 2001, p.270).

Qualitative research hopes to build an "understanding on a personal level of the motives and beliefs behind people's actions" (Taylor & Bogdan, 1998, p.4), and how people define their world and the social actions that attach meanings to situations.

Thus, in a qualitative approach, people's subjective experiences are taken seriously as the essence of what is real for them, and sense is made of peoples' interactions with their so-called "reliving" experiences with a view to obtaining an understanding of them (Terre Blanche, Durrheim & Pointer, 2006).

The approach decided upon was to act as a participant-observer.

Participant-observation is a middle road between simply being an observer (who merely observes and records data), and a participant – which involves being involved in a group but not revealing their research status (Bernard, 2000). Participant-observation, then, is one in which the status of the observer is clearly indicated, but because of the depth of acceptance by the group, is more open to the research (Frankfort-Nachmais & Nachmais, 1996).

Participant-observation is a strategic method, involving practical action research which relies on narratives – usually in the form of a case study – which attempts to explain and analyse complex and multifaceted topics (Bickman & Rog, 1998), in which through fieldwork, "a conscious and systematic " insight is obtained (Frankfort-Nachmais & Nachmais, 1996, p.282).

By virtue of its approach, participant-observation is both heuristic and ethnographic in character. Heuristic in that it is a method of scientific discovery aimed at understanding the human experience but considering only the experiences with the phenomena being investigated. It is ethnographic in that it is a cultural description which is the result of lengthy study obtained from residing in a given social setting, with first hand participation and a deep reliance on a few informants from that setting (Moustakis, 1994).

Participant-observation involves becoming accepted by the group and participating in their activities. The researcher must attain some kind of relationship or close attachment to the group under study (Bernard, 2000).

Becoming accepted requires the gaining of the confidence of the group members, establishing rapport and high levels of trust. Until this happens, no meaningful interaction can occur. However, once the trust relationship is established, it becomes a dialogue with high levels of collaboration on an interpersonal, individualised level (Denzin & Lincoln, 2008).

As the researcher is a "categorical member" of the group (Frankfort-Nachmais & Nachmais, 1996, p.293), the group is more open to the researcher, who can thus gain an insider view and a deeper appreciation of events, as they are treated "as just another member of the group" (Frankfort-Nachmais & Nachmais, 1996, p.283). This makes it possible to obtain group information which would normally be inaccessible to outsiders and/or whose members do not reveal certain

aspects of their lives. Thus groups are more likely to state views which may differ significantly from the "official" view.

In addition, this approach is especially good for private situations not amenable to other types of data collections (Bickman & Rog, 1998).

Given that the researcher was a long service senior academic, he had, over the years, established good relations with a wide variety of the staff at Technikon A, and thus respondents felt free to interact with him.

It could also be conjectured that, given high levels of trust, not only do respondents give detailed insights into their feelings, but in addition, they are provided an opportunity to clarify their ideas and "let off steam", thus obtaining catharsis regarding their feelings.

A further advantage of the participant-observer approach is that a variety of sources may be used, including interviews, observations, documents or archival information. The greater the variety of sources, the greater the potential for corroborating and augmenting evidence (Bickman & Rog, 1998). This means that different approaches can be used to justify different situations.

Thus this approach has several advantages (Bernard, 200, p.336):

- Ability to collect data from many sources
- No problem regarding reactivity in the subjects, who do not change their behaviour because they know they are being observed
- Provides an intuitive understanding of what is happening in the group, thus allowing the researcher to act with confidence about the meaning of the data

- Is able to research problems not able to be addressed by other research methods – the "you have to be there to understand what is going on" approach.

In addition, Patton (1990) in Moustakis (1994) includes:

- By direct observation, the researcher is better able to understand the context of the research
- First hand experience enables the researcher to discover and deduce what is significant
- The ability to observe activities and infer meanings not in the awareness of participants
- Observation allows for learning things that participants may not be willing to disclose
- The researcher is able to include personal perceptions essential to understanding the setting
- First hand observation and participation enables data gathering through direct experience enabling understanding and interpretation of the participants being studied and evaluated.

When dealing with qualitative approaches, it is always possible that objectivity may become a problem. No one can be completely objective: everyone is influenced by, among other things, their previous experiences and perceptions.

While this approach provides insights not obtainable by other means, the potential exists for inaccuracies, subjective bias and greater difficulty in replicating results (Terre Blance, Durrheim & Pointer, 2000) which may thus be credited for a possible reduction in the validity and reliability of results. However, it is suggested that "if we treat social reality as always being in flux, then it makes no sense to worry about whether our research instruments measure accurately" (Silverman, 2001, p.34).

Taking the post-modernist view that "objective reality does not exist and that all knowledge is subjective and only subjective" (Taylor & Bogdan, 1997, p.18), Terre Blanche, Durrheim & Pointer (2006, p.7) state that "reality consists of people's subjective experience of the external world…(and that one) may adopt an interpretation or interactional epistemological stance towards that reality… which aims to explain the subjective reasons and meanings that lie behind social action."

Although respondents may respond truthfully in the light of their own understanding, and their responses may be stated, there may still be a need to reduce subjectivity of responses (Kenmuir & McTaggart in Denzin & Lincoln, 2005).

In order to increase objectivity, it is possible to obtain cultural consensus (Bernard, 2000). The aim of cultural consensus is to ascertain the extent to which individual respondents from the same cultural domain provide similar responses. By interviewing each respondent separately and combining their responses in which individual differences may occur, the closer the responses, the greater the degree of probability of responses. This allows the researcher to obtain "converging lines of evidence" to define the "facts" through triangulation (Bickman & Rog, 1998, p.290).

Other potential shortcomings with this approach involve the lack of generalisability, arising not only from the small number of cases and possibly low level of control, but also the non-standardisation of measurement, together with the possibility of strong causal and structural explanations.

Finally, the collection and interpretation of data may be very time consuming (Mouton, 2001).

4.3.3 INFORMATION COLLECTION

Information for this section was obtained from a variety of sources.

Personal observation.   Although the researcher did include a few personal observations, he preferred to keep this aspect to a minimum.

Information was gathered from a variety of sources, including newspaper articles, staff and management staff association circulars, and WorkPlace Forum (WPF) articles.

The individuals for the interview study were carefully selected.   Especially in the pre-merger study, they were perceived to be good sources of information and sources of influence in the Technikon A community. In both interview studies, all the interviewees were individuals with whom the researcher had interacted with over a protracted period of time – thus trust and rapport had been established prior to the interview study and interviewees were willing to openly provide their views.

The topic concerned is one which is emotional in nature. To minimise potential for bias, it was felt that responses should come from multiple sources rather than a single one. Thus the emphasis on the two interview studies.

1. Pre-merger interview study. This study attempted to predict situations likely to occur when the merger took place.

The interviews were semi-structured, thus allowing for a free response to questions.   Where necessary, additional follow-up questions were asked to obtain greater clarity and detail. The interviews were taped and notes taken of responses.   Each respondent was interviewed separately.   Interviews lasted between 45 minutes and two hours in duration.

Given the detail of information thus collected, only the most critical points are presented here.

2.   Post-merger interview study.   This study took place three years after the merger had been completed.   This time was chosen as it would have given sufficient time for the merger process to have settled and a new routine of activities to have become established.

The sample comprised long-service academic members of the Faculty of Commerce ex-Technikon A.   Each member had to have been employed for a minimum of three years prior to the merger in order that comparisons of pre- and post-merger environments could be made.   The sample was confined to this group in that they were relocated from their campus to one of the ex-Technikon B campuses which was perceived by them to be inferior to their previous campus.

As they were therefore perceived to have undergone the greatest degree of dislocation in the merger, it would be reasonable to expect that they would thus be most negatively affected by it and their responses could probably be taken as providing the most negative view of the merger.

A convenience sampling approach was used.   Seven staff members were approached, six of whom agreed to be interviewed.   Given the unanimity of responses, it was decided not to interview more than this number.

As before, each respondent was interviewed separately, the interview questions were semi-structured.   The interviews were recorded through written notes and tape recordings, which are held by the researcher.

Each interview lasted about 45 minutes.

Again, given the detail of the information thus gathered, only the outline of the most important aspects is presented.

In both cases, the findings are outlined hereafter.

4.4 PERCEPTIONS IN THE PRESENT CASE

The researcher undertook two interview-based surveys to ascertain staff perceptions of the merger in his institution. The first occurred prior to the merger, the second two and a half years after the merger.

4.4.1 PRE-MERGER STUDY

The study comprised six in-depth interviews with senior and influential staff who, between them, covered a wide constituency in the organisation. Between them, they held the following posts:

- Dean (1)
- Head Of School (1)
- Chairman of the Workplace Forum (1)
- Staff Representative on the Committee of Thirteen (COT) (1)
- Past Chairperson of Technikon A National Union of Technikon Employees (NUTESA) (1)
- Head of Administrative Department (1)
- Staff Representatives on Technikon A Council (3)
- Heads of Academic Departments (4)

Informal interactions with a variety of staff from different strata and sections within the institution corroborated the information provided in the in-depth interviews.

The reactions were uniformly negative. The merger was perceived as an ill-conceived political decision – not an economic one. The consultants (PWC) were seen as incompetent, and thus conclusions drawn by them were regarded as flawed. However, even if it did not succeed, the process would go ahead, and any cracks in the system would simply be "papered over". There was a perception that the merger was the Minister's pet project, which would proceed no matter what. Success would come through the actions of a "few" committed staff, not through "us versus them" posturing. One comment was that the minister wasn't interested in the success of mergers, "he just wants it to happen." Even if it was dysfunctional, it would continue.

The greatest fear – apart from redundancy – was the loss of Technikon A's "brand name and its potential for attracting better calibre students," and a subsequent dilution of the quality of qualifications as academic standards were dropped.

On the question of cultural differences, respondents indicated high levels of despondence and impotence over what was happening. "This is a critical area which has not been addressed", "it is the biggest problem", "it's a problem in itself", "they have neglected the most important issue", "we are miles apart."

It is inconceivable that a topic so important had not received close scrutiny – especially if, unsolved, it creates so many problems, yet the response to the question was a unanimous and emphatic "nothing". Typically, the responses included "we have not even begun to address this issue", or "management is not doing anything... just letting us loose on each other". Indeed, there was a perception that adversarial relationships appeared almost to be encouraged. There was a strong feeling that Technikon A's culture must be wiped out, that Technikon B "wants to overpower us", and impose their culture. Mistrust of Technikon B's motives appeared absolute.

Technikon A's management were perceived as being in breach of basic labour legislation, especially with regard to workplace forums and other stakeholders. "Everything was done behind closed doors" by a group regarded as "bloody incompetent", who were seen to use race in every issue. "Race" was perceived as a defence mechanism to hide incompetence". Top management was perceived to be out of their depth, thus leading to the "crucifixion" of Technikon A by Technikon B. They understood only the political viewpoint: they "provided no logic or motivation for the merger", and meekly accepted the PWC report on the merger – which was variously described as "a pathetic document" and "an abomination".

Management adopted a *fait accompli* approach - "the Minister wants it, and that's it" – resulting in Technikon A being led "like lambs to the slaughter" when compared to the defiance by UNISA over merging. "While the Minister must take the blame for rushing unprepared into the merger, top management must take blame for inadequate, incompetent implementation of the idea".   Top management provided no guidance and did nothing to alleviate the concerns or lack of interest in their actions.

4.4.2 POST-MERGER STUDY

Over a three-week period up to mid-November, 2005, the researcher undertook a limited survey of staff reaction to the merger.

As the merger had been in operation for 30 months, individuals had had sufficient time to come to terms with and adjust to the post-merger environment.

The survey was confined to long service ex-Technikon A staff in the Faculty of Management. This group was chosen because they all had at least five years service in the Technikon prior to the merger and thus had become acculturated to Technikon A. They were thus able to compare pre and post merger

environments. The group was also chosen because this faculty had been relocated to one of the ex-Technikon B's campuses, which was deemed to be inferior. Thus they were less likely to be happy with their environment than those who had remained on their original campus.

A convenience survey approach was used. Of the seven members approached, six agreed to be interviewed. As the responses of all those interviewed were almost identical in content, it was assumed that these feelings were universally held by other staff members and further interviews were cancelled.

Each questions and responses thereto are listed below. In order to save time and space, a telegraphic style has been adopted.

Question 1: How did you feel about the merger when the merger process began?

Initially, there did not appear to be much worry, however, terms like "anxiety", "uncertainty" and "insecure" were used as the merger grew nearer. "I didn't know what to expect", "there was a lot of uncertainty".

Question 2: What have been the post-merger realities? Have things got better or worse?

Post merger realities were unanimous – "things got worse". There was a long list of complaints:

- No effort was made to integrate the groups, "so much in common, so many differences".
- Differences in culture were critical.
- Lowered academic standards.
- Lack of Technikon B staff work ethic.
- Bad treatment by Technikon B heads – "we were treated like factory hands".

- Dismay and perceived favouritism that the Faculty of Engineering got the best campus – "transfer 60% of staff and students to 20% space made everyone miserable just to favour the Engineers."

Question 3: Have you noticed any improvements that the merger brought about? If so, how successful has the merger been?

Responses were uniformly negative – "an absolute disaster", "downhill all the way", "standards have dropped", "if this is an education institution, this is a sick joke."

Demotivation due to increased bureaucracy, inadequate students, demotivating facilities – everything was inferior.

"They have killed the reputation of Technikon A. Standards and facilities have dropped. Everything worked at Technikon A; their technology was far superior. Commerce was supposed to be the cash cow, but now it was dropped in the dung."

Question 4: At present, what do you like/dislike most about the new merged institution?

There were few "likes" – holidays and flexible working hours, meeting past students. Two respondents found no "likes".

Dislikes included – "bureaucracy and lack of trust", "atmosphere of don't care" – "I don't want to come to work – no-one is even trying to do their jobs." "We can't assist students because of red tape."

Others disliked the inefficiency and being kept out of the loop, "treated like second class citizens."

Dropping academic standards – increasingly the poor students were allowed into the system.

Again, the environment was disclosed – general disrepair, "the place is falling apart" unacceptably high levels of noise, and overcrowding of lecture venues.

Question 5: On a score of 1 to 10 (10 being very happy), compare your feelings about Technikon A.

Responses were according to three categories:

1. Pre-Affirmative action top management.
2. Pre-merger – when it became a reality.
3. Post-merger environment.

The results were as follows:

RESPONDENTS						
Question	1	2	3	4	5	6
1	10	08	06+	±09	9 or 10	10
2	10	08	06	5 or 6	07	05
3	01	01	04	3 to 4	02	02

At Stage I – Positive responses – "I used to enjoy coming to work", "we ran very efficiently – but when the new (affirmative action) Vice Chancellor arrived (Stage II), "things started falling apart", "it became chaotic."

At Stage III, no-one is happy – it is regarded as a disaster.

Question 6: How have you been treated in the post-merger environment by:

1. Top Management?
2. Your Head of Department?
3. Technikon B Staff?

The response to top management was uniformly bad: "I don't get treated at all – it is as though I don't exist", "indifferent", "poorly", "they will not intervene even in the face of severe abuse of staff", "this is not a merger, but a takeover."

The response to Head of Department included comments such as "despicably", "with indifference", "I can't go to the Technikon B Head of Department – there is internal conflict."

The response to Technikon B staff included comments such as "it varies ... there are pockets", "generally with contempt and indifference", "it's improving", "derogatory – very negative..", "very suspicious, bordering on racism", "I get on well with most."

