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## Article

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# Success and Failures of Acquisitions: A Case Study for a Chemical Company

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*The purpose of this study was to perform a universal inspection of the processes adopted in acquisitions by concentrating on attributes which are speedily implemented in the industry. The approach to this research study was based on literature reviews to gain knowledge on the causes of failure and the factors attributed to the success of acquisitions in the case study concerning a chemical company. This method was applied to identify if the failures and successes researched are shown in the case study. The research study firstly looked at various approaches to acquisitions, namely, the pre-acquisition, post-acquisition and integration phases together with the motives for acquisitions. The study delves further into factors influencing the failures and successes of acquisitions. A notable body of research was consulted to focus on these factors. The research study highlights a framework incorporating the management of post-integration strategy concurrently with the people and the organisational goals. The key findings showed that the company lacked a formal integration plan, cultural integration, and proper communication plans. This resulted in staff unrest and high attrition of staff from deal announcement date up to post integration, leading to high resistance from staff and poor people integration. The company did however achieve financial success through synergy realisation. This positive outcome could have been achieved quicker with the proper integration plans within the different phases of the acquisition. The knowledge attained from this study will hopefully add to the body of knowledge on acquisitions.*

**Keywords:** Acquisition Approaches, Failures and Successes of Acquisitions, Synergy, Mergers and Acquisitions, Organisational Culture, Post-Acquisition Integration

**JEL Classification:** G34, G30.

## 1. Introduction

This research study endeavours to identify physiognomies the chemical company, as well as entrepreneurs, need to pay attention to in order to survive and ensure the successful growth of their business, through acquisitions. This research was conducted to establish, by means of face-to-face interviews, the factors which aid the success and factors which hindered the acquisition of the company. Discussions with key individuals were conducted to identify the reasons perceived for the failure of acquisitions.

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This study was conducted in Durban, in the province of KwaZulu-Natal. This is the seventh (7<sup>th</sup>) acquisition as the company needed to react quickly to market dynamics. The company needed to be efficient, profitable, anticipate growth, become fast growing, and have a dominate market position to survive in the competitive global economy we trade in today. Focusing on the success criteria which aid businesses to thrive rather than fail has ensured that this research was able to determine, based on first-hand experience, what businesses value as important to success, given the benefit of involvement, experience and foresight.

### **1.1. Background to the Research Problem**

The company is a leading manufacturer of chemicals, is financially stable and has successfully conducted six (6) acquisitions to date. The company's Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) has seen growth year after year. Even though the company achieves earnings growth year after year, there is very little volume growth due to a shrinking local market and an increase of imported goods. This lack of volume growth has caused local manufacturers to fight for the balance of the volume in the market in order for the business to survive and attain volume growth.

Therefore, the company needed to react quickly to market conditions in order to survive. The market in which the company competes is a shrinking market with three major competitors having excess manufacturing capacity within Durban, South Africa. Due to increased competition and dumping from foreign companies, trading and gaining market share remain a challenge. Manufacturers discount prices to garner customer support and grow their market share even though input raw material prices are increasing due to the volatility of the Rand against the Euro and the US Dollar.

Given these market dynamics, the company's business strategy changed to consolidate a number of manufacturers in the local market and to enter new markets by acquiring a competitor that displayed diversity in their product offering. A competitor matched the criteria as the company was a French owned company manufacturing in South Africa who was underperforming financially and the French were going to liquidate the South African operation.

The goal of this research study is to identify the factors causing failures and successes of acquisitions and to ensure the integration gap is closed going forward on future acquisitions at the company as the firm is on an acquisition drive as part of its business growth strategy.

### **1.2. The Research Problem Statement**

Typically acquisitions have problems and there is no "winning formula" or fitting blend of variables known to provide successful acquisitions. Therefore, the percentage of failures are high (Angwin, 2004, p.418). The main reasons for failure lie in the manner of integration between the companies. Hence, as more groupings of variables influencing the relationship of speed of integration and the acquisition success are inspected, there is more awareness of the effect the various variables have on success.

### **1.3. Research Questions**

The research questions are as follows:

- What are the factors that influence the failure of acquisitions?
- What are the contributing factors to the success of acquisitions?
- What strategy can be implemented to enhance the success of acquisitions?
- What strategies can be adopted for the company to ensure integration success?

### **1.4. Significance of the Study**

The significance of this study is to gain knowledge. Further, strategies gained from these investigations may be adopted by the company to facilitate attaining a quicker integration of the businesses. The knowledge gained can assist the company to improve their systems and processes pre and post-acquisition for future acquisitions.

