



**AN INVESTIGATION OF THE IMPACT OF BUSINESS MERGING ON  
ORGANISATIONAL PERFORMANCE-A CASE STUDY OF THE  
ENVIRONMENTAL MANAGEMENT AGENCY**

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## **Dedication**

To Natalia Tapiwanashe my love

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I thank my Lord for the grace, peace and favour which is upon my life. I have seen the hand of God live.

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## **Abstract**

The purpose of the study was to investigate the impact of business merging on organisational performance after government units which had been in different government ministries formed the Environmental Management Agency (EMA).

The research systematically collected qualitative data from participants to assess the impact of the business merging on organizational performance. The participants included policy makers, university professors, key EMA customers, environmental pressure groups, EMA management as well as staff. The participants were interviewed using an interview guide which had broad questions covering the various indicators on organisational performance. The researcher also relied on materials of both primary and secondary nature which included the Environmental Management Act, Annual Reports and media articles for information. The data that was collected was then subjected to content analysis and coded. The codes were then placed into categories from which themes were derived through pattern matching.

All the participants had been aware of the background which led to the formation of EMA. As the umbrella body responsible for protecting the environment, most of the participants pointed out that EMA had been able to partly execute its objectives in terms of preventing land degradation and land, water and air pollution. In some instances policy implementation by EMA had been affected by certain environmental factors which were beyond the institution's controls such as the current macroeconomic challenges.

The findings show that one of the impacts of the business merging of government units had been the increase in environmental awareness in Zimbabwe. Industries and mining companies were noted to be cautious in their operations being mindful of the presence of EMA. The participants recommended EMA to adopt available technologies in order to enhance communication and collaboration with stakeholders at all times. Further the participants recommended the restructuring of the EMA organogram in order to embrace challenges faced and improve the organisational performance of the merger.

## List of Abbreviations

<b>ACT</b>	Environmental Management Act Chapter 20:27 of 2002
<b>BOARD</b>	Environmental Management Board
<b>DG</b>	Director General
<b>DNR</b>	Department of Natural Resources
<b>EIA</b>	Environmental Impact Assessment
<b>EMA</b>	Environmental Management Agency
<b>HSCU</b>	Hazardous Substances Control Unit
<b>MBA</b>	Masters in Business Administration
<b>MENRM</b>	Ministry of Environment and Natural Resources Management
<b>MEWC</b>	Ministry of Environment, Water & Climate,
<b>MHCW</b>	Ministry of Health and Child Welfare
<b>MMCZ</b>	Minerals Marketing Corporations of Zimbabwe
<b>MMMD</b>	Ministry of Mines and Mining Development
<b>PWMA</b>	Parks and Wildlife Management Authority
<b>NEC</b>	National Environmental Council
<b>NEMA</b>	National Environmental Management Agency
<b>ZELA</b>	Zimbabwe Environmental Law Association
<b>ZMDC</b>	Zimbabwe Minerals Development Corporate
<b>ZINWA</b>	Zimbabwe National Water Authority
<b>ZRP</b>	Zimbabwe Republic Police

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## **CHAPTER 1: INTRODUCTION**

### **1.0 Introduction**

The business merging of Government departments can be complex, challenging and difficult to handle in view of the strategy, structure, systems, ethics, skills, staff, style of management, the economic and political environment that are required to achieve the objectives of the new organisation.

This study established the reasons for the business merging of Government departmental units to form the Environmental Management Agency (EMA) and the form of the merger. The study investigated the performance of the business merger by assessing the key dimensions that lead to effective organisational performance of the business merger and made practical policy and managerial recommendations to further improve the business performance of the business merger.

### **1.1 Background to the Business Merger**

Before EMA, environmental management mainly focussed on natural resources management which was being executed by the Department of Natural Resources (DNR). As the environment concerns became topical globally, Zimbabwe responded by broadening the focus to environmental protection and management which included both the green (natural resources) and brown issues (pollution).