Question 7: What is your relationship with Technikon B staff? Comment on Technikon B standards, work ethics, and so on.

"Their upfront face is a mask of pleasantry, but behind that is a different case", "generally polite", "their standards are low", "relatively good relations", "as for standards and work ethics, we are leaps and bounds apart", "the work ethic is shocking, the standards terrible", "their standards are way below ours ... their exams include pictures and crossword puzzles", "our students attended (Technikon B lecturers) classes to find out what was in the final examination", "we had good standards at Technikon A, now I'm ashamed to say where I work", "there is favouritism".

Question 8: What attempts at integrating the two institutions have occurred?

"Bugger all", "little or nothing", "very little", "none", "no consultation, no reconciliation, no nothing", "three years after the merger, we are still operating under separate conditions of service."

Question 9: What is the present culture of the new merged institution?

"There is no real culture – no branding", "it's a neutral culture – anything goes, as long as your backside is covered, then you're okay", "we still have to develop a culture ... (people) are still clinging to what they had", "who knows? We just work here ... very divided ... hostility ... two cultures trying to work separately. There is no integration of cultures", "we are a rudderless ship".

Question 10: What effects has the merger had on:

1. Academic standards?
2. The reputation of the institution?
3. Ethical aspects?

1. Academic Standards
   "Declining, standards drop and we accept", "definitely lowered standards because of the type of students ... they require spoon-feeding".

2. Reputation
   "It's not as strong as before, Technikon A was the yardstick", "pathetic", "deteriorating rapidly", "dropped dramatically", "reputation severely damaged".

3. Ethical aspects

"They (Technikon B) can't even spell the word", "complete lack of trust between academics and admin ... Technikon A had a high work ethic, (now) we have elastic ethics", "there are major differences in ethics, so now its normal that you don't trust anyone", "unethical", "we are fighting a losing battle."

Question 11: How do the newly merged institution's students compare with ex-Technikon A students?

"No comparison, Technikon A was way ahead in general knowledge, studying and academic skills", "you can't compare – the new institution accepts them to fill seats, Technikon A nurtured them ... not market related. Technikon A ... proud of the product we sent to the market", "they cannot spell, they cannot read, they don't buy text books ... I don't know (shrugs) Technikon B took Technikon A's rejects", "Technikon A had a very good standard ... (now) from a teaching perspective ... standard 8 practical!"

Question 12: What are your feelings regarding the physical environment in which you work – inter alia, offices. lecture rooms, noise, lighting and air conditioning?

"Offices are problematic, lecture rooms are pathetic, noise levels are very bad – lighting and air condition is often non-existent ... excessive time to effect repairs", "lecture venues are absolutely shocking – windows don't close, air conditioning is a nightmare, far too many students in too small a space ... we ended up with the junk no-one else wanted", "we are overcrowded" , "noise levels are so high it is difficult to interact with the students", "the campus was designed for 3 000 to 4 000 students, now we have 10 000 jammed in ... what we feared has come true", "appalling – an insult to lecturers and students alike", "I am very unhappy".

Question 13: Would you recommend the new institution to friends or family?

"No never, definitely not", "no", "oh no", "actually no – not in commerce", "not if I can help it – I won't even recommend a B.Tech student to continue with Masters because of the reputation", "never".

Question 14: The existence of a "mafia" has been alleged. What are your views on this?

The concept of a mafia applies to certain staff from Technikon B who benefit themselves and other staff of the same demographic to the disadvantage of (especially White) staff.

"Absolutely correct – there definitely is", "people on committees are told what to do ... manipulated", "Mafia? We call them the 'good old boys club'", "yes it should be broken", "definitely runs the institution", "there are cabals ... driving admin, and how this place develops and grows".

Question 15: If a new voluntary severance package (VSP) were to be offered, what would your reaction be?

"I'd jump at it as long as I was over 60", "If I could get a comparable job elsewhere with reasonable prospects, I'd take it and go", "yes", "I'd definitely take it", "the few that may be useful (to the organisation) would take it. The rest are deadwood. We can't afford another VSP".

Question 16: What keeps you working here?

"I need to be 60 to get full pension benefits", "my pension", "pension ... pension and security, if my kids were capable of supporting themselves. I'd definitely disappear", "I need to work and earn a salary", "a challenge? There is not much

on that side of things", "the hope that things will improve", "lecturing – and supervision – I'd work elsewhere if it was a tertiary environment".

4.4.3 CONCLUSIONS

All of the above provide a very negative attitude to the entire merger process. The attitude change from staff committed to their technikon and progress to a totally demotivated, alienated group is almost palpable. There are strong perceptions of betrayal, of being regarded as expendable and simply cast aside to sink or swim.

In addition to a perceived extremely inadequate working environment and significantly inferior students, the whole attitude of many Technikon B staff towards Technikon A staff, be they senior management, departmental heads or even fellow lecturers, appears unacceptable. No efforts appear to have been made to welcome or integrate them into the new campus environment. Indeed it appears that they were regarded as interlopers into a closed group who seemed to reject them.

There is little doubt in the mind of the researcher that at least some of the ex-Technikon A staff did make adverse comments regarding their work environment, the poor quality of the students and compared them unfavourably with their technikon, but it would appear that many of the ex-Technikon B staff would have much preferred the ex-Technikon A staff to leave the new institution as quickly as possible.

4.5 CONCLUSIONS REGARDING METHODOLOGY

The methodology chosen for this project was deemed to be best suited to the circumstances. The methods which were used in the collection of data are considered appropriate to the needs of the study.

Having presented the methodology, it is now appropriate that the historical and qualitative findings are presented.

This is presented in the next chapter.

CHAPTER FIVE

BACKGROUND TO AND HISTORICAL DEVELOPMENT OF THE MERGER

PROGRAMME IN SOUTH AFRICA

5.1 INTRODUCTION

Having outlined the methodology of the research project, it is now appropriate to provide an outline to the historical developments in the merger process.

As before, the chapter will be divided into two parts:

- A background to the overall merger process affecting all the universities and technikons

- A more in-depth analysis of the specific merger. Significant emphasis will be given to the actions and reactions of various role-players Finally, the results of a survey of staff reactions to the merger will be presented.

5.2 MACRO MERGER ISSUES

In the mid 1990's, many South African further and higher education institutions found themselves in dire financial straits (Hay & Fourie, 2002, p.115). A combination of factors, including a lack of visionary planning, non-innovative strategic planning, unrealistic enrolment programmes and a lack of inter-institution co-operation were paralysing the system.

Jansen (2002, p.160) stated that especially some of the traditional black institutions "had become both a political embarrassment to government (because of a series of very public upheavals, including violence and killings on campus as

well as a financial challenge – because of highly publicised deficits running into tens of millions of rands"

Indeed the situation was such that several institutions faced closure. Attempts were made to cut costs in order to remain sustainable, and the fear existed that retrenchment could become a reality. (Hay and Fourie, 2002)

Hay & Fourie (2002), Hay, Fourie & Hay (2001), and Jansen (2002) suggested that a variety of reasons contributed to this situation.

1. A fragmented education system inherited from the previous dispensation, each with profound inequities and distortions.
2. Incoherent and poor articulation between various types of further and higher education institutions.
3. Poor quality of the school system resulting in low entry and high failure rates, especially among under-prepared (black) students.
4. Unequal distribution of resources and subsidies among institutions.
5. Declining state subsidy as a result of poor economic growth.
6. Increased competition for students and new types of institutions, including institutions from overseas, as well as the growth of private institutions.
7. Declining student enrolments.

The problem can be encapsulated as moving toward crisis because Government had anticipated that prior to 1994, there would be a massive increase in black enrolments in post-school education. This had not happened: indeed the 1996 projection of 680 000 students in technikons and universities was by 1999, only 564 000 – a drop of 116 000 students (and their subsidies). This was further estimated to decline by another 27 000 students in 2000. To make matters worse, fewer black students were enrolled in higher education in 1999 than had enrolled in 1994 (Hay and Fourie, 2002).

The main cause appears to have been the declining numbers of matriculants coming through the system: in 1998, only 60 000 gained direct entry to universities (less than half the predicted number) (Jansen, 2002). Many black students preferred to enroll in previously white institutions: this migration put some black institutions under significant strain.

Black institutions were often seen as unstable; often in crisis with higher non-payment of fees, declining enrolments (and thus declining revenues) and corruption (MacFarlane, 2003).

There was also a migration (mainly of white students) to private colleges and universities. Indeed, Jansen (in Hay and Fourie 2002) estimated that about 500 000 students were studying in private institutions in 1999, instead of at the traditional universities and technikons.

This migration led to fears regarding the viability of certain institutions, given that declining enrolments could cost these institutions over R300 million in lost subsidies over the period of a couple of years. If the present system continued, the result could be too many and too expensive institutions to be sustainable.

In addition, there was a political imperative: in addition to the majority of academic staff being white (87%), black participation rates were seen to be disproportionately low (12%) when compared to white (47%) participation (Jansen 2002). To make matters worse, black enrolment in engineering and science courses was extremely low: the majority enrolled in humanities, arts and education.

Changes had to be effected to alter this situation: access to post-school education was to become a major political objective. (Finance Week Survey, 2009).

Deliberations to address the problems resulted in:

- The Higher Education Act (1997);
- Education White Paper No.3 (1997), aimed at transforming education
- National Plan for Higher Education (2001)

All of which paved the way for the "size and shape" document, which became the blueprint for future change. In this regard it should be noted that although a number of investigations made recommendations regarding the "massification", shape and size of post-apartheid, post-school education, it was only in July 2000 that a C.H.E. task team first recommended the use of mergers – "closures, combinations and funding ... (to) create a more rational and coherent higher education landscape... through mergers or other mechanisms ... reducing the absolute number of higher education institutions." (C.H.E. 2000 in Jansen, 2002, p.5).

The then Minister of Education (Kader Asmal) agreed and in December 2001, the National Working Group recommended that the number of higher education institutions be reduced from "36 to 21 through the specific mechanism of mergers." (C.H.E. 2000 in Jansen, 2002, p.6) This was the "size and shape" document referred to above.

It should be remembered that, although only those aspects pertaining to universities and technikons will be discussed, the 2001 NWG document dealt with all aspects of Government controlled post-school education.

In the transformation:

- The number of universities and technikons were to be reduced from 36 to 21;
- Teacher training colleges were to be absorbed into universities;

- Nursing colleges were to be reduced in number;
- Technical colleges were to be realigned into clusters.

The aim obviously was to cut costs and realign these institutions. By merging institutions:

- Economies of scale could be realised. Institutions with a minimum size of 20 000 students were seen as more financial viable;
- Reducing top management numbers would cut staff costs while simultaneously concentrating leadership capacity;
- Rationalisation of resources;
- Reorientation of missions to improve teaching, learning and research output which would be more responsive to economic and societal needs;
- Previously disadvantaged institutions would be strengthened and restructured and receive extra resources (Hay And Fourie, 2002, Finance Week, 2009).

By applying the merger option, Government simply followed a world-wide trend in higher education and brought it into line with merger processes in other countries.

By merging, Government prevented the closure of certain black institutions. Education Minister Asmal stated that institution closure would not provide an effective solution: "Not only would this be counter-productive in the light of the huge education, training and development needs of South Africa, but such a decision will also be politically incorrect and insensitive." (Hay, Fourie & Hay, 2001, p.101).

Government also attempted to reduce the differences (such as in the quality of studies and academic reputation) by leveling the playing fields: in effect a "one size fits all" approach – 21 equal universities (Wyngaard and Kapp, 2004) even if

it meant that totally disparate institutions would be combined – such as technikons and universities, or universities and teacher training colleges: each with totally different cultures, academic standards, educational methods and student profiles.

According to the Financial Week Special Report (2009), this shifted entry from an academic access to an institutional access. Allowing students with inferior matric results into the newly merged institutions meant that Government was "more concerned with numbers than quality" (Financial Week Special Report, 2009, p.14): it was a "quick fix" which "only served to erode the value of degrees issued by former exclusive universities" (Financial Week Special Report, 2009, p.15).

While improving the school education system to improve the quality and quantity of (especially) black entrants to higher education would probably have provided a better long term result overcoming the crippling burden of dysfunctional black institutions, using mergers, based on political expediency was the quickest and most convenient route (Financial Week Special Report, 2009, p.14).

5.3 REACTION TO THE MERGER PROCESS

Botha (2001, p.274) indicates that the majority of responses "did not reflect agreement, but on the contrary there was opposition to the implications ... will not be enthusiastically embraced by many of the institutions involved." There were warnings of resistance to the proposed changes, and given the problems of other business mergers and of the recent teaching college mergers, would create "a high level of insecurity, discomfort, anger and even despair."

Interestingly, Jansen (2002) states that the Vice Chancellors Association (SAUVCA) saw the rationale for mergers as necessary to remove the high per student cost, reduce differences in quality of tuition, prevent institution closure and overcome the problems of poor management of the historically black

institutions. Conversely, the Vice Chancellors of black (historically disadvantaged) institutions saw the mergers as a direct attack on themselves and their institutions.

Thus one group saw the mergers as an option "to deal with" dysfunctional black institutions, while government saw it as a key strategy for creating "the new system of South African institutions" and not a collection of disparate historically white or black institutions (Asmal, 2002 in Jansen, 2002, p.10).

Given the decision that mergers were the right way to go, the merger programme was pursued with vigour. Given the degree of disagreement regarding the congruence between official policy and institutional reaction (Jansen, 2002) it is puzzling that the mergers did, in fact take place. Government has previously recommended mergers, but these did not occur, or if they did, de-merged later. Yet the merger plan went ahead "despite severe contestation between the merger parties and between one or more of the merger parties and government itself." (Jansen, 2002, p.154)

5.4 TIMING OF THE MERGER PROCESS

The rate of change to which individuals groups and institutions can absorb effectively determines the effectiveness of the change. The larger and greater the change, the greater the problems of assimilation, and the less effective the change will be.

In this instance, the timing of the merger process was inappropriate. Wyngaard and Kapp (2004) indicate that the academic community had already been battered by:

- Major political transformation;
- The introduction of outcomes based education, which required significant revision of teaching models;
- Government policies such as affirmative action, employment equity;
- The new SAQA and NQF aligned programmes.

All represented recent and dramatic change and reduced academics ability to cope with further change. Thus the merger process was simply another blow and proof of poor timing.

Apart from the decisions to merge, no detailed planning for merging was provided by Government. Thus each merger had to produce its own merger plan. As a result, (Mfusi, 2009) despite the overall similarities; each merger unfolded in completely different ways, giving credibility to Jansen's (2002) conclusions that mergers in higher education are very different from normal business mergers and that lessons learned from other (business) mergers have limited relevance when applied to higher education.

Even when evidence existed to indicate that mergers would benefit all stakeholders, universities make the case to be unique and each requires special attention. "Rational explanations based on self-interest simply do not cover the evidence of the merger programme" (Jansen , 2002, p.155).

Having examined the merger process in general, it is now appropriate to investigate the actual merger of the two institutions under review.

5.5 BACKGROUND TO THE SPECIFIC MERGER

The aim of this section is to appraise readers of the factors influencing perceptions prior to the merger.

As was indicated earlier, it is possible for academics to be committed to their departments and profession, yet still be alienated from management. The magnitude and rapidity of change in the institution were such that this led to significant decline in morale during the years leading up to the merger, and that the merger was simply the final nail in the coffin.

How then, did this situation come about? In addition to political change, two factors contributed to the decline – a change in student demographics and a change in staff perceptions of management.

