

**ROLE OF HUMAN RESOURCE MANAGEMENT IN
CULTURAL INTEGRATION PROCESS AMONG
SELECTED POST-MERGED COMMERCIAL
BANKS IN KENYA**

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(Human Resource Management)**

**JOMO KENYATTA UNIVERSITY OF
AGRICULTURE AND TECHNOLOGY**

2016

**Role of Human Resource Management in Cultural Integration
Process among Selected Post-Merged Commercial Banks in Kenya**

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**A thesis Submitted in Partial Fulfillment for the Degree of Doctor of
Philosophy in Human Resource Management in the Jomo Kenyatta
University of Agriculture and Technology**

2016

DECLARATION

This thesis is my original work and has not been presented for a degree in any other University.

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DEDICATION

This work is dedicated to my dear Mother Karigi Muriithi

ACKNOWLEDGEMENT

I wish to register my appreciation with all those people who contributed in various capacities that enabled me complete my studies. I am greatly indebted to my supervisors Dr. Wario Guyo and Dr. Willy Muturi for their close guidance, support and scholarly opinions and for their unfailing availability when sought for consultations.

I also wish to thank Dr. Miiru Rukangu of Meru University of Science and Technology for his continuous encouragement to finish my doctorate. To my spouse Dr. Gatumi Consenta, the entire family and friends, many thanks to them for their patience and prayers which gave me enough strength to undertake my studies. Finally, I thank the Almighty God, the most Gracious and the most Merciful, without whom I could have not reached this far.

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LIST OF ACRONYMS AND ABBREVIATIONS

ANOVA	Analysis of Variance
GDP	Growth Domestic Product
HR	Human Resource
HRD	Human Resource Development
HRM	Human Resource Management
ICT	Information Communication and Technology
M & A	Mergers and Acquisitions
P–O	Person-Organization
R&D	Research and development
SHRM	Strategic Human Resource Management
SPSS	Statistical Package for Social Sciences
UNCTAD	United Nation Conference on Trade and Development
US	United States

DEFINITION OF TERMINOLOGIES

Corporate Merger: Describes a situation when two or more corporations come together to combine and share their resources to achieve common objectives (Sudarsanam, 1995). But according to Sherman and Hart (2006), a merger is a combination of two or more companies in which the assets and liabilities of the selling firms are absorbed by the buying firm. According to Gaughan (2002), a merger is a process in which two corporations combine and only one survives and the merged corporation ceases to exist. Sometimes there is a combination of two companies where both the companies cease to exist and an entirely new company is created.

Corporate Acquisition: Is defined as an ‘arms- length deal’, where one company purchases the shares of another company and the acquired company is no longer the owner of the firm (Sudarsanam, 1995).

‘Takeover’: According to Gaughan (2002), this happens when one company tried to acquire another company against the will of the company’s management. But according to Sudarsanam (1995), a takeover is similar to an acquisition and also implies that the acquirer is much larger than the acquired.

Culture: Is a set of shared and enduring meaning, values, and beliefs that characterize national, ethnic, or other groups and orient their behaviour (Mulholland, 1991).

Performance Management: Is a continuous process of identifying, measuring, and developing performance in organizations by linking each individual’s performance and objectives to the organization’s overall mission and goals (Armstrong, 2010).

Reward : This typically encompasses not only traditional, quantifiable elements like salary, variable pay and benefits, but also more intangible non-cash elements such as scope to achieve and exercise responsibility, career opportunities, learning and development, the intrinsic motivation provided by the work itself and the quality of working life provided by the organization (Thompson, 2002).

Recruitment: Is the process of identifying that the organization needs to employ someone up to the point at which application forms for the post have arrived at the organization. Recruitment is the process of generating a pool of capable people to apply for employment to an organization (Armstrong, 2010).

Selection: The processes involved in choosing from applicants a suitable candidate to fill a post. Selection is the process by which managers and others use specific instruments to choose from a pool of applicants a person or persons more likely to succeed in the job(s), given management goals and legal requirements (Armstrong, 2010).

Training: Consists of a range of processes involved in making sure that job holders have the right skills, knowledge, and attitudes required to help the organization to achieve its objectives. Training is the process of planned programs and procedures undertaken for the improvement of employee's performance in terms of his attitude, skills, knowledge, and behavior (Armstrong, 2010).

Development: Employee development is a joint initiative of the employee as well as the employer to upgrade the existing skills and knowledge of an individual. Employee development is the development of individual employees and organizations as a whole so that when employees individually develop and increase performance, the organization develops and increases performance as well (Armstrong, 2010)

Cultural Integration: Cultural integration refers to an interaction of people from a variety of cultures. This integration will include people with different skills, from different religions, professions and ethnic groups. Cultural integration leverages the existing differences to benefit an organization as a whole (Runsten, 2002).

ABSTRACT

Mergers and acquisition (M&A) is a critical vehicle in facilitating corporate growth and productivity. In Kenya, mergers and acquisitions are becoming a prominent feature particularly in the banking sector. Nevertheless, Kenya has witnessed a mix of dismal performance by some merged banking institutions and very positive performance by others. This study therefore examines the role of human resource management in the cultural integration process in post mergers and acquisition process. The study adopted a positivist philosophy on the mixed framework of research design comprising of descriptive, exploratory, and quantitative designs. The unit of analysis was the financial institutions that have undergone mergers and acquisitions in a defined time period. The unit of observation comprised of the employees of the acquired or merged organization sampled through simple random sampling of 361 employees out of 5998 which forms the target population. Both primary and secondary data was collected. A pretest was conducted where reliability and validity of the instruments were determined using the Cronbach's alpha capped at 0.7. Requisite analyses were conducted to test the normal distribution of response data using Kolmogorov-smirnov and Normal QQ plot tests. Logistic Regression model was used to establish the relationship between the independent variables and the dependent variable and the strength upon which the independent variables affected the dependent variable. Results indicated that there was adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool, there was general acceptance and commitment from the management towards the practice of recruiting and hiring newcomers, and there was awareness of the value and transferability of international training, skills and credentials considered during recruitment. Results showed that companies have embraced training and development as one of strong factors of HRM practices that influence cultural integration. The study findings indicated that performance and reward was a key driver of cultural integration process. Descriptive results indicated

that corporate leadership was emphasized in companies. The study findings indicated that leadership was a key determinant of cultural integration process. It was possible to conclude that the companies had put into place strict management policies and internal operating procedures approved by the senior management on recruitment and selection of employees. The study further concludes that recruitment and selection affect cultural integration; if the practices are well governed and executed they affect cultural integration positively. It was possible to conclude that employee empowerment was highly emphasized in post merged organizations. The study concludes that conclusion that all employees received induction training and all the learning was incorporated on the job training. It is recommended that employee empowerment be emphasized in the organizations as it has an effect on the overall achievement of company goals and objectives. Therefore the management is urged to encourage sharing of potentially sensitive information on costs, quality, and productivity on financial performance with other employees.

CHAPTER ONE

INTRODUCTION

1.1: Background of the Study

In recent years human resource managers have been triggered to play a more strategic role in their organizations, especially in making strategic decisions and going through radical organizational changes such as merging process. Nowadays this requirement is even more urgent and acute due to the fact that past decade has been characterized by enormous growth in mergers. Most of the studies of HRM in merger field were focused on the theoretical framework and has a consultative nature in dealing with one phase of the merger process which is the post implementation stage of merger.

From a constituency based perspective, it is argued that HR academics and practitioners have embraced strategic human resource management as a means of securing greater awareness and respect for HRM as a field of study. On the other hand HR managers are empowered in their efforts of employing strategies that will enhance their role in the organization. Much emphasis was that “strategic HRM focuses on the need for Human Resource strategies and plans to be formulated within the framework and context of overall strategies and objectives of the organization and to respond to the changing nature of the organization’s internal and external environment.” Human resource management is a framework just like any other frameworks that requires the interpretation and adaptation of entrepreneurs. It is only through proper interpretation of this concept that the HRM will display proper management of business strategies and plans. The overall features and characters of Strategic Human Resource Management (SHRM) therefore are to integrate and accumulate all HRM functions. These functions

are to adherently support extensive and wide-range organizational objectives and also to be responsive to the internal and external environment.

Mergers and Acquisitions (M&A) are the most popular means of corporate restructuring or business combination, which have played an important role in the external growth of a number of leading firms in the world. Literature shows that the number of world mergers and acquisitions is high in developed countries than in developing countries. This disparity reveals that most firms have tended to keep off from pursuing M&A as reflected by the statistics of firms that have merged with or acquired other firms in Kenya during the period 1999 – 2009, hence missing out on benefits of M&A growth strategy.

Organizational founding is typically associated with entrepreneurs, but many firms arise out of existing firms through spin-offs or Mergers and acquisitions (M&As). What sets the former apart from the latter is inheritance: the skills that endow an M&A-based firm originate from the parents, while de novo firms have to build capabilities from scratch. Whether new firms formed by the fusion of two existing firms benefit from previously acquired assets hinges partly on the combination and commingling of previously separate bundles of resources. The question that we should ask is, under what conditions will the combining of such bundles of skills yield distinct benefits for the new firm?

Any M&A combines divergent cultures, strategic orientations, and practices into a new configuration and thus creates intra-firm variations. Friction between existing factions is prone to occur (Phillips, 1994). Even M&As that took place many years or decades ago, like those leading to the creation of RJR-Nabisco and Royal Dutch-Shell still appear to encompass multiple cultures and practices. The magnitude of tensions at these corporations might be a function of the dissimilarity of cultures and practices of their parent firms.

Integration of employees is one of the most critical issues for smooth organizational transition towards a new firm (Buono & Bowditch, 1989). It is particularly crucial in knowledge-intensive firms, including technology based as well as accounting firms. In a study of large firms' acquisitions of small technology-based firms, Granstrand and Sjolander (1990), for instance, reported that in 60 % of cases where key R&D personnel (for example, the general manager) left the firm, the acquisition resulted in subsequent divestment or other manifestations of failure. The possibility of successful integration depends on the pair's structural and cultural similarities, since the integration of like cultures faces lower resistance from organizational members.

Two firms that have similar cultures and routines are defined as compatible. In any M&A, two sets of organizational cultures and routines become unbundled and repacked into the new firm. Thus, an M&A creates more internal diversity and often results in a collision of cultures (Buono, Bowditch & Lewis, 1985; Greenwood *et al.*, 1994; Phillips, 1994). Without some conflict resolution capability, extensive internal diversity would harm organizational functioning. Attending to M&A induced conflict and strife detracts management's attention from the firm's productive activities. Incompatible M&As require more attention to conflict resolution and system integration. Consequently, they may harm the firms' ability to compete. In a competitive environment, a firm with incompatible cultures is likely to be selected out. In contrast, firms created by compatible M&As may not experience serious integration problems and can thus capitalize on the M&A experience by building a platform for additional M&A activity.

Corporate Mergers and Acquisitions in Kenya

Mergers and acquisition (M&A) is a critical vehicle in facilitating corporate growth and productivity. The reasons a firm may go the merger and acquisition way are many and diverse. They range from tax planning efforts to expansion in a bid to enjoy economies

of scale. The need to achieve legal compliance especially in capital intensive sectors like telecommunications industry and the financial sector are the other major reasons. There is also the factor of business considerations like is the case in a business environment where the one competitor has large capital outlay as compared to the other scores of small competitors. The small firms may merge in a bid to wrestle market share from the large company. Whatever reason, the common denominator of all M&As is the focus on bottom line of the companies involved. M&A may be aimed at improving bottom line through increased efficiency or sustaining the same by staying afloat.

Kenya saw an increase in mergers and acquisitions activity during the period 2011 to 2012. Since the Competition Authority (established as autonomous public institution under the Competition Act) became operational in 2011, it has determined more than 50 merger applications. This is in comparison to the six-year period between 2005 and July 2011 during which there were 68 mergers notified to the Monopolies and Prices Department, the predecessor of the Competition Authority. The activity has been in a wide array of sectors including banking, insurance, engineering and construction, floriculture, information, communication and technology (ICT), and mining, among others. The general elections held in Kenya in March 2013 saw a peaceful transition of power to a new government. While there was a general slowdown in business during the period leading up to the elections and for a brief period thereafter, economic and business activity has picked up and mergers and acquisitions activity is expected to continue in an upward trend during 2013.

M&A in Kenya generally fall within the regulatory framework of competition laws. The main legal framework on competition in Kenya is Restrictive Trade Practices, Monopolies, and Price Control Act, cap.504 laws of Kenya. This is an act of parliament whose aim, if its preamble is anything to go by, is to encourage competition in the

economy. This it does, or proposes to do, by prohibiting restrictive trade practices, controlling monopolies, concentrations of economic power and prices and for connected purposes. It offers a negative outlook at M&A arrangements in that it seeks to control the tendency to abuse the same as a tool to restrict trade, whatever that means. No definitions of the terms defined above are offered. With regard to companies listed in stock exchange in Kenya, the relevant legal framework on M&A is the Capital Markets Act, Chapter 485A Laws of Kenya. Although it wins a plus in looking at the positive side of M&A, it is limited in that it does not regulate merger and acquisition directly. Instead, it gives power under section 12 thereof, to the Capital markets Authority to make rules, regulations, and guidelines on regulation of mergers and acquisitions among listed companies. Hence, the enactment of Capital Markets (Take-Overs and Mergers) Regulations 2002 came to operation in the July of 2002. The rules define merger as “an arrangement whereby the assets of two or more companies become vested in or under the control of one company.” It does not offer legal definitions of the other terms.

In 2008, the Kenyan ministry of finance proposed to raise the minimum core capital for banks to 1 billion shillings from 250 million shillings, giving 2012 as the deadline for all banks to comply (Kenyan banks consolidation, 2010). Subsequently, Kenyan banks are set for consolidation to meet the deadline to boost minimum core capital. Two lenders, Equatorial Commercial Bank and Southern Credit Bank have already completed a merger in 2012 citing the need to enlarge their branch network and balance sheet. The local implications on banks of enhanced capital rules abroad following the 2008 global financial crisis may also encourage mergers and acquisitions in the sector. Increased competition and capital adequacy requirements under Basel III are likely to be the key drivers behind sector consolidation. Among the recent mergers are CFC/Stanbic Bank mergers, EABS Akiba Bank merger, EABS/ECOBANK. The 2003 merger of two local companies Apollo Insurance and Panafric Insurance to form APA Insurance Company is

a clear case of locally owned firms merging to create more synergies and remain competitive in a fast growing insurance industry, highly dominated by multinationals.

1.2: Statement of the Problem

In 1999, global mergers and acquisitions accounted for 2 percent of world-wide GDP (UNCTAD 2000). The financial performance of corporate takeovers is one of the most researched areas in industrial economics and financial economics. Despite this, the question of whether takeovers improve corporate performance is controversial (Bild, Guest, Cosh & Runsten, 2002). Mergers and acquisitions (M&As) have become the dominant mode of growth for firms seeking competitive advantage in an increasingly complex and global business economy (Adler, 1997). Nevertheless, M&As are beset by numerous problems (Newbury & Zeira, 1997), with 50 per cent of domestic acquisitions and 70 per cent of cross-border acquisitions failing to produce intended results (Capron, 1999).

In Kenya, while becoming a prominent feature in Kenya's banking industry, the Central Bank of Kenya and shareholders of banking institutions in Kenya have a positive inclination to mergers and acquisitions. However, Kenya has witnessed a mix of dismal performance by some merged banking institutions and very positive performance by others. This has left stakeholders in the banking industry wondering whether mergers and acquisitions should be encouraged in the industry (Muniu, 2013), thus casting doubt over whether mergers and acquisitions are explicitly reliable.

In theory, organizations are known to be bound by fully functional cultural properties as is the case with communities, and they breed meanings, perceptions, myths, and beliefs based on these cultural characteristics (Galpin & Herndon, 2007). Empirical studies (Buono & Bowditch, 2003; Roger, 2000) shows that one of the underlying reasons why

mergers and acquisitions often fail to achieve the level of operational and financial performance is the conflicts and tensions that emerge when companies try to combine disparate and frequently dramatically different culture. This is further echoed by the findings by (Galpin & Herndon, 2007) that failure to integrate the two cultures definitely translates into failure for the merger process since employees will be pulling in separate directions. It is imperative for business leaders to develop frameworks that will endeavour to integrate the two cultures of the merging organizations into one (Carleton & Lineberry, 2004).

However, most of the existing research (Schweiger & Weber 1989; Buono & Bowditch, 1990; Cartwright & Cooper, 1993) within the HRM field relies on anecdotal evidence of personnel issues in M&As, resulting in little systematic theory (Hunt & Downing, 1990; Buono & Bowditch, 1989; Marks & Mirvis, 1998) that focuses HRM. The failure to account for HRM issues is somewhat surprising since HRM has the potential to play an important role in M&A integration, for example, by managing personnel conflict and reinforcing the new corporate culture. Yet, the literature does not tackle from a theoretical point of view how HRM systems and practices create value by helping to realize potential post-merger synergies. More so, any empirical evidences on mergers and acquisition studies of organizations in Kenya from the HRM perspective are not available. This study therefore examines the role of HRM in cultural integration process in corporate post-mergers and acquisitions in Kenya

1.3: Research Objectives

1.3.1: Overall Objective

The general objective of this study was to examine the role of human resource management in cultural integration process in corporate post-mergers and acquisitions in Kenya.

1.3.2: Specific Objectives

1. To find out the effect of employee recruitment and selection on the cultural integration process among selected post-merged commercial banks in Kenya.
2. To examine the effect of employee training and development on the cultural integration process among selected post-merged commercial banks in Kenya.
3. To investigate the effect of employee performance and reward on the cultural integration process among selected post-merged commercial banks in Kenya.
4. To determine the moderating effect of corporate leadership in relationship between HRM and cultural integration process among selected post-merged commercial banks in Kenya.

1.4: Hypotheses

H₀: Employee recruitment and selection does not significantly affect cultural integration process in post-merged organizations.

H₀: Employee training and development does not significantly affect cultural integration process in post-merged organizations.

H₀: Employee performance and reward does not significantly affect cultural integration process in post-merged organizations.

H₀: Corporate leadership does not significantly moderate the relationship between HRM and cultural integration process in post-merged organizations.

1.5: Significance of the Study

The people learn most of the behaviors and beliefs from the people they grow up with. Although each individual has unique talents and personal preferences, the behaviors and beliefs of the people in the same organizations show common properties. This helps the organizations to create their own cultural properties. Since the members in the organizations work together in performing a job, the created culture will enable the organization members to understand each other and, work effectively. Culture is the pattern of shared values and beliefs that help members of an organization understand organizational functioning and thus teach them the behavioral norms in the organization. Culture is the shared knowledge and schemes created by a set of people for perceiving, interpreting, expressing and responding to the social realities around them, and are an active living phenomenon through which people jointly create and recreate the worlds in which they live.

Actually, the working environment is surrounded by the culture, which shapes the job relationships and processes in the organizations. Organizational culture helps the organizations to solve its problems of external adaptation and internal integration by creating a shared pattern. As the new members come into the organization, they perceive and think these problems in this shared pattern. Knowing how the other members of the organization act in the same circumstances- gathers the organization members under the same umbrella. Organizational culture is also taken into consideration in the decision making process.

Empirical evidence Meehan, *et al.*, (2008) suggest culture as the single factor distinguishing top performing organizations from mediocre agencies and is a critical strategy for achieving successful outcomes. Ultimately, culture is what provides agency

members a common ground for interpreting events, understanding issues, and knowing what is expected of them (Denning, 2010). Representing an interlocking set of goals, values, attitudes, and operating assumptions, cultural forces can combine to prevent change attempts. Consequently, applying management tools, like strategic planning, without understanding cultural drivers of agency behaviors will only result in temporary changes and individuals are likely to revert to stagnant patterns of decision-making. Although difficult to redirect, cultures can be made more performance enhancing a necessary strategy for developing more adaptive and responsive organizations given the existing challenges facing California's counties (Kotter, 2001).

1.6: Scope of the Study

This study limited itself to role of human resource management in cultural integration process in corporate post-mergers and acquisitions in Kenya. It specifically concentrated on the effect of recruitment and selection; training and development; performance and reward; and the moderating effect of corporate leadership. The exact organizations included in the study were organizations that underwent mergers and acquisitions from 2009. These institutions included: Kenya commercial bank, Jamii Bora and Equatorial commercial bank. The total number of employees in these organizations is 5998. Therefore, the study focused on these.

The post integration phase of corporate mergers and acquisitions has been immensely associated with the human resources and specifically cultural issues. For the last 20 years, the cultural change after the Merger and Acquisition is highly regarded as an important attribute for success (Faulkner *et al*, 2003). It has also been witnessed that people refuse to accept the cultural change (Cartwright & Cooper, 1993; Buono *et al*, 1985). In post Merger and Acquisition the members can evaluate the culture as good or bad as compared to others (Vega *et al*, 2000). Prior research addressing the Mergers and

Acquisitions explains differences in cultures of the merging firms which can be seen as the main reason of disputes in post Merger and Acquisition transition. These evidences show clearly that assessment of any cultural constructs in the mergers and acquisition can best be done at the post integration phase. This study thus considers the post merger phase of the process only. The study also limits the human resource management practices to recruitment and selection, training and development and performance and reward practices. The organizations considered for the study were those in the post merger phase on the list of the Central Bank of Kenya.

1.7: Limitations of the study

The study focused only on the post integration phase of the mergers for organizations which underwent the merger and acquisition processes at different times. Therefore, it is assumed that the time span for cultural integration was not considered to affect the result. Most studies on the cultural processes of an organization is longitudinal, however, the study concentrated on the perceived cultural integration process to enhance the collection of data cross sectional. Another limitation could be related to the availability of adequate data due to the fact that information on corporate mergers and acquisitions are normally considered as classified. The researcher thus presented to the unit of analysis of the studies a letter of introduction and assurance that the study was purely utilized for academic purposes only.

CHAPTER TWO

LITERATURE REVIEW

2.1: Introduction

This chapter presents a literature review, which is both a summary and explanation of the complete and current state of knowledge on a limited topic as found in academic books and journal articles. The review comprises of theoretical and empirical literatures on cultural integration process, Human Resource Management (HRM) and mergers and acquisitions, critique of the reviews and the research gaps.

2.2: Theoretical Review

2.2.1: Cultural Integration

Successful integration is essential to realize the business potential of acquisitions, whether domestic or cross-border (Child *et al.*, 2001). Cross-border M&A cultural integration seek to reduce cultural differences as much as possible in the acquired company. Therefore, whether the cultural integration is successful or not is critical to the success or failure of a cross-border M&A. According to Zhu & Huang, 2007), the following problems should be solved in cultural integration of cross-border M&A. First, it should coordinate the cultural differences of peoples to promote understanding and communicating between the different communities in one enterprise and to avoid the negative influence arising from the different thinking models, behaviors, and values. Second, it should coordinate the different company cultures to eliminate the barriers in leadership styles, communication models, personnel system, performance appraisals, and social security benefits.