Furthermore, the research study may impact other South African companies to enhance their business strategies from the study conducted. The inspiration to research acquisitions is due to the quote from the CEO of Ford Motors, Jac Nasser who rightfully said, "*I personally see more consolidation: more partnerships, more strategic alliances and more acquisitions*" (Taylor, 2000, p.1).

## **2. Literature Review**

Mergers and acquisitions can assist companies to achieve diversification, growth and increased earnings as M&A's are regarded as a consolidation of companies. A merger is defined as a combination of two

companies to form a new company (Borys and Jemison, 1989, p.1). Owners of each pre-integrated firm continue as owners and the resources of the combined entities are pooled for the benefit of the new entity. If the combined entities were competitors, the union is called horizontal integration, if they were a supplier or customer of one another, it is called vertical integration". In an acquisition both companies may continue to exist. This activity is what transpired the company's ownership of the French chemical company.

### **2.1. Motives for Acquisitions**

Understanding the reasons or motives for acquisitions is vital for understanding the causes of failures and successes of acquisitions. Through interview sessions this study identified the motives the company engaged in for the acquisition of the French company and thereafter data was accessed to verify if the motives identified would have an impact on the success or failure of the acquisition. The first and foremost reason for acquisitions is to achieve synergy by combining two companies to provide an increased competitive advantage (Laudon and Laudon, 2012, p.125).

### **2.2. The Acquisition Process**

According to Jemison and Sitkin (1986, p.146), an important aspect that impacts heavily on ensuring a successful acquisition is the acquisition process itself. This process emphasises the acquisition as a factor in addition to organisational and strategic fit which in turn influences the final outcome post acquisition (Jemison and Sitkin, 1986, p.146). The acquisition process occurs as the initial step which is the very first interaction between the two companies and it thereafter becomes a continuous process to achieve success, which can take anything from three to five years post-acquisition to achieve (Walter, 1985, p.21).

### **2.3. Phases of Acquisitions**

Calipha et al., (2015, p.24) have researched extensively and cite various different stages or phases of acquisitions ranging from two to seven phases. They state that Boland (1970, p.8) divided the process into two phases: pre-acquisition and post-acquisition, whereas, Schweiger and Weber (1989, p.65) divided the process into pre-acquisition and implementation. The pre-acquisition phase occurs before the announcement of the deal and is a long process.

Firstly, the decision to acquire has to be realised by the Chief Executive Officer (CEO) together with his key executive management team. The decision making is based on the strategy of the company together with the need for the acquisition. At this meeting views are further discussed to identify possible opportunities and synergies available (Mille, 2008, p.123). Three phases were identified by Salus (1989, p.47) as pre-acquisition, integration and post-acquisition.

### **2.4. Factors Influencing the Success of Acquisitions**

According to Shermon's (1999, p.7) Global Research Report 83% of acquisitions were ineffective in producing any shareholder value or business benefits. The Global Report (Shermon, 1999, p.2) did not focus too much on the failures but rather concentrated on the so called "hard" factors which emphasised value realisation and the activities directly associated with the "soft" people and cultural issues.

The Global Report (Shermon, 1999, p.2) further explains to attain success, companies can use the six keys, i.e. hard and soft keys, to unlock value, which are differentiated as follows.

**The Hard Keys:** Synergy evaluation, integration project planning; and due diligence. Companies that prioritise the pre-acquisition synergy evaluation achieved 28% more than the average to achieve success and 13% was the percentage for the project planning.

Due diligence was the most critical aspect of attaining success. The hard keys used together in a single pre acquisition process assists the acquirer with crucial intelligence on risks, benefits and operational issues (Shermon, 1999, p.2).

**The Soft Keys:** Selecting the management team, resolving cultural issues; and communications. Companies that prioritise the management team at the pre-planning stage achieved as much as 26% more than the average to achieve success. Whereas, companies that did not focus on the cultural issues and communication to shareholders, employees, customers or suppliers, severely hindered their success whilst companies that focused on the cultural issues and communication early were more successful (Shermon, 1999, p.3).

The hard and soft keys emphasise the importance of choosing the right management team, conducting cultural assessments early and creating communication plans to ensure post acquisition success.

### **3. Research Methodology**

The choice of the research design is dependent on the research problem, the personal experience of the researcher and the audience for which the study is based on (Creswell, 1994:10). The present research is an exploratory, descriptive and qualitative study in the failures and success of acquisitions based on the case study of the company.