5.5.1 DEMOGRAPHIC CHANGE

Prior to 1994, Technikon A was the only (predominantly) white English medium technikon in South Africa. It enjoyed high standards. In the wake of the New South Africa, there was a flood of non-white students to (previously) white institutions (Mac Gregor, 1999). In 1994, Rector's Report (Technikon A) indicated a 44% non-white student body: a 1998 Report of the Committee of Technikon Principals indicated the period 1992 – 1997, a 28.8% increase in black student enrolment and a 7.6% decline in white enrolments at technikons.

The influx of often ill-prepared black students led to:

- Larger class sizes;
- Staff "bogged down teaching incompetent students basic they should have learned and emotionally burning out" (Barron 1996, p.16)
- Decline in student competence: 90% of black students at Technikon A scored less than the required minimum in English (Starkey, 1998) which meant they were incapable of comprehending much of the lecture material;
- A militant black S.R.C., calling for transformation and targeting white staff (NUTESA News, Circular 21 of May 1996). The S.R.C. exerted

considerable power, exerting "a far-reaching impact on staff morale and the perception surrounding top management'' (Juby Report, 1997, p.54);

- "A culture of entitlement and an absence of a culture of learning" (Maxwell, 1998, p.1) – high absence from lectures in "a campus overrun by disaffected students who attend campus for social reasons (Maxwell, 1998, p.1);

- A rapid increase in levels of (especially violent) crime. In the period mid-January to May 2001, over 90 serious crimes were reported to the security section. These included a murder, a hijacking, two security guards shot, seven motor vehicles stolen, and nine armed robberies (du Toit, e-mail 2.06.2001). What had previously become a good place to work had become a dangerous place to work.

All the above resulted in:

- a significant drop in pass rates. The Examinations Committee (September 1998) noted that 47% pass rates for black students, compared to 77% for white students;
- increased stress, demoralisation and disaffection of staff;
- a drop in the climate of learning and decreased academic standards.

For many staff, the final straw was the perception that the institution was becoming ungovernable.

There were several disturbances led by black militant students: in one they trashed the one campus, which subsequently led the then Rector to seek premature retirement, in another, the office of the new Rector was petrol bombed. This led to a "white flight" – the institution became almost entirely black. When management did clamp down on the students, The S.R.C. stated that this action was at the behest of the white staff. (Maxwell, 27.04.1997)

All of these factors occurred at a time when changes in management were occurring and which simply reinforced the feelings of disaffection. These changes will be discussed in the next section.

5.5.2 MANAGEMENT CHANGES

The aim of this section is to outline the deterioration in relations between staff and management during the period leading up to the merger.

At a time when strong positive leadership could have made the merger a success, the poor relationship simply exacerbated and already fraught situation and led to what many staff referred to as a hostile takeover by Technikon B.

The results of three surveys are significant:

- 1992 – the Puth survey indicated that Technikon A was generally a good place to work, with positive staff attitudes. However there were inadequate communication systems and a lack of staff development (Rector's Welcome to Staff, 11.01.1993);
- 1994 – a survey, the Cronje Report – "1994 and beyond" indicated a pervasive cynicism and distrust of the organisation and its management, with academics feeling a lack of control over their destinies, and politically controlled decisions – all evidence pointed to an alienated, demotivated and defeated staff: an environment in which staff operated in "silos of isolation" (Cronje, 1994, p.6). A significant factor was the perception of a glass ceiling – with preference given in promotions to Afrikaans-speaking staff, leading to cynicism and antagonism from the predominantly English-speaking academic and administrative staff. In 1995, riots by militant black students led to the early leaving of most of the Afrikaans management, and their replacement by affirmative action appointees – thus perpetuation of the perception of glass ceilings (albeit of a different hue);

- 1997 – Juby Report – (Turnaround Management Report) painted a dismal picture. The Juby Report (1997, p.33) indicated that staff in many areas were "stressed de-motivated and disillusioned", felt locked into the system; many departments feel isolated and were "doing their own thing"; self-enrichment, an incompetent Personnel Department, the abuse of funds by the SRC and their ability to intimidate management all led to feelings of estrangement. The new top management were out of touch with staff, and did not communicate with them. In order to accommodate students, top management overrode lower level staff who were trying to apply the rules (Juby, 1997, p.33).

The new (affirmative action) management, many of whom were returned exiles, appeared to introduce an "us versus them" relationship. Previously, despite other problems, most staff enjoyed reasonably good interpersonal relations with most of top management. Communication between the two groups had improved. The new management simply reversed this relationship. Communications from the (predominantly white) staff association to top management appeared to be routinely ignored (comment to author by a senior staff association member).

"Problems which, over time, and have been brought to management's attention from time to time" (Juby Report, 1997, p.21), but nothing was done to rectify these. Indeed most of the problems identified in this report were still unresolved years later. This indicated a lack of commitment to change by top management.

In addition, there was evidence of empire building (NUTESA – "Heads Of Argument", 1999, p.23 for wage negotiations). Evidence of empire building is indicated through the growth of top management posts – from six posts in 1993 (costing R1.1 million) to twenty posts in 1998 (costing R6.4 million) (Heads Of Argument, 1999, p.23). These salaries were paid from wage allocations for academic staff, thus depriving them of wage increases.

Relationships deteriorated, resulting in a vote of no confidence in management. "Staff are totally demotivated; their workloads are continuously increasing with no thanks. ... despite their best endeavours, they are belittled and berated." Senior management was also accused of being concerned only with advancing their own positions (Campus Talk, February/April, 1997).

Staff not only had no confidence in their top management (Stephen, 1999); but there were rumours of top management being only concerned with their own agendas, of deceit and with it, of either financial incompetence or financial mismanagement. (NUTESA News, 09.09.2001; 01.02.2001). Whatever the truth, the new top management which had inherited R15 million reserves in 1995, had by 2002, run an estimated debt of R180 million and potentially R220 million (Leader reporter 17.05.2002, p.1), had serious cash flow problems, and was operating at the maximum of its bank overdraft. This after having operating surpluses up to 1998 (Chalufu, 2002). At one stage, just before the scheduled merger, the Technikon B unions, in an attempt to derail the process, claimed inequalities in Technikon A's financial statements and that, in reality, Technikon A was R740 million in debt (Jansen, 2002).

Indeed, financially the situation deteriorated to the extent that a R37 million short-term lifeline had to be provided by the Department of Education to enable it to enter the merger (Chalufu, 2002).

Financial problems were exacerbated by increasing financial stringency. In addition to reduced subsidies non-payment of fees escalated to R11.7 million in 1998 (Heads Of Argument, 1999). This led to a fall in salaries – 30% below comparable Government salaries compared to 1996, and salary increments were always lower than the other technikons.

Chalufu (2002) indicated that prior to the merger (2001), the average wage for academics at Technikon A was R98 676 per annum, that of Technikon B was

R111 997 per annum, a difference of R13 321 per annum (13.5% or R36.50 per day).

The exception was that Technikon A, unsurprisingly, paid the best salary packages among the almost entirely black top management and the almost entirely black unskilled levels (Heads Of Argument, 1999).

The salary problem led to two strikes, which, in both cases, NUTESA accused management of acting in bad faith, and in both of which the Principal issued an identical circular threatening that "if you continue to strike, you will not be paid any salary at the end of the month" (Exhibit 32.02, Heads Of Argument, 1999).

In an article, "Power play hardens battle lines on campus" Maxwell (18.07.97) commenting on the second strike stated the parties were unable to speak the same language; that claims existed regarding breaches of collective bargaining and that management had little motivation to find a settlement. Management had taken a 'no conciliation" approach with a unilateral ultimatum. Maxwell likened their approach to an authoritarian parent disciplining a petulant child. He further warned that management could starve the workforce back to work, but that it would simply harden sentiments over time and form a cancer which would "eat at the very heart of the institution and destroy it ..."

"Thus traditionally one of the best vocational tertiary institutions in the country will become no better than the despised bush colleges of the apartheid era" (Maxwell, 18.07.97).

Despite the above, many staff continued to work there out of a lack of alternative employment, or out of commitment to teaching. Stephen (1999, p.128) indicates "relatively high levels of alienation", "feelings of powerlessness in the face of centralized, very bureaucratic management … lack of communication"…. anger

and frustration directed against management, but that they still continued to "take considerable pride in their work… that commitment to teaching …" continued .

Given that lack of confidence in management appeared endemic (Stephen, 1999, p.132), the perceived duplicity, incompetence and us-versus-them exclusionary relationship of top management, academic staff perceived that they could look forward to receiving little or no support from top management in any merger situation and that top management would be pursuing its own agenda at the expense of the staff in general.

That the merger must have been seen as the final straw is indicated by the large number of staff who opted for the voluntary severance package. For any of those who wished to, or were forced to, remain in the system, there appeared to be a fatalistic acceptance that Technikon B would dominate the new institution, and that everything built up by Technikon A would be derided and destroyed. In the face of political correctness and, in some cases, thinly veiled anti-white, anti-Technikon A sentiments, the potential for advancement and the maintenance of high academic standards was seen to be an accepted casualty of change. However, even after the merger, ex-Technikon A staff have continued to leave the organisation. The loss of talent and experience must be regarded as an enormous blow to the education system in the area, and one which would have deleterious effects on future students in the organisation for years to come.

Given the above, it could be concluded that the situation at Technikon A was such that they were defeated before negotiations even began, which allowed Technikon B to mediate a successful hostile takeover of the institution.

5.6 THE MERGER PROCESS

The two institutions concerned were in agreement that some form of closer association was a possibility long before the current merger directives came into being. Talk of a "collaborative effort" occurred between the two institutions in

1989, resulting in the "Oatsdale Minutes" (Chalufu, 2002, p.130-131). However, given the political situation at that time, little further action took place.

Following a change in government in 1994, increased collaboration between the two institutions resulted, in May 1996, committing both councils to a merger of the institutions. However, due to a series of internal disputes in both institutions, and especially a "management vacuum" at Technikon B, nothing further occurred until 19 February 1997 when both parties met to discuss the "possibility of amalgamation" and a "single institution governed by a single council" (Chalufu, 2002, p.130-131).

Although the concept of a merger had been agreed upon, progress was slow and lacked momentum until "the Minister gave it a push" (Wyngaard and Kapp, 2004, p.191).

The on-again-off-again process finally got back into gear in 1999 with the adoption of the Merger Project Charter Statement of Intent, which was issued, and a steering committee formed. A consortium of consultants, notably including Price Waterhouse Coopers (PWC) were appointed to assist. Three million rand was earmarked by the Department of Education for a feasibility study. This represented the end of Phase I of the merger process (Chalufu, 2002, p.130-131).

The merger in this case was a "first" in terms of the restructuring process in terms of the Higher Education Act (1997). It was a "guinea pig" merger aimed at increasing effectiveness through rationalisation of resources. PWC (1999, paragraph 107) stated it would result in "increased cost effectiveness, wider skills and resources to provide a better education service, and scope for increasing the height and breadth of the education service provided."

However PWC (1999) warned that although voluntary mergers generally provided good results, when they were forced on the parties, they were less successful and led to considerable unresolved problems.

Superficially the concept of a merger made sense:

- The two institutions were physically contiguous.
- Both had similar core business.
- Both enrolled from similar student pools.
- Both were autonomous bodies, created by an Act of Parliament. Being state bodies, they had no shareholders with which to consult.
- It was ostensibly "a merger of equals".

Indeed Jansen (2002, p1.63) regarded this as the "ideal merger" – and equal partnership, the combination of two establishments' physical assets, students and staff, which was unlikely to lead to the dissolution of either partner. He did, however comment that in the future Technikon B "is likely to be stronger, given their better financial position".

One wonders what Jansen thought when, less than four years later, he would be called in to try to prevent the dissolution of the new institution.

It is suggested that the weak, hostile leadership of Technikon A allowed the concept of "a merger of equals" to be lost and by adopting a "business as usual" approach, allowed Technikon B to overpower the merger (Jansen, 2002).

In theory, both institutions would have equal power, which would require both parties to adapt their operations. However, Boise and O'Toole (in Rock 1987, p.357) state that this is "the most difficult type of merger to bring to fruition." In addition, Feldman and Spratt (1999, p.29) state there is "no such thing as a merger of equals. It is also futile to use each other's 'best practices' as these

were applicable to other peoples' companies and are based on past conditions. What is needed is a completely fresh viewpoint."

It is also assumed that both sets of merger parties are of approximately equal bargaining strength – failing which the dominant partner will impose their conditions on the merger, as is suggested occurred in this case.

However, the deep differences in culture which existed between the two institutions appeared to have been either ignored or misunderstood. This critical area was to impact negatively on the merger as, "from the very beginning, it was clear that some of our differences were irreconcilable" (NUTESA News, 9 March 2002, p.5).

In Phase II, a variety of task teams were appointed to deal with various merger issues and the integration of systems. "The charter defined in detail the work to be undertaken in assessing the feasibility and options for a merger and outlined terms of reference to each task team" (Chalufu, 2002, p.13) including curriculum management and information systems.

On 09 October 2000, a stakeholder's forum – the merger Imbizo – was held to inform all stakeholders of progress and areas of concern (Chalufu, 2002, p.129).

Staff and students from both institutions indicated vociferously that the merger had no support from anyone except top management; that the process was flawed; the PWC report was inaccurate and misleading; that there had been no consultation. The whole process was a disaster (Bissetty, 10.10.2000 & Nhlapo, 11.10.2000). In addition, Technikon B staff made it obvious that they did not wish to inherit Technikon A's debts; that there were too many hidden agendas, and that they had no confidence in Technikon A's management (Bissetty, 10.10.2000).

Indeed it was suggested that the unions used the Imbizo to "torpedo the process" and that they were increasingly disenchanted with the whole concept of merging (Chalufu, 2002, p.132).

Despite the above in early 2001, a Committee of Thirteen (CoT) to represent the joint councils in all merger matters was instituted. It comprised all the major management players in the merger process. This indicated that the merger was going to be pushed through, no matter what opposition occurred.

The Department of Education gave its full support as the Minister was anxious to see the merger succeed. Indeed they even provided massive financial support in order to assist the process. (Chalufu, 2002, p.132)

The official date of the merger was April Fool's Day 2002. It was originally scheduled to occur a year previously, but due to union actions, it had been postponed for a year.

5.7 REACTIONS OF PARTICULAR GROUPS

Chalufu (2002, p.131-132) expressed surprise that the merger actually took place, given the "highly publicised internal disputes and problems" which had led to disruptions on the campuses of both institutions.

Given the problematic nature of the merger, it is necessary to examine the attitudes and actions of the main role players.

5.7.1 TOP MANAGEMENT

Top management in both institutions were pro-merger. In fact, they had virtually been ordered to merge. It is possible that the enthusiasm by Technikon A's top

management was because it saw the merger as a way out of their present financial difficulties.

While top management and Government pushed for the merger, the unions/staff associations of each were opposed to it. However, although united in their opposition, they did not act in unison: they were split on motivational lines.

Indeed, Chalufu (2002, p.131-132) suggests that it was only the efforts of both vice-chancellors "that the merger eventually took place, despite all the challenges and obstacles that stood in the way .... major factors in the formalisation of the merger."

5.7.2 GOVERNMENT

There is also no doubt that Government was determined to see that the merger would go through. Its support and massive financial commitment pushed through the merger, despite strong opposition, especially from Technikon B's unions.