Third, it should establish the company's core values by integrating diverse cultures to improve the company's creativity and competitiveness. Fourth, the effective integration of the companies' cultures could provide conditions beneficial for the integration of operations.

Cultural differences of nations are found in attitudes toward nature, rules, status and power, ideas of individual and group, time, the modes of communicating and thinking, and interpersonal relations (Zhu & Huang, 2007). Different corporate cultures will cause employees of different companies to make different decisions about such issues as their attitudes towards risk, corporate planning, and employees' freedom to decide how to do their jobs, preferences for completing a task individually or on a team, management concerns about their subordinates, and so on. European scholars have compared Chinese corporate culture with Western corporate culture and found several differences (Li, 1999). For instance, the Chinese tend to pay more attention to social status, care more for "person" than "thing," make concrete analysis under concrete conditions when they face the problems, act passively and weigh the collective over the individual. However, the West, prefers to cooperate, care more for "thing" than "person," is more proactive, stays loyal to principle, and values the individual over the collective.

Cultural differences between enterprises are found in the way they operate, direct, communicate, and motivate. It is the core content of cross border M&A cultural integration to integrate cultural differences of nations and those of enterprise, which are interdependent, not separate. Cross-border M&A creates a situation of cultural diversity in the enterprise, which leads to the development of cultural character in the process of integration. Therefore, it is necessary for the multinational enterprises to carry out cross-cultural management to integrate the cultural differences and resources effectively. Basic principles of cross-cultural management lie in respecting and understanding the cultures

of others, placing importance on communication, and making adaptive changes. Communicating with each other effectively and understanding each others' culture is the most effective way to eliminate cultural conflicts. Establishing a new culture after M&A is the amalgamation of different cultures (Zhu & Huang, 2007).

Upon merger it is suggested that integration takes place at three levels; the physical, the procedural and the socio-cultural (Shrivastara, 1986). Although the physical and procedural processes are likely to be managed rapidly, the latter process is thought to take between three to five years (Walter, 1985) or even longer. Research shows that most organizations develop merger plans without formulating any 'human' merger preparations (Schweiger & Ivancevich, 1985) despite estimates that between one third and one half of merger failures are due to 'employee problems' (Davy *et al.*, 1988).

Upon merger two distinct and dynamic cultures collide creating differences at all levels of culture from conflicting management styles to radically different organizational routines and rituals, from dress codes to attitudes towards business variables, such as risk, and from tangible artifacts to fundamental assumptions about the characteristics of the business environment (Brooks & Dawes, 1999). Additionally, both merging organizations will already contain conflicting values, assumptions, perceptions and interests [Buraway, 1979; Edwards, 1979]. The resultant managerial task, that of building a new culture is immense and should not be underestimated.

While integrating the two cultures, it is necessary to pay attention to the national culture as well as the distinctive organizational culture (Schuler & Rogovsky, 1998). Employees' representation and participation during the pre-merger stage can lead to high levels of trust between key stakeholders, and consequently reduce dissatisfaction, resistance to change and the risks associated with culture clashes. Managers should evaluate the compatibility of the two cultures, to highlight the positive and negative

attributes of each of the cultures and then decide the level of integration and/or independence necessary for a successful co-existence. Integration of corporate cultures in an M & A environment is not an easy task. According to Miller (2000), Managers need to formulate the strategy of the new enterprise early on, communicate the values, beliefs, and goals of the new enterprise to the employees in the period leading up to and following closure of the deal. Also important cultural differences must be identified and resolved early by having clear policies and procedures in place.

The following suggestions have been given by Lodorfos and Boateng (2006) to avoid cultural clashes during M & As. Managers can form merger and acquisition integration teams with representatives from all the merging partners as well as experts in change management and organizational psychology and in some cases, even hire external consultants to integrate the two companies' processes and systems. Another way is to implement a job rotation system among the key managers in both the acquired and acquirer firms to bridge the gaps between the two organizations, identify areas of best practice, and plan the change process. Thus key managers of both companies should work closely to appreciate the practices of each organization with the view of adopting the best code of practice during the integration.

Furthermore, due to the communication problems and related conflicts highlighted during the interviews it is necessary for the managers to gear up the merging organizations' communication and information flow processes and systems to reduce the levels of stress and uncertainty of the employees and help the implementation process of the integration strategies. As culture is a shared phenomenon, it is essential to involve as many staff as possible in the decision-making and discussion processes as these will help mould the resultant culture (Brooks & Dawes, 1999) Lodorfos and Boateng (2006) also proposed a four staged approach for managing cultural integration process in M&As.

Pre-merger and Pre-planning stage: This phase involves information gathering and developing trust through one-to-one interaction between members of both companies and identifying culture gaps. Planning stage: This stage aims to produce the action plan to facilitate the cultural integration process by deciding on the extent of cultural integration, assessing potential risks, setting integration goals.

Zhu and Huang (2000) have suggested four models of cross cultural management: The first model is localization strategy where the management policy is made according to the local conditions. The second model is transplanting the culture of the parent company where the buyer can transplant its culture into the target company and gradually get the local staff to accept its culture. The third model is the cultural innovation by integration in which a new culture and management pattern are formed through the integration of the two cultures. The fourth pattern uses evasion tactics where the third party shall be asked to bridge the gap between cultures. Implementation stage: This stage is designed to integrate structure and control systems by communication, staff training, and reorganization.

2.2.2: Theories Related to the Study

Three main perspectives on cultural integration confront themselves in the social sciences: assimilation theory, multiculturalism, and structuralism. This section briefly discusses the main elements of each of these views as well as those of a recent synthetic perspective, called segmented assimilation.

Theory of Assimilation

In the literature on the cultural integration of immigrants, the perspective of assimilation theory has dominated much of the sociological thinking for most of the 19th century. This approach builds upon three central features. First, diverse ethnic groups come to

share a common culture through a natural process along which they have the same access to socio-economic opportunities as natives of the host country. Second, this process consists of the gradual disappearance of original cultural and behavioral patterns in favour of new ones. Third, once set in motion, the process moves inevitably and irreversibly toward complete assimilation. Hence, diverse immigrant groups are expected to “melt” into the mainstream culture through an inter-generational process of cultural, social, and economic integration.

This view is exemplified for example, by Gordon (1964), who provides a typology of assimilation patterns to capture this process. In Gordon’s view, immigrants begin their adaptation to their new country through cultural assimilation, or acculturation. Though cultural assimilation is a necessary first step, ethnic groups may remain distinguished from one another because of spatial isolation and lack of contact. Their full assimilation depends ultimately on the degree to which these groups gain the acceptance of the dominant population. Socio-economic assimilation inevitably leads to other stages of assimilation through which ethnic groups eventually lose their distinctive characteristics.

Assimilation theory seemed to be rather corroborated by the experience of the various waves of European immigrants that arrived in the U.S. between the 1920s and the 1950s. As indicated by assimilation theory, these groups of immigrants followed progressive trends of social mobility across generations and increasing rates of intermarriage, as determined by educational achievements, job market integration, English proficiency, and levels of exposure to American culture (see for instance Alba, 1985; Chiswick, 1978; Lieberman & Waters, 1988).

In the 1960s, the classical assimilation perspective was challenged in the U.S. by the cultural integration patterns of more recent non-European immigrant groups. Instead of converging into the mainstream culture, these groups appeared to preserve their ethnic

and religious identities, making cultural differences more persistent than assimilation theory would conventionally predict. Differential outcomes with respect to natives seemed to prevail even after long-term residence in the U.S. (Kao & Tienda, 1995; Rumbaut & Ima, 1988; Suarez-Orozco & Suarez-Orozco, 1995; Landale & Oropesa, 1995). Disadvantages were reproduced, rather than diminished (Gans, 1992). Patterns of mobility across generations were observed to have divergent rather than convergent paths (Becker, 1963; Goffman, 1963; Perlmann, 1988). This evidence turned out to lead to the development of alternative approaches to the study of cultural integration.

Theory of Multiculturalism

One such alternative approach is multiculturalism, which rejects the simple integration process proposed by assimilation theory. Scholars from this perspective view multicultural societies as composed of a heterogeneous collection of ethnic and racial minority groups, as well as of a dominant majority group. This view has been forcefully illustrated by Glazer and Moynihan (1970) and by Handlin (1973) in the context of the American society. They argue that immigrants actively shape their own identities rather than posing as passive subjects in front of the forces of assimilation. These authors also emphasize that some aspects of the cultural characteristics of immigrants may be preserved in a state of un-easy co-existence with the attitudes of the host country. The multicultural perspective offers then an alternative way of considering the host society, presenting members of ethnic minority groups as active integral segments of the whole society rather than just foreigners or outsiders.

Theory of Structuralism

Rather than focusing on the processes of assimilation or integration *per se*, the structuralist approach emphasizes how differences in socio-economic opportunities relate to differences in social integration of ethnic minority groups. Unequal access to

wealth, jobs, housing, education, power, and privilege are seen as structural constraints that affect the ability of immigrants and ethnic minorities to socially integrate. This leads to persistent ethnic disparities in levels of income, educational attainment, and occupational achievement of immigrants (Blau & Duncan, 1967; Portes & Borocz, 1989). Consequently, the benefits of integration depend largely on what stratum of society absorbs the new immigrants.

Contrary to the perspectives of assimilation theory and of multiculturalism, structuralism emphasizes the inherent conflicts that exist in the social hierarchy between dominant and minority groups and therefore questions even the possibility of cultural and socio-economic integration of immigrants. To summarize, assimilation theory, multiculturalism, and structuralism provide different views of the same phenomenon. The focus of assimilation theorists is on immigrants' succeeding generations gradually moving away from their original culture. Multiculturalists acknowledge that the cultural characteristics of immigrants are constantly reshaped along the integration process and therefore may never completely disappear. Structuralists emphasize the effects of the social and economic structure of the host country on the ability of immigrants to integrate into its cultural attitudes and to share its economic benefits.

Segmented Assimilation Synthesis Theory

While each of the previous perspectives insists on one specific dimension of the integration pattern of immigrants, segmented assimilation theory provides a synthesis of these distinctive approaches. The main objective of this line of research is to provide a more complete picture of the different patterns of integration among immigrants in terms of convergent or divergent paths of cultural adaptation. More precisely, this theory envisions the process of cultural integration along three possible patterns: a) an upward mobility pattern associated to assimilation and economic integration into the normative

structures of the majority group; b) a downward mobility pattern, in the opposite direction, associated to assimilation and parallel integration into the underclass; c) economic integration but lagged assimilation and/or deliberate preservation of the immigrant community's values and identity (see Portes & Zhou, 1994). This theoretical perspective attempts to explain which factors determine into which segment of the host society a particular immigrant group may assimilate. Its focus is on how various socio-economic and demographic factors (education, native language proficiency, place of birth, age upon arrival, and length of residence in the host country) interact with contextual variables (such as racial status, family socioeconomic backgrounds, and place of residence) to produce specific cultural integration patterns of a given cultural minority group.

2.2.3: Employee Recruitment and Selection

In general, selection systems typically are designed to measure applicant knowledge, skills, and personal characteristics that are related to job performance (Schmitt & Chan, 1998). As noted by practitioners (Branham, 2001; Herman, 1999) and scholars (Barrick & Zimmerman, 2005; Schmitt & Chan, 1998), however, for many jobs the retention of employees is also of critical importance for organizational success. To succeed, employers need to hire applicants who perform well on the job and who are unlikely to quit the organization. In pursuit of this optimal hiring goal, this field study extends the selection literature by examining the effectiveness of actual person–organization fit (P–O fit) in predicting employee retention. In addition, we examine whether P–O fit adds incremental validity over cognitive ability in predicting job performance.

Although there are various conceptualizations of P–O fit, it is broadly defined as the compatibility of individuals with the organizations in which they work (Kristof, 1996; Werbel & Gilliland, 1999). Note that P–O fit focuses on fit of the person with the

organization rather than fit with a specific job, group, or vocation (Wheeler, Buckley, Halbesleben, Brouer, & Ferris, 2005). An important distinction is between complementary and supplementary fit (Cable & Edwards, 2004; Van Vianen, 2000). Complementary fit occurs when a person or the organization provides attributes that the other party needs; for example, the person may have skills needed by the organization. Supplementary fit occurs when a person and organization are similar on fundamental characteristics (Kristof, 1996; Muchinsky & Monahan, 1987).

Most research examining supplementary fit has examined value congruence, as values are a fundamental characteristic of both individuals and organizations (Cable & Edwards, 2004; Chatman, 1991; Kristof, 1996; O'Reilly, Chatman, & Caldwell, 1991; Schneider, 1987; Schneider *et al.*, 1995; Werbel & Gilliland, 1999). Another important distinction is between actual and perceived P–O fit. Actual (sometimes called objective) P–O fit refers to the actual similarity of an employee and an organization on a fundamental characteristic such as values. In contrast, perceived P–O fit is the extent to which individuals believe them fit the organization.

Schuler (1992) suggests that Strategic Human Resource Management (SHRM) has many different components, including policies, culture, values, and practices. Strategic business needs of an organization are influenced by its internal (which mainly consist of factors such as organizational culture and nature of business) and external characteristics (consisting of the nature and state of economy in which the organization is existing and critical success factors, that is, opportunities and threats provided by the industry), which are influenced by HR activities. Thornhill, Lewis, Millmore, and Saunders (2000) found a potential role for HR centered strategies to be used to change or realign the culture of an organization.

An organization can change its culture through its recruitment strategy of replacing managers with those from outside, restructuring the organization, downsizing the workforce, training programmes, new reward strategies, and performance management to alter employee behaviours or reinforce emergent ones. After the economic liberalization, Organizations were under pressure to change from low-cost, indigenous, less efficient and outdated technology to high-cost modern technology and prepare people to use it. This was done to develop and maintain their competitive edge in the larger business environment (Khan, 1999). The potential value of the employees is to be increased by collectively enhancing and linking their skills and capabilities in tune with the contemporary requirements of the market, and to be faster than the competitors. The success of the HRM will be determined by its ability to harness the intelligence and spirit of people by creating a learning climate.

One of the significant ways in which leaders change an organization culture and embed their assumptions is through the process of selecting, retaining, and promoting people in the organization. In most organizations this embedding mechanism is subtle, because it operates unconsciously Schein, (2004). Founders and leaders establish this culture base in the organization by hiring and advancing those they perceive as having the values they want, and by eliminating those they consider as having undesirable value base. (Pfau & Kay, 2002) argue that companies with a formal recruiting strategy enjoy a financial advantage. Failing to link recruitment efforts to a strong business ethics and moral can spell disaster for an organization. The criteria for recruiting and promoting subordinates assume the best people are hired by assigning characteristics that justify their being hired. Any criteria used should consider the personality, integrity, style and the competence of the person involved. This process also should consider the cultural aspects of the organization in the selection and dismissal process.

2.2.4: Employee Training and Development

Training and development can be defined as the process of providing employees with specific skills or helping those correct deficiencies in their performance (Poh, 2001). Previous empirical studies have provided extensive evidence that training and development facilitate the updating of skills, and lead to increased commitment, well-being, and sense of belonging, thus directly strengthening the organization's competitiveness (Acton & Golden, 2000; Karia & Ahmad, 2000; Karia, 1999). Bartlett (2001) studied the association between employee attitudes towards training, and feelings of organizational commitment, with a sample of 337 registered nurses from five hospitals, using social exchange theory as a model for examining the relationship. He found that perceived access to training, social impact of training, motivation to learn, and perceived benefits of training are positively related with organizational commitment. According to Cherrinton (1995), a successful training and education program would create more-favourable employee attitudes and loyalty, and help employees in their personal development and advancement. Moreover, Deming (1986) stressed the vital of training and development for continual updating and improvement, identifying one source of human motivation at work as intrinsic motivation: the desire to grow; learn, and to develop oneself. Cherrington (1995) also stated that most learning situations are fundamentally reinforcing because of the satisfaction and commitment associated with the acquiring new knowledge or skills. Thus, we propose the following hypothesis:

For nearly a century, scholars have studied learning and training (Ford, 1997). Yet doubt about training effectiveness has prompted a surge in research in recent years (Salas & Cannon-Bowers, 2001). Some writer's link training and related fields such as adult education and HRD to "faddish," untested interventions (Goldstein, 1991). In 1988, Latham asserted that scholars have conducted excellent research; however,

“practitioners and practitioner journals appear to be unaffected by these advancements”. Twenty-five years later, Salas and Kosarzycki (2003) claimed practitioners still favored untested fads. For example, in the face of increasing litigation (Roberson, Kulik, & Pepper, 2003) and the unexpectedly slow advancement of women and minorities into higher levels of management (U.S. Department of Labor, 2006), organizations offer poorly designed and theoretically dubious interventions that actually increase the likelihood of litigation or perceptions of inequity (Schultz, 2003). DeSimone, Werner, and Harris (2006) conceded that training effectiveness is “relative,” but only to the extent that there is no single measure of training success such as productivity or job satisfaction. There are numerous qualitative and quantitative evaluation approaches useful in determining training effectiveness.

However, any HRD intervention, including training, that fails to meet specific goals is ineffective (Alvarez, Salas, & Garofano, 2004; Clarke, 2004). Training effectiveness goes beyond evaluation. It involves identifying what affects learning before, during, and after training (Ford, 1997; Salas & Cannon-Bowers, 2001). Practitioners seldom assess needs, establish specific objectives, or evaluate beyond Kirkpatrick’s (1976) reaction level (Arthur, Bennett, Edens, & Bell, 2003; Clarke, 2004; Sugrue, 2005; Swanson, 2001). One of the more optimistic estimates suggests no more than 15% of learning transfers to the job (Cromwell & Kolb, 2004). The extent of failure is unknown; however, there are numerous depictions of corporate and government fiascos in the popular press (Shank, 1998). For example, the editor of *Industry Week* (Panchak, 2000) wrote a scathing column describing corporate training as “ridiculously silly at best and insultingly disrespectful of the workers’ intelligence at worst”. The author asserted, “Virtually every other area of management expenditures requires an analysis of the return on investment”. The irony was irresistible for late night talk show hosts who

lamponed Burger King's "teambuilding retreat" where several marketing employees severely burned their feet walking on hot coals ("Burger King Workers," 2001).

Fear of scrutiny has not prevented ineptitude in governmental agencies. Hosenball (1995) derided diversity training at the Federal Aviation Administration that forced male air traffic controllers to run a gauntlet of females directed to make sexual comments and inappropriately touch their male coworkers (*Hartman Pena*, 1995). A *New York Daily News* (Feiden, 2003) investigation exposed how the U.S. Postal Service wasted millions of dollars on "bizarre bonding and team-building exercises and playing goofy games" that did "little or nothing to curb postal inefficiencies." Finally, in response to complaints of inaccurate information provided to taxpayers, the Internal Revenue Service provided training to thousands of employees. A General Accounting Office (2005) study concluded that "despite the large investment of resources, significant congressional attention, and Human Capital Office guidance", the IRS failed to develop training goals, could not provide data on time or money spent on training, and relied on unsophisticated forms of evaluation.

Failed interventions can result from incompetent or indifferent trainers (Baldwin & Ford, 1988; Salas & Kosarzycki, 2003; Swanson, 2001; Tannenbaum & Yukl, 1992); however, highly qualified practitioners, ready to assess needs and evaluate results, may be stymied by management's unwillingness to spend time and money on proper design. Practitioners face enormous pressure from organization leaders to embrace the latest training fad or quick fix. Consequently, a vicious cycle ensues as organizations hire the incompetent or ignore the competent whose inevitable failure sustains a "self-perpetuating cycle of powerlessness" (Galang & Ferris, 1997).

2.2.5: Employee Performance and Reward Management

The literature on organizational culture is rich and diverse. Much of its richness is founded on the claim that culture is linked to organizational performance. Even though there are some theorists that questioned the culture-performance link, sufficient evidence exists to suggest that organizational culture is associated with organizational performance. Ogbonna and Harris (2000) one of the earliest quantitative studies on the culture-performance link was conducted by Denison (1984) who used data from 34 American firms over a five year period. The author examined characteristics of organizational culture in these firms and tracked their performance over time. To measure performance the author used data on returns on investment and sales. For organizational performance responses on a onetime survey regarding the perceptions of work organization and participation in decision making were gathered. Although, the author found that organizational culture is correlated with financial performance, some of his measurement indicators differ in the strength of the relationship between culture and performance. Decision making and work design were associated with long term financial performance while supervisory leadership was associated with short term financial performance. Even though it has encouraging results, this study is not without limitations. The most important criticisms refer to the use of employee perceptions which suggest that the study had obtained a measure of organizational climate rather than a measure of organizational culture (Lim, 1995).

Rousseau (1990) tried in his study to overcome some of the limitations in measuring organizational culture. He gathered data from 32 voluntary service organizations using as a performance measure the amount of money raised from a recently completed fund-raising campaign and the Organizational Culture Inventory promoted by Cooke and

Lafferty (1983) to measure organizational culture. The results of this study showed no significant positive correlations between performance and culture.

One of the most extensive studies on the culture-performance link was conducted by Kotter and Heskett (1992). They used data gathered from 207 firms over a five year period. In this study they used various measures of culture and long term economic performance data. Their initial objective was to examine the relationship between strong cultures and long term performance. Even though they found only a minor correlation between strong culture and long term performance, subsequent investigations showed that firms with cultures suited to their market environment have better performance than those that are less fitted to their environment. Marcoulides and Heck (1993) analyzed the relationship between organizational culture and performance using data collected from 26 organizations. The authors proposed a model in which organizational culture was measured using several latent variables (organizational structure, organizational values, task organization, climate, and individual values and beliefs) and organizational performance was measured using capital, market, and financial indicators. The results of this study showed that all of the latent variables used to measure organizational culture had some effect on performance with workers attitudes and task organization activities being the most significant variables.

Reward and recognition can be defined as benefits as increased salary, bonuses, and promotion, which are conferred as public acknowledgement of superior performance with respect to company's objectives (Juran & Gryna, 1993). Rewards for quality efforts appear to have a significantly positive relation to employee morale (Kassicieh & Yourstone, 1998). According to Herzberg's (1996) hygiene/motivator theory, recognition is one of the four motivators, which can contribute to employee commitment when it is present. Reward and recognition activities are valued by employees, and

therefore provide motivation or incentives; if executed appropriately, these activities can, to a certain degree, secure employees' commitment to their jobs and make their jobs more enjoyable, thus creating an overall commitment within the organization (Zhang, 2000). A study of a sample of 350 daily workers in Ireland and New Zealand (O'Driscoll & Randall, 1999) indicated that the rewards offered by an organization have a powerful effect on employees' attitudes towards their job and their company.