**Qualitative research:** This type of research studies the daily life of different people or different groups of people in their natural setting. Hence, qualitative research involves a natural approach to this group of people so the researcher can make sense and interpret phenomena in terms of the meaning people bring to the research study (Shajahan, 2011, p.319). Qualitative research goes further than numbers but rather looks into the reasons for why things are as they seem.

#### **3.1. Research Strategy**

Research strategy refers to a set of decisions made in order to create a master plan which specifies the methods and procedures used in collecting and analysing data (Burns and Bush, 2003, p.120). There are three strategies, exploratory, descriptive and contextual strategies for research (Burns and Bush, 2003, p.334). In this research study the exploratory, descriptive and contextual qualitative research design was adopted.

#### **3.2. Exploratory Research**

The definition of exploratory research by Burns and Bush (2003, p.334) states, research is conducted to gather different insights, unfold new ideas and increase knowledge of a phenomenon. The reason for the choice of exploratory method was to gain different, fresh insights, discover new ideas and increase knowledge of experience from the respondents at the company.

#### **3.3 Descriptive Research**

Descriptive research is a research study with the main aim of portraying accurate characteristics of people, situations or groups (Burns and Bush, 2003, p.334). The descriptive approach is referred to as a scientific method which is used to observe and describe the behaviour of individuals selected without influencing the outcome (Kothari, 2011, p.8).

#### **3.4. Contextual Research**

Contextual research is used for its deep-rooted and direct contextual implication. Burns and Bush (2003, p.334) states contextual studies focus on specific events in their "naturalistic setting". Naturalistic settings are uncontrolled real-life situations also referred to as field settings (Cooper and Schindler 2014, p.358).

#### **3.5. Research Philosophy**

Research philosophy is described as the approach to the answering of the different research questions (Saunders et al., 2007, p.83). This philosophy is based on the scientific pursuit of knowledge viz. positivist, interpretivist and realist. The first level research philosophy is described by Saunders et al., (2007, p.82) as the method of data collection which the researcher can adopt. The second level is the approach to the research. Whereas the third and fourth considers the research and the time horizon applied to the research.

#### **3.6. Target Population**

Burns and Bush. (2003, p.334) refer to population as a huge collection of people with similar attributes the research study is interested in. A population is therefore referred to as a group of qualities, individuals, events or objects that follow a certain pattern or criteria to which the results of a study are projected to generalise (Burns and Bush, 2003, p.334).

For this study the target population comprises of the CEO, MD, financial director, HR manager, logistics manager and purchasing manager as well as key and non-key staff from both the company and the acquired company with a combined total of 30 key staff. The sample unit from the target population is 20 respondents. In the population, the twenty respondents consisted of seven key staff members made up of top management, the MD and FD together with HR, purchasing, technical and sales managers. The balance of respondents consisted of non-key staff from departments representing HR, sales, technical, research & development laboratory, logistics, purchasing together with the administration and finance departments.

### **3.7. Sampling Strategy**

Sampling is referred to as a process which draws conclusions based on the measurements of a portion of the entire population (Zikmund and Babin, 2010, p.17). Zikmund and Babin, (2010, p.17) further describe a sampling frame as a list of elements from which a sample may be extracted. A sample frame from this study is based on the key and non-key staff involved in the acquisition by the company. There are different techniques used for sampling; probability sampling, non-probability sampling and purposive sampling.

### **3.8. The Research Instrument**

A research instrument is described as a tool used to collate data for a study. Research instruments consist of interviews, surveys and experiments. It is vital the research instrument is carefully selected as it must be a reliable and validated method used (Kothari, 2011, p.99). If the research population is relatively small in size, then the technique used includes an interview method (Kothari, 2011, p.9). For this study an open-ended interview schedule is used to collate data on the phenomena and/or opinions on the company's service and performance.

The interview is conducted with the aim of soliciting the subject's views and objectives relating to the research topic. The aim of the interview is to provide first-hand information on the pre-acquisition, integration and post-acquisition activities in relation to the performance of the company. The chosen method is the most suitable method as it reaches respondents with minimal costs involved and provides anonymity so respondents may not feel threatened or insecure in providing information. This increases the response rate from the respondents.