Jansen (2002, p.160) indicates that although this was ostensibly a voluntary merger, it was Government that "lubricated the merger in the early days through a R3 million facilitation grant and insisted on the merger being concluded in the later stages when the process threatened to come apart ... guarantees to offset the deficit (R30 million) ..... were not allowed to abandon the merger as unions at Technikon B desperately sought to stall – if not derail the process."

As an indicator of this determination, the Technikon A audited financial statements or the due diligence report (the latter is considered critical in any merger negotiations) was only made available fifteen days after the merger date (Jansen, 2002, p139). Despite the lack of these critical documents, the then Minister (Asmal) stated "I do not consider it an absolute requirement" (Jansen, 2002, p.144).

5.7.3 STAFF ATTITUDES TO THE MERGER

A study by Reddy (2007), whose sample included responses from both technikon's staff, found that although 75% of his sample agreed with the objectives of the merger, there were still significant reservations on a variety of areas.

- Both parties feared the loss of identity and especially if it entailed changing the names of their respective institutions;
- Both parties feared job loss and job security;
- Both parties feared the loss of their respective cultural and historic diversity;
- Both parties warned regarding the effects of the merger on their organisational culture and the impact of integration (Chalufu, 2002);
- Technikon A feared the falling academic standards would harm the reputation of the new organisation: Technikon B feared Technikon A were trying to force their academic standards on them;
- Technikon B feared the effects of Technikon A's financial problems and being saddled with Technikon A's incompetent top management and the effect of these on their future salary packages;
- Technikon A feared having to deal with inferior students and radical increases in the number of students in teaching and overcrowding each lecture;
- Students at Technikon B had a reputation for demonstrations, boycotts. Technikon A staff feared this would be transmitted to their students after integration (Chalufu, 2002).

5.7.4 TECHNIKON B'S UNION/STAFF ASSOCIATIONS

The influence of the strong Technikon B trade unions cannot be underestimated. They were resolutely opposed to the merger – mainly because of the Technikon

A's financial problems which they feared the new institution would inherit and reduce their ability to gain further salary and other advantages. They were able to obtain a court interdict to defer the merger until certain issues had been addressed (Chalufu, 2002, p.132).

They also wrote to Minister Asmal to suspend the merger until financial problems were satisfied. This was simply one of many "acrimonious confrontations among the different parties in the merger," (Chalufu, 2002, p.135). Significantly, they were at pains to point out that they were not against the merger, but with Technikon A's financial problems.

In another incident, the Technikon B staff association expressed fear that, to bring Technikon A's salary scales into line with their salary scales, would drain Technikon B's reserves and lead to widespread retrenchments. In late 2001, when all Technikon A staff were given a three-notch increase to bring their salaries closer in line with those of Technikon B, this resulted in expressions of outrage by Technikon B (Technikon B NUTESA, 16.11.2001, Naidu, 27.01.2002). This was the beginning of a highly publicized denigration of Technikon A, its top management and its staff. (In reality, the result of a ministerial delegation determined that "the picture pained by Technikon B was grossly exaggerated, and that the situation was nowhere as bleak as portrayed" (NUTESA News, 09 March, 2002, p.1).

In a Technikon B NUTESA News newsletter (16.11.2001) in a series of articles accusing Technikon A of bad faith, Technikon A was accused of "feverishly building in sunset benefits for its staff... to pay for the apartheid-style golden handouts and inefficiencies," and squandering Technikon B's "huge cash reserves to subsidise Technikon A's inefficiencies and extravagances." In the face of this verbal onslaught, the Principal of Technikon A remained silent; this was not perceived by his staff to be leadership, but acquiescence to the allegations.

On a more general level, although meetings to coordinate programmes were held during 2001, in early 2002 it was discovered that while there were "pockets" of collaborative activities between departments (Chalufu, 2002) many of the Technikon B staff had simply ignored most agreements and were "doing their own thing" to boost their pass rates. It was obvious that the staff of Technikon B did not want the merger: but if it could not be avoided, they made it aggressively clear that they would be the dominant partner. "It would also seem that joint decisions are simply disregarded at times ... (which) certainly contributed to increased stress and frustration levels" (NUTESA News, Issue 9, March 2002, p.1).

Their actions over time, nearly caused the merger to fail and, in addition, had the effect of polarising relations between the staff unions of the two institutions, and, by extension, the staff in both institutions" (Chalufu, 2002, p.148). This meant that cooperation between the two groups was going to be almost non-existent.

5.7.5 TECHNIKON A'S STAFF ASSOCIATIONS

While it could be inferred that the Technikon B unions/staff associations had at least the tacit approval of many of their managers, if not working in concert with them, those of Technikon A had no such approval. It is the perception of the researcher that they, too, were opposed to the merger, but by contrast, they had to battle their top management.

From the Technikon A view, two significant areas of concern were the lack of communication and their exclusion from the merger process. While from a small volume of official communications issued by top management, the process of merging appeared to be simple and acceptable, the view from the staff tended to differ on major aspects – thus indicating the gap which existed between the two parties (NUTESA News, various articles through 2000/2001). Walters (2003) also commented on the lack of official communications and indicated most people

were "left in the dark" regarding the merger. Indeed the grapevine appeared to play more of a role than formal communication.

Both the staff associations and the Workplace Forum expressed concern regarding the number of rumours circulating, especially with regard to staff. These rumours included:

- All staff would have to re-apply for their jobs, and only "key" personnel would be retained – the definition of "key" was not indicated.
- The LIFO principle would apply, but would be overruled by the application of affirmative action.

The resultant uncertainty caused dismay and stress amongst all levels of staff, but management remained silent.

Typical of the factors causing concern to the staff association and Workplace Forum was their routine exclusion from the merger negotiation process. This response was perceived to be to cover up the incompetence of Technikon A's management team. Concerns included the following:

- They were kept out of the process – "Management have, as usual, chosen to ignore us" (NUTESA Circular, 26.08.1996).
- The committee formed to investigate a *possible* merger soon became a merger *implementation* committee (WPF News, March 2001). Indeed, WPF was simply informed of decision, and requests for documentation were ignored.
- NUTESA requests to be part of the Steering Committee were rejected, and when the HR Consultants were due to address the Steering Committee on staff matters, they were refused permission – in spite of being given permission to attend by Council.

▪ Both NUTESA and WPF approached the Minister of Education in an attempt to obtain staff representation on merger committees, but were told that as this was a "voluntary" merger, the Minister would not intervene (NUTESA News, undated).

In addition to the above, was the perceived lack of leadership by top management. When the Technikon B NUTESA publicly vilified Technikon A, the Rector did not respond.

While the Principal stated that he did not wish to engage in a battle in the media, the fact remains that Technikon A was being discredited. In his circular of 01 March 2002, the Principal stated "the main target of this campaign is to sow division between the staff, and to bring down morale by making frequent insinuations of mismanagement..." It could well be that this 'malicious" campaign succeeded. The NUTESA News (09 March, 2002, p.3) complained "our reputation is being sullied ... is our reputation going to stay tainted in the market place?"

The researcher observed that Technikon A's non-reaction to Technikon B's allegations resulted in Technikon A's staff perceiving that they were being sacrificed on the altar of political correctness.

Given the above, there was little prospect of cooperation between the staff of the two institutions, and that every change could well be a source of conflict. The potential for smooth integration was at best minimal.

5.7.6 STUDENT ATTITUDES TO THE MERGER

Until the Imbizo, students appeared to be generally unaware that a merger was about to take place.

Only about 5% knew about the merger pre-Imbizo. Chalufu (2002) makes the point that until the later stages of the merger process, students appeared to have little involvement in the process and were given little information pertaining to it – a statement refuted by top management. Despite this refutation, class boycotts occurred at Technikon B in protest to the merger.

It appeared that in general, students were also concerned about the effects of the merger.

- Technikon B students were concerned that their fees would increase radically (Technikon A's fees were significantly higher than those of Technikon B's);
- Technikon A were concerned regarding a lowering of educational standards and the potential loss of "quality lecturers" adversely affecting their job prospects (Chalufu , 2002).

5.8 POST MERGER

As the official merger date was April 2002, which was in the middle of the academic year the two institutions continued a parallel but separate existence.

After the merger, a variety of changes occurred. Many of these changes took place at about the same time, some impacted on the other changes, which were occurring. For the sake of clarity, the following changes will be considered separately:

- Management
- Students
- Staffing
- Financial
- Integration

- Administration
- Management style

Finally, research undertaken by Reddy (2007) and Wyngaardt & Kapp (2004) is provided to indicate the extent to which staff from both institutions regard the merger as being successful.

While a degree of disruption was anticipated, it is suggested that the range and size of the disruption was unanticipated, pointing to inadequate management and post- merger planning on the one hand and a confirmation of the Technikon B union anti-merger militancy.

5.8.1 MANAGEMENT

The new top management was heavily weighted in favour of Technikon B staff. The new Vice-Chancellor and two of the three Deputy Vice-Chancellors were ex-Technikon B, thus "fuelling the sentiment ... from former Technikon A staff that the merger had been a hostile takeover" (Chalufu, 2002, p.138).

Chalufu (2002) commented at the intense political activity as management jockeyed for jobs. This included the retention of the Technikon A Rector who was at retirement age. In addition, the Vice Rector (Academic) (one of the few ex-Technikon A management staff) suggested the appointment of his "team" of Deans, and there was an outcry and allegations of racism from Technikon B. The (white, Afrikaans) Vice Rector had chosen an all-Technikon A group, who coincidentally, were all white. The posts were then advertised nationally.

5.8.2 MANAGEMENT STYLE

About the same time as the merger was in process of going through there was a change in managerial style, not only at the new institution, but also throughout the country.

Traditionally, the Rector/Principal/Vice Chancellor was an academic of note. Institutions relied on a collegial approach to management, which encouraged vigorous debate and freedom of expression. Usually the principal was a white Afrikaans male. After the ANC assumed power, this group was replaced by a new group of top management, more acceptable to the new order – black, pro-ANC academics who brought with them their own ideas on how to run universities and technikons and which differed radically from previous practice (MacFarlane and Motoetsa, 2001).

While part of the change is explainable through causes outlined above, changes in government policy, forced a change in managerial style.

There was an increased pressure to make universities more accountable for their actions. Major causes for this change were:

- Decline in state subsidies;
- Increased pressure to be relevant to society;
- Transform education;
- Be seen to be managerially effective and demonstrate financial viability.

This resulted in what Adams (2006, p.7) refers to as managerialism.

"Managerialism" focuses on providing quality higher education at the lowest cost by improving the "efficiency of institutions... (and) provide for this continuing improvement in quality and efficiency (financial costs) through the establishment

of criteria and mechanisms for continued assessment... which in turn is linked to funding." (Adams, 2006, p.7) In other words, using a system of punishment and rewards, it created a system in which higher education institutions were to be treated as if they were the same as any other business – namely for low costs and higher profits.

Principals are now the managing directors of their institutions: this has resulted in increased control, rising bureaucracy, and the closing of departments which generate inadequate income. As a result, the principal now becomes an increasingly isolated and unapproachable individual, intent only in improving the financial situation of the organisation, rather than acting as an academic leader.

In addition, this managerial approach was delegated to the next rungs of management. Academic Deans were replaced with Executive Deans, who became the "guardians of efficiency ... exercising all authority in a faculty" (Johnson and Cross, 2002, p.34) – "driven by efficiency and income generating strategies," instead of acting as an academic leader and as scholars were now managers.

The effects of managerialism were to:

- Concentrate power in the executive team;
- Isolate deans and above from the main stream;
- Increase bureaucratic control;
- Reduce community spirit within faculties; and
- Isolate staff from the leadership (Johnson and Cross, 2002, p.34)

This latter outcome is of greatest concern given that sense of community with the hierarchy has been broken: academic staff are increasingly isolated, and has resulted in an increasingly "them versus-us" attitude to management.

This has resulted in academic staff reporting increased levels of pessimism, and stress, "a surprising degree of antagonism toward management..., who now tend to regard them as employees rather than colleagues," frustration and disillusionment, and high levels of alienation (Webster & Mosoetsa in Macfarlane, 2001, p.1).

A significant factor in this attitude change appears to arise from what Duncan (May, 2007, p.1) refers to as "the rise of the disciplinary university" and its erosion of academic freedom. Criticism of top management now results in disciplinary action.

"At the core of this feeling of alienation is a sense of increasing control by management and being under constant surveillance ... (and) fear of victimisation." Indeed, MacFarlane (Webster & Mosoetsa in MacFarlane, 2001, p.1) states that there is plentiful evidence of academic malaise – "endless meetings, job insecurity, under-prepared students, increased working hours and unsympathetic management ... clash with university management ... and you could be out."

Given the turmoil and uncertainty of mergers, academic staff are probably more in need of approachable leaders who understood their concerns and gave emotional and other support.

In effect just the opposite has happened: staff were now more isolated than before.

5.8.3 STAFFING

In order to reduce excess staff, a voluntary severance package was offered during the merger. Eventually about 270 staff, mainly from Technikon A, took the package. In doing so, the new institution lost some of its best staff.

The packages took effect at the end of December 2002, although some staff were requested to remain on for a few months after that date. The severance packages were reputed to cost over R70 m and "confirmed fears that the departure of highly qualified staff would weaken the institution" (Makhanya, 15 April 2003, p.7). Initially about 500 applied for the package, the main reason, it was alleged was "Because top management is Indian" and that many feared they would be "sifted out of the system." (Chetty, 25 August, 2002, p.1).

While some excellent staff took the package, the decision as to who obtained the package was ill-thought out. In conversation with the researcher, the ex-Technikon A Vice Rector (Administration) indicated, "we lost the wrong people, but no-one listened to me." Consequently, some departments were over-staffed, others significantly under-staffed. This meant that active recruitment to fill these vacancies had to take place at a time when huge payments had been made for packages and placing the institution under increased financial strain.

The over-staffing issue had to be addressed. This took the form of the Audit and Integration of Management Systems project (AIMS). This meant that over-staffed departments were to be "right-sized". This became increasingly important as "the new institution is operating under an ever-increasing deficit with no prospect of a turn-around in the foreseeable future" (AIMS Launch 18.08.2003). To be sustainable "the new institution needs to get its financial house in order" (du Preez, 20.10.2003, p.3). This also let to a freezing of all vacant posts (Circular to Staff, 6.10.2003). Unions replied to this appeal by stating that voluntary severance packages had been given to staff at the time of the merger "with the aim of cutting costs, but in the process employed more than 1 000 staff after April 2002" (Makhanya, 05.09.2003, p.4).

The AIMS project led to a demonstration by staff when it was announced that 230 staff would be retrenched, and the closure of certain departments would occur.

The demonstrators demanded that the Vice Chancellor and Council be relieved of their duties for failing to properly manage the institution and also demanded ministerial intervention to solve the new institution's problems (Makhanya, 03.12.2003, p.5 and 28.01.2004, p.7).

5.8.4 FINANCE

Tied to the AIMS project, it is interesting to note that a year after its inception, the new institution was operating at a R50m deficit. The unions – especially the ex-Technikon B NUTESA and NEHAWU – reacted vociferously as they saw it as a plan to retrench their members, which they attributed to financial mismanagement and poor planning (Makhanya, 2003). It is significant that the new Principal stated that at the time of the merger Technikon A was bankrupt and Technikon B was well on the path to financial unsustainability (Makhanya, 2003, p.1) – thus refuting Technikon B's NUTESA's allegations of enormous reserves, and thus that the financial problems existed before the merger. Given this state of financial unsustainability, it is difficult to understand why this individual (who was previously Principal of Technikon B) did not see fit to make this situation clear to all before the merger as this could have defused some of the militant rhetoric of his unions.