2.2.6: Corporate Leadership and Organizational Culture

An examination of the literature in the fields of organizational culture and leadership finds that the two areas have been independently linked to organizational performance. For example, researchers have examined the links between leadership styles and performance (Bycio *et al.*, 1995), and also between organizational culture and performance (Kotter & Heskett, 1992).

Furthermore, numerous aspects of the organizational culture literature allude to the role of leaders in 'creating' and 'maintaining' particular types of culture (for example, Schein, 1992). Equally, the literature on leadership suggests that the ability to understand and work within a culture is a prerequisite to managerial effectiveness. However, despite the implicit and explicit linking of culture and leadership in many parts of organization theory, little critical research attention has been devoted to understanding the links between the two concepts and the impact that such an association might have on managerial effectiveness. The absence of critical literature exploring the effectiveness implications of the links between organizational culture and leadership is surprising given the numerous references to the importance of the two concepts in the functioning of organizations (Schein, 1992).

2.3: Conceptual Framework

Within the HRM-organizational culture link lays a belief that firm's HRM practices will motivate employees to adopt certain attitudes and behaviours, and will therefore elicit a certain corporate culture (Bowen & Ostroff, 2004; Cabrera & Bonache, 1999; Chow & Liu, 2009; Lau & Ngo, 2004; Ngo & Loi, 2008; Wilkins, 1984). One of the earliest views on this HRM-organizational culture link was from Peters (1978), who suggested that management systems (HRM systems) could be thought of as mechanisms to transmit values and beliefs of the organization which, as a result, help to shape its character. With organizational culture comprising a range of social phenomena there are certain situations in which organizational norms are not the result of shared values among employees; rather, they are determined by the rules and practices an organization implements (Cabrera & Bonache, 1999). Tichy (1983) thought that the way in which HRM systems are designed can communicate important and useful information about the organizations culture to employees. Schwartz & Davis (1981) also argued that HR practices provide information to employees. They convey standardized information to employees about expected patterns of activity and acceptable behaviours which allow the firm to achieve its objective. Lewicki (1981) argues that HRM practices answer three questions for employees, providing information to staff about the acceptable behaviours: (1) what does the organization expect from its employees? (2) What kind of behavior does the organization reward? And (3) what are the dos and don'ts of proper social conduct within the system? (p. 8). Ulrich (1984) iterates this view using an example of socialization programs. Her belief is that socialization and induction programs play a significant role in transmitting corporate culture to individuals entering into the organization. They ensure that acceptable behaviours and cultural norms are passed down to new employees, thus keeping organizational culture consistent.

It is through this shared information as well as the experiences of employees that behavioural norms are established, thus becoming the means through which culture is created and sustained within the firm.

Building on the HRM-organizational culture link, Ulrich (1984) advocates that procedures and practices implemented by HR executives become rituals within the company. Ulrich deems rituals to be customary and repeated actions within a firm. They take on a meaning within the organization. As we identified earlier, rituals are a symbolic tool in which values are manifested. These rituals, which include evaluation and reward procedures, help guide the behaviour of employee's as they establish boundaries and behavioural norms within the firm.

Wilkins (1984) asserts a different view; that HR systems can create career paths for employees as well as groupings of people who remain in the firm for a long enough time for a company culture to form. This outlook suggests that firms can implement HR practices that foster job security and internal career development in order to keep turnover low, and maintain those social phenomena that comprise organizational culture (values, beliefs, norms, assumptions) within the organization, and therefore forming a strong organizational culture.

While a number of scholars claim that HRM practices lead to organizational culture, few studies have been conducted on the relationship. Lau and Ngo (2004) studied 332 firms HR and organizational development practices in Hong Kong. The board purpose of this study was to explore the link between culture, HR systems, and outcomes. The research found that HR practices which emphasize training, performance based reward as well as team development help to create an organizational culture that promotes innovation.

Organizational culture was said to play a mediation role between the HR system and the firm's outcomes. That is, the HR practices implemented by the firm had an effect on the organizational culture, which in turn had a direct impact on employee's behaviours and outcomes. This study demonstrated that a company's culture was significant in affecting employee's outcomes; regardless, the culture needs to be supported by an HR system that elicits those behaviours needed to achieve the desired outcomes. Therefore, based on this literature piece, various constructs and their relationship can be summarized in the following hypothetical model in figure 2.1.

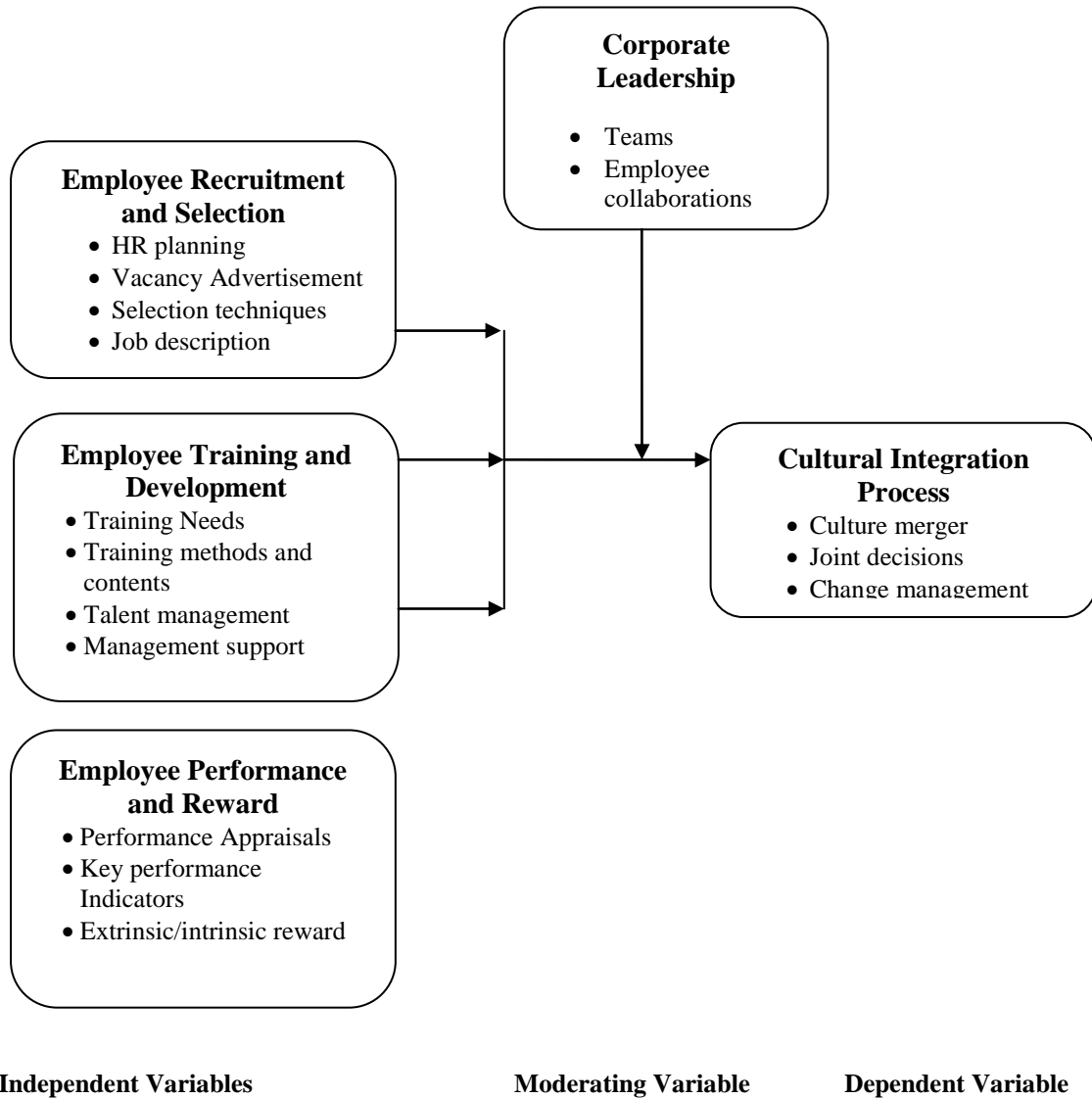


Figure 2.1: Conceptual Framework

2.4: Empirical Review

The study by Schuler (1992) suggests that Strategic Human Resource Management (SHRM) has many different components, including policies, culture, values, and practices. Strategic business needs of an organization are influenced by its internal (which mainly consist of factors such as organizational culture and nature of business) and external characteristics (consisting of the nature and state of economy in which the organization is existing and critical success factors, that is, opportunities and threats provided by the industry), which are influenced by HR activities. Thornhill, Lewis, Millmore and Saunders (2000) found a potential role for HR-centered strategies to be used to change or realign the culture of an organization.

An organization can change its culture through its recruitment strategy of replacing managers with those from outside, restructuring the organization, downsizing the workforce, training programmes, new reward strategies, and performance management to alter employee behaviors or reinforce emergent ones. A study by Khan, (1999) shows that Indian organizations were under pressure to change from low-cost, indigenous, less efficient and outdated technology to high-cost modern technology and prepare people to use it. This was done to develop and maintain their competitive edge in the larger business environment. The potential value of the employees is to be increased by collectively enhancing and linking their skills and capabilities in tune with the contemporary requirements of the market, and to be faster than the competitors. The success of the HRM will be determined by its ability to harness the intelligence and spirit of people by creating a learning climate.

The study further shows that Indian organizations normally direct their HRM efforts towards the development of competencies, culture and effectiveness among employees individually or in groups as without competent and committed employees, an

organization can achieve very little even it has excellent technological and other resources at its command. Such an assertion gains better credibility in the context of developing countries like India, that is, typically in early growth stages in terms of economic development and growing more rapidly than the ,traditional‘ developed economies of Japan, North America and Europe. This also includes most South East Asian, South Asian, and some Latin American countries.

Selection in organizations is based on non-job related criteria like attractiveness, goal orientation, and interpersonal skills: a general lack of concern for value congruence (Prakash, 1994). The dominant emphasis has been on the universal practice of identifying and improving on existing performance strategies. This practice would require a complete reversal where congruencies of values should find a place in selection and training. Only then would it possible to achieve linkages with the values of the wider socio-cultural context in India. In order to make an organization effective, the values of the society and the cultural milieu should be synthesized with those of the organization and it’s functioning.

Fombrun, Tichy and Devanna (1984) expanded these premises and developed the model of SHRM, which emphasizes a ‘tight fit’ between the organizational strategy, organizational structure, and HR system. Political, economic, and cultural forces are responsible for an organization’s mission and strategy. This explains these causal relations, which form the ‘tight fit’ between strategy, organization structure and HR policies and practices. On the basis of mission and strategy, the shape of organization is structured, that is people are organized to carry out different tasks to achieve the organization’s mission.

Hendry and Pettigrew (1992) propose that a number of internal factors such as the organizational culture, structure (positioning of HR), leadership, level of technology

employed and business output directly contribute to forming the contents of HRM. HRM could be seen as a menu of strategic choices to be made by human resource executives in order to promote the most effective 'role behaviors' that are consistent with the organization's strategy and aligned with each other (Sparrow & Hilltrop, 1994).

2.5: Critique of Existing Literature

Corporate culture has been varyingly described in the literature as the 'normative glue' that holds an organization together through traditional ways of fulfilling organizational responsibilities (Buono & Bowditch 1989,) and as the emergent pattern of beliefs, behaviours, and interaction that uniquely characterizes the organization as it operates within a particular industrial and societal context (Fombrun 1984,). Pritchett, Robinson, and Clarkson (1997,) suggest that corporate culture shapes management style along with operating philosophies and practices, and affects the type of behaviour that is rewarded both tangibly and intangibly in an organization. The notion of corporate culture is ably and concisely summed up by Cartwright and Cooper (1992), who suggest that it is 'the way in which things get done within an organization.'

Buono and Bowditch (1989) note that cultural change is one of the most difficult types of change effort since culture provides the foundation for peoples' lives and that corporate culture can serve as a constraint to large-scale organizational change. Other authors note that resistance to cultural change is related to the degree of change involved, specifically, the greater the change, the greater the probable resistance (Sathe 1985). Hall (1959) points out that since culture is such an inherent part of people's lives, they are often not aware of it until it comes into conflict with or is contrasted against a different culture.

The issue of cultural fit has become a topic of increasing interest and importance in recent merger and acquisition literature. Writings build on Levinson's (1970) analogy between merger and marriage, in which compatibility of partners is considered critical to a successful combination. Senn (1989) suggests that two organizations merging on the basis of financial data only is akin to two people marrying based solely on height and weight, and observes that both lead to high divorce rates. While it is acknowledged that successful mergers and acquisitions must primarily be based on objective strategic and financial criteria, there is growing recognition that ignoring potential culture clashes can lead to financial failure or to a significant reduction in expected results (Davis 1968; Hall & Norburn 1987; Cartwright and Cooper 1992, 1993a, 1993b, 1994).

Mergers and acquisitions inherently bring together distinct corporate entities, each with their own corporate culture, explicit and implicit behavioural systems and management styles (Nevaer & Deck, 1990). Even those organizations that appear to be highly compatible and that seemingly should be able to achieve value-added merger synergies can have underlying cultures that threaten successful co-existence (Buono & Bowditch 1989; Pritchett, Robinson, & Clarkson 1997). The degree of decision-making responsibility, along with power and control mechanisms, have been identified as key areas where cultural clashes are apt to occur, especially where a high degree of integration is required to achieve merger and acquisition objectives (Krupar & Krupar 1988). Further, combinations between organizations with highly compatible cultures may fail to meet expectations if the integration process is poorly managed (Cartwright & Cooper 1992). The challenge of cultural compatibility becomes even more pronounced when international combinations are involved.

In merger and acquisition situations, particularly where disparate cultures collide, employees become confused, frustrated, and resistant to change. The literature suggests

that such cultural conflict manifests itself in terms of high turnover including key personnel, market-share shrinkage, and disappointing financial performance (Sales & Mirvis, 1984; Buono & Bowditch 1989; Pritchett, Robinson, & Clarkson, 1997).

The literature suggests that, just as there are different types of mergers and acquisitions, there are different levels of cultural integration that are possible. Buono and Bowditch (1989) offer a typology of culture-related implementation strategies related to strategic objectives, including cultural pluralism, blending and takeover. McCann and Gilkey (1988) point out that integration of two organizations need, and should, only occur up to that point which optimizes business, financial and organizational fit. The authors suggest that this may call for a total merging of cultural identities in one situation and a highly autonomous partnership in another (190). Pritchett, Robinson, and Clarkson (1997) note that some organizations attempt to circumvent problems related to cultural differences by allowing acquisitions to remain autonomous.

The writers emphasize, however, that this approach is not always feasible, and that integration strategies aimed at reconciling cultural differences are required to achieve merger-related economies of scale. There is mixed opinion in the literature with respect to cultural fit within and between industries. Some authors suggest that it is easier to find cultural compatibility within industries, and accordingly, the probability of intra-industry merger and acquisition success is significantly higher (Senn, 1989). Others perhaps more appropriately note that while over the long term, it may be easier to accommodate intra-industry as opposed to inter-industry differences, and disparate cultures between organizations in the same industry do exist and often present many problems during mergers and acquisitions (Buono, Bowditch, & Lewis, 1985; 1988; Buono & Bowditch, 1989).

Culture change, in the context of mergers and acquisitions, is generally recognized as a time-consuming, evolutionary, expensive, and emotionally-intensive process (Sales & Mirvis, 1984). Various authors suggest that true cultural integration takes between three to seven years (Walter, 1985; Stybel, 1986). Buono and Bowditch (1989) highlight the paradox that, while the timeframe associated with cultural change is lengthy, the timeframe associated with mergers and acquisitions is relatively compressed, and underscore the challenge of cultural integration within this context. While some authors emphasize that cultural transformation must be seen as an incremental and evolutionary process (Sathe, 1985), others argue that speedy cultural integration, in which employees are given a sense of citizenship in the combined corporate entity, is required (Pritchett, Robinson, & Clarkson, 1997).

Despite the importance of cultural considerations, experience shows that merger and acquisition strategies often fail to recognize that not only are two organizations coming together, but two sometimes distinct corporate cultures as well (Nevaer & Deck, 1990; Cartwright and Cooper 1992, 1993a, 1993b, 1994). Some authors suggest that mergers and acquisitions frequently fail to achieve operational and financial expectations due to conflicts that arise when attempting to combine disparate corporate cultures (Buono & Bowditch, 1989; Pritchett, Robinson, & Clarkson, 1997). Nevaer and Deck (1990, argue that the most common cause of acquisition failure is a clash of corporate cultures, while Walter (1985) estimates that the cost of cultural collisions resulting from poor integration management may be as high as twenty-five to thirty percent of the acquired organization's performance (Cartwright & Cooper, 1992). While a small but increasing number of organizations have begun to place emphasis on whether or not a merger or acquisition candidate meets important cultural compatibility criteria (Buono & Bowditch, 1989), potential cultural fit between combining organizations, if at all

evaluated, is typically intuitive and based on limited information gained from interactions between negotiating teams (Cartwright & Cooper, 1994).

The literature emphasizes on the importance of developing and implementing a cultural re-framing process as part of merger and acquisition planning and integration. This process should include the conduct of a formal culture audit both as a means of anticipating future problems and of monitoring the ongoing process of integration (Senn, 1989; Cartwright & Cooper, 1994). The process should also include the confirmation and communication of values, norms, and corporate philosophy of the combined entity (Pritchett, Robinson, & Clarkson. 1997). Wherever possible, existing cultural symbols, mores, and practices should be preserved and assimilated as a means of maintaining continuity while diminishing employee resistance and facilitating change (Bennigson, 1985; McCann & Gilkey, 1988). In summary, the challenge of integrating different organizational cultures is one of the most demanding and complex aspects of mergers and acquisitions and should be viewed as a fundamental ingredient for successful change.

2.6: Research Gap

Mergers and acquisitions, like organizational transitions in general, are typically followed by major structural and cultural changes, which may arouse stress, anger, disorientation, frustration, confusion, and fright among personnel. Uncertainty and other negative emotions, in turn, tend to lead on to the several negative organizational outcomes, like lowered commitment and productivity, increased dissatisfaction and disloyalty, high turnover, leadership and power struggles, sabotage and a general rise in dysfunctional behaviours (Schweiger & Weber, 1989; Cartwright & Cooper, 1993, 1995; Galpin & Herndon, 2007; Buono & Bowditch, 2003; Roger, 2000). The importance of the human resource-related activities in merger and acquisition management have been

underlined for example, by Buono and Bowditch (1990), whose study on the human resource issues in mergers and acquisitions is based on two cases. One of the cases studied took place between two banks and the other one represents the retail trade industry. Buono and Bowditch identified two different approaches to handle M&A process. The first is named as typical approach, whereas the other is called recommended approach. In addition to the two approaches, the framework contains five critical issues in managing human resources in a merger or acquisition situation.

First, competing claims between different stakeholders refer to the fact that mergers and acquisitions always involve multiple interest groups with separate needs and goals (Muniu, 2013). Management style related questions of coercion versus participation, in turn, illustrate the practices of the decision-making during the transition process. Thus, all these necessitate the need to examine the role of human resource management in cultural integration process during corporate mergers and acquisitions.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1: Introduction

This study sought to examine the role of human resource management in post merger cultural integration of organizations in Kenya. This section presents the methodological approach of this study. It comprises of the design and philosophy of the research, the population, sample and sampling technique, data collection and instrumentation, pilot study and finally data analysis and presentations.

3.2: Research Design and Philosophy

There are two prominent research philosophical leanings or paradigms; positivist and phenomenological. A paradigm is a worldview underlying the theories and methodology of a particular scientific subject or a belief system about a subject. It has also been defined as a framework containing all of the commonly accepted views about a subject, a structure of what direction research should take, and how it would be performed. The positivist position is derived from that of natural science and is characterized by testing of hypothesis developed from existing theory (hence deductive or theory testing) through measurement of observable social realities. The position presumes the social world exist objectively and externally, that knowledge is valid only if it is based on observations of this external reality and that universal or general laws exist or that theoretical model can be developed that are generalizable, can explain cause and effect relationships, and which lend themselves to predicting outcomes.

Positivism is based upon values of reason, truth, and validity and there is a focus purely on facts, gathered through direct observation and experience and measure empirically

using quantitative methods surveys and experiments and statistical analysis (Blaikie, 1993; Saunders, Lewis & Thornhill, 2007; Eriksson & Kovalainen, 2008; Easterby-Smith, Thorpe & Jackson, 2008; Hatch & Cunliffe, 2006).

On the other hand, phenomenologists are concerned with what things mean, rather than with identifying and measuring phenomena. They are particularly interested in the idea that human experience is a valuable source of data, as opposed to the idea that true research or discovery lies in simply measuring the existence of physical phenomena (Eastby-Smith, Thorpe & Lowe, 1991). Alongside the philosophical debate between phenomenological and positivism, there is a parallel debate among social scientists. It concerns the respective merits of qualitative and quantitative research. Qualitative research has, as a model of society, a set of conceptual relationships, while quantitative research uses a purely casual empirical model (Rosen, 1978). Consistent with the arguments by Henning, Van Rensburg and Smith (2004), this study was classified as quantitative and a positivist framework was followed because it was an empirical investigation with the core of scientific endeavor being observation and measurement. Support for classification of this study as positivist derives from Richies and Lewis (2003) who noted positivism as appropriate for social science research and that hypothesis are derived deductively from scientific theories to be tested empirically and that observations are final arbiter in theoretical disputes.

According to Coopers and schindler (2006), research design is described as a blue print for the collection, measurement, analysis of data and a plan to obtain answers to research questions. This study adopted a mix of research design which included quantitative, exploratory, and descriptive research designs to identify, analyze, and describe the role of human resource management in post merger cultural integration of organizations in Kenya. Quantitatively, the design sought to quantify the hypothesized relationship

between the criteria and predictor variables (Mark *et al.*, 2009; Nicholas, 2011, William *et al.*, 2010). The exploratory design is preferred due to the facts that it meets the criteria described by Nicholus (2011) which indicates that the research design investigates the full nature of the phenomenon (of examining the role of human resource management in post merger cultural integration of organizations in Kenya). The results of exploratory studies are not necessarily generalizable to larger population but provide a better understanding of the sample being examined (Nicholus, 2011; William, 2010; Blaxter, 2006).

Descriptive research design provides an accurate account of characteristics of a particular individual event or group in real life situation, (Kothari, 2004; Mugenda, 2008; Orodho & Kombo, 2002). Descriptive research design may be used for the purpose of developing theory, identifying problems with current practice, justifying current practice, making judgments' or determining what others in similar situations are doing (Sekaran, 2008, 2011; Kombo, 2002).