### **3.9. Pilot Study**

Pilot study is a form of testing conducted during the process of data gathering (Welman and Kruger, 1999, p.140). The advantage of using a pilot study prior to conducting the actual, full scale study is to explore the issues that may have an aggressive impact on the results of the survey by checking the appropriateness of the questions asked (Welman and Kruger 1999, p.142).

### **3.10. Data Analysis**

Data analysis encompasses a number of closely linked operations that are executed with the purpose of summarising the collected data and organising this data in a manner that produces answers to the research questions (Shajahan, 2011, p. 179). When looking at the qualitative data analysis method the most important criteria is the interpretation of observations by the researcher as well as the experience reported by its subjects.

The data for this research study was collated through fieldwork at the company's site, the data was organised and presented in both tables and graphs to gather meaningful information from the survey conducted.

Phenomenological analysing involved identifying the spirit of the phenomenon being reviewed based on the data obtained and presented. In this study, phenomenological describing involved categorising all critical elements common to experience of being involved in the acquisition from deal announcement through to post-acquisition integration.

### **3.11. Validity and Reliability**

Traditionally the yardstick for the credibility of research data is objectivity, reliability and validity (Aaker, Kumar and Day, 2007, p.386-395). For scientific and experimental studies these can be assessed using a straightforward manner as they are often based on standard instruments. Whereas, qualitative studies are not based on standard instruments and are often smaller non-random samples. Creswell (1998, p.60) suggests "*the trustworthiness of qualitative research can be established by using four strategies: credibility, transferability, dependability and conformability and are constructed parallel to the analogous quantitative criteria of internal and external validity, reliability and neutrality*".

**Reliability:** Aaker *et al.*, (2007, p.308) define reliability as the uniformity of research results and meaning. Reliability measures if similar results are experienced when different subjects are asked the same questions. There are three methods to test reliability; the test/retest method, the alternate forms method and the split half method. In this study it was vital to ensure that responses were true experiences and not what should be said to please the researcher and provide a good picture of the company under review. The questions for the interview schedule were designed to remove bias by avoiding one word answers to satisfy the aim of the research. Respondents were encouraged to answer truthfully.

### **3.12. Limitations of the Research**

The limitations to this study is that on two occasions certain respondents refused to undertake the studies after they had initially agreed to be part of the sample due to time constraints and work commitments or simply the non-availability of the respondents. This research was limited to a small geographical area thus focusing on one chemical company only within the city of Durban, KwaZulu-Natal. Readers need to be mindful that another limitation to the study was also limited to the respondents from the company and the acquired company only which is not a representation of the entire chemical industry in South Africa. Many other chemical companies have conducted acquisitions and views from these companies have not been solicited.

Furthermore, the sampling process presented another restriction as this was random and represented a small segment of the total population. The recommendations provided are based on the results of this case study only. Cautionary implementation is advised and careful monitoring of the results need to be conducted as deviations are expected from the end results. All the above-mentioned limitations are noted in this research with the specific aim of identifying the factors which could lead to the failure of acquisitions.

### **3.13. Elimination of Bias**

A response bias occurs when a respondent answers their questions in such a manner wherein they consciously or unconsciously misrepresent the truth (Churchill, Brown, Suter, 2010, p. 42). In qualitative research, the problem of sampling, more especially, sample bias can be addressed by using some research strategies (Tuckett, 2004, p.47). For this study, establishment of trust with the participants was gained as they are already familiar with the researcher. A guarantee of anonymity to all respondents' was provided in an effort to eliminate the withdrawal of participants.

### **3.14. Ethical Consideration**

Churchill, Brown and Suter (2010, p. 42) refer to ethics as the moral principles and values that govern the way an individual or group conducts its activities. This refers to all situations where there can be actual or potential harm of any kind. Research involves collecting data from people and hence researchers have a moral obligation to protect the confidentiality of their respondents (Churchill *et al.*, 2010, p.48). This research is governed by the Code of Ethics of the company. The confidentiality of the respondents is crucial and was maintained at all times.

### **3.15. Conclusion**

The study was designed to be a reliable and valid study of the company, however the results from the small survey conducted cannot be applied to the field of study. Irrespective of its size, the research was designed, planned and conducted solidly with the objective of rendering a suitable conclusion.

## **4. Results**

Four respondents fell in the age groups of 36-40 years and 51-55 years three respondents from the 31-35 years and 36-40 years category respectively and two respondents representing the 21-25 years; 26-30 years and greater than 56 years group respectively. Of these twenty respondents 18 represented male whereas 2 respondents represented female. Four respondents worked in operations, three respondents were in purchasing and general plant workers respectively; the balance two respondents per department represented HR, sales, finance, logistics and administration departments respectively. Six respondents were employed between 26 to 30 years, five respondents was 11 to 15 years, four respondents represented 21 to 25 years, three respondents represented 6-10 years and the balance of two respondent's service were from 0-5 years.

