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The influence of new management style following organizational merger on employees' job satisfaction in Almasi Beverages Limited in Eldoret, Kenya

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Abstract
Organizational mergers are occurring more often as a way of enhancing competitive advantage. However, uncertainty during the process diverts the focus of employees from productive work to issues like job security, changes in designation, career path, working in new departments and fear of working with new teams. The study therefore sought to investigate the effect of organizational merger strategy on employees' job satisfaction in Almasi Beverages in Eldoret. Based on the study, this paper examines the influence of new management styles on the employees' job morale in Almasi Beverages Limited. The research was guided by Uncertainty Reduction Theory which postulates that when uncertainty is present, individuals try to predict how others around them might act, and therefore prepare themselves with a set of responses based on how their counterparts behave. The study adopted ex-post facto research design to investigate the effect of organizational merger on employee's job satisfaction. It targeted all 300 employees in Almasi Beverages in Eldoret Branch. Stratified and simple random sampling techniques were used to select a sample of 90 respondents to be involved in the study. Questionnaire was adopted as data collection instrument. The collected data were analyzed using descriptive and inferential statistics. Descriptive statistics were presented in form of frequencies, percentages and means. Pearson correlation and regression analyses were computed to test the level of association between variables and to test the hypotheses respectively. Pearson correlation findings indicated a moderate positive association between new management style and employee job satisfaction ($r=0.601$). Multiple regression analysis was computed to test the hypotheses to determine the relationship between dependent and independent variables. Based on the findings of the study, there was a strong correlation between new management style ($p=0.01$) and employee job satisfaction after the merger. Therefore, it is recommended that organizations should recognize employees' level of involvement with building the new organizational culture following an organizational merger.

Keywords: new management style, organizational merger, employees, job satisfaction, almasi beverages limited, eldoret, Kenya

Introduction

Within a free economy, free entry and exit of companies has led to increased competition which has resulted to either survival or extinction of companies (Isiaku, 2003) [4]. The surviving companies have to contend with how to optimally manage their resources to maintain or increase their market share. Most of the companies strive to expand and diversify to remain competitive. According to Isiaku (2003) [4], the strategic business practice by which firms diversify and expand is known as mergers and/or acquisitions (M&A). Mergers and acquisitions and other forms of business combinations have desirable strategic advantages such as hedging against competition, enhancement of market share and shareholder value through economies of scale and economics of scope. However, inherent in these business combinations are the fears of dangers that the emergent large corporate entities may result in monopolies or unfair competition within the economy of the country.

Though mergers and acquisitions provide competitiveness among the companies, they often cause traumatic experiences for the employees of acquired firms; the impact can range from anger to depression (Ashkensas *et al.*, 2008). This may result in high turnover, decrease in morale, motivation, productivity and consequently, merger failure. The other issues in the merger and acquisition activity are the changes in human resource policies, downsizing, layoffs, survivor syndrome, stress on the workers, and information system issues. According to Pande and Krishnan (1998) [7], the human resource (HR) system issue that becomes important in merger activity are human resource planning, compensation, selection and turnover, performance appraisal system, employee development and employee relations.

New organizational management style and employees' job satisfaction

A study conducted by Moruri and Okibo (2015) [6] sought to investigate the influence of change management strategies orientation on the performance of the bottling industry in Kenya a case study of Kisii Bottlers, Kisii County, Kenya. The study were sought to determine the effect of aggressive strategies, expansion strategies, and conservative strategies on the performance of Kisii Bottlers Limited. The study underscored the importance of change management strategy orientation in the bottling industry. The findings indicated that although the aggressive strategies differ and may be complex in different beverages organizations, the com [any strove to domesticate and apply them.

The study by Moruri and Okibo (2015) [6] also established that expansion strategy was well adopted to accelerate the rate of growth of sales, profits and market share faster by entering new markets, acquiring new resources, developing new technologies and creating new managerial capabilities hence change orientation strategies in the industry will be well managed. Moreover, conservative strategy at the Kisii Bottlers entailed expectation input, and instead relied on diversification to match the performance of some market index. They company’s management assumed that the marketplace would reflect all available information in the price paid for securities thus affecting organizational performance.

Bonsu (2014) [3] has investigated the impact of change management on job satisfaction of employees in Ghana’s banking sector. The study was conducted in response to concerns raised over increased competition in the sector in Ghana. This competition is partly attributed to external pressures such as the global economic crisis, deregulation and advances technology. These changes drove most of the banks to make certain strategic moves, including mergers and acquisition in order to stay competitive. Consequently, the study sought to investigate how employees in Ghana’s banking sector were coping with the changes of management and how the changes had impacted on their job satisfaction. Specifically, the study assessed the extent of employee involvement in the change management processes, the impact of change management on employee job satisfaction, and the attitudes of employees after organizational change. The study established that employees’ involvement in the management change process was limited and there was inadequate provision of information regarding the change. The study further found that organizational change had a positive impact on employees’ job satisfaction. Finally, employee attitudes after the change were found to be positive. In his study, Bonsu recommends that management should encourage employees’ maximum participation in the process through adequate representation on change management committees.