3.3: Target Population

Sekaran, (2008) define population as a total collection of element about which interferences are made and refers to all possible cases which are of interest for a study. For the purpose of this study, the target population of this study was the business organizations in Kenya which have gone through corporate mergers and acquisitions as registered by the Central Bank of Kenya. The study population from which the actual data on the cultural integration was collected comprised of the organizations which underwent mergers and acquisitions from 2009 which was considered as fairly recent. These institutions are Kenya commercial bank, Jamii Bora and Equitoria commercial bank with a total of 5998 employees. According to Love (2000), there is tendency of unanticipated turnover of employees in organizations that underwent mergers and

acquisitions and the frequency of the turnover is inversely proportional to the success of the merger and acquisition process management, hence the need to study the most recent mergers.

3.4: Sample Size and Sampling Technique

A sample is a subset of population (Hyndman, 2008). Marczyk, Dematteo and Festinger (2005) defined a sample as subset of the population to be studied. Newing (2011) defines a sample as a subset of sampling units or cases for which data are collected. According to Yang, (2008) the word ‘sample’ refers to the subset of a population. Therefore the goal of a research is to examine a sample and then generalize the results to the population. How accurately a researcher can generalize results from a given sample to the population depends on the representativeness of the sample. The degree of representativeness of a sample refers to how closely the sample mirrors the population (Gravetta & Forzano, 2006). Kasomo (2007) has explained that a sample size is the number of units in a sample and that the assumption behind sample size is that it is representative of the population from which it is drawn. Patton (2002) argues that the sample size depends on what one wants to know, the purpose of the inquiry, what is at stake, what will be useful, what will have credibility and what can be done with available time and resources. Gal and Gal (2008) define sampling as a process of selecting a number of individuals in such a way that they represent the large group.

The sample size of this study was 361 respondents. The sample size was based on the Krejcie and Morgan (1970) table of sample size (appendix ii). According to the table a population of 5998 which was the population of this study corresponds to a sample size of 361. The sample size of 361 was proportionately distributed across the three organizations as shown in table 3.1. Further the sample size conforms to the sample size determination formula for calculating a sample for proportions as follows:

$$s = \frac{X^2 NP(1-P)}{d^2(N-1) + X^2 P(1-P)} \dots$$

Equation 3.1: Krejcie and Morgan formula

Where:

s = required sample size.

X^2 = the table value of chi-square for 1 degree of freedom at the desired confidence level (3.841).

N = the population size.

P = the population proportion (assumed to be .50 since this would provide the maximum sample size).

d = the degree of accuracy expressed as a proportion (.05).

The sample size therefore was 361 potential respondents from the three institutions. The ratio used is based on actual data and distribution and hence it is neutral and unbiased. The distributed sample sizes are as shown in the following table 3.1.

Table 3.1: Sample Size

Category	Bank's Employees	Target population Distribution (%)	Sample size
KCB	5421	90.38	326
Equatorial Bank	201	3.35	12
Jamii Bora	376	6.27	23
Total	5998	100	361

Sampling is done to some elements of a population so that conclusions about the entire population can be drawn. The ultimate test of a sample design is how well it represents the characteristics of the population it purposes to (Kothari, 2004; Thorn hill, *et, al*, 2009; Nachmias & Nachmias, 2008). The entire target population constituted 36 licensed institutions registered with the central bank of Kenya which underwent either mergers or acquisitions. However, only the institutions which underwent mergers and acquisition in the last 5 years were considered. This is because the cultural integration process is not an immediate activity but also not a long term activity. In addition, many employees may also be expected to undergo unprecedented turnover after mergers and acquisitions. This may leave the organizations with newer employees who may not be part of the transformation process. This means that only institutions whose mergers and acquisitions are approved from 2009 were considered which translated to 3 institutions out of the 36 institutions. These institutions according to the sampling frame are Kenya Commercial Bank Limited, Jamii Bora Bank limited, and Equatorial Commercial Bank limited.

The phenomenon of cultural integration that happens during major organizational transformations such as mergers and acquisitions is a universal process that every employee goes through. Based on this universality, the population was considered as purely homogenous. Thus, simple random sampling technique was used to select the 361 respondents out of the population of 5998 employees. Simple random sampling is the basic sampling technique where we select a group of subjects (a sample) for study from a larger group (a population). Each individual is chosen entirely by chance and each member of the population has an equal chance of being included in the sample. Every possible sample of a given size has the same chance of selection, thus minimizing the various errors and biases in sample selection.

Sample frame is a list that includes every member of the population from which a sample is to be taken. Without some form of a sample frame, a random sample of a population other than an extreme small population is impossible, (Nicolas, 2011; Mark, 2009). For the purpose of this study, the sample frame was the list sourced from the Central Bank of Kenya containing the names of the organizations that have undergone either mergers or acquisition.

3.5: Research Instrument

The overall aim of the study was to examine the role of human resource management in post-merger cultural integration of organizations in Kenya. The study intended to collect both the primary and secondary data aimed at generating qualitative and quantitative data. Primary data was collected through a semi structured questionnaire which was used to collect factual data. Schindler, (2006) recommends the use of questionnaires in descriptive studies because self-administered surveys typically cost less than personal interviews and sample accessibility is easy. The researcher can contact participants who might also be inaccessible, careful consideration where the participants can take more

time to collect facts, talk with others or consider replies at length than is possible in an interview and finally in terms of anonymity where the surveys are typically perceived as more impersonal, providing anonymity than other communication modes.

The semi structured questions are of interest because they help the respondents to respond more easily and help the researcher to accumulate and summarize responses more efficiently (William, 2006; Piergiorgio, 2003; Blaxter, *et al*, 2006). More so, the intangibility facts of culture make it difficult to measure on cross sectional timeframe and thus it is common to find the use of perceptual measures (Hofsede, 2007). On the other hand, secondary data was collected through a review of both theoretical and empirical literatures which are sourced from various documentations. These included scholarly journals, books, academic papers and Internet based sources among others.

3.6: Pilot Study

Various research authors (Sekaran, 2008; Mugenda, 2008; William, 2006) recommend pilot study as a critical pretest for establishing the reliability and validity of the instruments for data collection. A pilot study was conducted using questionnaires administered to 3 employees where 1 respondent was selected using a simple random sampling technique from each of the unit of analysis (licensed institution). This constitutes 10% of the sample size of the study. A pilot test was conducted to detect the weakness in design and instrumentation and to provide proxy data for selection of a probability sample (Cooper & Schindler, 2006; Nachmias & Nachmias, 2008). According to Nicholas, (2011), the respondents in a pilot test do not have to be statistically selected. Cronbach's alpha was used to test the reliability of the measures in the questionnaires.

Cronbach's alpha is the most commonly used coefficient of internal consistency and is computed as:

$$\alpha = Nr / [1 + r (N-1)]$$

...Equation 3.2 Cronbach's alpha equation

Where

α = *alpha*,

r = *mean inter item correlation*,

N = *number of items in the scale*.

It may be laborious to calculate the correlation of each item with every other item to derive the mean inter-item correlation. However, this was easily done using any of the statistical computer packages (Mugenda, 2008; Kothari, 2004; Sekaran, 2008).

3.7: Data Analysis and Presentation

The analysis of the data was variable specific. The process of data collection was followed by data editing, handling of blank or no responses, data coding, categorization and creation of data file. The data was then keyed into the statistical package for social sciences (SPSS) version 21.0. This was followed by the filling of the data by carrying out means, standard deviation, correlations, and frequency distribution of each independent and dependent constructs.

The mean, standard deviation and variance on the dependent and independent constructs was used to show how clustered or dispersed the constructs were in order to generate the

idea of how well the questions were framed for tapping the concepts. Inter correlation matrix of the variables was used to give indications of how closely or unrelated the constructs under examinations was. Goodness of measures was also done through testing of reliability and validity. Reliability was done by testing for both consistency and stability. Consistency indicates how well the items measuring the concepts hang together as a set. Cronbach's alpha was used to measure reliability. This was done on all the objectives of the study. For validity test, factor analysis was used to find out whether the dimensions were indeed tapped by the items in the measures. Ultimately, the hypothesis will be tested. These are adopted from the procedures advocated by Sekaran (2008) and Kothari (2004).

Various requisite analyses were conducted to test the normal distribution of response data. This includes Kolmogorov-smirnov, Normal QQ plot test for dependent and independent constructs was conducted. These non-parametric tests of significance were appropriate since the study situation necessitates the need for comparison of an observed sample distribution with a theoretical distribution.

In order to test the conceptual model and relationships among independent constructs and dependent construct, a confirmatory factor analysis was conducted. A set of multi-regression equations were used for estimation and decomposition of effects between variables (Mugenda, 2008; Kothari, 2004; Nicholas, 2011). Confirmatory factor analysis was used to verify the factor structure for a set of observed constructs. It allows the researcher to test the hypothesis that a relationship between observed constructs and their underlying latent constructs exists. The researcher uses knowledge of the theory, empirical research, or both, postulates the relationship pattern a priority and then test the hypothesis statistically (Child, 1990).

The researcher assumed at 95% confidence level while testing the hypothesis. The 95% confidence level was used so as to allow tolerance and t-tests yield better coefficient at 95%. The data was presented using statistical techniques, graphical techniques and a combination of both to indicate the results of the analysis and also for better conclusions.

Logistic Regression model was used to establish the relationship between the independent variables and the dependent variable (cultural integration) and the strength upon which the independent variables affect the dependent variable. The study used logistic regression equation. The linear predictor function for a particular data point i is written as:

$$f(i) = \beta_0 + \beta_1 x_{1,i} + \dots + \beta_m x_{m,i},$$

Equation 3.3: Logistic Regression Equation

Where β_0, \dots, β_m are regression coefficients indicating the relative effect of a particular explanatory variable on the outcome.

The model is usually put into a more compact form as follows: The regression coefficients $\beta_0, \beta_1, \dots, \beta_m$ are grouped into a single vector $\boldsymbol{\beta}$ of size $m + 1$. For each data point i , an additional explanatory pseudo-variable $x_{0,i}$ is added, with a fixed value of 1, corresponding to the intercept coefficient β_0 .

Whereby

$f(i)$ = Cultural integration

X_1 = Recruitment and selection

X_2 = Training and development

X_3 = Performance and reward management

X_4 = Corporate leadership

CHAPTER FOUR

RESEARCH FINDINGS AND DISCUSSIONS

4.1: Introduction

This chapter presents the research findings of the study and the corresponding discussions. These presentations are organized as follows: response rate and the findings for each of the four study objectives on the basis of descriptive and inferential statistical analysis. The results form the basis for discussion on how each of the variables determines the cultural integration process of post merged organizations. Computations of frequencies, averages, statistical tests like Correlation, Regression, ANOVA tests, were used to analyze the data guided by the research hypotheses.

4.2: Response Rate

The number of questionnaires administered was 361 out of which 253 were filled and returned giving a response rate of 70% as shown in table 4.2. This response rate was achieved after the researcher made effort to constantly remind the respondents to fill in and return. According to Mugenda and Mugenda (2003), a response rate of 50% or more is adequate. Babbie (2004) also asserted that return rates of 50% are acceptable to analyze and publish, 60% is good, and 70% is very good. Thus, the respond rate was considered adequate.

Table 4.2: Response Rate

Response Rate	Frequency	Percentage (%)
Questionnaires Returned	253	70
Questionnaires Not Returned	108	30
Total	361	100

4.3: Result of the Pilot Study

A pilot study was conducted to determine the reliability and the validity of the instruments used for data collection. Reliability defines the extent to which the instruments are error-free and thus ensures consistent measurement across time and items in the questionnaire. Cronbach's alpha which a reliability coefficient was used to indicate how well the items in the set are correlated to each other. It was calculated as the average inter-correlations among the items measuring the construct. A Cronbach's coefficient value of 0.7 was adopted as a threshold minimum value which defined satisfactory reliability (Sekaran, 2008). The findings as shown in the following table 4.3 indicate that all the variables and the sub variables have attained the minimum threshold of 0.7 and above. This therefore implies that all the items, sub variables and the variables have acceptable level of reliability.

Table 4.3: Result of Pilot Study

Variables	Number of Items	Cronbach's alpha of sub variables	Overall Cronbach's alpha
Recruitment	11	0.692	0.701
Selection	14	0.872	
Training	11	0.910	0.766
Development	11	0.703	
Performance	6	0.681	0.789
Reward	16	0.766	
Corporate Leadership	12	0.721	0.721
Cultural Integration	12	0.897	

4.4: Respondents Background

4.4.1: Gender of the Respondents

The respondents were asked to indicate their gender. Figure 4.1 shows that majority (62%) of the respondents was male and 38% were female. The findings imply that the human resource department in post merged organizations is a male dominated field. According to Ellis, Cutura, Dione, Gillson, Manuel and Thongori (2007), in spite of women being major actors in Kenya's economy, and notably in agriculture and the informal business sector, men dominate in the formal sector citing the ratio of men to women in formal sector as 0.74: 0.26.

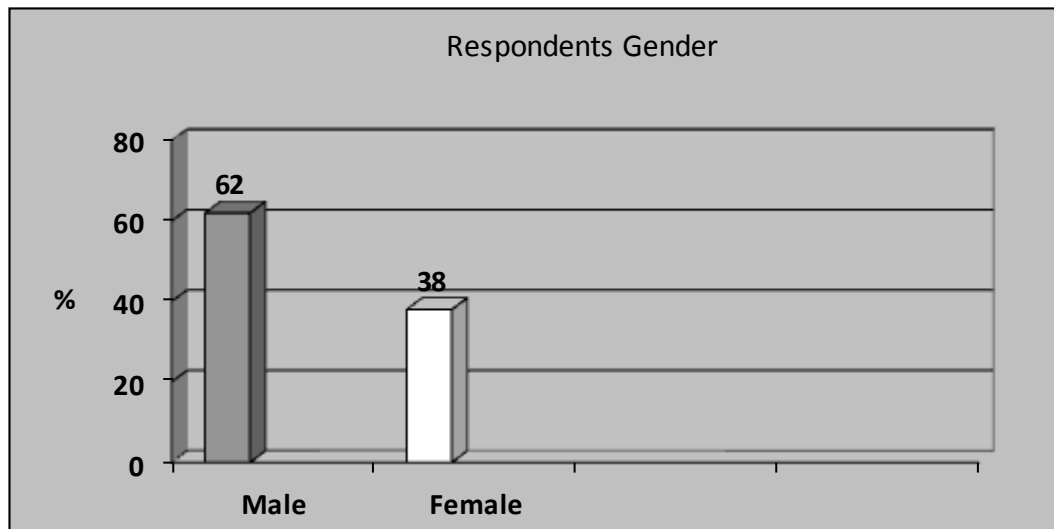


Figure 4.1: Gender of the Respondents

4.4.2: Education level of the Respondents

Table 4.4 indicates that 67.2% of the respondents had attained degree level while 32.8% had attained certificate and diploma level. These findings show that the respondents were well learned hence could read and understand the questions hence provided reliable and relevant data for completion of this study. This also justifies the use of questionnaire as a data collection tool as the respondents could read and understand the questions.

Table 4.4: Education Level

Education Level	Frequency	Percent
Certificate/Diploma	83	32.8
Degree	170	67.2
Total	253	100

4.5: Descriptive Analysis of Variables

4.5.1: Descriptive on Sub Construct Employee Recruitment

The respondents were asked to rate the HR department's performance in recruitment and selection. Table 4.5 indicates that 54.5% of the respondents rated it adequate while 36% rated it poor and 9.5% of the respondents rated HR's performance as excellent.

Table 4.5: HR Performance

	Frequency	Percent
Poor	91	36
Adequate	138	54.5
Excellent	24	9.5
Total	253	100

Further, in table 4.6, the findings reveals that 55% of the respondents indicated that the HR does not maintain an adequate pool of quality class of applicants while 45% indicated that HR maintained adequate pool of class applicants.

Table 4.6: Maintenance of Adequate Pool of Quality Class Applicants

	Frequency	Percent
Maintained	114	45
Not Maintained	139	55
Total	253	100

The respondents were asked to indicate their level of concern on recruitment process for new merged jobs after the merger/acquisition of their organizations. Table 4.7 indicates that 53.8% of the respondents disagreed that at the end of the merger/acquisition process, all vacancies were internally advertised somehow, 56.5% agreed that there was adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool and 59.6% agreed that there was a general

acceptance and commitment from the management towards the practice of recruiting and hiring newcomers. Furthermore, 33.3% of the respondents agreed that there was awareness of the value and transferability of international training, skills and credentials considered during recruitment, 52.2% agreed that the company recruitment process has undertones that support practices that promote diversity, anti-discrimination and anti-harassment while 40.4% agreed that the company was committed to hold all staff accountable for cultural fit during any recruitment processes and 46.6% disagreed that the management was fully aware of how stereotyping, prejudice, and personal bias affect recruitment of the best candidates.

Finally 51.4% of the respondents disagreed that there was a strong recruitment philosophy based specifically on skills, regardless of where the skills were developed and 43.7% were neutral that the HR department constantly reviewed the job recruitment and avoided trends in past recruitments. The mean score for the response for this section was 3.16 which indicates that majority of the respondents agreed that recruitment was a key determinant of cultural integration.

The study findings agree with those of Pfau and Kay (2002) who argued that companies with a formal recruiting strategy enjoy a financial advantage. Failing to link recruitment efforts to a strong business ethics and moral can spell disaster for an organization. The criteria for recruiting and promoting subordinates assume the best people are hired by assigning characteristics that justify their being hired. Any criteria used should consider the personality, integrity, style and the competence of the person involved. This process also should consider the cultural aspects of the organization in the selection and dismissal process.

Table 4.7: Descriptive Analysis for Employee Recruitment

Statement	Strongly Disagree	Dis-agree	Neutral	Agree	Strongly Agree	Likert Mean
At the end of the merger/acquisition process, all vacancies were internally advertised somehow.	20.6%	33.2%	0.0%	33.2%	13.0%	2.85
There is adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool.	9.9%	6.7%	26.9%	38.3%	18.2%	3.48
There is a general acceptance and commitment from the management towards the practice of recruiting and hiring newcomers.	3.2%	23.7%	13.4%	46.2%	13.4%	3.43
There is awareness of the value and transferability of international training, skills and credentials considered during recruitment	13.8%	29.2%	23.3%	12.3%	21.3%	2.98
The company recruitment process has undertones that support practices that promote diversity, anti-discrimination and anti-harassment	3.2%	6.7%	37.9%	34.0%	18.2%	3.57
The company is committed to hold all staff accountable for cultural fit during any recruitment processes	3.2%	30.4%	26.1%	20.6%	19.8%	3.23
The management is fully aware of how stereotyping, prejudice, and personal bias affect recruitment of the best candidates?	9.5%	36.4%	17.0%	12.6%	24.5%	3.06
There is a strong recruitment philosophy based specifically on skills, regardless of where the skills were developed.	20.2%	32.0%	20.2%	6.3%	21.3%	2.77
The HR department constantly review the job recruitment and avoid trends in past recruitments	10.7%	15.4%	43.5%	16.6%	13.8%	3.08
Average	10.5%	23.7%	23.1%	24.5%	18.2%	3.16

4.5.2: Descriptive Analysis for Sub Construct Employee Selection

The respondents were asked to rate how well HR management found good candidates from non-traditional sources when necessary. Results on figure 4.2 indicates that 72% of the respondents rated selection as adequate while 20% rated it as poor and only 8% that rated it excellent.

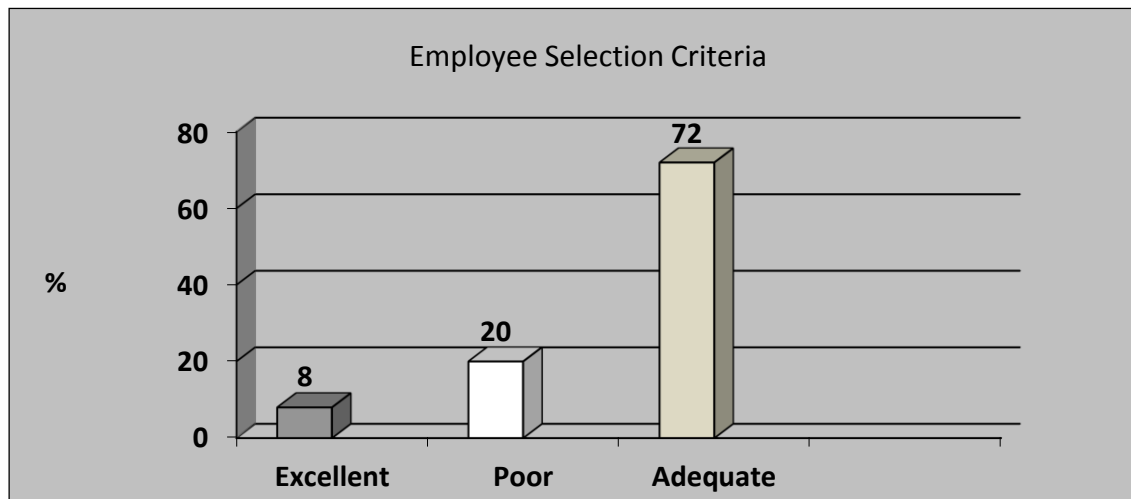


Figure 4.2: Employee Selection Criteria

On a different inquiries, the result on Table 4.8 shows that 74.7% of the respondents indicated that past experience was the most important quality that the organization looked for in a candidate, which implies the practice of employee selection process within an organization.

Table 4.8: Candidate's Quality

	Frequency	Percent
Knowledge	49	19.4
Past Experience	189	74.7
Team Work Ability	15	5.9
Total	253	100

The respondents were asked to indicate whether the job responsibilities and job description were clearly defined to the candidates appearing for selection process. Table 4.9 indicates that majority (77.1%) of the respondents agreed that job responsibilities and job description were clearly defined to the candidates appearing for selection process.

Table 4.9: Employee Job Description

	Frequency	Percent
No	58	22.9
Yes	195	77.1
Total	253	100

Respondents were further asked the adequacy of the interview process. As shown in figure 4.3, a simple majority (60%) of the respondents agreed that the organization is using satisfactory methods of interview while the rest (40%) felt not satisfactory. This means that the interview tool used is generally acceptable within the standards required.



Figure 4.3: Satisfactory Interview Methods

The respondents were asked to indicate their opinions on issues concerning the selection process alignment and activities after the merger/acquisition of their organization. Table 4.10 indicates that 50.6% of the respondents agreed that the selection process after acquisition/merger is the one that reflects the culture of the organization and provides a foundation on which all company initiatives are based, 60.8% agreed that the selection process differentiates between the skills needed and the ones the company is willing to train for and 43.8% agreed that employees who have embraced the culture of the company well are included in the selection process or interview panel.

Furthermore, 56.9% of the respondents disagreed that there was a prior culture assessment exercise conducted in readiness for employee selection, 52.5% disagreed that employee selection exercises were geared towards co-creating a personal on boarding plan with each new employee while 50.6% agreed that the selection process adequately manages first impressions both ways and 51% agreed that the selection process in this organization creates conditions for new employees to work well early on with those who were most helpful.