Government harmonised and consolidated the environmental legislation under one umbrella through the enactment of Environmental Management Act Chapter 20: 27 of 2002. The Environmental Management Act Chapter 20: 27 of 2002 in the process repealed the Hazardous Substances and Articles Act [Chapter 15:05], the Natural Resources Act [Chapter 20:13], the Noxious Weeds Act [Chapter 19:07] and the Atmospheric Pollution Prevention Act [Chapter 20:03].

When the Environmental Management Act Chapter 20: 27 of 2002 (Act) was enacted by the President and Parliament of Zimbabwe, the four government units which had been in three different government ministries were merged to form EMA. The government departmental units were the Water Pollution Control unit which had been under the Zimbabwe National Water Authority (ZINWA) in the Ministry of Water,

the Air Pollution and Hazardous Substances Control units which were both in the Ministry of Health and Child Welfare (MHCW) and the Department of Natural Resources (DNR) under the Ministry of Environment and Natural Resources Management (MENRM).

The physical assets from the four government units were all to be transferred to EMA. EMA had an obligation to employ most of the staff from the merging entities. An exercise to assess the eligibility of staff in the various entities into EMA was done. Those who did not qualify to be employed under EMA were referred back to the Public Service Commission for redeployed. Most of the staff members that were employed by EMA at all levels had been with DNR before the business merger.

EMA came into existence on the 1st of February of 2005 when the Environment Management Board (Board) was appointed by the Minister in terms of the Act. The Board appointed the Director General (DG) who in turn recruited the rest of the EMA employees. Operations commenced in 2007 after some of the staff members had been recruited.

EMA is currently a parastatal under the Ministry of Environment, Water and Climate (MEWC). As a parastatal, most of EMA policies adhere to the policy framework provided for by the government.

## **1.2 The Legal Framework**

Environmental management is governed by the Environmental policy which was formulated in June 2009. EMA derives the environmental protection mandate from the Environmental Management Act Chapter 20:27 Of 2002 which “provides for the sustainable management of natural resources and protection of the environment; the prevention of pollution and environmental degradation; the preparation of a National Environmental Plan and other plans for the management and protection of the environment; the establishment of an EMA and an Environment Fund”

The Act is administered by the Minister responsible for Environment who is advised by the National Environmental Council (NEC) on policy formulation and direction. On the other hand the operations of the EMA Board are controlled and managed by the Board. The Act further provides for the establishment of the Standards Enforcement

Committee (SEC) which sets standards for emissions. The SEC is composed of Permanent Secretaries from the different government ministries.

Subject to this Act the Minister has gazetted some regulations which are critical in the implementation the Act. Amongst other duties the Minister is the coordinator and promoter of public awareness and environmental education. Further the Minister can impose penalties in terms of this Act on any persons who pollute and cause environmental degradation. The Minister can apply the polluter pays principle topersons or institutions that would have harmed the environment.EMA is a corporate body capable of suing and being sued in its own name and, subject to the Act perform all acts that corporate bodies may by law perform.

### **1.3 The Problem Statement**

When the government realised that environmental protection had been weak in the country, the government merged four major units that had been in three different ministries in order to strengthen environmental protection of the country. The business merger commenced operations in the year 2007.

However the country is currently experiencing major challenges of uncontrolled veldt fires, deforestation and utilisation of wetlands, unsustainable sand and clay abstraction, land degradation, siltation of rivers, water pollution, air pollution, climate change, poor solid waste management practises as well as exposure to dangerous chemicals. Ecosystems are at risk from the land degradation and pollution. Non-renewable resources such as freshwater sources and wetlands are drying up thereby putting food security increasingly at risk, with women and children being the worst affected.

In view of these continued environmental challenges that are facing the country, the purpose of this study is to assess how merging of businesses units had affected performance in terms of environment management and protection.