The merger just worsened the situation. Indeed, NUTESA (Technikon B) stated that the reason why no further funds were forthcoming from the Department of Education was because top management had yet to present a strategic and financial plan. When the original plan was forwarded to the Minister of Education, it was rejected as impractical (Makhanya, 08.01.2004, p.4).

In addition, there were protests regarding the new institution's failure to approve an agreed 6% salary increase – yet certain contract workers and management members had received substantial increases (one manager obtained a R170 000 per annum increase) (Makhanya, 30.01.2004, p.3) and this led to threats by the unions to make the new institution ungovernable.

The new institution outlaid enormous amounts in refurbishing campuses – estimated at over R100 million (Editorial: Independent on Saturday, 16/08/2003, Naidu (2004). With this went rumours of nepotism, "kick backs" and general financial mismanagement. An investigation was eventually initiated but things seemed to fizzle out. Significantly, all the accused were ex-Technikon B staff.

For a protracted period of time, after the initial investigation, further allegations of corruption had been floating around the new institution. Eventually a staff circular announced the appointment of K.P.M.G. and Amaface Forensic to conduct a forensic audit/investigation into the post-merger activities of the institution. The President of the S.R.C. stated that the institution was "riddled with conditions of fraud and corruption" There was prima facie evidence of massive financial irregularities. (Mchunu, 29.03.06, p.4) When the auditors seized 140 computers, this led to an outcry from the staff concerned and a request by the Vice-Chancellor to suspend further audit activities. (Mcetywa, 02.04.06)

It appeared that the auditors report indicated massive fraud, accounting to nearly R152 million (Mchunu, 15.05.05, p.1). This indicated a complete breakdown in the financial systems of the new organisation.

This matter was only resumed after the appointment of an Administrator following a breakdown in management.

5.8.5 INTEGRATION

Initially, a two-campus module had been proposed. This would have meant that both institutions would have retained significant autonomy and cultural identity and independence. This was later rejected and a single campus approach was approved.

While the two campuses operated on a relatively independent basis, their relationships were not too bad. An internal mail from the (now re-titled) Deputy Vice Chancellor (Operations) two weeks before the end of the 2002 year-end closing of the institutions indicated that the various faculties and departments would be merged into single entities in June 2003. Two days later this changed: all of the departments were to move by the year end, and relocation of staff was to begin immediately.

Now the two groups had, for the first time, to work together. For many this was the final straw. Many staff, especially from the Faculty of Commerce, were relocated to what they perceived to be inferior accommodation at one of the ex-Technikon B campuses. This caused further disillusionment and reinforced the "they're trying to get rid of us" syndrome. In this regard, Walters (2003) also comments negatively on the planning of the relocation and the staff perceptions of their new environment.

Academically, the merging into single departments required re-arranging lecturing duties and harmonizing syllabus requirements. At Technikon B, heads of departments were appointed indefinitely; at Technikon A, they were elected for two years. Consequently, some heads lost their position. In some cases, dual heads were appointed. The Technikon B heads objected to being downgraded, especially as their appointment to head was indefinite, however they were given salary increments as compensation. Conversely giving preference to affirmative

action staff meant that most ex-Technikon A heads had little prospect of promotion.

In some cases, the integration was smooth, in others, stormy.

From informal talks with staff, it was evident to the researcher that the ex-Technikon A staff members regarded many of their Technikon B counterparts as incompetent and work-shy. Conversely , the ex-Technikon B contingent felt threatened by what they perceived to be ex-Techikon A's demands for excessively high academic standards.

5.8.6 ADMINISTRATION

Once the integration of departments had occurred, only Technikon B's administrative systems were to be used. The trouble was that the Technikon A staff were not trained in these systems: they were supposed to pick them up as they went along (Walters, 2003).

The administrative integration caused considerable confusion, as many did not know what to do. As a participant-observer, the researcher was able to record this occurrence. There was no telephone or staff location directory: few staff knew who had left the organisations, and of those who remained, where they were or what they were doing. Both technikons used different computer systems, thus facility in both systems was essential, yet no training was provided. It appeared that until a new combined system was introduced, it required staff having to swap between computer systems depending on what was being dealt with. This caused considerable frustration and time wastage.

5.8.7 STUDENTS

Students were the cause of several disruptions in the post-merger period. In addition, three demonstrations (one of which closed a campus) involved inadequate lecture venues and accommodation and the expulsion of three SRC members for assaulting a female ex-Technikon A staff member, (Bisetty, 2003).

Ex-Technikon A students moved to the Technikon B campus complained of inadequate facilities and noise.   Indeed, a staff satisfaction survey (2004) revealed significant problems/concerns regarding the environment in which they had to operate at the Technikon B campus. Of 110 areas surveyed, 25 areas were deemed to require urgent attention, and only 8 areas were judged to be satisfactory (Staff Satisfaction Survey, 2004).

Ex-Technikon A students wanted to be awarded Technikon A qualifications, not ones from the new institution, as they felt that the latter would decrease their potential for finding employment. In this regard (Chalufu, 2002, p.140) quotes as follows "with our IT courses (at Technikon A) you can get a job, but with Technikon B, you don't".

The merger was even blamed for a rise in student death rates! In April 2003, a cow was slaughtered in a ritual cleansing ceremony in an attempt to curb the deaths of students and staff ... "we believe the merger ... was not announced to the ancestors, and we hope the ceremony is one way of addressing the problem." (Makhanya, 24 April 2003, p.3)

Informal talks with ex-Technikon A staff suggest that this act was met with a mixture of incredulity and bemusement and fears that this act would adversely affect the academic standing of the institution elsewhere.

5.8.8 POST MERGER PERCEPTIONS

There appeared to be no post merger integration plans. It appeared that Technikon B systems were to be continued and Technikon A staff were simply required to comply. There appears to have been no attempt to merge the cultures of the two institutions. Technikon B's culture was simply imposed. These actions, simply reinforced the view of a "hostile takeover" by Technikon B, and the perception that Technikon B had adopted a policy of deculturation and ignoring the personal and cultural values of Technikon A. According to McShane and von Glinow (2005, p.487), deculturation implies " imposing their culture and business practices ... strips away ... the old culture ... (however) this rarely works because it increases the risk of socio-emotional conflict ... resist cultural intrusions ... delaying or undermining the merger process."

Unfortunately the perception held by many Technikon A staff prior to the merger was that when the merger occurred, "everything Technikon B did was good, and everything Technikon A did was bad" appears to have been an accurate prediction.

Indeed, the merger process was taking its toll: "There is a general feeling amongst the Technikon A staff that they are doing most of the work, only to have their efforts subjected to petty adjusting by the Technikon B counterparts." (NUTESA News, 09 March 2003, p.1).

As Technikon A was "taken over" by Technikon B, the Technikon B staff responded in what Hubbard (2001, p.37) refers to as a "conquerors syndrome" – that their systems and people were automatically "better" than the Technikon A staff. The outcome was "a great deal of arrogance both intentionally and unconsciously displayed" by them (Hubbard, 2001, p.37)

There appeared widespread perceptions by ex-Technikon A staff that not only were they not being integrated into the new institution, but that they were being deliberately marginalised.

Examples of this perception include:

- Technikon A NUTESA complaining to the Rector regarding strong rumours that their staff would not achieve salary parity, despite an agreement to do so, and that they were being deliberately excluded from the decision making communications network (Lortan, 24.04.2002).

- Indian staff from Technikon A stated in the media that they were being marginalised by Technikon B "after the establishment of an 'Africanist lot' by black staff there". In addition to negative statements regarding management, it seems that they felt that Indian staff were placed at an advantage except if they came from Technikon A (Chetty, 25.08.2002).

- Probably the most significant and blatant act was the "retirement" at one day's notice of the ex-Principal of Technikon A (Cheddie, 26.09.2002). In an interview the ex-principal stated that there "was a concerted effort to exclude him." He was reinstated for a short period, after widespread criticism, including African academics accusing management of racism. In addition, there was a "perception that Technikon B was on a witch-hunt to get rid of certain ... leaders" (Makhanya, 15.10.2002, p.5).

This led to the immediate resignation of the three ex-Technikon A council members – who, in their resignation letters stated that they wished to disassociate themselves from ... an emerging culture of integral secrecy and marginalisation," "A witch hunt to get rid of certain ex-Technikon A staff," "playing a losing numbers game."

On a lower level, Technikon A staff and departments were encouraged to offer courses other than those officially offered by the institution, for which a

percentage of any profits were given to the departments to enable them to attend conferences.

These funds were simply expropriated later (in 2004). Staff concerned were required to continue administering the extra courses but, despite contractual agreement to be paid, were required to do the extra work as part of their normal duties. One group of staff concerned took the institution to Court and won their case but the Director of Finance declined to comply. The matter then went to the High Court in which they succeeded including payment with costs to the staff. To ensure payment, their attorney attached the bank account of the institution. (This latter information was conveyed to the researcher by one of the staff concerned).

In another case, Technikon A staff were encouraged to lecture extra classes over and above their normal duties, for which they were paid. These payments were summarily stopped without explanation.

The staff concerned simply stopped lecturing, which led the Dean Of Commerce to write a letter of complaint to top management that six courses were at a standstill and "would be without lecturers unless I am able to communicate to them what the problem is and how it is to be solved." (Dagnall-Quinn, 2002). Payment was then restored.

The post merger situation continued to deteriorate.

Reviewing the events of the first year of the merger, a newspaper report indicated that the post merger period had been turbulent and referred to the new institution as a "troubled institute ... dogged by a series of controversies since its formation (Makhanya, 27.02.2003), which "seems to lurch from one crisis to the next with such frequency" (Editorial, Independent on Saturday, 16.08.2003, p10), and which "drags the institution's name into disrepute" (Editorial, Mercury, 19.08.2003, p.7); that morale was low, that divisions between the groups was

high, and that unless something radical was done very shortly, the entire organisation faced disintegration.

This prediction was soon to prove accurate. Top management seemed either oblivious to or overwhelmed by the problems of the institution. They had little contact with staff and appeared to have largely ignored approaches made to them by staff.

Not only did this apply to the top management echelons, but it also appears that Council was also becoming disruptive and divided and interfered increasingly with the running of the organisation. Rather than sticking to its role of overall governance, it was increasingly "doing its own thing".

Staff became more frustrated with the actions of Management and of Council. Affairs came to a head towards the end of 2004, as will be indicated below.

Despite the problems besetting the institution, the Vice Chancellor, who was due to retire in March 2004, requested an extension of a few years "to transform the new institution into a stable, unified and sustainable institution". The union and staff associations response was predictable – one was quoted as saying that the "staff had lost confidence in management as a whole." Despite this, his contract was extended by Council to the end of 2004 (Makhanya, 02.12.2003, p.4), yet this created more controversy when it became known that the Vice Chancellor was given a R3,8 million "farewell handshake." This led to student demonstrations in protest of the award (Bolowana, 18.03.2005, p.4).

In an open letter to the Chair of Council (dated 1 March 2004) by one union (NEHAWU), in addition to reiterating previous dissatisfaction regarding mismanagement, also queried the legitimacy of this award, especially in the light of retrenchments, and the fact that no performance contract had been entered into. In addition, the letter revealed that the Deputy Vice Chancellor (Academic)

who also retired had acquired a R2 million voluntary exit package. Again the legitimacy of this action was questioned.

Following this, a letter to Members of Council from the staff association (Bass, 16.03.2005) indicated that it had "lost faith in the ability of the present Council to govern the new institution effectively". Specifically, it made reference to:

- Failure to attend scheduled meetings to discuss retrenchments.
- Failure to finalise conditions of service after three years of merging.
- Lack of communication and lack of response to NUTESA correspondence.
- Lack of response to queries regarding a large contingent of executive (Indian) managers who took a trip to India, paid for by the new institution.

As the Council was not providing strong leadership, it was requested to disband.

An article in the Mail & Guardian newspaper (Sole, 29 April to 5 May 2004, p.4) which published a letter of resignation by a Council Member who stated that "the core business of the Council is no longer higher education", indicating a deeply divided institution which served as "a battleground for personal and political interests".

This resignation was brought about by the "flawed and chaotic appointment" of the new Vice-Chancellor whose appointment was "rammed through Council, despite legal advice that the process breached the new institution's own rules – in order to appoint a Vice Chancellor "who was pliable … and whose appointment … (was) a way to shift the balance of power towards the former Technikon B stable". The new appointee was regarded as "weak" (Sole, Mail & Guardian, 29 April to 5 May 2004, p.4). The Council was dysfunctional, and should be replaced with an administrator. While academics and middle managers were trying to do their jobs, the new institution was being destabilized by its top structures – "a continued battle by people vying for positions – teamed

up with interests outside the campus" – here the ex-Technikon B-based Tertiary Education National Union was alleged to have a dominant influence on Council resolutions.

The letter of resignation indicated that the new institution was "one of the most fractious and contested institutions … one of the most vulnerable higher education institutions … resulting from a complex set of merger effects, uncertain leadership, tensions arising from different institutional cultures and provincial political fissures."

This suggests that after three years of merging, instead of having an integrated structure in place, the organisation was probably more deeply divided than before the merger, and that the efforts by ex-Technikon B staff to completely dominate the new institution were obvious to all.

Against this background, the new Vice Chancellor took office. In an interview (Bolowana, 13.05.2005), it was indicated "he has inherited a institution which has been haunted by crime, student protests, financial woes and staff dissatisfaction". Hoping to start a new chapter for the new institution, the new Vice Chancellor stated that his responsibility was "healing the hurts that had been caused by the merger … (which had been) a very difficult process of bringing opposing cultures together …and which had bred organisational cynicism" and lack of trust (Bolowana, 13.05.2005). In an editorial (Monday Edition, 12 September 2005, p.3) he stated that "I found a fractured organisation, bruised by the traumas of merger", lacking morale, a guiding philosophy, with visible tensions and a batch of outstanding litigation. Significantly he stressed the need for a new organisational culture.

In his Final Report of the Operational Plan (20.09.05, p.32), reference was made by the new Vice Chancellor of the need for institutional healing, stating an "ubiquitous awareness of institutional divisions." "There are perceived divides

between academics and administration (including academic managers); between former Technikon B and former Technikon A staff; between African and non-African people, both staff and students, and between staff and students … expressed as a divide between 'us and them' … difference in culture between former technikons expressed in Indian/non-Indian terms. Reference was also made to the division between factions in the now-disbanded Council and their different relations to senior staff."

To compound the situation, the Minister of Education (N. Pandor) acting on an investigation report by the department's merger unit, indicated a breakdown between Council and management. Effective governance had broken down; the Council was deeply divided and dysfunctional; there were breaches of good corporate practice. The Chairman of Council disregarded management advice. Members displayed improper conduct at Council meetings. There was a serious lack of decisions by management, a lack of human resources and capacity. As a result, she "recommended the urgent dissolution of the troubled council … and the appointment of an administrator to see to the running of the institution. (Mchunu, 15.06.06, p.1).

Professor Jonathan Jansen was appointed as the Administrator for six months, tasked to ensure proper governance and management, ensure a new Council and conclude the forensic audit. (Circular by Vice-Chancellor, 12.08.2006).

In his Administrator's Report (Annual Report, 2006), Jansen described his job description and findings.