Given the length of service of the respondents at the firm, it is indicative the knowledge and experience of these respondents are valuable to this research and further due to their length of service, Six respondents advised the company integrated with a competitor whereas fourteen reported the company integrated with a similar but diversified business. The fight for survival was the highest rated macro economic factor reported eight times. Reported five times was foreign dumping. Increased raw material prices due to the rate of exchange (ROE) fluctuations together with expansion and growth were reported four times.

Thereafter, entering new markets, achieving efficiencies and creating diversification was reported three times per category respectively. Lastly, twice the increase in profitability was reported as a factor for acquisitions. Twelve comments confirmed the motive for the acquisition was to acquire skills and knowledge as the main motive for the acquisition and ten times acquiring niche technology was reported as a motive, other motives were that of cost efficiencies reported nine times, eight times increased profitability was reported and

the last motive communicated was that of business growth which was reported seven times. Staff are insecure and are looking at alternate jobs due to the lack of communication.

Post an interview session, management was briefed to attend to this issue urgently. Once management addressed the concerns, by way of a staff meeting and via email newsflashes, staff slowly began to settle. All 20 respondents did not prefer email as a form of communication for the deal announcement. This method of communication is done to eliminate distrust from employees and is used as a tool to eliminate disengagement from employees. All twenty respondents confirmed that the company did not have any plans pre-acquisition on the way forward as a combined company when the acquisition was approved. Respondents 1; 7 and 16 were key and top management respondents who also noted no communication was provided with the exception of working towards reduction of internal costs.

However, they did highlight each shared services executive (finance, HR, procurement and logistics) acted on their own merit to spend time with their adopted department from the target company, to learn and analyse their way of doing business and thereafter effect change. This change was conducted with the head of the department without the interaction of HR.

Respondents 1; 7 and 16 felt due to the fight for survival each top executive at the company understood the importance of ensuring the acquired company operate with positive operational cash flow which was generated within 4-months post integration. The alignment of culture between the two companies was very important to all twenty respondents. The company lacked an integration strategy as advised by all twenty respondents interviewed.

As confirmed by twenty respondents all staff were retained post integration of both companies, respondents 1; 3; 5; 9 and 10 from the target company pointed out, even though 100% of staff were retained post-integration, there was a high turnover of staff when the deal was announced, pre-acquisition, post-acquisition and post integration. They further informed staff unrest existed. It was highlighted now, 2-years post integration entire departments of employees had left the organisation.

When analysing the attrition rate with the HR department it was noted at least 55% of staff from the target company had left naturally from the time of announcement of the deal to post-acquisition and integration. Staff from the acquirer carried out these functions and some gaps were filled with new candidates. Nineteen respondents felt the integration was unsuccessful whereas one respondents felt it was somewhat successful. Respondents cited the strongest reason for an unsuccessful integration post-acquisition was due to the lack of an integration strategy which was reported sixteen times, twelve comments received stated it was lack of cultural integration and ten comments indicated it was due to a lack of communication. Another comment reported eight times was that of resistance from staff.

Respondents advised integration was forced as respondents were physically moved from the target company offices to that of the acquired company for the shared service departments. Respondents were forced to face, deal and operate with the acquired company employees. This was a massive change as the acquirer was viewed as a competitor pre acquisition. The synergy targets were achieved according to nineteen respondents interviewed and further one respondent felt synergy targets were exceeded.

For future acquisitions the factor of communication was suggested fifteen times to be the area of improvement followed by inter-department team building suggested five times, middle management integration suggested six times and discussion forums being held suggested seven times. When analysing feedback from the respondents, it was noted that twenty respondents confirmed the company did not internalise lessons learnt from the integration experience. Respondents confirmed focus should be on increasing communication which was mentioned sixteen times, create an integration strategy featured ten times, integrate culture featured seven times, engage with the Union on policy changes was mentioned five times, ensure there is a management system implemented to manage processes featured five times give staff time to adjust was mentioned three times and alleviate fear from the newly acquired employees was also mentioned three times.

## 5. Conclusion and Recommendation

**5.1. Objective One:** This objective explored respondent's considerations on the factors causing the failure of acquisitions.