### **1.4Scope of the Study**

The study was limited to policy makers, the EMA Board, university professors knowledgeable about EMA, key EMA clients and EMA management as well as staff. All the key participantswere interviewed from an interview guideline which had broad

and some follow up questions. In some cases, the interviews were taped for transcription purposes only.

### **1.5 Research Objectives**

The purpose of the research was to investigate the impact of business merging four government departmental units to form EMA in terms of organisational performance.

The specific research objectives were:

1. To assess the form of merger that was adopted in the formation of EMA.
2. To establish the reasons of the business merger
3. To assess what has been brought in by the merger in terms of organisational performance
4. To assess the key dimensions that lead to effective organisational performance of the business merger.
5. To make key policy and managerial recommendations.

### **1.6 Research Questions**

1. What are the forms of business mergers and which form was adopted during the formation of EMA?
2. What were the reasons for the business merger when EMA was formed?
3. What has been the impact of the business merger on organisational performance?

### **1.7 Justification of the Study**

Before EMA, environmental legislation and management had been fragmented and scattered among various ministries. This fragmented approach was believed to result in serious environmental degradation and pollution with no particular one Ministry taking responsibility. In order to overcome this problem, Government through the Act, formed EMA which consolidated the various units and pieces of legislation which had been scattered in various ministries. The reason of the business merging the government units to form EMA was to improve environmental protection in Zimbabwe.

Although EMA was formed, the country is experiencing major environmental challenges of uncontrolled veldt fires every year, massive deforestation, increased utilisation of wetlands, unsustainable sand and clay abstraction, increased land

degradation, accelerated siltation of rivers, high levels of water and air pollution, exposure to dangerous chemicals and inadequate solid waste management amongst others.

In view of the current pollution and environmental degradation occurring in the country, the study investigated the impact of business merging on organisational performance of EMA in order to assess how effectively the environment is protected bearing in mind that EMA is now the only regulatory body responsible for ensuring that the environment is safe, clean and healthy.

The study will also contribute to the knowledge base of business mergers involving government institutions since such earlier studies are few.

### **1.8 Assumptions of the study**

The study assumed that the key participants to this study submit accurate information, well thought out and honest opinions. The study further assumes that analysis of the data was done objectively.

### **1.9 Structure of the dissertation**

In terms of structure the study report has five chapters. Chapter one presents the background information to the study, chapter 2 reviews literature on mergers, whilst chapter 3 outlines the methodology that was used and the justification of the methods techniques that were chosen. Chapter 4 presents the findings of the research and an objective analysis of the findings. The final chapter explores areas of further research that can be undertaken after giving a conclusion and recommendations to the study.

### **1.10 Conclusion**

This chapter has presented the background information on the formation of EMA from the business merging of four different government departments which had been in different government ministries. The specific problem under study has been stated, objectives clearly spelt out and the format of the study report given.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.0 Introduction**

According to Fraenkel and Wallen (1990), the main reason of literature review is that it shares with the reader the studies that are closely related to the study being reported. Marshall and Rossman (1990), further state that literature review relates a study to the larger, ongoing dialogue in the literature about a topic, filling in gaps and extending prior studies. Gall, Borg, and Gall (1996) argue that the literature plays a critical role in delimiting the research problem. Literature reviews seeks new lines of inquiry and avoid fruitless approaches to research. It also enables the researcher to identify recommendations for further research and support for grounded theory. From a recent perspective, Boote and Beille (2005) state that literature review is knowledge about the subject under study, its theories and key variables.

### **2.1 Definitions**

David, Berger and Akhaven (1997) define a merger as two organisations that unite resources to form one big enterprise. The formed enterprise or organisation will restructure the assets and resources for the companies involved in the combination. Generally, most mergers are friendly that is they are recommended by shareholders and directors of both companies.

In addition, Hax and Majluf (1996) state that mergers are as a result of the long-term objectives of the combining organisations. That is companies can merge to maximize their profitability, enhance their supply base if it's in the manufacturing sector or boost their human resources expertise.