The administrator later made several presentations to staff, In one speech, he indicated that "irregularities existed in human resources, payroll, procurement, maintenance, finance and student accommodation". Several instances of staff helping themselves to the institution's income and unauthorized use of institution vehicles were also mentioned. Staff were viewing pornographic sites, some had

multiple staff numbers and were receiving more than one salary, and people were placed on contract and paid without ever rendering their services.

In view of this, he recommended

- Disciplinary procedures against 15 members
- Criminal cases against 7 members
- Civil recovery against 7 members

Coincidently, all were ex-members of Technikon B.

In a variety of interviews (Barbeau, 27.08.06, p.21 and Shabangu, 18.09.06, p.4) Jansen indicated that "he realized that the new institution reached a stalemate and the management had collapsed", that "he was sad to see how the new institution went backwards in a short period of time."

In addition, one week prior to the end of the institution closing for the Christmas break, the Vice-Chancellor announced his retirement, effective from the end of December. (Mchunu, 07.12.06). Given the almost unseemly haste with which he removed himself, rumours abounded as to whether he "jumped" or was "pushed".

In the three and a half years since the merger, the institution was about to hire its third Vice-Chancellor, whose job it would be to try to undo all the negatives that had bugged the institute since its inception.

5.8.9 MICRO SUCCESS/FAILURE: THE MERGER IN QUESTION

Comments from Wyngaard and Kapp (2004, p.93) are pertinent. Although a visionary plan for closer co-operation was in place, "the process was distressingly messy with evidence of political machinations operating at the highest levels of management."

There was no capacity building or empowerment of staff. The process was characterised by "jerkiness", a lack of sensitivity for equity and diversity and an absence of a business plan."

Indeed "the impact on staff resignation, uncertainty, lowering of loyalty and accountability and despair" (Wyngaard & Kapp, 2004, p.195) was observed.

In 2007, Reddy published his findings regarding the merger in question. It must be noted that his survey comprised both technikons' staff: not only academic staff, but also administrative and technical staff - a very broad spectrum of staff.

The fact that responses from ex-Technikon B staff, who not only represent the majority of the new institution's staff (ex-Technikon A staff now represent a very small minority of staff) and who are perceived to have "won" the merger and thus suffered a lesser impact on their careers than their ex-Technikon A counterparts, may be perceived to have lessened the negative responses to the survey.

Reddy (2007, p.489) commented on the very sensitive nature of the environment of the merger, including "extreme resistance from staff on a variety of issues" including challenges to management, resistance to the choice of names conflict "between staff departments regarding academic, administrative and technical issues" as well as union versus management conflict over staff disparities in condition of service between the institutions.

Reddy reported the following statistics from his survey (Reddy, 2007, p.493).

- Although all staff should have been formally informed of the proposed merger by top management, 50% of respondents were informed by word of mouth about the merger, 26.8% by their respective heads of department.

- While 75.5% agreed with the merger objectives, few were involved in its participation. Indeed, 55.9% wanted a greater degree of involvement in the merger process. Reddy (2007) confirmed that the merger process was not participative. Low levels of communication impaired the process. If it had been done correctly, improved morale would have resulted. Indeed, communications were neither adequate, accurate nor timely, resulting in rumours and distortion, which in turn increased levels of anxiety and uncertainty.

- 67.9% were dissatisfied with the merger process, citing lack of planning, poor management and exclusion from decision making as factors. Union activity also increased dissatisfaction.

- There was high staff interest in the merger with 98.2% attempting to follow merger events, but most felt they were not valued by the organisation, as 71.9% indicated they had not been considered in the merger negotiations, which simply exacerbated the problems of the merger. Significantly here, administrative staff rather than academic staff recorded the highest levels of dissatisfaction.

- 42.6% stated that the merger had significantly affected them. Again, administrative staff showed the highest negative responses. Of the academics, only 21.7% stated that they were significantly affected. Again, given that the majority of the academic staff were probably ex-Technikon B, this is not surprising given almost no change to their systems were effected.

- While 83.9% of respondents were motivated by their job, (intrinsic motivation) 72.2% indicated that they were not motivated by the merger.

- While 54.6% enjoyed adequate levels of job satisfaction, pre-merger, 82.1% experienced decreased job satisfaction levels after the merger. This applied to 56.7% of academic responses – the merger had a significant negative effect on staff.

- While 85.7% indicated they were loyal to the institution prior to the merger (92% administrative staff) only 41.7% were loyal post-merger.

In conclusion, Reddy (2007, p.499) notes that the figures "clearly demonstrate the effect of the intervening variables on the merger process which culminated in staff dissatisfaction with a merger that staff perceived as unsuccessful."

5.9 CONCLUSIONS

In this chapter, the rationale for the academic merger process for South Africa was presented.

In addition, background information pertaining to the environmental changes that had taken within the merger in question were outlined. Finally, the pre-merger, merger, and post-merger events were outlined.

All of these factors lead to a single conclusion: that the entire merger process was flawed and had little chance of success. That the merger in question despite its superficial potential for success, was, in fact, a failure.

The extent to which the merger programme and the merger in question succeeded or failed is presented in the next chapter.

CHAPTER SIX

CRITIQUE OF THE MERGER PROCESS

6.1 INTRODUCTION

Having examined all the data presented, the aim of this chapter is to outline the processes impacting on the merger process per se. It will act as an introduction to the final conclusions regarding the longer-term success/failure of the process, and the recommendations for actions to ensure a greater potential for merger success.

In this chapter a critique of the merger process per se as a physical process will be presented in two parts:

Macro processes – referring to the process in general
Micro processes – referring to the specific case

6.2 MACRO FACTORS

In 1994 the new government found itself with two separate education systems, which differed considerably in a variety of areas, notably of different standards.

With the entrance to universities and technikons no longer based on ethnicity, there was a move by black students away from the historically black institutions to the better-funded, higher quality white institutions.

These black institutions faced closure for a variety of reasons:

- A dramatic decline in enrolments and
- A dramatic incline in institutional instability

- They struggled with - among other challenges - high financial deficits, high failure rates, managerial ineffectiveness and their survival was at stake.

As MacFarlane (2003, p.20) states, these institutions were engulfed in "a vortex of student revolt, staffing conflicts, management ineptitude, unstable councils and senates, and a general failure of leadership."

The situation was becoming critical, and thus urgent action had to be called for. The then Minister of Education decided on mergers. The aim was that by merging these institutions with previously white institutions, which were more reputable and had higher academic standards, the standards and stability of the disadvantaged institution could thereby be improved.

In effect, the previously white institutions would provide stability and standards lacking in the previously disadvantaged institutions: however, exactly the opposite occurred.

While this may be viewed as decisive action, it was extremely risky, given the high potential for failure that mergers provide (Coffey, Garrow & Holbeche, 2002; Hubbard, 2001; Tredaux, 2001 to name but a few). Thus the odds against success were limited – especially as all the mergers were in employee-dependant institutions and this simply increased the potential for failure (Renton, 2002).

Other options that may have been considered include:

A longer term solution – that of improving the schooling system and allowing more, better qualified black students to filter into the system.
Upgrading individual institutions deemed to have potential for improvement – again a longer-term operation.

Either allow some of the worst institutions to close, or downgrade their status and reposition them accordingly.

6.2.1   SUCCESS FACTORS DISREGARDED

Unfortunately, in opting for a "political" solution (Wyngaard & Kapp, 2004) rather than an economic solution and forcing mergers between institutions, an already fraught situation was exacerbated: and in so doing, the important success factors necessary to ensure merger success were either ignored or disregarded.

The following "rules" were broken – either inadvertently or deliberately:

- Mergers should be voluntary and negotiated in a friendly environment (David, 2007; Hunger & Wheeler, 1993). These mergers were forced. Indeed Jansen (2002) refers to the high level of negative reaction; it is surprising that they actually occurred.
- Merger partners should be chosen – which implies cultural compatibility and presumably the requirement of due diligence surveys (Botha, 2001). In fact, institutions had no say in the matter – they were simply directed to merge with imposed partners.
- Timing of mergers – Botha (2001) indicated that many institutions were not historically and politically ready to merge. In any event, the degree of change forced on academics over the previous few years had simply meant that many were overwhelmed by the rapidity of change.

If anything, in order to be more acceptable, the whole process should have been delayed until the previous changes had been absorbed.

- There was no centralized plan for merging. Mfusi (2004) indicated that each merger was allowed to develop on its own: there was no blueprint to follow. This resulted in unevenness in the manner in which the mergers

developed. As Jansen (2002) pointed out, four different types of mergers resulted from this process. Although theoretically of more or less equal status, some merger partners appear to have taken a dominant lead and simply imposed their systems on their weaker partners, thus leading to a negative backlash from the "subordinate" partners' staff.

- Given that managers are inexperienced in this area, any advice would probably have helped. MacMillan & Tampoe (2000) state that few are good managers of change. In addition, consultants are of limited use (Rouse in Rock, 1987), so the potential for success is further reduced.

- There was also – in many cases – the problem of the merged entities being physically separated from each other by considerable distance. This makes co-ordination and control more difficult (Finweek Special Report, 2009).

- Peoples issues – their fears, hopes, and cultural compatibility appear to have been given little or no consideration: the merger process would go through no matter what. Yet this aspect is critical to success or failure. Botha (2001) states that this aspect should be ignored "at their peril". Robbins (1997) stresses the need for cultural compatibility, yet it appeared only especially financial and to a lesser extent, operational issues, were considered.

Given the very negative reactions by staff as indicated by Hay & Fourie (2002); Wyngaard & Kapp (2004), it is difficult to believe that this critical area was overlooked.

Given that the majority of academic staff at higher institutions was white, it could be conjectured that this may perhaps have been a cynical method of pushing

many of these white staff out of the system, thus enabling their replacements to be of ethnicity more acceptable to the new regime.

- While most mergers are horizontal situations, where universities and technikons were merged the entire ethos of both participants was totally different, thus complicating the process of integration.

- Lack of planning – given the inexperience of managers and being forced into a merger, it could be conjectured that co-operation between the merging parties was, in some cases, not high.

- The need for pre-merger, merger and post-merger planning is emphasized by Hubbard (2001). The critical area of post-merger integration, as emphasized by Coffey, Garrow & Holbeche (2002) and Needham in Rock (1987) did not even occur in the case under consideration: one party simply imposed its systems on the other merging party, who simply accepted them.

- Although – in some merger situations – the concept of semi-independent campuses was proposed, with very few exceptions a full integration – "one faculty one campus" approach was finally decided upon. This is the most difficult merger system to implement, given that both parties are required to co-operate in creating an entirely new organization. This "redesign merger" (Robbins, 1997) is the most difficult to bring to fruition, given the high degree of cultural, administrative and academic change involved (Botha, 2001). Being to a degree a "merger of equals", it requires greater co-operation, compromise and planning to succeed. However, as Robbins (1997) pointed out, the more dominant merger partner simply imposes its culture and systems on its "subordinate" partner, thus turning a merger into a hostile takeover.

- The need for strong, acceptable leadership and ongoing communication are stressed by Kavanagh & Ashkanasy (2006) as being critical aspects of ensuring support from staff and to encourage them to buy-in and to commit to the merger. This appears to have been lacking: Botha (2001); Hay & Fourie (2002) and Wyngaard & Kapp (2004) indicate that this was a negative factor in their research.

- The researcher was unable to find evidence of a monitoring system by government to check on the progress of the merger. Obviously there were times when government had to intervene – as happened in the case under discussion – but it seems that having pronounced their decision, government appeared to take a relatively "hands off" approach, leaving the individuals concerned to sort out their own problems.

  If not government oversight, Botha (2001) makes the point that a neutral third party is required, if necessary, to act as a referee. Assuming this lack of oversight to be the case, this represents a problem. In his article "Journey into the Unknown", Macfarlane (2003, p.20) stated that more, not less, government intervention was required; given the traditionally weak institutional leadership in the country. "The government can have all its ducks in a row, but if the gross instances of incompetent and opportunistic governance that have polluted the tertiary landscape in recent years are not monitored and eliminated, by 2014 the whole ground plan will have disappeared down the national toilet."

6.2.2. CONCLUSION

Given the extent to which the "rules" were ignored or violated, it is not surprising that the entire merger programme has met with such negative responses. Had efforts been made to abide by the "rules" the negative effects, if not entirely

obviated, would at least have provided a cushion against the more obvious shortcomings that have ensued from the programme.

In the next chapter, final conclusions regarding the success or failure of the merger programme, with special reference to other areas, will be made.

Although it will be evident in the Conclusions that almost the entire merger programme is a failure, the mergers will continue. As indicated in the pre-merger interviews, the cracks will be papered over and the process will be proclaimed a success.

6.3   MICRO FACTORS

This section will be limited to indicating the extent to which the actual merger process mirrored that of the macro approach.

This data will then be taken forward to chapter seven, where conclusions are presented to indicate what factors must be taken into account to increase success potential.

Mergers must be voluntary. The present case differed from the other mergers in that negotiations to form some type of closer union had already been explored. In this respect, they had also met the second criterion – that of a choice of partner. However, once the decision from the Department of Education to "push" the merger process, the opposition began to grow. This opposition came from the Technikon B's unions staff associations who did not want to inherit either Technikon A's perceivedly incompetent management or the huge financial debts they had accumulated.

It would be interesting to speculate how they would have reacted had these two factors been absent. No other factors appeared important to these groups. Their focus was entirely upon these two factors – nothing else mattered.

By comparison, Technikon A staff had (often significant) reservations regarding the standard of Technikon B's students, staff and academic standards.

Technikon B's management made it clear that if the merger were to continue, it would be on their terms. Technikon A's weak management simply acquiesced.

The only other positive factor was that the two institutions were physically contiguous: thus there was no problem regarding the coordination of efforts due to distance between the campuses.

In all other respects, this merger appeared similar to the other mergers in the programme. The same issues regarding:

- The timing of the merger
- The lack of communications
- The lack of leadership – especially from Technikon A's management
- The people issues that appeared to be ignored
- The lack of an independent monitor and
- The lack of merger planning appear to be fairly typical of other institutions

All of which led to the same predictable outcome.

6.4 CONCLUSIONS

The merger programme was a very bold initiative implemented on a very large scale. While the basic concept may have had a degree of merit, it was rushed into action with apparently little thought being given to "unintended

consequences" that might occur if the grand strategy was not as successful as anticipated.

The question must be asked: was no thought given to the fact that the success potential of mergers was far less than its failure potential, or that other options existed – or were these factors ignored? As indicated the programme appears to have been designed to meet a political dogma rather than achieve economic objections (Finweek Survey, 2009).

Had the exercise been scaled down to implementing one merger at a time, checking what worked, where problems occurred and then applying the lessons learned to the next merger, the potential for success may well have been higher. As it was, it appears that the concept was simply delegated to each merger situation and those concerned ordered to use whatever means they thought necessary to finalise the merger.

Had the minister not been so perceivably obsessed with mergers as a method for salvaging the black institutions, increasing the number of black students and concentrating only on financial aspects, but given consideration to the qualitative factors, then the system may have been more successful.

As it was, the strategy was badly implemented and must be considered a failure. This meant that the outcomes were likely to be failures in each of the mergers.

With regard to the case in point, Reddy (2007) indicated that his research showed that the merger was a failure. None of the other researchers on the merger programme – Hay & Fourie (2002); Wyngaard & Kapp (2004) and van der Westhuizen (2004) indicate that the merger situations that they researched were successful. All are unanimous that the damage done to staff led to widespread conclusions of merger failure. Their findings broadly mirror those of Kavanagh & Ashkanasy (2006) in Australian mergers.