A study conducted by Aluyi (2013) has investigated the effect of mergers and acquisitions on the employees’ job satisfaction of deposit money banks in Nigeria. The researcher notes that mergers and acquisition and other forms of business combinations have desirable strategic advantages. However, inherent in these business combinations were the fears that M&A will hamper employee job satisfaction, especially for the acquired firms. Other negative impacts of M&A range from anger to depression which may result in high turnover, decrease in job morale, low motivation, productivity and consequently, merger failure (Aluyi, 2013). The study established that bank employees in Nigeria were satisfied with the M&A process in DMB’s employees’ of Kaduna metropolis. The study also established that the morale of the bank staff was somewhat impressive in the face of M&A process and that the M&A had also not posed any threats on employees’ psychology. Therefore, it was recommended among others that banks should continue to recognize employees’ level of involvement with building the new organizational culture following an M&A exercise.

Baker (2015) has analyzed bank employees' job satisfaction after a merger and acquisition. The study was triggered by the view that M&A activities in the United States in the 21st century had dramatically increased dissatisfaction within the non-financial and service industries. The study was guided by three research objectives which included to examine several facet of job satisfaction among bank employees involved in the M&A 1-3 years’ post-merger; to assess whether or not satisfaction related to employees' demographic identity, and determine whether or not differences existed among the satisfaction facets. Two-way ANOVAs revealed respondents aged over 40 years had higher satisfaction with M&As, and respondents in managerial positions (compared to staff-level respondents) also had higher satisfaction with M&As, $F(1, 225) = 11.31$, $p < .01$. The interaction between job tenure and job level was significant, where respondents with 5 years of experience or less had similar levels of satisfaction and staff with more experience had lower levels of satisfaction than those in managerial positions, $F(1, 225) = 6.21$, $p = .01$. In his study, Baker (2015) concludes that understanding the factors that contributed to employees’ job satisfaction might enable bank leaders to deploy strategies to ensure successful mergers.

Statement of the problem

The uncertainty during the merger and acquisition activity diverts the focus of employees from productive work to issues like job security, changes in designation, career path, working in new departments and fear of working with new teams (Ismail *et al.*, 2010) [5]. Some employees also have to be relocated or assigned new jobs, hence the employees find themselves in a completely different situation with changes in job profiles and work teams. This may have an impact on employee satisfaction.

In 2013 there was a merger of the three formerly independent Coca-Cola bottling plants, namely Mount Kenya Bottlers Limited, Rift Valley Bottlers Limited and Kisii Bottlers Limited. Together, they formed Almasi Beverages Limited (ABL) (Coca Cola, 2014). However, according to a report by Kamau (2015), despite the formation of the merger of the three Coca Cola branches, there have been increased complaints among the employees of poor management, high turnover leading to loss of knowledgeable and productive employees, division among the department and increased case of lay off and transfers. Further, Kamau has found that the employees also complained of working for long hour without proper compensation by the new management. Therefore, the study sought to investigate effect of organizational merger strategy on employees’ job satisfaction in Almasi beverages in Eldoret branch. Based on the study, this paper examines how the changes in management styles following the merger affected employees’ job satisfaction.

Materials and methods

The study employed ex-post facto research design. It targeted all the 300 employees of Almasi Beverages in Eldoret. These employees comprised managers, sales representatives, those in the production section and the subordinate staff. The sample size was computed using the Formula by Fisher (1954). Therefore, 90 respondents were selected to participate in the study. Stratified and simple random sampling techniques were adopted to select a representative sample. Employees were stratified in terms of their respective sections, that is, management, sales, production and subordinates. Simple random sampling technique was then employed to select employees in each section.

The employee questionnaire was the main tool of data collection. The collected data were coded and entered into SPSS for analyses. The data were analyzed using descriptive and inferential statistics. Descriptive statistics were analyzed thematically and presented in form of frequencies, percentages and means. Pearson correlation analysis was computed to test the hypotheses. Multiple regression analysis was computed to test the causal relationship between organizational merger components and employee job satisfaction.

Results and discussion

New management style and employees' job satisfaction

The study entailed sought to establish whether or not the new management style affected employees' job satisfaction at Almasi Beverages Ltd. The findings of the study indicated that most of the respondents (52.6%) were dissatisfied with their jobs after the merger of the three companies with 37.2% of them expressing job satisfaction. This finding is indicative of the fact that majority of the employees viewed the merging of the three Coca Cola companies into Almasi Beverages Ltd as an ineffective move that disrupted their jobs and hence their dissatisfaction. These findings were as summarized in Table 1 below.