Reed and Lajoux (1999:4) believe that the word merger has a strictly legal meaning and has nothing to do with how combined companies are to be operated in the future. They state that a merger occurs when an organisation is combined with and disappears into another.

A merger is the creation of a new business by combining the assets of two or more businesses. Mergers occur between private and public companies, and between small and large businesses, although mergers of equals are common. Survival may be the key motivating factor for a small business, while a large business may merge with a competitor to diversify its operations. Successful mergers require smooth integration of processes, people and cultures. The merger in this case refers to the

joining of ZINWA's Water Pollution Control Unit, Ministry of Health and Child Welfare's Hazardous Substances Control and Air Pollution Control Units and the Ministry of Environment and Natural Resources' Department of Natural Resources into one Environmental Management Agency.

According to Steering Committee for the Review of Government Service Provision (SCRGSP) (2006) effectiveness is the extent to which stated objectives are met. Effectiveness can also be the degree to which objectives are achieved and targeted problems resolved. Effectiveness is linked to an organisations' ability to design a unique model of embracing business opportunities through exchange relationships. It relates to the company's own recipe to generate a sustainable growth in its surrounding business network.

In the case of EMA, effectiveness is the ability of the government institution to protect the environment from land degradation and water, atmospheric and land pollution.

Organisational performance comprises the actual output or results of an organisations measured against its intended outputs, goals and objectives. Richard et al. (2009) states that organizational performance encompasses three specific areas of firm outcomes which are financial performance (profits, return on assets and return on investment), total shareholder return and product market performance. In the case of EMA, organisational performance can be measured from information in the 2010 and 2011 annual reports. In these annual reports, the Board chairman statements summed up the performance of the organisation in each year. In the 2011 report for example, the chairman of EMA stated that "Compared to the past year, there is a great decrease in veldt fires by a 38% margin".

Organisations are living organisms in a continual process of adapting to their environment and satisfying their needs (Morgan, 1997). The people who are members of the organisation are engaged in the same processes; the organisation and its people depend upon each other in a symbiotic relationship; as such, they comprise an open system. Bruhn (2001:54) stated that "because these elements are interdependent, changes in the nature of one component may lead to changes in the nature of the other component". In this regard if there are any shortcomings in the people area in terms of skill, knowledge and attitudes the organisation may fail.



## **2.2 Theories of Mergers**

### **The Value-Increasing Theories**

The value increasing theory state that mergers occur because they generate synergies between the acquirer and the target, and synergies, in turn increase the value of the firm as postulated by Hitt, Harrison, and Ireland (2001). Hitt, Harrison, and Ireland (2001) further state that the first value-increasing theory is the theory of efficiency which state that mergers will only occur when they are expected to generate enough realizable synergies to make the deal beneficial to both parties. If the gain in value was not positive, it is suggested that the organisational management do not go ahead with the merger. Banerjee and Eckard (1998), concur by stating that the efficiency theory predicts value creation with positive return to both merging organisations.

Another school of thought under value-increasing theories is the theory of corporate control. This theory according to Weston, Mitchell and Mulherin (2004), advocate for management of a better performing firm to acquire an underperforming one. The managers of the underperforming organisation are removed in order to create synergies and improve the performance of the organisation. The theory promotes managers who offer the highest value to shareholders. It state that managers are only retained in the organisation when they are performing to the expected level. When the manager's performances become lower than expected, the shareholders will replace them with more competent ones. Manne (1965) highlights in this theory the fact that inefficient managers do not survive in a merger because high performance is key to its success.

In view of the corporate control theory, the Government of Zimbabwe realized that legislation governing environmental protection was scattered in various pieces of legislation and the four government units which had been implementing the environmental legislation were in three different government ministries which were Ministry of Water, Ministry of Health and Child Welfare and Ministry of Environment and Natural Resources Management. In order to increase and improve organisational performance in terms of environmental protection, one major government unit, EMA was formed from merging the former four government units.