In addition 73.5% of the respondents agreed that the management emphasizes on giving the new employees the resources and support they need to deliver better results faster, 37.2% disagreed that the selection procedure caters for follow through to ensure ongoing adjustments and success while 37.9% disagreed that during the interview the management normally makes the offer and closes the sale in a way that reinforces your leadership message. The mean score for the response for this section was 3.11 which indicates that majority of the respondents agreed that selection was a key determinant of cultural integration process.

The study findings corroborate with those of Prakash (1994) who asserted that selection in organizations is based on non-job related criteria like attractiveness, goal orientation, and interpersonal skills: a general lack of concern for value congruence. The dominant emphasis has been on the universal practice of identifying and improving on existing performance strategies. This practice would require a complete reversal where congruencies of values should find a place in selection and training. Only then would it possible to achieve linkages with the values of the wider socio-cultural context in India. In order to make an organization effective, the values of the society and the cultural milieu should be synthesized with those of the organization and it's functioning.

Table 4.10: Descriptive Analysis for Employee Selection

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
The selection process after acquisition/merger is the one that reflects the culture of the organization and provides a foundation on which all company initiatives are based.	3.2%	20.2%	26.1%	39.9%	10.7%	3.35
The selection process differentiates between the skills needed and the ones the company is willing to train for.	13.0%	10.7%	15.4%	45.8%	15.0%	3.39
Employees who have embraced the culture of the company well are included in the selection process or interview panel.	12.6%	26.5%	17.0%	22.5%	21.3%	3.13
There was a prior culture assessment exercise conducted in readiness for employee selection.	30.4%	26.5%	26.1%	17.0%	0.0%	2.3
Employee selection exercises were geared towards co-creating a personal onboarding plan with each new employee.	22.5%	30.0%	13.0%	23.3%	11.1%	2.7
The selection process adequately manages first impressions both ways.	3.2%	19.4%	26.9%	42.7%	7.9%	3.33
The selection process in this organization creates conditions for new employees to work well early on with those who were most helpful.	6.3%	11.1%	31.6%	40.3%	10.7%	3.38
The management emphasizes on giving the new employees the resources and support they need to deliver better results faster.	13.0%	6.7%	6.7%	51.8%	21.7%	3.62
The selection procedure caters for follow through to ensure ongoing adjustments and success.	19.8%	17.4%	26.5%	19.4%	17.0%	2.96
During the interview the management normally makes the offer and closes the sale in a way that reinforces your leadership message.	14.2%	23.7%	32.8%	11.5%	17.8%	2.95
Average	13.8%	19.2%	22.2%	31.4%	13.3%	3.11

4.5.3: Descriptive Analysis for Sub Construct Employee Training

As an introductory question, respondents were asked whether they have ever attended any training organized shortly before and after the merger/acquisition. An overwhelming (91%) of the respondents revealed to have attended training sessions whether on the job or off the job, while The respondents were further asked to rate how well training and development programmes meet the organization's and their department's needs. Table 4.11 indicates that 43.5% of the respondents rated training and development to a moderate extent, while 35.2% rated it to a great extent and 13.4% rated training to a little extent.

Table 4.11: Training and Development Programme

	Frequency	Percent
Little extent	34	13.4
Moderate extent	110	43.5
Great extent	89	35.2
Very great extent	20	7.9
Total	253	100

The study sought to find out who conducted the trainings sessions. Majority (51.4%) of the respondents indicated that they were trained by external consultants and 26.9% indicated from other officers who possess special skills as shown in the following table 4.12.

Table 4.12: Trainer of Employees

Trainer	Frequency	Percent
External local consultants	130	51.4
HRM experts from outside the country	8	3.2
Internal officers in the HRM department	23	9.1
From other officer who possess special skills	68	26.9
N/A	24	9.5
Total	253	100

The respondents were asked to indicate what the training sessions have helped them to achieve. Table 4.13 indicates that 39.9% of the respondents said sharpened their skills on the way of doing things while 27.3% indicated that they were made aware of the organizations desired values and 23.3% said by helping them think, act and behave in the proper way.

Table 4.13: Trainings Achievements

Statement	Frequency	Percent
I am made aware of the organization's desired values	69	27.3
Sharpen my skills on the way of doing things	101	39.9
Helping me think, acts and behave in the proper way	59	23.3
N/A	24	9.5
Total	253	100

The following table 4.14 summarizes the findings on different items directed to the respondents. On the teaching of cultural diversity, 37.4% of the respondents agreed that the employee training teaches about the cultural diversity in the workforce and the business case for managing cultural diversity, 47.8% agreed that identify the actual and potential impacts and cross-cultural interactions while 54.8% agreed that training increased their understanding of culture and cross-cultural interactions and 54.1% agreed

that training developed their cultural awareness and cross-cultural communication skills. In addition 40.8% of the respondents agreed that training conducted a diversity analysis of their business strategies and operations, while 44.6% agreed that training developed an action plan for managing cultural diversity in their business and 53.4% agreed that training promotes more effective intercultural interaction between persons and groups by making aware of learners aware of the impact of culture on their lives. The mean score for the response for this section was 3.17 which indicates that majority of the respondents agreed that training was a key determinant of cultural integration process.

The study findings agree with those in Bartlett (2001) who studied the association between employee attitudes towards training, and feelings of organizational commitment, with a sample of 337 registered nurses from five hospitals, using social exchange theory as a model for examining the relationship. He found that perceived access to training, social impact of training, motivation to learn, and perceived benefits of training are positively related with organizational commitment.

Results further agree with those of Cherrinton (1995) who posited that a successful training and education program would create more-favourable employee attitudes and loyalty, and help employees in their personal development and advancement. Moreover, Deming (1986) stressed the vital of training and development for continual updating and improvement, identifying one source of human motivation at work as intrinsic motivation: the desire to grow; learn, and to develop oneself. Cherrington (1995) also stated that most learning situations are fundamentally reinforcing because of the satisfaction and commitment associated with the acquiring new knowledge or skills.

Table 4.14: Descriptive Analysis for Employee Training

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
The employee training teaches the about cultural diversity in the workforce and the business case for managing cultural diversity.	11.1%	20.6%	30.4%	24.5%	13.4%	3.09
Identify the actual and potential impacts and cross-cultural interactions.	7.9%	7.1%	37.2%	47.8%	0.0%	3.25
Develops your cultural awareness and cross-cultural communication skills.	14.6%	17.4%	13.4%	54.5%	0.0%	3.08
Conducted a diversity analysis of your business strategies and operations.	14.2%	10.7%	20.9%	47.8%	6.3%	3.21
Develop an action plan for managing cultural diversity in your business.	7.9%	28.1%	22.1%	34.4%	7.5%	3.06
Promotes more effective intercultural interaction between persons and groups by making aware of learners aware of the impact of culture on their lives.	7.9%	19.4%	27.7%	38.7%	6.3%	3.16
Average	10.2%	15.3%	26.7%	43.0%	4.8%	3.17

4.5.4: Descriptive Analysis for Sub Construct Employee Development

The respondents were asked to indicate the development programs aimed at expanding employees’ career in your organization. Table 4.15 shows that 37.5% of the respondents said a safe and supportive working environment, 28.5% indicated opportunities to promote positive self-esteem, 35.6% indicated learning opportunity for growth and 32% indicated training on employees in their various job groups

Table 4.15: Development Programmes

Statement	No	Yes
A safe and supportive working environment	62.5%	37.5%
Opportunities to promote positive self-esteem	71.5%	28.5%
Learning opportunity for growth	64.4%	35.6%
Training on employees in their various job groups	68.0%	32.0%

Table 4.16 shows that 59.7% of the respondents agreed that the development plan was pegged on the belief in a desired and emerging future, 83% agreed that the development activities empower employees- provide ‘supported autonomy’; freedom for employees to manage their work within certain boundaries and 56.5% agreed that adopting a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees. In addition 57.7% of the respondents agreed that the development plan provided employees with a supportive learning environment where learning capabilities can be discovered and applied, 67.2% agreed that use of coaching techniques to draw out the talents of others by encouraging employees to identify options and seek their own solutions to problems and 66.8% agreed that guiding employees through their work challenges and provided them with time, resources and, crucially, feedback.

Furthermore 79% of the respondents agreed that recognizing the importance of managers acting as role model: ‘The new way of thinking and behaving may be so different that you must see what it looks like before you can imagine yourself doing it, 69.5% agreed that development encouraged networks-communities of practice and 60.1% agreed that development aligned systems to vision- get rid of bureaucratic systems that produce problems rather than facilitate work. The mean score for the response for this section was 3.75 which indicates that majority of the respondents agreed that development was a key determinant of cultural integration process.

The study findings are consistent with those of (Acton and Golden, 2000; Karia and Ahmad, 2000; Karia, 1999) who provided extensive evidence that training and development facilitate the updating of skills, and lead to increased commitment, well-being, and sense of belonging, thus directly strengthening the organization's competitiveness.

Table 4.16: Descriptive Analysis for Employee Development

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
The development plan is pegged on the belief in a desired and emerging future.	0.0%	6.7%	33.6%	41.9%	17.8%	3.71
The development activities empower employees- provide 'supported autonomy'; freedom for employees to manage their work within certain boundaries.	0.0%	0.0%	17.0%	69.2%	13.8%	3.97
Adopt a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees.	0.0%	4.0%	39.5%	32.4%	24.1%	3.77
The development plan provides employees with a supportive learning environment where learning capabilities can be discovered and applied.	0.0%	26.1%	16.2%	47.0%	10.7%	3.42
Use coaching techniques to draw out the talents of others by encouraging employees to identify options and seek their own solutions to problems.	0.0%	23.3%	9.5%	49.0%	18.2%	3.62
Guide employees through their work challenges and provide them with time, resources and, crucially, feedback.	0.0%	2.8%	30.4%	46.2%	20.6%	3.85
Recognize the importance of managers acting as role model: 'The new way of thinking and behaving may be so different that you must see what it looks like before you can imagine yourself doing it. You must see the new behavior and attitudes in others with	0.0%	13.8%	7.1%	58.1%	20.9%	3.86
Encourage networks-communities of practice.	0.0%	4.0%	26.5%	47.8%	21.7%	3.87
Align systems to vision- get rid of bureaucratic systems that produce problems rather than facilitate work.	0.0%	11.1%	28.9%	42.3%	17.8%	3.67
Average	0.0%	10.2%	23.2%	48.2%	18.4%	3.75

4.5.5: Descriptive Analysis for Sub Construct Employee Performance

The study sought to investigate the effect of performance and reward the cultural integration process of post merged organizations in Kenya. Table 4.17 illustrates that 74% of the respondents agreed that the organization conducts performance appraisal before and after the transition process.

Table 4.17: Whether Performance Appraisal are conducted

Response	Frequency	Percentage
Conducted	188	74
Not Conducted	65	26
Total	253	100

The respondents were asked to indicate the key areas that were considered in the appraisal. Table 4.18 shows that 65.2% indicated the overall performance, 53.4% indicated achievement of goals while 9.1% indicated timeliness on tasks accomplishment and another 9.5% indicated degree of cohesion with other employees.

Table 4.18: Key Areas of Appraisal

Key areas of Appraisal	No	Yes
Overall performance	34.8%	65.2%
Achievement of goals	46.6%	53.4%
Timeliness on tasks accomplishment	90.9%	9.1%
Degree of cohesion with other employees	90.5%	9.5%

The respondents were asked to whether employee performance appraisal measures any aspects of employee collectivism. Table 4.19 indicates that majority 51% of the respondents indicated that the appraisal measures collectivism while the rest (49%) refuted.

Table 4.19: Whether Performance Appraisal measure collectivism

Response	Frequency	Percentage
Yes	129	51
No	124	49
Total	253	100

4.5.6: Descriptive Analysis for Sub Construct Employee Reward

The study sought to find out how well does the pay plan of respondents organizations demonstrate a relationship between pay and job performance. Results on Table 4.20 shows that 44.3% of the respondents indicated fairly well while 32.4% indicated well and 16.2% indicated poor.

Table 4.20: Reward for Employee Performance

	Frequency	Percent
Very well	8	3.2
Well	82	32.4
Fairly well	112	44.3
Poor	41	16.2
Not at all	10	4
Total	253	100

The respondents were asked to indicate whether the pay system reward and motivate both individual and group contributions to organizational goal. Table 4.21 illustrates that 58.9% of the respondents indicated that pay system does not reward and motivate both individuals and group contributions to organizational goal.

Table 4.21: Employee Motivation

Response	Frequency	Percent
No	149	58.9
Yes	104	41.1
Total	253	100

Table 4.22 below shows that 46.3% of the respondents agreed that reward system reward people according to what the organization values and wants to pay for, 52.1% agreed that reward system pays people for the value they create and 39.1% disagreed that the system rewards the right things to convey the right message about what is important in terms of behaviors and culture. In addition, 48.6% agreed that reward develops a performance culture, 48.2% agreed that reward motivates people and obtain their commitment and engagement while 52.6% agreed that reward helps to attract and retain the high quality people the organization needs and 47.8% agreed that reward develops a positive employment relationship and psychological contract.

Furthermore, 44.6% of the respondents agreed that reward aligns of your pay practices with employee value and culture, 41.9% agreed that people feel that they are treated justly in accordance with what is due to them because of their value to the organization and 45% agreed that people are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value. Finally 41.1% of the respondents agreed that pay system functions consistently –decisions on pay do not vary arbitrarily and without

due cause between people or at different times and 45% agreed that pay system operates transparently – people understand how reward processes operate and how they are affected by them. The mean score for the response for this section was 3.10 which indicates that majority of the respondents agreed that reward was a key determinant of cultural integration process.

Results agree with those in Juran and Gryna (1993) who asserted that reward and recognition can be defined as benefits as increased salary, bonuses, and promotion, which are conferred as public acknowledgement of superior performance with respect to company's objectives. Rewards for quality efforts appear to have a significantly positive relation to employee morale (Kassiech and Yourstone, 1998). According to Herzberg's (1996) hygiene/motivator theory, recognition is one of the four motivators, which can contribute to employee commitment when it is present. Reward and recognition activities are valued by employees, and therefore provide motivation or incentives; if executed appropriately, these activities can, to a certain degree, secure employees' commitment to their jobs and make their jobs more enjoyable, thus creating an overall commitment within the organization (Zhang, 2000). The study findings are also supported by a study of a sample of 350 daily workers in Ireland and New Zealand (O'Driscoll and Randall, 1999) indicated that the rewards offered by an organization have a powerful effect on employees' attitudes towards their job and their company.

Table 4.22: Descriptive Analysis for Employee Reward

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
Reward system reward people according to what the organization values and wants to pay for.	3.2%	24.1%	26.5%	28.1%	18.2%	3.34
Reward system pays people for the value they create.	11.1%	24.1%	12.6%	46.2%	5.9%	3.12
The system rewards the right things to convey the right message about what is important in terms of behaviors and culture.	21.7%	17.4%	35.2%	19.8%	5.9%	2.71
Develop a performance culture.	10.3%	32.0%	9.1%	41.9%	6.7%	3.03
Motivate people and obtain their commitment and engagement.	0.0%	28.5%	23.3%	35.6%	12.6%	3.32
Help to attract and retain the high quality people the organization needs.	32.0%	6.3%	9.1%	36.0%	16.6%	2.99
Develop a positive employment relationship and psychological contract.	22.5%	3.6%	26.1%	38.3%	9.5%	3.09
Aligns of your pay practices with employee value and culture.	11.9%	20.6%	22.9%	38.3%	6.3%	3.07
People feel that they are treated justly in accordance with what is due to them because of their value to the organization.	11.5%	16.2%	30.4%	35.6%	6.3%	3.09
People are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.	15.0%	6.3%	33.6%	39.1%	5.9%	3.15
Functions consistently –decisions on pay do not vary arbitrarily and without due cause between people or at different times.	3.2%	17.4%	38.3%	30.0%	11.1%	3.28
Operate transparently – people understand how reward processes operate and how they are affected by them.	16.6%	13.8%	24.5%	38.3%	6.7%	3.05
Average	13.3%	17.5%	24.3%	35.6%	9.3%	3.10

4.5.7: Descriptive Analysis for Construct Corporate Leadership

The respondents were asked to indicate whether the teams in various job groups were confident with their leaders. Table 4.23 indicates that 61% of the respondents were not confident while only 39% were confident with their leaders.

Table 4.23: Whether Employees have confidence with Corporate Leadership

Response	Frequency	Percentage
Yes	99	39
No	154	61
Total	253	100

The respondents were asked to indicate the extent to which they think the company leadership pays attention to their organizations identity. Table 4.24 illustrates the 54% of the respondents indicated to a moderate extent while 20% indicated to a great extent and 13% indicated not at all.

Table 4.24: Company Leadership Attention

Response	Frequency	Percentage
Very great extent	8	3
Great extent	50	20
Little extent	26	10
Not at all	33	13
Total	253	100

Table 4.25 shows that 61.3% of the respondents agreed that leaders strived to meet the needs of the stakeholders representing other cultures, 50.6% agreed that leaders encouraged collaboration among people from different groups and 42.7% agreed that leaders displayed sensitivity in managing across cultural boundaries. In addition 54.1% of the respondents agreed that leaders effectively lead groups made up of very diverse people, 43.7% disagreed that leaders learn about business practices of other cultures while 41.5% agreed that leaders manage virtual teams with explicit customer centric and practices and 39.5% agreed that leaders read a range of emotions in others and respond appropriately. Finally, 47.8% of the respondents agreed that leaders help others resolve issues of work-life balance, 45.1% agreed that leaders make a daily effort to inspire the trust of customers and colleagues and 49.4% agreed that leaders minimize the negative human impact of their decisions and actions. The mean score for the response for this section was 3.14 which indicates that majority of the respondents agreed that leadership was a key determinant of cultural integration process.

Table 4.25: Descriptive Analysis for Corporate Leadership

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
Strive to meet the needs of the stakeholders representing other cultures.	3.2%	11.9%	23.7%	49.0%	12.3%	3.55
Encouraging collaboration among people from different groups.	11.1%	11.1%	27.3%	47.4%	3.2%	3.21
Display sensitivity in managing across cultural boundaries.	18.2%	16.2%	22.9%	36.8%	5.9%	2.96
Effectively lead groups made up of very diverse people.	18.2%	13.4%	14.2%	47.8%	6.3%	3.11
Learn about business practices of other cultures.	14.6%	28.1%	19.0%	38.3%	0.0%	2.81
Manage virtual teams with explicit customer centric and practices.	11.1%	19.8%	27.7%	38.3%	3.2%	3.03
Read a range of emotions in others and respond appropriately.	18.2%	9.5%	32.8%	33.6%	5.9%	3
Help others resolve issues of work-life balance.	11.1%	13.0%	28.1%	41.9%	5.9%	3.19
Make a daily effort to inspire the trust of customers and colleagues.	11.1%	6.3%	37.5%	45.1%	0.0%	3.17
Minimize the negative human impact of their decisions and actions.	3.2%	17.0%	30.4%	43.1%	6.3%	3.32
Average	12.0%	14.6%	26.4%	42.1%	4.9%	3.14

4.5.8: Descriptive Analysis for Construct Cultural Integration

The study sought to examine the role of human resource management in cultural integration process in corporate post-mergers and acquisitions in Kenya. Results are presented below. The respondents were asked to indicate whether they think the way

things are done around here have changed in any way as compared to the time before merger/acquisition. Figure 4.4 indicates that majority (83%) of the respondents indicated that things have changed as compared to the time before the merger/acquisition.

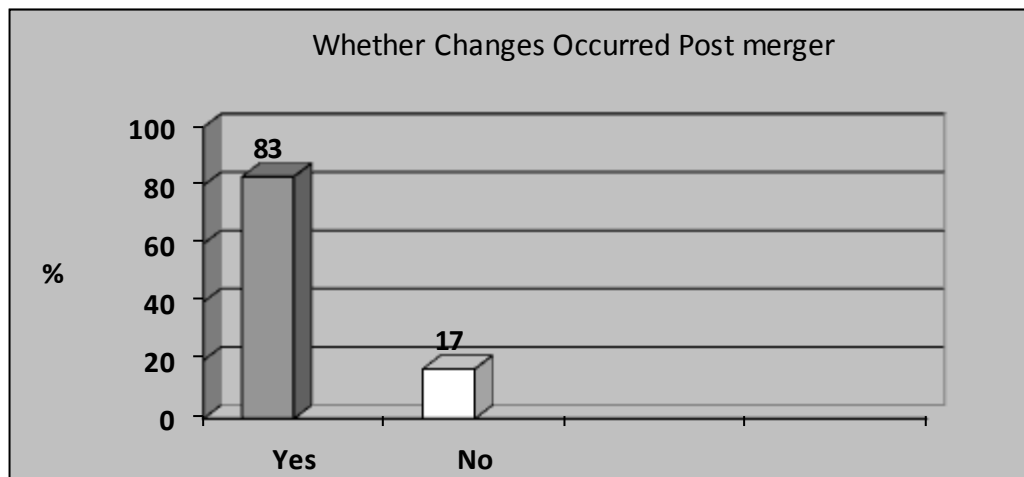


Figure 4.4: Whether change occurred post merger

Further the study sought to find out the management willingness to change the organizational culture. Figure 4.5 illustrates that 79% of the respondents indicated a willingness of management to change organizational culture. This of course is expected since the management has no option but to align their expectation with the organizational decision and thus, their willingness is significant for change related phenomenon such as resistance to change.

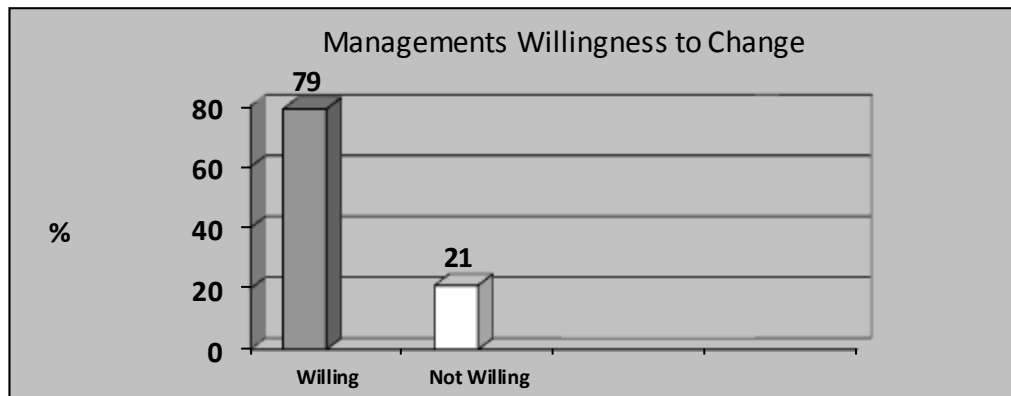


Figure 4.5: Management willingness to Change

Table 4.26 shows that half (50%) of the respondents agreed that culture was a major component of the change management work stream in the recent merger/acquisition process for this organization, 47% disagreed that owners from both companies participated in the cultural integration process to allow for representation of various views and 47% agreed that issues of culture merger were considered on the agenda of regularly scheduled steering committee meetings for the merger/acquisition process. In addition, 41% of the respondents agreed that the management insisted that cultural work focuses on the tangible and measurable, 37% agreed that the cultural integration process was sensitive to the strengths of both existing cultures, not just the weaknesses and 46% agreed that identifying decision-making for each area of the integration was done in a fair and transparent manner.