The researcher had indicated that, years after the merger in question – because of cultural clashes – an "us" versus "them" relationship still remains. This finding is not confined to this single case. In an address in January 2008, van der Westhuizen also indicated that feelings of insecurity and resentment still exist among students and lecturers in other institutions, painting a picture of lack of communication, problems regarding academic standards, marginalization and mistrust (Naidoo, 16.02.2008).

Having examined the merger process, all that remains is for the long-term outcomes of the process to be presented. Together with the factors that are prerequisites for merger success, all of the above will be presented in the next chapter.

CHAPTER SEVEN

CONCLUSIONS AND RECOMMENDATIONS

7.1 INTRODUCTION

In the previous chapter, consideration was given to the actual processes of the merger. These processes were critiqued in both the macro and micro level.

This chapter takes the merger critique one stage further, and examines the longer term outcomes of those processes.

In this chapter the following aspects will be considered:

- The extent to which the total merger process succeeded.
- The extent to which the merger in question succeeded.
- Important factors influencing the success/failure of the merger in question
- Conclusions and recommendations for further study.

7.2 MACRO-LEVEL OUTCOMES

The objective of the merger programme was to reorganise the post school education environment in order to:

- Save black institutions.
- Increase the number of black students in the system.
- Improve financial viability.

7.2.1   There can be no doubt that the first aim has succeeded: black institutions continue to exist even though they still appear to continue to lurch from crisis to crisis. Historically black institutions continue to fall

further behind and are "in terminal decline." Government "has allowed these institutions' management and governance to decline beyond redemption." The hope that mergers would solve their problems was ill-founded and simply allowed a number of "irrelevant institutions" to continue. Indeed their continued existence has "only served to erode the value of degrees issued by former exclusive universities." (Finance Week Survey, 2009, p.13 & 14).

7.2.2 The second aim – that of increasing black enrolments has succeeded,
but at a price. Black enrolments are increasing by about 20% a year (Finance Week, 2009) and few institutions exist in which black students are not in the majority.

However, this has come at a cost. The following factors are pertinent:

- High dropout rates. RSA's graduation rate of 15% is amongst the lowest in the world, comparing unfavourably with a world average of about 32%. Of the 120 000 enrolments in 2000, half dropped out: only 22% (about 13 200) of the remainder completed their course in the minimum time. Black students represent 70% of the first year dropouts. Most of the failures are black students. White pass rates are more than double their black counterparts (Finance Week, 2009, p.16).

- Decline in quality. Quality has declined in the merged institutions. "It is a system designed to push the access line at the expense of the quality line and ultimately overall performance" (Jansen in Ray, Finance Week, 2009, p.12). The objective of the merger system was "more concerned with numbers than quality" (Finance Week, 2009, p.14). The concept of merging technikons with universities was a mismatch: instead of raising academic standards, simply

pulled them down to the lowest common denominator, and placed both on the skids" (Ray in Finance Week, 2009, p.14).

Despite the huge financial assistance, the merged institutions all provide the worst standards, back-up, learning and research.
The Finance Week survey of 2009 scored the ten merged institutions at the bottom of the academic performance table.

Significantly, the top performers (Cape Town, Stellenbosch and Pretoria) all escaped the merger process and were able to retain their standards (despite being penalised by receiving the lowest subsidies) and have the highest post-graduate output.

Although numbers of graduates/diplomats increased, so too did their unemployability. Unemployed graduates rose from 6.6% in 1995 to 9.7% in 2005. This comprises 36 000 degreed and 165 000 diploma/certificate individuals unemployed. Most of these are from previously disadvantaged institutions, which were incorporated into (previously) privileged ones (Finance Week, 2009).

In addition to not producing the right types of graduates (there are huge shortages of accountants and engineers, among others), the current crop of graduates appears poorly equipped for the world of work. The Finance Week Survey (2009) indicated that almost 100% of managers interviewed indicated that new graduates are poorly equipped for the world of work. This would seem to indicate widespread negative perceptions regarding a decline in academic standards and the employability of new graduates/diplomats, especially from previously black institutions.

Standards will further decline as at best, half of experienced academics/researchers are scheduled to retire within the next ten years

and will be replaced by the "growing malpractice" of promoting black staff into professorships although they lack a research track record (Finance Week Survey, 2009, p.14).

7.2.3   The third aim – that of reducing costs has failed. The high cost in subsidies and grants for increased student number, many of whom have high levels of repeat and dropout levels, has led to "a bill of R4.5 billion without an adequate return on investment." (Ray in Finance Week, 2009, p.12). This would appear to be in line with the findings of Coffey, Garrow & Holbeche (2002), and supported by Carleton & Lineberry (2004) that, instead of saving money, 52% of mergers actually cost money.

> Furthermore, Government has fortified "newly merged universities against everything from low and qualitatively deficient research output to overstretched resources and financial barriers to entry by black students by tossing an additional R3.5 billion (on top of the R3.5 billion initially earmarked for the restructuring process in 2000) at the merger mess, the scale of investment .... being systematically claimed back by a diminishing return as the cost of maintaining the systems failure continues to mount."
> (Ray in Finance Week, 2009, p.12)

The outcome is exactly the opposite of what was anticipated.

The above all represents quantitative data to explain the low degree of success of the programme.

The qualitative aspects – those of staff experiencing high stress, depression, having their careers cut short, loss of promotion potential, have been indicated elsewhere, but the damage not only to these

individuals and the loss of their experience and expertise to the students in particular and the country in general cannot be calculated.

7.3 CONCLUSIONS (MACRO FACTORS)

According to the Finance Week Survey (February, 2009), Government's attempts to improve the quality and availability of higher education to especially black students has failed. It tried to introduce a system of "squat uniformity" (Finweek Survey, 2009, p.28) – a "one size fits all" approach to overcome diversification through integration instead of encouraging differentiation.

According to Jansen (in Finance Week Survey, 2009, p.14) "it was primarily a political exercise which had no economic logic. It was designed to succeed on racial grounds and fail academically."

As such, it is headed for a calamitous failure, a decrease in the quality of teaching and research – a dumbing down of standards and quality which will later result in a serious talent bottleneck all because of an "overriding and galling preoccupation with advancing redress and equity." (Finance Week Survey, 2009, p.4)

The system is in a "perfect storm, lurching from the management of one costly crisis to another" (Finance Week Survey, 2009, p.14). The situation is now in a situation of "stable crisis", where "one problem feeds of previous ones and so creates new ones in a never-ending cycle." (Finance Week Survey, 2009, p.12). "Political expediency was the most convenient route" (Finweek Survey, 2009, p.16). Whereas efforts should have been made to improve academic output, Minister Asmal designed a system, which had no chance of succeeding academically.

Thus, from a macro-perspective, the entire merger concept appears to have been a huge failure. Although black institutions have been saved, this has been at a tremendous cost to the rest of the system.

It is now appropriate that the success of the merger in question be considered.

7.4 FACTORS INFLUENCING THE SUCCESS/FAILURE OF THE MERGER IN QUESTION

The following factors may be considered as facilitating the merger process:

7.4.1 Government decided that "mergers were the way to go." They provided not only moral, but also significant financial resources to ensure the merger continued. Financially, Government provided R3 million as a facilitation grant. Later when the merger was in doubt, provided Technikon A with a further R30 million to keep the institution afloat (Jansen, 2002, p.166).

7.4.2 Both Vice-Chancellors were in favour of the merger. In the case of Technikon A, the Vice-Chancellor quite possibly saw the merger as a way out of the financial mess which had occurred while under his management. Thus he was an enthusiastic proponent of the merger. "It was only through the efforts of both Vice-Chancellors that the merger finally took place despite the challenges and obstacles that stood in the way." (Chalufu, 2002)

7.4.3 Even prior to the merger directive from Government, some form of closer association that merger had been agreed upon. Thus the merger was, at least superficially friendly (Chalufu, 2002).

7.4.4   Both institutions were similar: thus it was to be a horizontal merger. They were geographically contiguous, had many similar courses, and drew from a similar student pool.

From these viewpoints, it appeared as though the merger should be relatively free from trauma and have a potentially high degree of success. Indeed, Jansen (2002, p.163) regarded this as an "ideal merger."
However, there were factors which militated against the success of the merger. Significant aspects here include the following:

7.4.5   All sources stress the need for adequate, accurate and ongoing communication. Staff need to know what is going on: it is necessary to reduce ambiguity and stress. (Hubbard, 2001) Lack of communication only intensifies insecurity. This is exactly what happened.

7.4.6   Culture as a factor in any merger is of great importance. Robbins (2002) and McShane & Von Glinow (2005) agree that cultural incompatibility is a major cause of failed mergers.

Technikon A's weak abdicative management (Jansen, 2002) allowed Technikon B to assume dominance in the merger, impose their systems and culture on the merger, and thus turn it into a hostile takeover in which Technikon B staff were to dominate in every area.

Technikon A staff appeared to reciprocate by emotional and physical withdrawal. Many left the institution. This applied particularly to white long service staff. For example, in the departments of Management and Human Resources Management, ten white long service staff members were employed at time of the merger, however, by 2009 (seven years later), only four of these remained.   There is now only one white head of

department in the Faculty of Management Sciences. All the other headships are held by ex-Technikon B staff.

7.5 CRITICAL SUCCESS FACTORS IN MERGERS

Taking the findings of the sources quoted in previous chapters – Jansen (2002), Kavanagh & Ashkanasy (2006), Hay & Fourie (2002), Wyngaard & Kapp (2006), and Botha (2001), the following factors appear to be critical for success. The extent to which these factors were present/absent in the present case will also be commented on.

7.5.1 The merger must be voluntary, with both parties being acceptable to each other. Both parties should retain as much individuality as possible. Integrative mergers should be avoided.

The merger in question was voluntary, but both parties were in the preliminary stages of negotiations before the merger process was imposed. However, in conversations with the previous Rector of Technikon A, what was envisaged was that each institution would retain high levels of autonomy and individuality, in order to reduce cultural incompatibility. The merging of departments would be minimal and to ensure financial viability: only certain administrative departments would be centralised. This may have worked: the fully integrative merger was simply a recipe for disaster, almost entirely because of cultural differences. There is no such thing as a merger of equals (as has been suggested this was) – best practices for one are not necessarily best practices for both. (Boise & O'Toole, 1987, Feldman & Spratt, 1999). It follows that one institution is likely to take the lead. Thus keeping the two institutions' systems and powers separate reduces the potential for a win – lose scenario.

7.5.2	Both parties must be financially strong. A financially weak partner lacks clout, and loses credibility. It is seen as a "failed" organisation. Technikon A was in exactly this weak position, making it ripe for a hostile takeover.

7.5.3	Size optimality. Expectations of benefits of economies of scale, rationalisation, and similar benefits are unlikely to occur. There is increasing evidence countering the concept that size is a factor of profit – in fact, just the opposite is true (Jones in Lock, 1994). In fact, if the institutions become too large, diseconomies of scale and increased problems of management and co-ordination manifest themselves. In the case, the cost of the merger was estimated R 452 549 000 (PWC, 2001), and the savings were less than R 520 000 – it was economically illogical, and required special managerial skills (Jansen, 2002) to prevent financial decline.

The evidence is obvious: don't get too big.

7.5.4	Timing of the merger. Staff can only absorb so much change at a time. The more the change, the greater the resistance. In the case, the staff had been overwhelmed by a variety of significant changes: the merger was simply the last nail in the coffin.

The message is clear: choose the timing of change.

7.5.5	Supportive management. This provides good staff relationships. As it was, the previously collegial approach was replaced by returned exiles and a managerialist approach. Thus there was little trust/empathy between the parties as there were no supportive relationships. The number of Technikon A staff who applied for the severance package indicates how significant this factor is.

7.5.6 Strong management: To provide clear directions, to initiate change. Transformational managers are needed, to inspire trust and co-operation. Kavanagh & Ashkanasy (2006, p.58) stress this point – indicating the way people respond to change and innovation is shaped significantly by the behaviours of the "leader".

As indicated previously, in the case, Technikon A management were aloof, confrontational, and antagonistic, thus resulting in negative staff reactions.

This, plus their apparent lack of ability to manage the merger simply reduced their acceptability. Indeed, Jansen (2002, p.174) stated, "weak leadership at the time of a merger would invariably damn the lesser institution." Leadership at Technikon A was invisible and non-assertive – it was insular and adopted a "business as usual" approach instead of proactively promoting the merger. It is inconceivable that management were unaware of these negative perceptions, yet they did nothing to alter them.   Indeed, they appeared to deliberately exclude staff at every opportunity (Chalufu, 2002).

Jansen (2002, p.175) warned against alienating staff because of its negative spin-offs, and recommended that a "strong and loyal staff complement whose commitment and participation" was critical to assist in making the merger a success was significantly absent. Thus, everything management did led to "suspicion and distrust... and weakened their ability to push through changes. Jansen (2002, p.175) indicates this reaction was not peculiar to the present case.

In addition, a strong, proactive Human Resources Department should be seen to be available to offer support and guidance to staff. In the case, the Human Resources Department was significant for its inactivity: it

played virtually no role. The negative results can be seen from the first Climate Survey (2003) which commented adversely on HR.

7.5.7 Need for constant communication. This cannot be underestimated to reduce ambiguity, stress and insecurity. Indeed, there were strong perceptions that staff were being deliberately excluded.

Communication was perceived as few and far between. Requests for information and for staff to be present at presentations were routinely ignored or rejected. As a result, rumours were frequent, but nothing was done to provide accurate information. (Reddy, 2007)

Reference to the chapter on the merger process, provides examples of the above:

- "Management has, as usual, chosen to ignore us" (NUTESA Circular 26.08.1995).
- NUTESA (TN) being refused permission to attend a steering committee meeting on staff matters – despite being given permission to do so by council.
- Workplace forum (WPP) requests for documentation being ignored. Management's lack of communication was simply perceived as a means to cover up their incompetence and increased the general level of mistrust regarding their actions.

In the pre-merger interview study, the extent to which management excluded unions/staff associations and the WPP were perceived as being in breach of basic labour legislation: "everything was done behind closed doors," by a group who were seen to "use race in every issue as a defence mechanism to hide incompetence."

Reddy (2007) commented adversely on the impairment of morale through the lack of communication – stating they were neither adequate, accurate, nor timely and which increased levels of anxiety and stress.

He further stated that the majority of his respondents wished they had been given more information on the merger process.

7.5.8   Cultural compatibility. This is a critical factor in any merger: cultural incompatibility is the major cause of merger failures. The need for management to concentrate on "people" issues is critical (Kavanagh & Ashkanasy, 2006).

In the case, it was obvious from the outset that "it was clear that some of our differences were irreconcilable" (NUTESA News 0903, 2002). In addition, the Imbizo should have given an indication of the depth of the negative feelings.

Had management taken note of these factors, it may have eased the situation by opting for two separate highly autonomous entities instead of the single integrated structure which was imposed.

The PWC report only looked at money, not staff. Thus this critical staffing issue was not addressed. Indeed, adversarial relationships appeared to be encouraged. Technikon A was a decentralised Theory Y institution that operated in spite of its top management. Technikon B was a highly centralised Theory X organisation which was totally dependent on its management.

No effort appears to have been made to blend the cultures: Technikon B's culture was simply imposed. Deculturation occurred despite the fact that this would inevitably lead to negative outcomes

and an undermining of the merger process (McShane & von Glinow, 2005).