## **The Value-Destroying Theories**

In contrary to the value-increasing theories, mergers are likely to be influenced also by value-destroying theories. Puranam and Singh (1999), suggest that mergers fail to create value with an estimation of 60% to 80% being classified as failures. The value-destroying theories suggest that the bidder's management is rational and thus likely to make mistakes and incur losses due to informal constraints despite the initial intention of value-increasing. In other cases, managers are said to be self-serving and may fail to incorporate the two units which will negatively affect the performance of the merged organisations. In simple terms, the value-destroying theories state that the success or failure of a merger depends on the efficiency of organisational managers.

According to Roll (1986), the theory of managerial hubris is one of the value-destroying schools. It states that manager's over-confident in making certain merger decisions can make them to over-estimate their abilities to create synergies. These synergies are done with the intention of increasing the business value or performance but they will not be the appropriate decisions for the merger. Malmendier and Tate (2008) say over-confidence in a merger increases the probability of overpaying and may leave the winning bidder in the situation of a winner's curse (winners curse is a phenomenon that occurs in common value auctions with incomplete information), which dramatically increases the chances of failure. Goergen and Renneboog (2004) state that about a third of mergers or takeovers in Europe during the 1990's error failed because of the managerial hubris theory.

Another value-destroying theory is that of managerial entrenchment by Shleifer and Vishny (1989). It claims that unsuccessful mergers occur because managers primarily make investments that minimize risk of replacement. It state that managers pursue mergers or projects not in an effort to maximize enterprise value, but in an effort to entrench themselves by increasing their individual value to the firm. Entrenching managers will, accordingly, make manager-specific investments that make it more costly for shareholders to replace them. Value is reduced because free resources are invested in manager-specific assets rather than in shareholder value-maximizing alternative.

In light of the above theory, one might question the merging process as follows; was the decision to merge the four government units including the staff and managers the best? Would it not have been better to form EMA first as a new unit and then recruit managers solely based on skills, knowledge and abilities?

The merger theories described above have evolved as a result of large-scale public deals and little has been mentioned on the impact and role of government parastatals. Since government parastatals are management by the government for the interest of the nation, the value-destroying theories can only apply to a limited extent.

### **2.3 Empirical Review of the Theories of Mergers**

#### **Corporate Control Theory**

This theory is under the Value-Increasing Theories. According to Weitzel and McCarthy (2009), the empirical evidence on the theory of corporate control is partially based on efficiency theory, although there are two important differences. First, it does not assume the existence of synergies between the corporate assets of both firms, but rather between the bidder's managerial capabilities and the target's assets. Hence, corporate control predicts managerial efficiencies from the re-allocation of under-utilized assets. Second, it implies that the target's management team is likely to resist takeover attempts, as the team itself and its managerial inefficiency is the main obstacle to an improved utilization of assets. Typical bidders are either private investors – or 'corporate raiders' – who bring in more competent management teams, or more efficient firms with better growth prospects and superior performance.

Empirical research on mergers revealed a great deal about their trends and characteristics over the last century. For example, a profusion of event studies has demonstrated that mergers seem to create shareholder value, with most of the gains accruing to the target company (Andrade *et al.*, 2001). In addition a research conducted by Ostergard (2009), reveals that empirical evidence on the average business merger transactions creates value for the target company's shareholders, but destroy value for shareholders of the acquiring company, and break- even when evaluating the combined company after the merger.

## **2.4 Forms of Mergers**

Many forms of business mergers redefine the business work with new strategic alliances and improved corporate philosophies. They change the business operations in line with the intended vision and objectives of the merger. There are three major forms of mergers which are Horizontal, Vertical and Conglomerate.

### **Horizontal Mergers**

According to Aloa (2010), this form of business merger exists between two companies who compete in the same industry segment. The two companies combine their operations and gain strength in terms of improved performance, increased capital, and enhanced profits. This substantially, reduces the number of competitors in the segment and gives a higher edge over competition.