Furthermore, 37% of the respondents agreed that understanding the decision-making style of each company, both in terms of what the style is and the assumptions, processes and structures that support that style was considered, 42% agreed that communicating expectations to decision-makers, including the deadlines when decisions are required was emphasized, while 54% agreed that there was adequate activities on building the

employee brand with a view toward how it will be understood by employees and 41% agreed that the management has put people with knowledge of, and experience in, culture change on the terms that define the important interfaces in the new organizational model. The mean score for the responses was 3.04 which indicate that many employees agreed to the statements regarding cultural integration processes.

Table 4.26: Descriptive Analysis for Cultural Integration Processes

Statement	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	Likert Mean
Culture was major component of the change management work stream in the recent merger/acquisition process for this organization.	10%	36%	3%	29%	21%	3.15
Owners from both companies participated in the cultural integration process to allow for representation of various views.	30%	17%	13%	19%	21%	2.85
Issues of culture merger was considered on the agenda of regularly scheduled steering committee meetings for the merger/acquisition process	11%	36%	6%	36%	11%	3.00
The management insisted that cultural work focuses on the tangible and measurable	9%	21%	29%	27%	14%	3.16
The cultural integration process was sensitive to the strengths of both existing cultures, not just the weaknesses.	14%	22%	27%	34%	3%	2.91
Identifying decision-making for each area of the integration was done in a fair and transparent manner.	14%	21%	20%	30%	15%	3.12
Understanding the decision-making style of each company, both in terms of what the style is and the assumptions, processes and structures that support that style was considered.	7%	21%	36%	27%	10%	3.12
Communicating expectations to decision-makers, including the deadlines when decisions are required was emphasized.	6%	28%	23%	21%	22%	3.25
There was adequate activities on building the employee brand with a view toward how it will be understood by employees	17%	16%	14%	39%	14%	3.17
The management has put people with knowledge of, and experience in, culture change on the terms that define the important interfaces in the new organizational model.	27%	15%	30%	20%	9%	2.70
Average	14%	23%	20%	28%	14%	3.04

4.6: Requisite Analyses

4.6.1: Multicollinearity Test

The study sought to find out the collinearity among the independent variables using tolerance and variation inflation factor (VIF) statistics of the predictor constructs. The study adopted a threshold value of variance inflation factor of 4.0 to represent high multicollinearity status. The findings shows that the independent constructs recruitment and selection, training and development, performance and reward all attained a high tolerance value, which is a clear indication that the beta values of the regression equation of the independent constructs would be stable with low standard error terms. Tolerance is regarded as part of the denominator in calculating the confidence limits on the partial regression coefficient. According to the literature by Porter and Gujarat (2009), the VIF of independent construct that exceed 10 as a rule of thumb is regarded as collinear. Therefore, benchmarking on this rule of thumb implies that there was no collinearity among the independent constructs. The findings are as shown in the table 4.27.

Table 4.27: Tolerance and VIF Measures

Collinearity Measures Model	Tolerance	VIF
Recruitment and selection (RSe)	.785	1.227
Training and development (TDe)	.847	1.248
Performance and reward (Pre)	.782	1.465

a. Dependent Construct: Cultural Integration (CIn)

4.6.2: Normality Test

This test sought to find out the normal distribution for the cultural integration which was tested for Gaussian distribution using numerical and graphical methods. According to Indiana (2011) many data analysis methods such as t-test, ANOVA and regression analysis relies on the assumption that data were sampled from a Gaussian distribution. The computed values of Kolmogorov-Smirnov and Shapiro-Wilk test indicate insignificant statistics with p-value of 0.200* and 4.23 respectively which implies that cultural integration is normally distributed. Further, the figure 4.1 shows the visualized distribution of random constructs of difference between an empirical distribution and theoretical distribution of cultural integration. At very low values of the construct, some minimal deviation from normality is regarded as normal. Nevertheless, on the overall, the distribution appears normally distributed. More so, on the basis of the calculated insignificant test statistics, normality of the dependent construct was maintained. According to the findings by Shelvin & Miles (2010), the significance test result for such data is regarded as fairly accurate. The findings are as shown in the table 4.28 and figure 4.6 for the Q-Q plot.

Table 4.28: Kolmogorov-Smirnov and Shapiro-Wilk tests for Cultural Integration

	Kolmogorov-Smirnov ^a			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Cultural Integration	.088	30	.200*	.965	30	.423

a. Lilliefors Significance Correction

** Lower bound of true significance*

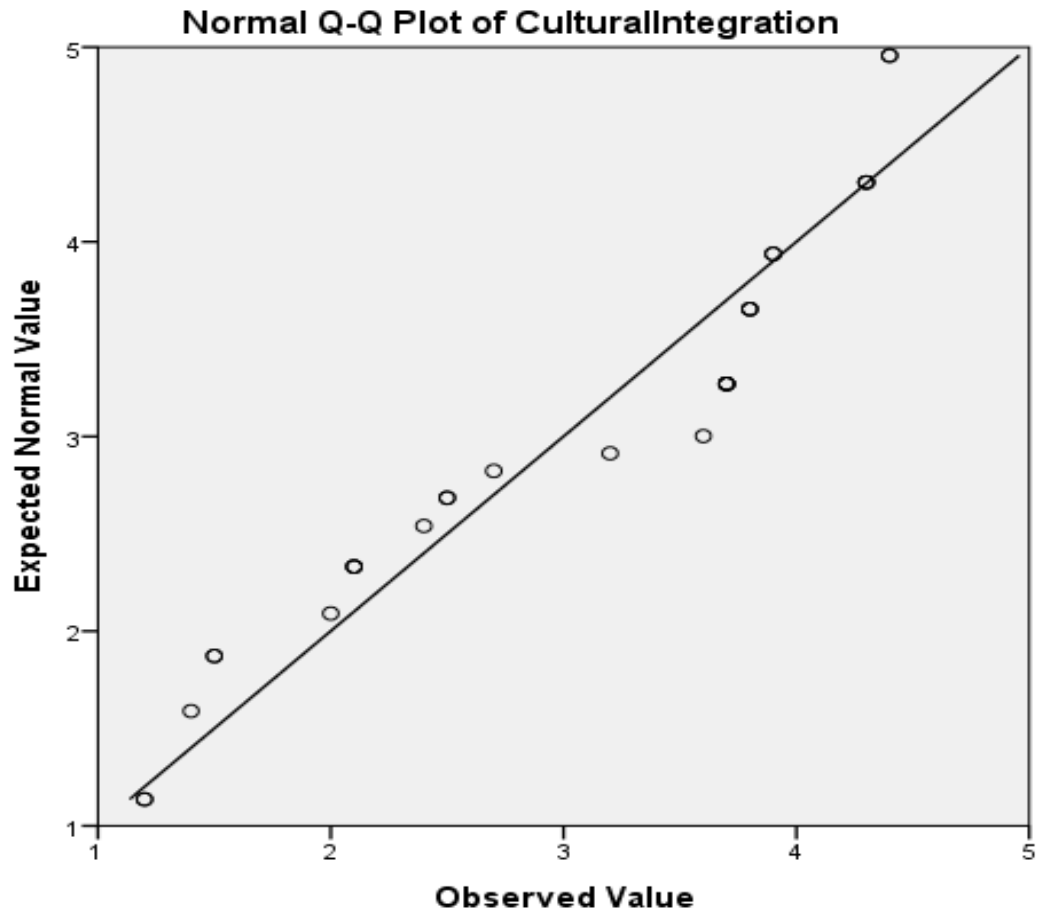


Figure 4.6: Normal Q-Q Plot for cultural Integration

4.6.3: Auto Correlation Test

The study conducted an autocorrelation test using the Dublin-Watson method. The findings indicated that the Dublin-Watson value is at 1.859 which shows that the autocorrelation coefficient lies within the recommended values of between 1 and 2. According to Verbeek, (2004) and Gujarat (2009), the Dublin-Watson values of less than 1.0 or greater than 3.0 may be a cause of concern. However, Verbeek, (2004)

indicated that the Dublin-Watson value closer to 2.0 is regarded as satisfactory. Thus the value 1.859 lies within the satisfactory levels and thus regarded as acceptable. As indicated in figure 4.7, the study residuals do not form any unique pattern hence reinforcing the assertion that there is no autocorrelation in the constructs investigated in this study.

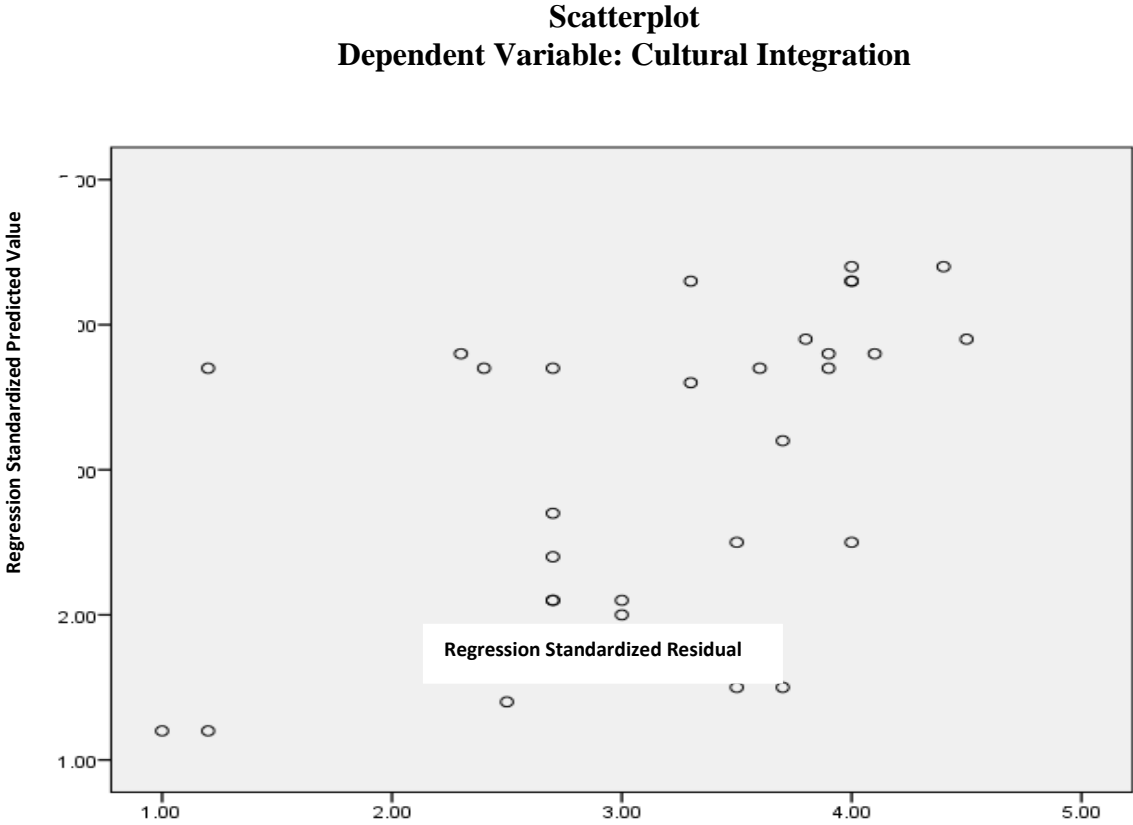


Figure 4.7: Scatter Plot for cultural Integration

4.6.4: Confirmatory Factor Analysis (First Order)

Factor Analysis for Sub Construct Employee Recruitment

Factor analysis was conducted on for the items for the sub construct recruitment and eight out of nine items attracted a coefficient of more than 0.6 hence were retained for further analysis. The item which scored less than the threshold of 0.6 was dropped in the subsequent analysis. The findings for the factor score are presented in the following table 4.29. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.6 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.6 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.29: Factor Analysis on Employee Recruitment

Statement	Component
At the end of the merger/acquisition process, all vacancies were internally advertised somehow.	0.598*
There is adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool.	0.692
There is a general acceptance and commitment from the management towards the practice of recruiting and hiring newcomers.	0.762
There is awareness of the value and transferability of international training, skills and credentials considered during recruitment	0.936
The company recruitment process has undertones that support practices that promote diversity, anti-discrimination and anti-harassment	0.666
The company is committed to hold all staff accountable for cultural fit during any recruitment processes	0.815
The management is fully aware of how stereotyping, prejudice, and personal bias affect recruitment of the best candidates?	0.858
There is a strong recruitment philosophy based specifically on skills, regardless of where the skills were developed.	0.861
The HR department constantly review the job recruitment and avoid trends in past recruitments	0.861

**Below the Threshold of 0.6, earmarked for drop*

Factor Analysis for Sub Construct Employee Selection

Factor analysis was conducted on the items under the sub construct selection and all the ten statements attracted a coefficient of more than 0.6 hence were retained for further analysis. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.6 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.6 has good factor stability and deemed to lead to desirable and acceptable solutions. The findings are as shown in the table 4.30.

Table 4.30: Factor Analysis on Employee Selection

Statement	Component
The selection process after acquisition/merger is the one that reflects the culture of the organization and provides a foundation on which all company initiatives are based.	0.884
The selection process differentiates between the skills needed and the ones the company is willing to train for.	0.774
Employees who have embraced the culture of the company well are included in the selection process or interview panel.	0.723
There was a prior culture assessment exercise conducted in readiness for employee selection.	0.486
Employee selection exercises were geared towards co-creating a personal on boarding plan with each new employee.	0.858
The selection process adequately manages first impressions both ways.	0.878
The selection process inn this organization creates conditions for new employees to work well early on with those who were most helpful.	0.689
The management emphasizes on giving the new employees the resources and support they need to deliver better results faster.	0.705
The selection procedure caters for follow through to ensure ongoing adjustments and success.	0.771
During the interview the management normally makes the offer and closes the sale in a way that reinforces your leadership message.	0.64

**Below the Threshold of 0.6, earmarked for drop*

Factor Analysis on Sub Construct Employee Training

Similarly, a factor analysis for the items of the sub variable training was run. The findings shows that all the seven items attained a factor loading of above 0.8 which is way far above the threshold of 0.6 set for this study as shown in table 4.31. This implies that all the items were retained for further inferential analysis. This too was benchmarked on the findings by Rahn (2010) and Zandi (2006) that factor loading equal to or greater than 0.6 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.6 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.31: Factor Analysis on Employee Training

Statement	Component
The employee training teaches the about cultural diversity in the workforce and the business case for managing cultural diversity.	0.801
Identify the actual and potential impacts and cross-cultural interactions.	0.942
Develops your cultural awareness and cross-cultural communication skills.	0.832
Conducted a diversity analysis of your business strategies and operations.	0.799
Develop an action plan for managing cultural diversity in your business.	0.903
Promotes more effective intercultural interaction between persons and groups by making aware of learners aware of the impact of culture on their lives.	0.995

****Below the Threshold of 0.6, earmarked for drop***

Factor Analysis on Sub Construct Employee Development

Factor analysis was conducted on statements regarding development and seven items attained the factor loading of above 0.6 cut point. Two items attained a loading of .212 and .598, since .212 is way much below the threshold limit of 0.6, it was dropped and a secondary rerun was conducted which significantly improved the coefficient of the rest of the items including the one which scored 0.598 which improved and attained a loading of .611. All the items with the coefficient above the proposed cut off value of 0.6 were retained for further inferential test. The factor loadings are regarded as acceptable based on the value of 0.6 recommended by Rahn (2010) and Zandi (2006) supported by Black (2000). The findings are shown in table 4.32.

Table 4.32: Factor Analysis on Employee Development

Statement	Component
The development plan is pegged on the belief in a desired and emerging future.	0.212*
The development activities empower employees- provide ‘supported autonomy’; freedom for employees to manage their work within certain boundaries.	0.611
Adopt a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees.	0.726
The development plan provides employees with a supportive learning environment where learning capabilities can be discovered and applied.	0.818
Use coaching techniques to draw out the talents of others by encouraging employees to identify options and seek their own solutions to problems.	0.831
Guide employees through their work challenges and provide them with time, resources and, crucially, feedback.	0.834
Recognize the importance of managers acting as role model: ‘The new way of thinking and behaving may be so different that you must see what it looks like before you can imagine yourself doing it. You must see the new behavior and attitudes in others with	0.868
Encourage networks-communities of practice.	0.878
Align systems to vision- get rid of bureaucratic systems that produce problems rather than facilitate work.	0.900

**Below the Threshold of 0.6, earmarked for drop*

Factor Analysis on Employee Performance

Similarly, a factor analysis for all the items under the sub construct for performance was conducted. The findings shows that all the items attained the factor loading above the recommended 0.6 and were thus retained for further statistical tests. The loading attained were thus considered adequate since it satisfy the requirement recommended by recommended by Rahn (2010) and Zandi (2006) supported by Black (2000). The findings are shown in table 4.33.

Table 4.33: Factor Analysis on Employee Performance

Statement	Component
Did the organization conduct any performance appraisal before and after the transition process?	0.723
Which were the key areas that were considered in the appraisal?	0.782
How did this performance appraisal determine your current position within the new organization?	0.798
Does employee performance appraisal measure any aspects of employee collectivism?	0.956
How else do you think the organization should measure the employee performance of various job groups?	0.971

**Below the Threshold of 0.6, earmarked for drop*

Factor Analysis on Sub Construct Employee Reward

Factor analysis was conducted on statements regarding reward and ten out of the twelve statements attracted a coefficient of more than 0.6 hence were retained for further analysis and the two below the set threshold was dropped. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.6 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.6 has good factor stability and deemed to lead to desirable and acceptable solutions. The findings are as shown in the following table 4.34.

Table 4.34: Factor Analysis on Employee Reward

Statement	Component
Reward system reward people according to what the organization values and wants to pay for.	0.438*
Reward system pays people for the value they create.	0.564*
The system rewards the right things to convey the right message about what is important in terms of behaviors and culture.	0.767
Develop a performance culture.	0.777
Motivate people and obtain their commitment and engagement.	0.785
Help to attract and retain the high quality people the organization needs.	0.825
Develop a positive employment relationship and psychological contract.	0.833
Aligns of your pay practices with employee value and culture.	0.891
People feel that they are treated justly in accordance with what is due to them because of their value to the organization.	0.894
People are rewarded appropriately in relation to others within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.	0.889
Functions consistently –decisions on pay do not vary arbitrarily and without due cause between people or at different times.	0.902
Operate transparently – people understand how reward processes operate and how they are affected by them.	0.971

**Below the Threshold of 0.6, earmarked for drop*

Factor Analysis for Moderating Construct Corporate Leadership

Factor analysis was conducted on statements regarding leadership and all the ten statements attracted a coefficient of more than 0.6 hence were retained for further analysis as shown in table 4.35. According to Rahn (2010) and Zandi (2006) a factor loading equal to or greater than 0.6 is considered adequate. This is further supported by Black (2002) who asserts that a factor loading of 0.6 has good factor stability and deemed to lead to desirable and acceptable solutions.

Table 4.35: Factor Analysis on Corporate Leadership

Statement	Component
Strive to meet the needs of the stakeholders representing other cultures.	0.823
Encouraging collaboration among people from different groups.	0.843
Display sensitivity in managing across cultural boundaries.	0.876
Effectively lead groups made up of very diverse people.	0.878
Learn about business practices of other cultures.	0.879
Manage virtual teams with explicit customer centric and practices.	0.888
Read a range of emotions in others and respond appropriately.	0.892
Help others resolve issues of work-life balance.	0.921
Make a daily effort to inspire the trust of customers and colleagues.	0.923
Minimize the negative human impact of their decisions and actions.	0.951

4.6.5: Confirmatory Factor Analysis (Second Order)

The higher order confirmatory factor analysis was conducted to examine the first-order latent variable (recruitment, selection, training, development, performance and reward) become the indicators and measure of the second-order factors (recruitment and selection, training and development, performance and reward). The test thus is to show whether the latent factors, which are sub constructs can adequately integrate to form the independent construct. The finding as shown in the table 4.36 indicates that the sub constructs recruitment, selection integrated adequately to form recruitment and selection, sub constructs training, development into construct training and development and finally sub constructs performance, reward into a single construct performance and reward respectively.

Table 4.36: CFA (2⁰) – Regression Weight Estimates

Constructs	Estimates	Std Estimate	S.E.	C.R.	P label
Recruitment	1	0.964			
Selection	1.09	1.04	0.138	7.922	***
Training	1	0.855			
Development	0.564	0.577	0.132	4.277	***
Performance	1	0.992			
Reward	1.021	0.951	0.111	9.192	***

4.6.6: Confirmatory Factor Analysis (Third Order)

The third order (high order) confirmatory factor analysis is critical when there are many factors that describe the correlations among the first orders and second orders. The purpose of the third factor or the third degree confirmatory factor analysis is to further examine whether the factors integrated in the second order will further converge to a single construct called human resource management.

The findings represented in the table 4.37 shows that recruitment has a standardized factor loading of 0.971 on recruitment and selection while selection had a standardized estimate of 1.033. on the other hand, the factor reward had a loading of .724, performance 0.587 on reward and performance. Factor training had standardized factor loading of .966 while development had a loading of .977 on training and development. Further, recruitment and selection had a factor loading of .393 (p=.003), reward and performance had a factor loading of 1.512 (p<.001) and training and development had a

factor loading of 0.425 (p=.002). The factor or construct performance and reward present the best indicator of HRM that would influence cultural integration process as it had a standardized regression weight of 1.512 owing to higher individual factor loadings followed by training and development (0.425) and finally recruitment and selection (0.393). This clearly shows that performance and reward is the best indicator for influence on cultural integration.

It is evident therefore that the three constructs load on the common factor as their regression weights were above 0.7. The third order confirmatory factor model also registered a good fitness values. CMIN/DF = 1.625, GFI = 0.857, CFI = 0.956, RMSEA = 0.070 and PCLOSE = 0.033. The findings are summarized in the following table 4.1.