As the acquisition of the other company was seen to be successful, respondents could only identify a few factors leading to the potential failure of acquisitions from a people perspective. *Recommendation:* The factors impacting the failure of acquisitions and the respondent's responses to the open ended interview for example:

- No detailed plans on day deal was announced
- Non-management of culture

- High staff turnover post acquisition
- No integration plan
- Lack of communication
- High staff resistance

Going forward on future acquisitions the company and prospective business owners seeking to grow through acquisitions need to avoid or address these failure factors upfront to eradicate these failures.

**5.2. Objective Two:** This objective sought to elicit respondent's responses on factors impacting the success of acquisitions.

Even though respondents found the acquisition of the company successful, respondents were of the opinion that success could have been more speedily achieved if the company initiated proper integration plans and addressed cultural issues. The open-ended questions permitted respondents to discuss these matters candidly.

*Recommendation:* The factors attributing to the success of acquisitions are not the sole factors for success. The company with future acquisitions seems to have enough experience and know-how of achieving financial success from acquisitions as this is their 7<sup>th</sup> acquisition.

However, success of acquisitions is a multi-pronged process and two key areas of focus should be people aspects and financial aspects of the business. Future acquirers and the company need to equip themselves and conduct detailed research on a wide range of success factors, pre and post-integration planning as well as alleviation of cultural stigmas and well-designed monitoring and communication tools to ensure they attain success and expand their business through acquisitions.

**5.3. Objective Three:** This objective sought to investigate key areas of focus resulting in integration success.

Some of this information overlapped with the factors impacting successful acquisitions and it was not exclusive to the integration process only. These factors identified through research and through field work, mirrored each other.

*Recommendation:* It is recommended that future acquirers and the company acquire more knowledge on:

- Culture
- Employee heat maps as roadmaps
- Pre-deal planning
- Pre-acquisition implementation plan
- Post integration planning
- Risk mitigation
- Further literature should be conducted in order to expand knowledge and improve processes.

**5.4. Objective Four:** This objective sought to identify strategy's to create successful integration.

Increased focus has been concentrated on post-integration processes and phases as an indicator of successful acquisitions and as such the company and future prospective acquirers need to ensure these areas are concentrated on to ensure successful acquisitions.

*Recommendation:* The acquisition process has growing interest as a pre-requisite to success, topics such as Speed of Integration (Angwin, 2004, p.418), Post-Acquisition Integration Strategies (Puranam, Singh and Zollo, 2003, p.179) and Post-Acquisition Resource Transfer (Capron and Pistre, 2002, p.781) are recent topics illustrating such interest. It is recommended the company take cognisance of these recommendations as well as future acquirers need to consider the suggestions and conduct further research to remove risks associated with improper integration plans.

## 5.5. Conclusion

Based on the findings from this research it is recommended that companies in the chemical sector of South Africa and other business leaders need to ensure:

- Future acquirers and entrepreneurs are encouraged to research the success rate of acquisitions
- Time, care and focus need to be spent on due diligence
- HR to be included as early as possible from due diligence stage so they are able to handle the people issues speedily
- HR need to create a common area as staff need to be able to have a forum to address issues,

- Reassignment of duties need to be tabled in one-on-one sessions with the employee and timelines set to allow employees time to accept and manage the transition
- HR need to clearly communicate post-approval by the Competition Commission of S.A. where the company stands and the way forward to stabilise staff unrest, after the CEO conducts a detailed staff meeting
- Meetings need to be held upfront with key decision makers before the mass staff announcement on the approval of the deal
- Each department, HR, Procurement, Logistics and Finance, which make up the combined shared services for the newly formed entity need to have a structured plan in which to ensure integration

### 5.6. Suggestions for Further Research

It is suggested further investigations be conducted on the percentage of staff retained from the target company to assess the causes of their departure and how this relates to the financial performance of the business. This needs to be carried out at least every three to six months so recommendations and changes to the integration plan can be metered out. HR needs to conduct thorough exist interviews with these staff members to help eradicate issues surfacing with the rest of the employees.

Another area to investigate further is the effect of the motive as a driver in the success of acquisitions for example, does the survival of the company encourage top management to make better strategic decisions knowing that even their livelihood is impacted.

Therefore, forcing top management to delve into internal cost savings and pushing the limits as experienced at the company, which ultimately resulted in success of the business. Herein lies the need for further research in the field of M&A's, more especially acquisitions in the chemical industry of South Africa.

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