Table 1: Employee Job Satisfaction after the Merger

		Frequency	Percent	Valid Percent	Cumulative %
Valid	Satisfied	29	37.2	37.2	37.2
	Undecided	8	10.2	10.2	47.4
	Dissatisfied	41	52.6	52.6	100.0
	Total	78	100.0	100.0	

When asked to share their opinions about the merger of the three companies into Almasi, a respondent opined as follows:

> …that was done in a haste with no consideration of the welfare of the employees…we are demotivated by the new management and employees have a negative attitude towards the administration which has resorted to firing employees at the slightest mistake…I am not sure we shall ever attain the targets we were meeting before the merger…. (Personal Communication, Sales Representative, Almasi Beverages Ltd, 2016).

Further, based on a five-point Likert scale, respondents were asked to indicate the extent to which they agreed or disagreed with statements on organizational management and employees' job satisfaction at the organization. A summary of the findings is presented in Table 2 below.

Table 2: Organizational Management and Employees' Job Satisfaction

Statement	5	4	3	2	1	Mean
After the organizational merger I feel proud to be part of this organization	9	15	8	34	12	2.372
I am still satisfied with the job even after the organizational merger.	9	15	8	34	12	2.372
I feel secured and comfortable with the new management	5	4	2	39	28	1.962
There is still adequate opportunity for career development and self-development after the merger	7	12	5	31	23	2.346
Employees were adequately represented on change management committees	8	11	10	29	20	2.462
The new management assured the employees of their job security	7	7	4	35	25	2.179
I am committed to the new organization after the merger due to increased support by management	8	7	9	34	20	2.346
Aggregate mean						2.291

From Table 2 above, it can be observed that majority (aggregate mean, 2.291) of the respondents were in agreement that the new management style had affected their job satisfaction negatively. For instance, majority (mean, 1.962) of them indicated that they did not feel secured and comfortable working with the new management. All the other attributes measuring the influence of management style on employee job satisfaction recorded slightly more than 2 on the Likert scale. This is an indication that the respondents disagreed with any statement that alluded to their being satisfied with their jobs as a result of the new management coming to the fore. These research findings are in tandem with the findings of a study conducted by Bonsu (2014) [3] on the impact of change management on job satisfaction of employees in Ghana's banking sector which established a positive relationship between new management style and employee job satisfaction.

However, the findings contradict those of Aluyi (2013) in a study meant to investigate the effect of a merger and acquisition on employees' job satisfaction. Aluyi (2013) established that although mergers and acquisition and other forms of business combinations have desirable strategic advantages, inherent in these business combinations were the fears of hampering employee job satisfaction which had proved to be traumatic, especially for the employees of acquired firms; the impact could range from anger to depression which may result in high turnover, decrease in job morale, motivation, productivity and consequently, merger failure.

Further, a study by Baker (2015) to examine bank employees' job satisfaction after a merger and acquisition yielded results that were at variance with the findings of this study. Two-way ANOVAs revealed respondents over 40 had higher satisfaction with M&As and respondents in managerial positions (compared to staff-level respondents) also had higher satisfaction with M&As, $F(1, 225) = 11.31$, $p < .01$. The interaction between job tenure and job level was significant, where respondents with 5 years of experience or less had similar levels of satisfaction and staff with more experience had lower levels of satisfaction than those in managerial positions, $F(1, 225) = 6.21$, $p = .01$.

The variance in the findings of the study with findings of previous studies could be attributed to case-specific underlying factors that contribute to employee job satisfaction during mergers and subsequent acquisitions. Besides, country-specific economic environments could dictate the nature of the correlation between new management style after a merger and employee job satisfaction.

Hypothesis test results

The first hypothesis of the study stated that there is a significant relationship between the new management style and employees' job satisfaction. From the results in Table 3, the p-value for new management style was 0.01, which was less than 0.05. The research therefore accepted the alternative hypothesis. This implied that there is a significant relationship between new management style and the employee job satisfaction at Almasi Beverages Ltd. Results of the regression coefficients presented in Table 3 revealed that new management style ($\beta=0.205$, $p<0.05$) had a significant effect to employee job satisfaction.

Table 3: Regression Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		β	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.487	.339		7.347	.000		
	New management style	.193	.059	.205	3.264	.001	.963	1.038
a. Dependent Variable: Employee job satisfaction								

Conclusion and recommendations

In view of the findings of the study, it was concluded that organizational merger strategy at Almasi Beverages Ltd has generally impacted negatively on employee job satisfaction. It is clear both from the employee descriptive analysis and from the correlation analysis that new management style has significantly negated employee job satisfaction at the company.

From the findings and conclusion, it is recommended that organizations should recognize employees' level of involvement with building the new organizational culture following an organizational merger. This way, employees will own the change process and will be more willing to move along with the new management team. Further, the management needs to carefully choose the right transition team. Organizational leaders should consider all employee groups in order to reach-out to at risk groups which could lead to smoother transition during an organizational merger process.

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