Table 4.37: CFA (3⁰) – Regression Weight Estimates

Constructs		Estimates	Std	S.E.	C.R.	P
		Estimate				label
Rec.& Sel.	.<-- HRM	0.229	0.393	0.077	2.991	0.003
Perf. & Rew.	<-- HRM	0.684	1.512	0.181	3.785	***
Tra. & Devt.	<-- HRM	0.35	0.425	0.113	3.101	0.002
Recruitment	.<-- Rec&Sel	1	0.964			
Selection	.<--Rec&Sel	1.72	1.033	0.139	7.723	***
Training	.<--Tra&Dev	1	0.966			
Development	.<--Tra&Dev	1.075	0.977	0.129	8.353	***
Performance	.<--Perf&Rew	0.63	0.587	0.158	3.99	
Reward	.<--Perf&Rew	1	0.724			***

4.7: Correlation Analysis

4.7.1: Correlation Analysis between Construct Employee Recruitment and Selection and Cultural Integration.

Correlation between variables is a measure of how well the variables are related. The most common measure of correlation in statistics is the Pearson Correlation (technically called the Pearson Product Moment Correlation or PPMC), which shows the linear relationship between two variables. Results are between -1 and 1. A result of -1 means that there is a perfect negative correlation between the two values at all, while a result of 1 means that there is a perfect positive correlation between the two variables. Result of 0 means that there is no correlation between the two variables (Gujarat, 2004).

The Pearson correlation results from this study are shown in Table 4.38 and it reveals that there is a 0.786 positive correlation between recruitment and selection and cultural integration.

Table 4.38: Pearson Correlation Coefficient between Employee Recruitment and Selection and Cultural Integration.

Variable		Cultural Integration	Recruitment and Selection
Cultural Integration	Pearson Correlation Sig. (2-tailed)	1	
Recruitment and Selection	Pearson Correlation Sig. (2-tailed)	0.786 0.000	1

As indicated in the following figure 4.8, the scattered plot of recruitment and selection and cultural integration. The figure reveals that there was a positive relationship between

the two variables. The figure indicates that a positive relationship exists. Therefore, an increase in the effectiveness of recruitment and selection affects cultural integration process positively.

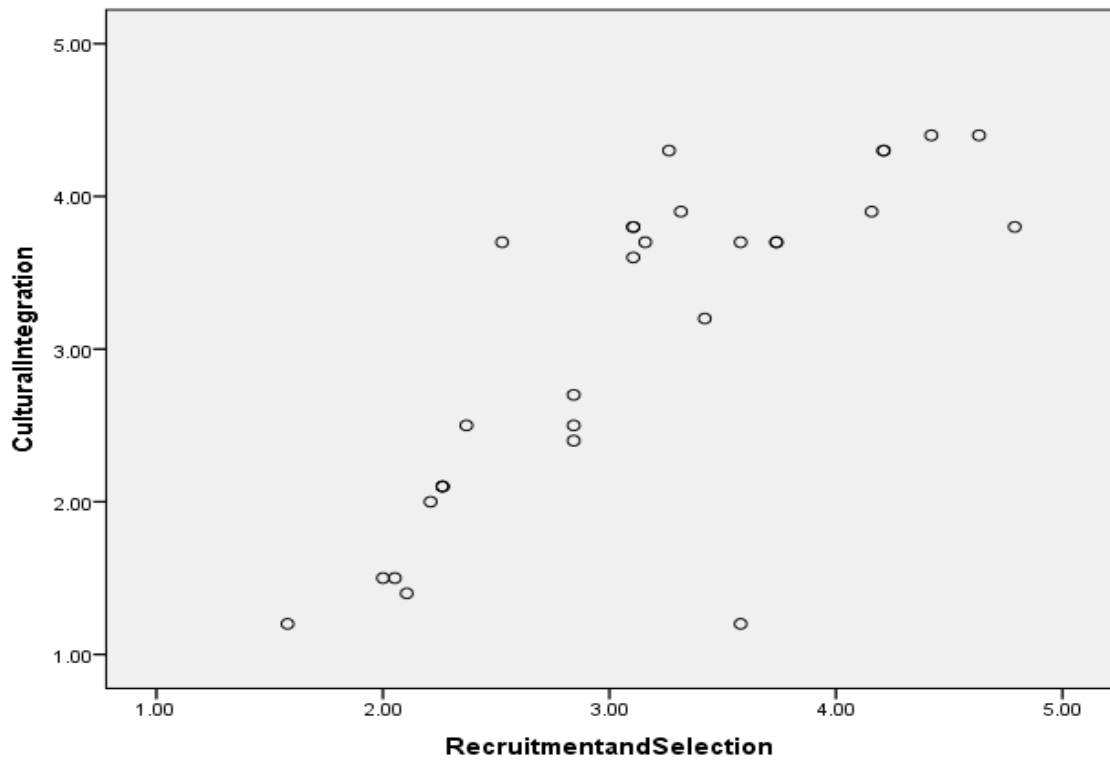


Figure 4.8: Scatter Plots of Employee Recruitment and Selection and Cultural Integration

4.7.2: Correlation Analysis between Construct Employee Training and Development and Cultural Integration.

Correlation between variables is a measure of how well the variables are related. The most common measure of correlation in statistics is the Pearson Correlation (technically called the Pearson Product Moment Correlation or PPMC), which shows the linear

relationship between two variables. Results are between -1 and 1. A result of -1 means that there is a perfect negative correlation between the two values at all, while a result of 1 means that there is a perfect positive correlation between the two variables. Result of 0 means that there is no correlation between the two variables (Gujarat, 2004). The Pearson correlation results from this study are shown in table 4.39 and it reveals that there is a 0.394 positive correlation between training and development and cultural integration.

Table 4.39: Pearson Correlation Coefficient between Employee Training and Development and Cultural Integration.

Variable		Cultural Integration	Training and Development
Cultural Integration	Pearson Correlation Sig. (2-tailed)	1	
Training and Development	Pearson Correlation Sig. (2-tailed)	0.394 0.000	1

Figure 4.9 shows the scattered plot of training and development and cultural integration. The figure reveals that there was a positive relationship between the two variables. The figure indicates that a positive relationship exists. Therefore, an increase in the effectiveness of training and development affects cultural integration process positively.

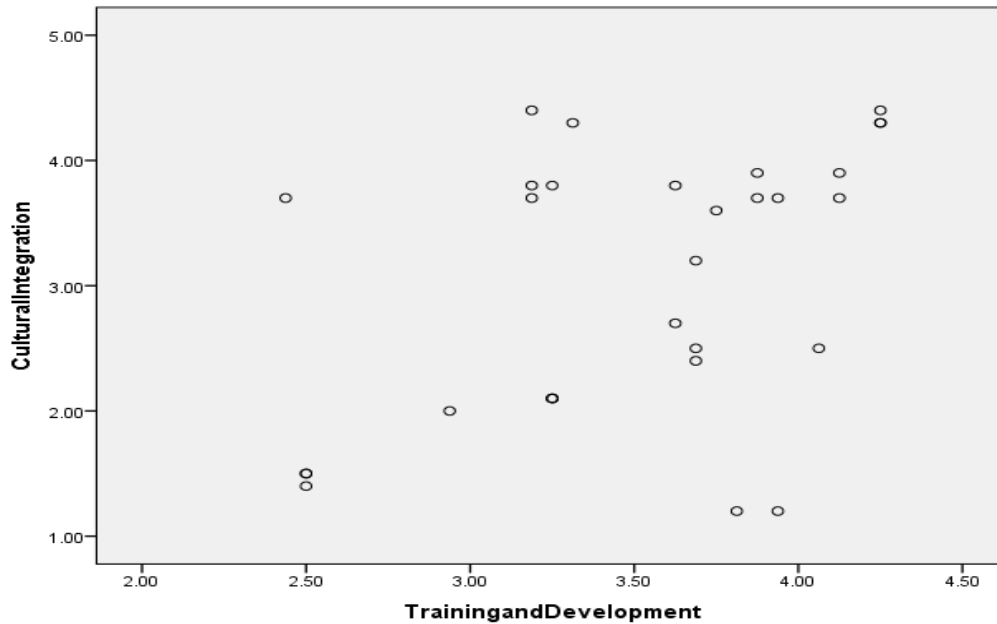


Figure 4.9: Scatter Plots of Employee Training and Development and Cultural Integration

4.7.3: Correlation Analysis between Construct Employee Performance and Reward and Cultural Integration.

Correlation between variables is a measure of how well the variables are related. The most common measure of correlation in statistics is the Pearson Correlation (technically called the Pearson Product Moment Correlation or PPMC), which shows the linear relationship between two variables. Results are between -1 and 1. A result of -1 means that there is a perfect negative correlation between the two values at all, while a result of 1 means that there is a perfect positive correlation between the two variables. Result of 0 means that there is no correlation between the two variables (Gujarat, 2004).

The Pearson correlation results from this study are shown in Table 4.40 and it reveals that there is a 0.454 positive correlation between performance and reward and cultural integration.

Table 4.40: Pearson Correlation Coefficient between Employee Performance and Reward and Cultural Integration

Variable		Cultural Integration	Performance and Reward
Cultural Integration	Pearson Correlation Sig. (2-tailed)	1	
Performance and Reward	Pearson Correlation Sig. (2-tailed)	0.454 0.000	1

Figure 4.10 shows the scattered plot of performance and reward and cultural integration. The figure reveals that there was a positive relationship between the two variables. The figure indicates that a positive relationship exists. Therefore, an increase in the effectiveness of performance and reward affects cultural integration process positively.

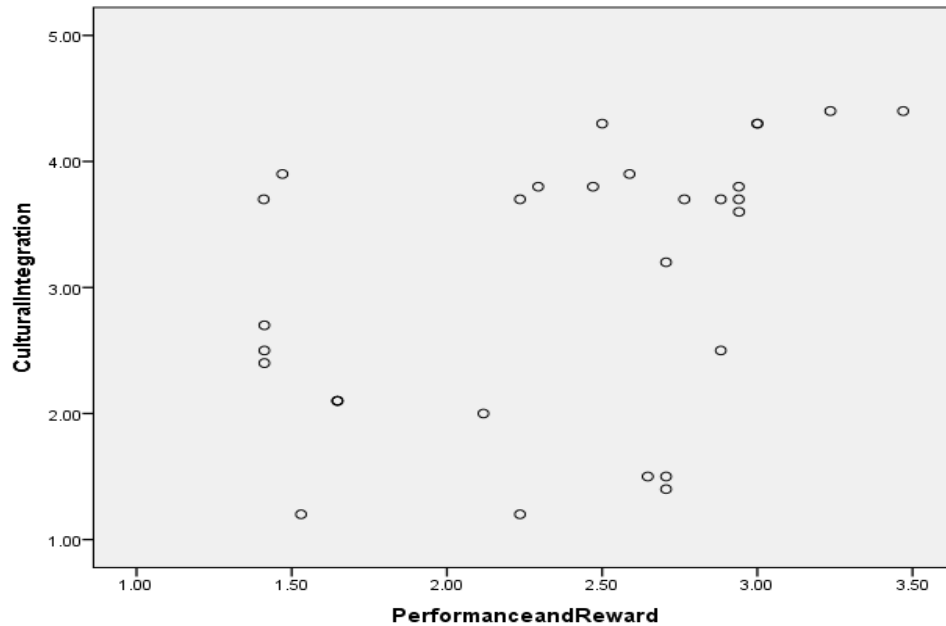


Figure 4.10: Scatter Plots of Employee Performance and Reward and Cultural Integration

4.7.4: Correlation Analysis between Construct Corporate Leadership and Cultural Integration.

Correlation between variables is a measure of how well the variables are related. The most common measure of correlation in statistics is the Pearson Correlation (technically called the Pearson Product Moment Correlation or PPMC), which shows the linear relationship between two variables. Results are between -1 and 1. A result of -1 means that there is a perfect negative correlation between the two values at all, while a result of 1 means that there is a perfect positive correlation between the two variables. Result of 0 means that there is no correlation between the two variables (Gujarat, 2004). The Pearson correlation results from this study are shown in Table 4.41 and it reveals that there is a 0.502 positive correlation between leadership and cultural integration.

Table 4.41: Pearson Correlation Coefficient between Corporate Leadership and Cultural Integration

Variable		Cultural Integration	Leadership
Cultural Integration	Pearson Correlation	1	
	Sig. (2-tailed)		
Leadership	Pearson Correlation	0.502	1
	Sig. (2-tailed)	0.000	

Figure 4.11 shows the scattered plot of leadership and cultural integration. The figure reveals that there was a positive relationship between the two variables. The figure indicates that a positive relationship exists. Therefore, an increase in the effectiveness of leadership style affects cultural integration process positively.

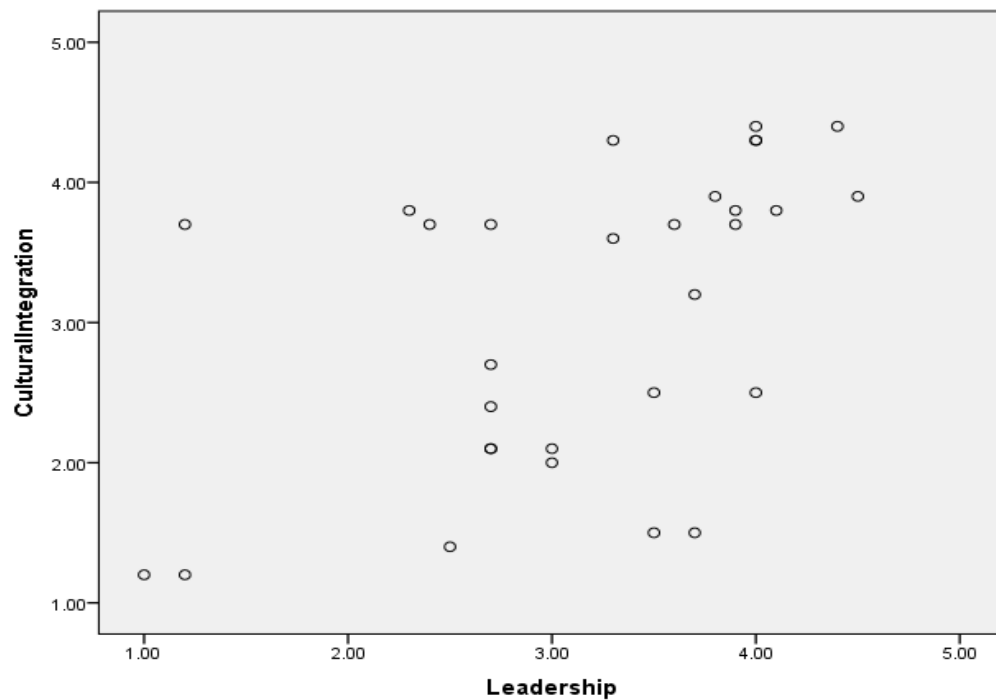


Figure 4.11: Scatter Plots of Corporate Leadership and Cultural Integration

4.8: Results on Regression Analyses

4.8.1: Regression Analysis of Construct Employee Recruitment and Selection on Cultural Integration.

Regression analysis was conducted to empirically determine whether recruitment and selection were a significant determinant of cultural integration process. Regression results in table 4.42 indicate the goodness of fit for the regression between recruitment and selection and cultural integration process was satisfactory. An R squared of 0.618 indicates that 61.8% of the variances in the cultural integration process are explained by the variances in the recruitment and selection practices in the HR department. The correlation coefficient of 0.786 indicates that the effect of the predictor variable has a strong and positive correlation with cultural integration process. However, these findings indicate that there are other variables affecting the variances in cultural integration process besides recruitment and selection.

Table 4.42: Model Summary for Employee Recruitment and Selection

Indicator	Coefficient
R	0.786
R Square	0.618
Adjusted R Square	0.598
Std. Error of the Estimate	0.0511

The overall model significance was presented in Table 4.43. An F statistic of 405.259 indicated that the overall model was significant. This was supported by a probability value of (0.000). The reported probability of (0.000) is less than the conventional

probability of (0.05). The model applied can significantly predict the change in the cultural integration process of post merged organizations in Kenya. The study, therefore, rejected the null hypothesis H_{01} at 95% confidence interval, meaning there was a significant relationship between recruitment and selection and cultural integration process.

Table 4.43: ANOVA for Employee Recruitment and Selection

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	171.806	1	171.806	405.259	0.000
Residual	106.41	251	0.424		
Total	278.216	252			

The recruitment and selection coefficients are presented in Table 4.44. The results show that recruitment and selection contributes significantly to the model since the p-value is 0.000. The findings imply that one positive unit change in effective use of recruitment and selection led to a change in cultural integration effectiveness at the rate of 0.959. This confirms the positive effect of recruitment and selection on cultural integration. This implies that recruitment and selection is statistically significant in explaining cultural integration process of post merged organizations in Kenya.

Table 4.44: Coefficients of Employee Recruitment and Selection

Variable	Beta	Std. Error	t	Sig.
Constant	0.055	0.155	0.352	0.725
Recruitment and Selection	0.959	0.048	19.979	0.000

4.8.2: Regression Analysis of Construct Employee Training and Development on Cultural Integration.

Regression analysis was conducted to empirically determine whether training and development were a significant determinant of cultural integration process. Regression results in Table 4.45 indicate the goodness of fit for the regression between training and development and cultural integration process was satisfactory. An R squared of 0.155 indicates that 15.5% of the variances in the cultural integration process are explained by the variances in the training and development practices in the HR department.

Table 4.45: Model Summary for Employee Training and Development

Indicator	Coefficient
R	0.394
R Square	0.155
Adjusted R Square	0.139
Std. Error of the Estimate	0.047

The overall model significance was presented in Table 4.45. An F statistic of 46.143 indicated that the overall model was significant. This was supported by a probability value of (0.000). The reported probability of (0.000) is less than the conventional probability of (0.05). The model applied can significantly predict the change in the cultural integration process of post merged organizations in Kenya. The study, therefore, rejected the null hypothesis H_{02} at 95% confidence interval, meaning there was a significant relationship between training and development and cultural integration process.

Table 4.46: ANOVA for Employee Training and Development

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	43.204	1	43.204	46.143	0.000
Residual	235.012	251	0.936		
Total	278.216	252			

The training and development coefficients are presented in Table 4.47. The results show that training and development contributes significantly to the model since the p-value is 0.000. The findings imply that one positive unit change in effectiveness of training and development led to a change in cultural integration effectiveness at the rate of 0.758. This confirms the positive effect of training and development on cultural integration. This implies that training and development is statistically significant in explaining cultural integration process of post merged organizations in Kenya.

Table 4.47: Coefficients of Employee Training and Development

Variable	Beta	Std. Error	t	Sig.
Constant	0.414	0.394	1.051	0.294
Training and Development	0.758	0.112	6.793	0.000

4.8.3: Regression Analysis of Construct Employee Performance and Reward on Cultural Integration.

Regression analysis was conducted to empirically determine whether performance and reward were a significant determinant of cultural integration process. Regression results in table 4.48 indicate the goodness of fit for the regression between performance and reward and cultural integration process was satisfactory. An R squared of 0.206 indicates that 20.6% of the variances in the cultural integration process are explained by the variances in the performance and reward practices in the HR department.

Table 4.48: Model Summary for Employee Performance and Reward

Indicator	Coefficient
R	0.454
R Square	0.206
Adjusted R Square	0.189
Std. Error of the Estimate	0.038

The overall model significance was presented in Table 4.49. An F statistic of 6.717 indicated that the overall model was significant. This was supported by a probability value of (0.000). The reported probability of (0.000) is less than the conventional probability of (0.05). The model applied can significantly predict the change in the cultural integration process of post merged organizations in Kenya. The study, therefore, rejected the null hypothesis H_{03} at 95% confidence interval, meaning there was a significant relationship between performance and reward and cultural integration process.

Table 4.49: ANOVA for Employee Performance and Reward

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	57.429	1	57.429	65.288	0.000
Residual	220.787	251	0.88		
Total	278.216	252			

The performance and reward coefficients are presented in Table 4.50. The results show that performance and reward contributes significantly to the model since the p-value is 0.000. The findings imply that one positive unit change in effectiveness of performance and reward led to a change in cultural integration effectiveness at the rate of 0.754. This confirms the positive effect of performance and reward on cultural integration. This

implies that performance and reward is statistically significant in explaining cultural integration process of post merged organizations in Kenya.

Table 4.50: Coefficients of Employee Performance and Reward

Variable	Beta	Std. Error	t	Sig.
Constant	1.275	0.229	5.572	0.000
Performance and Reward	0.754	0.093	8.08	0.000

4.8.4: Regression Analysis of Construct Corporate Leadership on Cultural Integration.

Regression analysis was conducted to empirically determine whether leadership was a significant determinant of cultural integration process. Regression results in table 4.51 indicate the goodness of fit for the regression between leadership and cultural integration process was satisfactory.

An R squared of 0.252 indicates that 25.2% of the variances in the cultural integration process are explained by the variances in the leadership styles in the HR department.

Table 4.51: Model Summary for Corporate Leadership

Indicator	Coefficient
R	0.502
R Square	0.252
Adjusted R Square	0.231
Std. Error of the Estimate	0.018

The overall model significance was presented in table 4.51. An F statistic of 84.372 indicated that the overall model was significant. This was supported by a probability value of (0.000). The reported probability of (0.000) is less than the conventional probability of (0.05). The model applied can significantly predict the change in the cultural integration process of post merged organizations in Kenya. The study, therefore, rejected the null hypothesis H_{04} at 95% confidence interval, meaning there was a significant relationship between leadership and cultural integration process.

Table 4.52: ANOVA for Corporate Leadership

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	69.993	1	69.993	84.372	0.000
Residual	208.223	251	0.83		
Total	278.216	252			

The leadership coefficients are presented in Table 4.52. The results show that leadership contributes significantly to the model since the p-value is 0.000. The findings imply that one positive unit change in effectiveness of leadership styles led to a change in cultural integration effectiveness at the rate of 0.585.

This confirms the positive effect of leadership style on cultural integration. This implies that leadership is statistically significant in explaining cultural integration process of post merged organizations in Kenya.

Table 4.53: Coefficients of Corporate Leadership

Variable	Beta	Std. Error	t	Sig.
Constant	1.201	0.211	5.704	0.000
Leadership	0.585	0.064	9.185	0.000

4.9: Tests of Moderating Effect of Construct Corporate Leadership

This section provides results of analysis on the effect of the independent variable on the dependent variable before and after introducing a moderating variable. The independent variable herein is; HRM practices with corporate leadership as the moderating variable. R square also referred to as coefficient of determination and significance tests were done to determine the effects of the predictor variables on the dependent variable. The R square and the overall significance of the model were analyzed before and after introducing the moderating variable to independent variable. The introduction of the moderating variable introduces an interaction effect on the prediction strength of the independent variable on the dependent variable. The interaction effect leads to either a stronger or weaker prediction power of the independent variable on the dependent variable. In this study, interaction effect was created by use of the product between predictor variable and the moderating variable.

Table 4.53 shows the results of the R-square before involving the moderating variable (leadership) and after incorporating the moderating variable to the independent variable (HRM practices). The results indicate that leadership has a positive moderating effect on HRM practices (R squared change of 0.004) which translates to 0.96% change in the R-square.