Like other culturally incompatible mergers, the negative effects and divisions are still visible. In a Mail and Guardian Higher Learning Supplement (October 2009), Dibetle identified a number of common merger problems, including racial tension, mistrust, cronyism/nepotism, and refusal to embrace new cultures or traditions. These appear widespread across all of the merged institutions.

However, special mention was made of the merger in question, stating, "staff complain that Technikon B took over Technikon A. There is huge staff unhappiness. Technikon B staff rule. Things are done their way, even if it is not best practice. There is nepotism, and the university is losing staff to other universities and to industry" (Mail & Guardian higher education supplement, October 2009, p.1).

Walton (1999) indicated that cultural integration should be complete within a maximum of five years, yet seven and a half years later, there is no indication that this has happened. Unfortunately, a spokesperson for the institution appears to be in denial, stating, "the merger process is a distant memory... we are not aware of any merger-related issues that have not been attended to or resolved" (Dibetle in Mail & Guardian, October 2009). This in spite of a statement in the same article that the Vice Chancellor is aware of the problems.

7.5.9   The need for post-merger planning and integration of activities cannot be underestimated. This is a requirement to identify areas of change and to monitor progress – not only in systems and

operations, but also such factors as operational integration (Botha, 2001; Hay & Fourie, 2002; Hubbard, 2001).

Given that many managers lack knowledge in change management, the need for organisational development specialists is critical.

As it was, there was no post-merger plan: Technikon B's systems were simply imposed, as was its culture. No one made efforts to integrate even the imposed systems. Staff were simply left to sort things out by themselves. Departments were simply lumped together and left to sort out their differences, which in many cases simply increased levels of antagonism. Where problems arose, there were no interventions to ameliorate the situation.

As a supposed "merger of equals", it is inconceivable that no Technikon A systems were adopted. All these factors exerted a negative effect on Technikon A staff, making them feel sidelined , demoralised and useless, while Technikon B staff often adopted an arrogant "conqueror's syndrome" when interacting with Technikon A staff.

7.5.10   The need for an independent mediator, as recommended by Botha (2001), cannot be underestimated. If some neutral mediator had been given oversight of the merger process, individuals who felt they were being aggrieved or ignored could then have approached this individual and hopefully have led to a reduction in suspicion and negative perceptions, and consequently a greater degree of acceptance by staff.

That this factor was absent played a significant negative aspect in the process.

7.6 INDICATIONS FOR FURTHER RESEARCH

The factors deemed essential for a successful merger have been identified. They could be used as a model for predicting the success potential for any academic or even non-academic merger situation.

The factors could indicate the areas of mutual strength, which would enhance the success potential for a merger, which areas of difference would act as a red flag to warn of potential problem areas which could then be addressed, or, if deemed to be too severe, would at least warn the parties concerned that the potential for merger failure was high.

Alternatively, the present case can be used to show how to systematically destroy a good organisation.

It should be noted that, in a study of this nature, where the participant observer has been directly influenced by the consequences of the merger, an element of objectivity can hardly be excluded despite all reasonable endeavours to ensure an unemotional recording of events. It is, therefore, of utmost importance that information so collected should be supported by other (preferably "outside data") sources and information that could substantiate the claims made by the participant observer. In this particular study, media reports and internal organisational publications have been included. The results of this study should not entirely focus upon the parties involved, but more so on the mistakes made, wittingly or unwittingly, so that it will serve as a learning experience. Hopefully this will in future alleviate human suffering that could result as a consequence of inconsiderate policies and management practices during mergers.

7.7 CONCLUSIONS

From the information presented, factors impacting negatively on the merger far outweighed positive factors.

Like so many other staff in merged institutions, significant feelings of loss and betrayal ensued.

Had the process been handled more competently by Technikon A management, the extent of the loss and emotional trauma would probably have been reduced but not eliminated. As it was, it is difficult to conceive that they could have done more to ensure the complete failure of the merger.

For example, had the two institutions retained high levels of autonomy, had strong leadership been forthcoming, had a less culturally different merger partner been chosen or the Technikon B unions reigned in, sufficient aspects of Technikon A would have remained to make the process more bearable.

As it was, the fully integrated merger – the most difficult to bring to fruition was chosen: Management abdicated to Technikon B, and Technikon A was sacrificed.

These attitudes will continue while ex-Technikon A staff remain in the new institution. Even today (2009), seven years after the merger, there still remain aspects of "us-versus-them" attitudes.

Ex-Technikon A staff have been sidelined and treated with contempt by many of the staff of Technikon B. The few who remain are alienated and have emotionally withdrawn from involvement: commitment to the institution is typically an "I just do my job and let them get on with it" approach.

Of interest here is the change in perception of the public. Previously, when asked where the researcher worked, the response was typically "They have good/high standards", after the merger it became, "You poor man! How do you survive? Can't you get an early retirement?"

The loss to future students of experienced and well qualified academic staff is incalculable. Probably the most obvious and most long term result is the drop in academic standards. Prior to the merger, Technikon A was the "institution of choice" known for its high academic standards and stability of operations (the students who failed to obtain entry were routinely referred to Technikon B). This has now gone. In addition, student demonstrations are an accepted part of the beginning of each academic year.

Worse still is the fact that in a recent ranking of universities (Webometrics, 2009), the top South African university (Cape Town) was ranked 405th in the world while the new merged institution was ranked 5032nd out of the top 6000 universities. Only one other South African institution ranked lower. As indicated earlier, the merger simply pulled standards down to the lowest common denominator. The "quick fix" had simply eroded the value of qualifications as predicted by the Finance Week Special Report (2009).

Regarding the perceived fall in academic standards, the view of the academic staff can best be summed up by a long service Technikon A staff member who took early retirement: "When we were a technikon, we applied university standards. Then we merged, became a university, and applied technical college standards."

From the above, it could be stated that the new institution is now a truly African university, as it met all the criteria as outlined by Sutherland-Addy (1993, in Agayi, Goma & Johnson, 1996, p.203).

A mere shadow of their former glory... drained of teaching staff... housed in degenerated infrastructure, surrounded by an air of demoralisation and incipient decay... (that have) failed to maintain themselves as centres of excellence... (where) many faculty members who were previously competent and enthusiastic have become incompetent and indifferent through frustration and disillusionment... the students under-educated... (and) a creeping sense of futility. Able staff and able students are denied the opportunity to contribute to the vitality, usefulness and growth of their university. Overcrowded venues lead to poor teaching, impoverished research, frustrated embittered students and academic staff, and unsatisfactory service to the community.

This is indeed a sorry epitaph to what was once a vibrant, growing centre of excellence.

APPENDIX A – 20-STEP MODEL FOR MERGER SUCCESS

(Botha, 2001, p.279)
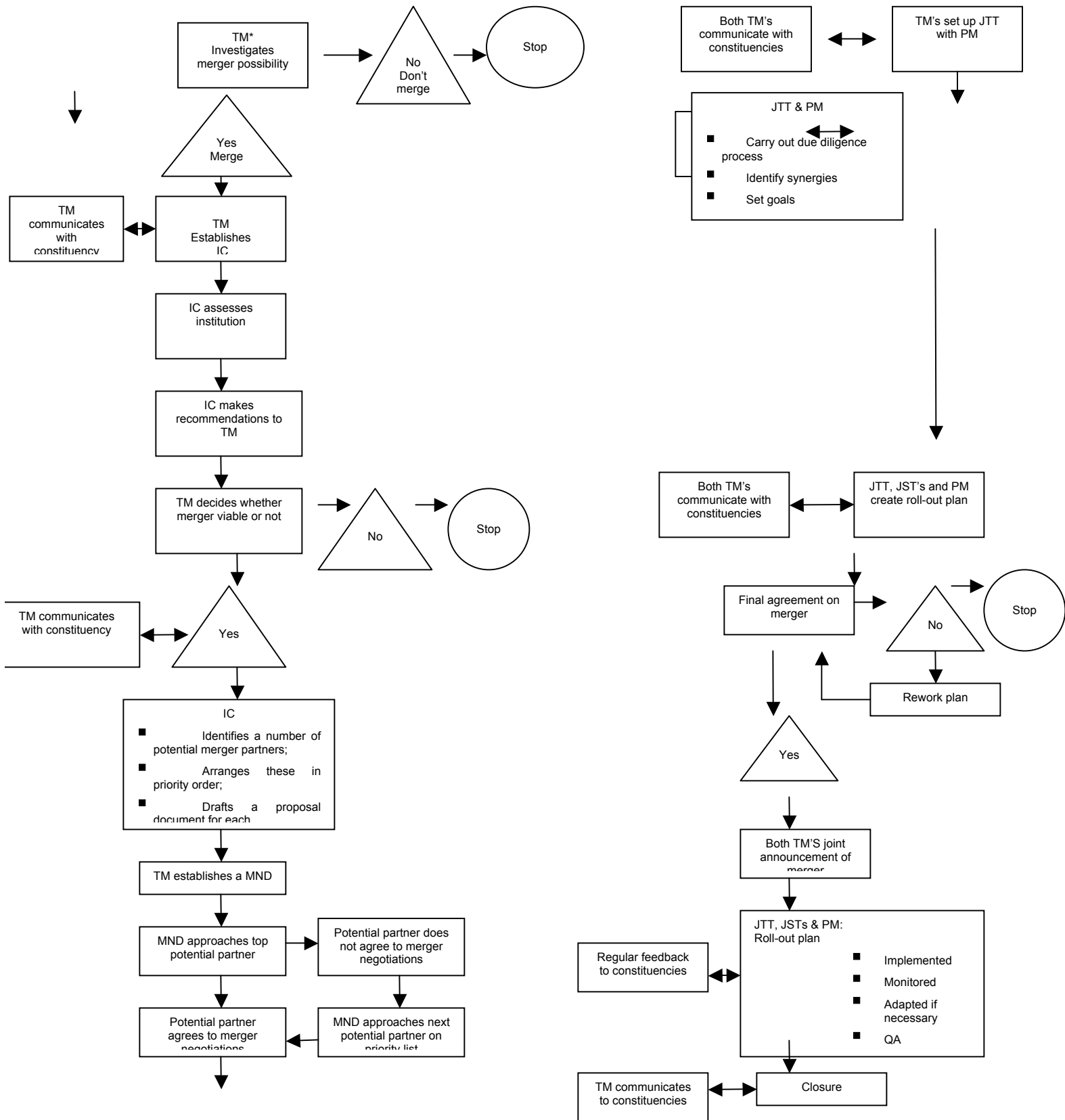
1. Top management (TM) decides whether the possibility of a merger is to be investigated. If so, an internal investigating committee (IC) is established.

2. The IC assesses the institution, determining its strengths, weaknesses, opportunities and threats (SWOT analysis or something similar).

3. The IC makes recommendations to top management on whether a merger would be to the advantage of the institution, informed by the previous assessment.

4. Communication to the constituency of the institution is imperative at this stage, inputs must be invited and considered.

5. If a merger is a viable option, the IC identifies a number of potential merger partners, arranged in priority order.

6. The IC drafts a basic proposal document, with variations tailored to each potential partner, as a merger scenario with anyone of them would be unique.

7. A merger negotiating delegation (MND) approaches the institution that appears at the top of the priority list, if they are not receptive, the next one is approached.

8. Once a potential partner has responded positively, set up a joint task team (JTT) under the leadership of a project manager (PM).

9. Communication with the constituencies of both institutions must take place at this stage.

10. The JTT conducts a process of due diligence, identifies the synergies of the partners and the goals of the merger.

11. Constituencies comment on the synergies and goals.

12. The JTT identifies all relevant issues and sets up joint sub teams (JST) to deal with each issue. The issues would include at least institutional culture, academic programmes, personnel, structure, governance, finance, facilities, support services and client base.

13. The JST's report to the JTT and a roll-out plan, with time frames is created, informed by the JST's reports.

14. Constituencies comment on the roll-out plan.

15. Once the roll-out plan is finalised, the merger is announced and the plan is set in motion.

16. The progress and efficiency of the plan is continuously monitored by the project manager and the JTT; adaptations are made if and when necessary, quality assurance forms part of this monitoring.

17. Regular feedback is provided to constituencies.

18. Post-merger integration is continuously facilitated.

19. Sound change management principles are adhered to throughout.

20. Closure is reached and communicated.

Although the above model is presented as a series of steps, these are not necessarily chronological: depending on the unique set of circumstances of each case, they would be cyclical. Some of them are also dialectical in nature, requiring some to-and-fro activity. An aspect that cannot be built into this representation of the model is the time spent on each "step"; this would be co-determined by whether the outcome of the "step" satisfies the need.

Most of the elements of the model have their own set of criteria, e.g. the criteria used by top management to decide whether a merger is desirable or not, the criteria used by the IC to identify potential merger partners and to arrange them in priority order. Each one of the elements of the model needs to be teased out further.

(Botha, 2001, p.228)

APPENDIX B – PRE-MERGER QUESTIONNAIRE

MERGER PERCEPTIONS

1. Given that mergers have a high potential for failure – especially when total integration occurs,

    a) What are our chances of success?
    b) How long will it take to complete integration?
    c) What happens if it becomes obvious that it is not working?
    d) Given the costs – direct/indirect, financial/human and the relatively small benefits, is it worth it?

2. Has management taken appropriate steps to involve staff in the process?

    a) What degree of co-operation exists between management and staff/unions regarding the merger?
    b) Has management provided appropriate leadership/direction/motivation?

3. In general, what is staff reaction to the merger?

    a) Have there been any significant shifts in perceptions over time?
    b) Are any particular groups either more pro or more anti the merger?

4.   Change is always resisted.

      a) What has management done to confront/alleviate these reactions?

      b) Uncertainty/fear of the unknown is a major influence in resisting change. To what extent are fears regarding

- Job loss
- Loss of influence/power
- Other?

      significant factors in staff perceptions?

5.   A significant and often overlooked problem is that of culture (the way we do things).

      a) How serious a problem is this?

      b) What is being done to address this?

      c) There is a fear that the Technikon A identity – what it stands for, its standards, and it's reputation are to be lost. Any comments on this?

6.   Any other comments you would like to make?

APPENDIX C – POST-MERGER OUTLINE QUESTIONNAIRE

1.   How did you feel about the merger when the merger process began?

2.   What have been the post-merger realities? Have things gotten better or worse?

3.   Have you noted any improvements that the merger has brought about? Inter alia, how successful has the merger been?

4.   At present, what do you like/dislike most about working at the new institution?

5.   On a scale of 1 to 10 (ten being very happy, 1 being very unhappy), compare your feelings about ex-Technikon A

     i) pre-affirmative action top management
     ii) pre-merger
     iii) post-merger

6.   How have you been treated in the post-merger environment by

     i) top management?
     ii) your H.O.D.?
     iii) Technikon B staff?

7.   What is your relationship, generally, with ex-Technikon B staff? Inter alia, comment on ex-Technikon B standards, work ethic, and so on.

8.   What attempts at integrating the two technikons have occurred?

9.   What is the present culture of the new institution?

10.   What effects has the merger had on

        i) academic standards?
        ii) the reputation of the institution?
        iii) ethical aspects?

11.   How do the new institution's students compare with ex-Technikon A students?

12.   What are your feelings regarding the physical environment in which you work, including offices, lecture rooms, noise, lighting and air conditioning?

13.   Would you recommend the new institution to friends/family?

14.   The existence of a "mafia" has been alleged. What are your views on this?

15.   If a new voluntary severance package were to be offered, what would your reactions be?

16.   What keeps you working at the new institution?

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