Results show that after introducing the moderating variable (leadership) the significance level of HRM practices (0.000) deteriorates to 0.099. This means leadership moderates HRM practices positively but not statistically significant.

Executives can't get where they want to go in merger and acquisition if they don't know where they are headed. Yet, very few give sufficient thought to articulating or devote the resources needed for developing their desired post-combination culture. After months of

plotting a deal, identifying candidates, selecting a target, negotiating the terms, and waiting for legal approval, senior executives are more inclined to look ahead to their next big deal than carefully lead and manage the current combination. Leaders in successful combinations, by comparison, understand that the work of building a new organization also means building a new culture. This underscores the critical moderating role of leadership in any mergers and acquisition framework.

Table 4.54: Moderation Tests Using R Square and Significance Change

Variable	Initial R-Square	Initial Sig.	Moderated R-Square	R Square Change	Moderated Sig.
HRM Practices	0.616	0.000	0.620	0.006	0.099

4.10: Overall and Optimal Regression Model

This section presents the results on the combined effects of all the independent variables which are recruitment and selection, training and development, performance and reward and corporate leadership on the dependent variable that is cultural integration. A linear regression model was used to test the significance of the influence of the independent variables on the dependent variable. Therefore the overall model for the study was; The overall regression model was as follows;

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4^* + e$$

Where:

Y = Cultural Integration

X_1 = Employee Recruitment and Selection

X_2 = Employee Training and Development

X_3 = Employee Performance and Reward

X_4^* = Corporate Leadership

Table 4.55 shows the analysis of the fitness of the model used in the study. The results indicate that the overall model was satisfactory as it is supported by coefficient of determination also known as the R-square of 0.66. This means that all the independent variables explain 66% of the variations in the dependent variable.

Table 4.55: Overall Model Fitness

Indicator	Coefficient
R	0.812
R Square	0.664
Adjusted R Square	0.649
Std. Error of the Estimate	0.01793

Table 4.56 provides the results on the analysis of the variance (ANOVA). The results indicate that the overall model was statistically significant. This was supported by an F statistic of 120.155 and the reported p value (0.000) which was less than the conventional probability of 0.05 significance level. These results imply that the independent variables are good predictors of cultural integration process.

Table 4.56: Analysis of Variance (ANOVA)

Indicator	Sum of Squares	df	Mean Square	F	Sig.
Regression	183.52	4	45.88	120.155	0.000
Residual	94.696	248	0.382		
Total	278.216	252			

Regression of coefficients results in Table 4.57 shows that there is a positive relationship between cultural integration and recruitment and selection, training and development, performance and reward and corporate leadership. These were supported by beta coefficients of 0.790, 0.120, 0.300, and 0.103 respectively. These results show that a change in either of the variables will definitely lead to a positive change in cultural integration process. Additionally the results also indicate that recruitment and selection had a significant relationship with cultural integration process. This is supported by significant value of 0.000. The findings imply that one positive unit change in effectiveness of recruitment and selection led to a change in cultural integration effectiveness at the rate of 0.790.

Performance and reward had a positive and significant relationship with cultural integration (Beta= 0.300, p value =0.000). The findings imply that one positive unit change in effectiveness of performance and reward led to a change in cultural integration effectiveness at the rate of 0.300. Training and development and leadership had an insignificant relationship as the p values were 0.120 and 0.103. Based on the regression results which indicate that recruitment and selection, performance and reward are statistically significant, we fail to accept the null hypotheses for these particular variables. On the contrary, we fail to reject the null hypothesis related to training and development and corporate leadership.

Table 4.57: Overall Regression Coefficients

Variable	Beta	Std. Error	t	Sig.
Constant	-0.873	0.31	-2.815	0.005
Recruitment and Selection	0.790	0.062	12.804	0.000
Training and Development	0.120	0.088	1.366	0.173
Performance and Reward	0.300	0.077	3.886	0.000
Leadership	0.103	0.055	1.894	0.059

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1: Introduction

This chapter presents the summary of key findings of the study, conclusions, and recommendations that are aligned to the specific objectives of the study.

5.2: Summary of the Findings

The general objective of the study was to examine the role of human resource management in cultural integration process in corporate post-mergers and acquisitions in Kenya. One of the key findings was that employees at human resource management departments of the organizations studied were concerned about cultural integration process in their organizations. This was demonstrated by the extent of agreement with the statements in the questionnaire in support of cultural integration process.

5.2.1: Effects of Employee Recruitment and Selection on Cultural Integration Process

The first objective of the study was to find out the effect of recruitment and selection on the cultural integration process of post merged organizations in Kenya. The study found out that there is awareness of the value and transferability of international training, skills and credentials considered during recruitment, the selection process adequately manages first impressions both ways and the interview the management normally makes the offer and closes the sale in a way that reinforces your leadership message. Results indicated that there was adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool, there was general acceptance

and commitment from the management towards the practice of recruiting and hiring newcomers, and there was awareness of the value and transferability of international training, skills, and credentials considered during recruitment. Results further indicated that the company recruitment process had undertones that supported practices that promote diversity, anti-discrimination, and anti-harassment and the company was committed to hold all staff accountable for cultural fit during any recruitment process. The results revealed that recruitment and selection were a key determinant of cultural integration process. This was demonstrated by the mean score of responses and also the regression coefficient. The correlation between recruitment and selection and cultural integration process was also found to be strong and statistically significant.

5.2.2: Effects of Employee Training and Development on Cultural Integration Process.

The second objective of the study was to examine the effect of training and development on the cultural integration process of post merged organizations in Kenya. The findings on indicate that the development activities empower employees- provide ‘supported autonomy’; freedom for employees to manage their work within certain boundaries, adopt a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees and development plan is pegged on the belief in a desired and emerging future. Results showed that companies have embraced training and development as one of strong factors of HRM practices that influence cultural integration. This is supported by overwhelming responses from the respondents that indicated that employee training teaches about the cultural diversity in the workforce and the business case for managing cultural diversity, training identifies the actual and potential impacts and cross-cultural interactions and training increased their understanding of culture and cross-cultural interactions. Training also developed their

cultural awareness and cross-cultural communication skills. Additionally, the results established that training was a key driver in explaining cultural integration process. There was a strong positive and significant relationship between training and cultural integration.

5.2.3: Effects of Employee Performance and Reward on Cultural Integration Process.

The third objective of the study was to investigate the effect of performance and reward on the cultural integration process of post merged organizations in Kenya. The study findings indicated that performance and reward was a key driver of cultural integration process. People are rewarded appropriately in relation to others within the organization; relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value, reward system pays people for the value they create and reward system reward people according to what the organization values and wants to pay for. This was evidenced by the frequencies and regression results which indicated that there was a positive and significant relationship between performance and reward and cultural integration. Performance and reward was found to be statistically significant in explaining cultural integration process.

5.2.4: Moderating Effect of Corporate Leadership

The fourth objective of the study was to determine the moderating effect of corporate leadership on the relationship between HRMs and cultural integration process of post merged organizations in Kenya. Manage virtual teams with explicit customer centric and practices, read a range of emotions in others and respond appropriately and minimizing the negative human impact of their decisions and action had a great effect on leadership.

Descriptive results indicated that corporate leadership was emphasized in companies. The study findings indicated that leadership was a key determinant of cultural integration process. This was supported by the regression results that indicated that there was a strong positive and significant relationship between leadership and cultural integration. However the moderating effect of corporate leadership on HRM practices was positive but not statistically significant.

5.3: Conclusion

Arising from the findings of the study the following conclusion can be made. Recruitment and selection was a key driver to cultural integration process of post merged organizations in Kenya. It was possible to conclude that recruitment and selection were statistically significant in explaining cultural integration process. It was possible to conclude that the companies had put into place strict management policies and internal operating procedures approved by the senior management on recruitment and selection of employees. The policies are well written down and roles and responsibilities clearly defined and communicated to human resource management department. The study further concludes that recruitment and selection affect cultural integration; if the practices are well governed and executed they affect cultural integration positively.

It was also concluded that training and development influences cultural integration process of post merged organizations in Kenya. Employee empowerment was highly emphasized in post merged organizations. Results led to a conclusion that all employees received induction training and all the learning was incorporated on the job training. Results revealed that employees' are satisfied on recruitment selection systems, compensation package, job security, career growth, reward motivation and working environment.

Correlation results led to conclusion that that the relationship between training and development and cultural integration is positive and significant. The findings imply that training and development has a significant effect on cultural integration.

On the employee performance and reward, significant influence on the cultural integration process of post merged organizations in Kenya was observed. Merged companies should therefore adopt robust performance management frameworks for the enhancement of employee capacity in delivery of key result targets of the organization. This will enhance the organizational capability for adoption of better performance management systems. It can be concluded that despite the short and quick effect on motivation, bonus could be used to direct the energies of employees towards the desired company targets.

This study concludes that top management commitment and support is key towards the performance of mergers and acquisitions. The study concludes that the top managers at post merged organizations have the sole role of conducting due diligence and drawing up agreements for the merger, top management is always there to align organizational cultures that may be very different between the merging organizations and that the top management sets the right priorities and create positive business momentum and discipline. The results depicts a conclusion that it's the duty of the top management to motivate employees with the necessary level of commitment, engagement, confidence and comfort to work through difficult transitions and that the top managers inspire a sense of purpose, coherence, community and trust that allows employees to remain focused and highly engaged on the job.

5.4: Recommendations

Based on the results, findings and conclusions the following recommendations have been deciphered.

1. The study recommends that employee empowerment be emphasized in the organizations as it has an effect on the overall achievement of company goals and objectives. Therefore the management is urged to encourage sharing of potentially sensitive information on costs, quality, and productivity on financial performance with other employees. It is recommended that the management to encourage autonomous action among staff and the management also to encourage the developing of a clear vision.
2. The study further recommends that the management encourages the developed clarity regarding goals, clear work procedures and clarity in all areas of responsibility. The organizations should employ performance management systems that are effective and efficient and ensure the same is done fairly and objectively. Additionally, hiring should be done in line with the competence required to fill in a particular vacancies. Managing competence may be costly to any organization but through proper planning and budgeting organizations are able to achieve this. It was recommended that the management ensures that career growth, training, and development on reward and motivation are emphasized. Finally, the study recommends that the management ensures that employees are satisfied on job design and responsibilities, working environment and management style.
3. The study recommended that employee satisfaction practices be emphasized in the organization as it has an effect on the overall achievement of strategic competitive advantage. Therefore the organization is urged to ensure that employees' are satisfied on recruitment and selection systems, compensation package and job security.

5.5: Areas for Further Research

A study should be carried to find out the extent to which the challenges influence on formation of mergers and why many firms' banks or commercial institutions have not formed mergers despite the advantages got from formation of the mergers. In the Kenyan market a research comparing the effectiveness strategic approaches in mergers and acquisition within financial institutions would also form an interesting topic to be undertaken on the different banks that have undertaken these strategies.

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APPENDICES

APPENDIX I: QUESTIONNAIRE

INSTRUCTION: *Please answer all the questions objectively and exhaustively by putting a tick (✓) or numbers in the appropriate box that closely matches your view or alternatively writing in the spaces provided where necessary.*

NB: This information will be used strictly for academic purposes only and will be treated with utmost confidence.

PART A: Background Information

1. Name.....(Optional)

Gender: Male [] Female []

2. Job Title.....

3. Level of Education

KCSE [] Certificate/Diploma []

Degree []

Others (Please specify).....

PART B: CULTURAL INTERGRATION

1. Do you think “the way things are done around here” have changed in any way as compared to the time before merger/acquisition?

Yes [] No []

2. In your opinion, do you think the management was willing to change organizational culture?

Yes [] No []

3. using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization (Where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= agree, and 5= Strongly Agree).

Statement	5	4	3	2	1
Culture was major component of the change management work stream in the recent merger/acquisition process for this organization.					
Owners from both companies participated in the cultural integration process to allow for representation of various views.					
Issues of culture merger was considered on the agenda of regularly scheduled steering committee meetings for the merger/acquisition process					
The management insisted that cultural work focuses on the tangible and measurable					
The cultural integration process was sensitive to the strengths of both existing cultures, not just the weaknesses.					
Identifying decision-making for each area of the integration was done in a fair and transparent manner.					
Understanding the decision-making style of each company, both in terms of what the style is and the assumptions, processes and structures that					

support that style was considered.					
Communicating expectations to decision-makers, including the deadlines when decisions are required was emphasized.					
There was adequate activities on building the employee brand with a view toward how it will be understood by employees					
The management has put people with knowledge of, and experience in, culture change on the terms that define the important interfaces in the new organizational model.					

PART C: RECRUITMENT

1. How would you rate the HR department’s performance in recruitment and selection?

Poor []

Adequate []

Excellent []

2. Does the HR maintain an adequate pool of quality class applicants?

Yes []

No []

3. Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization. (Where 1= Strongly Disagree, 2= Disagree, 3= Neutral, 4= agree, and 5= Strongly Agree).

Statement	5	4	3	2	1
At the end of the merger/acquisition process, all vacancies were internally advertised somehow.					
There is adequate awareness within the company's management team that skilled newcomers are a culturally diverse and skilled labour pool.					
There is a general acceptance and commitment from the management towards the practice of recruiting and hiring newcomers.					
There is awareness of the value and transferability of international training, skills and credentials considered during recruitment					
The company recruitment process has undertones that support practices that promote diversity, anti-discrimination and anti-harassment					
The company is committed to hold all staff accountable for cultural fit during any recruitment processes					
The management is fully aware of how stereotyping, prejudice, and personal bias affect recruitment of the best candidates?					
There is a strong recruitment philosophy based specifically on skills, regardless of where the skills were developed.					
The HR department constantly review the job recruitment and avoid trends in past recruitments					

PART D: SELECTION

1) Rate how well HR finds good candidates from non-traditional sources when necessary?

Poor []

Adequate []

Excellent []

2) 2. In your opinion, which is the most important quality the organization looks for in a candidate? Please tick as appropriate

Knowledge []

Past Experience []

Optimistic Nature []

Discipline []

Team Work Ability []

Others (please specify).....

3) Are the Job Responsibilities and Job Description clearly defined to the candidates appearing for selection process?

Yes [] No []

4) Do you think organization is using satisfactory methods of interview?

Yes [] No []

5) Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization.

Statement	5	4	3	2	1
The selection process after acquisition/merger is the one that reflects the culture of the organization and provides a foundation on which all company initiatives are based.					
The selection process differentiates between the skills needed and the ones the company is willing to train for.					
Employees who have embraced the culture of the company well are included in the selection process or interview panel.					
There was a prior culture assessment exercise conducted in readiness for employee selection.					
Employee selection exercises were geared towards co-creating a personal on boarding plan with each new employee.					
The selection process adequately manages first impressions both ways.					
The selection process inn this organization creates conditions for new employees to work well early on with those who were most helpful.					
The management emphasizes on giving the new employees the resources and support they need to deliver better results faster.					
The selection procedure caters for follow through to ensure ongoing adjustments and success.					
During the interview the management normally makes the offer and closes the sale in a way that reinforces your leadership message.					

PART E: TRAINING

1) Rate how well training and development programmes meet the organization's and your department's needs.

- Not at all []
- Little extent []
- Moderate extent []
- Great extent []
- Very great extent []

2) Have you attended any training sessions whether on the job or off the job, organized shortly before and after the merger/acquisition?

Yes [] No []

If yes, who performed the training? Tick as appropriate

- External local consultants []
- HRM experts from outside the country []
- Internal officers in the HRM department []
- From other officer who possess special skills []

3) What has the training sessions helped you achieve?

- Socialization and friendly interactions with my colleagues []
- I am made aware of the organization's desired values []
- Sharpen my skills on the way of doing things []
- Helping me think, acts and behave in the proper way []
- Others (please specify).....

- 4) Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization.

Statements	5	4	3	2	1
The employee training teaches the about cultural diversity in the workforce and the business case for managing cultural diversity.					
Identify the actual and potential impacts and cross-cultural interactions.					
Increase your understanding of culture and cross-cultural interactions					
Develops your cultural awareness and cross-cultural communication skills.					
Conducted a diversity analysis of your business strategies and operations.					
Develop an action plan for managing cultural diversity in your business.					
Promotes more effective intercultural interaction between persons and groups by making aware of learners aware of the impact of culture on their lives.					

PART F: DEVELOPMENT

1. Which are the development programs aimed at expanding employees' career in your organization?

- A safe and supportive working environment []
- Opportunities to promote positive self-esteem []
- Learning opportunity for growth []
- Training on employees in their various job groups []

2. In what ways do these development programmes facilitates development of people culture of collaboration?

.....

3. Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization.

Statement	5	4	3	2	1
The development plan is pegged on the belief in a desired and emerging future.					
The development activities empower employees- provide 'supported autonomy'; freedom for employees to manage their work within certain boundaries.					
Adopt a facilitative style of management in which responsibility for decision making is ceded as far as possible to employees.					
The development plan provides employees with a supportive learning environment where learning capabilities can be discovered and applied.					

Use coaching techniques to draw out the talents of others by encouraging employees to identify options and seek their own solutions to problems.					
Guide employees through their work challenges and provide them with time, resources and, crucially, feedback.					
Recognize the importance of managers acting as role model: ‘The new way of thinking and behaving may be so different that you must see what it looks like before you can imagine yourself doing it. You must see the new behavior and attitudes in others with whom you can identify’ (Schein, 1990).					
Encourage networks-communities of practice.					
Align systems to vision- get rid of bureaucratic systems that produce problems rather than facilitate work.					

PART G: EMPLOYEE PERFORMANCE

1. Did the organization conduct any performance appraisal before and after the transition process?

Yes [] No []

2. Which were the key areas that were considered in the appraisal?

- Overall performance []
- Achievement of goals []
- Timeliness on tasks accomplishment []
- Degree of cohesion with other employees []
- Others (please specify).....

3. How did this performance appraisal determine your current position within the new organization?
.....

4. Does employee performance appraisal measure any aspects of employee collectivism?
Yes [] No []

5. If yes, please explain your answer in (4) above
.....

6. How else do you think the organization should measure the employee performance of various job groups in the organization?
.....

PART H: REWARD

1) How well does the pay plan of your organization demonstrate a relationship between pay and job performance?

- | | |
|-------------|-----|
| Very well | [] |
| Well | [] |
| Fairly well | [] |
| Poor | [] |
| Not at all | [] |

2) In your opinion, does the pay system reward and motivate both individual and group contributions to organizational goals? Explain your answer

- | | |
|------------|-----|
| Yes | [] |
| No | [] |
| Don't know | [] |

3) Please explain your answer in (2) above

.....

.....

4) Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization.

Statement	5	4	3	2	1
Reward system reward people according to what the organization values and wants to pay for.					
Reward system pays people for the value they create.					
The system rewards the right things to convey the right message about what is important in terms of behaviors and culture.					
Develop a performance culture.					
Motivate people and obtain their commitment and engagement.					
Help to attract and retain the high quality people the organization needs.					
Develop a positive employment relationship and psychological contract.					
Aligns of your pay practices with employee value and culture.					
People feel that they are treated justly in accordance with what is due to them because of their value to the organization.					
People are rewarded appropriately in relation to others					

within the organization, relativities between jobs are measured as objectively as possible and equal pay is provided for work of equal value.					
Functions consistently –decisions on pay do not vary arbitrarily and without due cause between people or at different times.					
Operate transparently – people understand how reward processes operate and how they are affected by them.					

PART I: LEADERSHIP

1) Are the teams in various job groups confident with its leaders?

Yes []

No []

2) 2. To what extent do you think the company leadership pay attention to your organization's identity?

Not at all []

Little extent []

Moderate extent []

Great extent []

Very great extent []

3. Using the scale shown in the table, indicate your opinion on the following statements concerning the cultural integration process and activities after the merger/acquisition of your organization.

Statement	5	4	3	2	1
Strive to meet the needs of the stakeholders representing other cultures.					
Encouraging collaboration among people from different groups.					
Display sensitivity in managing across cultural boundaries.					
Effectively lead groups made up of very diverse people.					
Learn about business practices of other cultures.					
Manage virtual teams with explicit customer centric and practices.					
Read a range of emotions in others and respond appropriately.					
Help others resolve issues of work-life balance.					
Make a daily effort to inspire the trust of customers and colleagues.					
Minimize the negative human impact of their decisions and actions.					

APPENDIX II: LETTER OF INTRODUCTION



**JOMO KENYATTA UNIVERSITY
OF
AGRICULTURE AND TECHNOLOGY**
P.O. BOX 62000-00200 NAIROBI, KENYA. TELEPHONE: (020) – 221306

Nairobi CBD Campus

Department of Entrepreneurship and Procurement

Date: 5th August, 2014

Ref:JKU/6/EPD/17a

To Whom It May Concern;

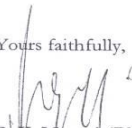
SUBJECT: ELIUD MATE MURIITHI – HD412-0305/2007

This is to introduce to you **Mr. Eliud Mate Muriithi** who is a student pursuing Doctor of Philosophy in Human Resource Management Programme at Jomo Kenyatta University of Agriculture and Technology, Nairobi CBD Campus. The student is currently undertaking a research Project entitled: **Role of Human Resource Management in post-merged cultural integration process among selected commercial banks in Kenya** in partial fulfillment of the requirement for the degree programme.

The purpose of this letter is to request you to give the student the necessary support and assistance to enable him obtain necessary data for the project. Please note that the information given is purely for academic purpose and will be treated with strict confidence.

Thank you

Yours faithfully,


P. K. Ngugi (Ph.D)
ASSOCIATE CHAIRMAN, EPD



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APPENDIX III: TABLE FOR DETERMINING SAMPLE SIZE

Population	Sample	Population	Sample	Population	Sample
10	10	220	140	1200	291
15	14	230	144	1300	297
20	19	240	148	1400	302
25	24	250	152	1500	306
30	28	260	155	1600	310
35	32	270	159	1700	313
40	36	280	162	1800	317
45	40	290	165	1900	320
50	44	300	169	2000	322
55	48	320	175	2200	327
60	52	340	181	2400	331
65	56	360	186	2600	335
70	59	380	191	2800	338
75	63	400	196	3000	341
80	66	420	201	3500	346
85	70	440	205	4000	351
90	73	460	210	4500	354
95	76	480	214	5000	357
100	80	500	217	6000	361
110	86	550	226	7000	364
120	92	600	234	8000	367
130	97	650	242	9000	368
140	103	700	248	10 000	370
150	108	750	254	15 000	375
160	113	800	260	20 000	377
170	118	850	265	30 000	379
180	123	900	269	40 000	380
190	127	950	274	50 000	381
200	132	1000	278	75 000	382
210	136	1100	285	1 000 000	384

SOURCE: Krejcie and Morgan (1970)