Pilsbury and Meaney (2009), state that this form of merger takes place when rivals in the same market merge. The intention is not to harm competition, but to reduce the number of rivals in the market segment. This merger involves the integration of the firm's facilities and the possibility of reducing costs which may offset the increased concentration in the market to some extent. An example of this form of merger is given by Kububa, (2004) when Rothmans of Pall Mall merged with British American Tobacco in Zimbabwe in 1999. The case was evaluated as a horizontal merger as defined in section 2 of the Competition Act of 1996. The examination of the proposed merger was based on information supplied by the merging parties, major stakeholders (customers, input suppliers and other tobacco manufacturers) and relevant business associations in the tobacco industry. A cigarette consumption survey was also conducted in both urban and rural areas of Zimbabwe and this was an important source of information on product substitutability, brand loyalty, consumption patterns and smoking habits in the country. The survey assisted the Commission in identifying the relevant product market under investigation as manufactured cigarettes (the merging parties had submitted that the relevant product market included all types of tobaccos including snuff and untreated tobacco leaf smoked as roll-your-own cigarettes).

The Commission noted that although the merger would result in a creation of a monopoly situation in the relevant market (that is the manufactured cigarette market), it had other public interest benefits provided for in the Competition Act of

1996, such as the creation of greater economies of scale resulting in more efficient use of resources, the generation of foreign currency through exports, and the stabilisation of product prices on the local market. The failing firm defense put forward by the merging parties was also considered a strong point in support of the merger.

In addition, Pilsbury and Meaney (2009), explain that the most important threat to competition from horizontal mergers between existing firms in a market is that, by reducing the number of competitors in the market, the merger may result in giving the merged party market power. Competition problems may also be created if the merger is with a firm currently not operating in that market, as it eliminates a potential entrant into the market.

On the other hand, the major concern in horizontal mergers is the reduction of the number of competitors because of the general thought that higher concentration implies higher market power. However, it has been acknowledged that, in differentiated products markets, tough competition may rule the market even when only two firms compete.

### **Vertical Mergers**

Gaughan (2007), state that this is a form of merger in which one company operates at more than one level of the distribution channel. The distribution channel begins with the manufacturer that makes a product. The manufacturer sells the product to a wholesaler. The wholesaler sells to retailers, who ultimately sell to end customers. In this form of merger two or more companies in the same industry, but different fields combine together in business.

According Pilsbury and Meaney (2009), vertical mergers describe a situation where firms operating at different levels in the supply chain merge. These are mergers between two firms with potential or actual buyer–seller relationships. They produce the actual organisation form where the business will be benefiting more. This form of merger reduces search costs, transaction costs and contract negotiation costs. For example in the rail freight industry this could include mergers between a freight-forwarding company and a company providing maintenance services to rail companies. In considering the vertical effects of a merger, it is therefore important to

ascertain the degree of concentration at all levels of the supply chain. If none of the merging parties had significant market power, the merger would be unlikely to lead to a significant lessening of competition.

Another issue raised in competitive assessments is to what extent the merged parties have the incentive and ability to foreclose third parties from entering the market. A vertically integrated firm may, for example, raise its rivals' costs by supplying the inputs at higher prices to its competitors than to its own downstream units.

The following vertical effects are particularly relevant to mergers between rail freight companies:

- Customer foreclosure: upstream suppliers are denied access to selling to downstream divisions of an integrated firm. This could prevent suppliers from having a sufficiently large customer base, which may be necessary to cover their fixed costs. As a consequence, more firms may decide to exit or not enter the market
- Input foreclosure: the upstream part of an integrated company either excludes companies from purchasing their input, or raises the costs of doing so. An integrated firm may also raise the costs of its downstream rivals by lowering the level of service quality supplied by the upstream company. Denying access to essential facilities is a particular form of input foreclosure.

### **Vertical Integration**

This type of integration is characterized by forward and backward integration along the supply chain. In its simplest form, it is the process of manufacturers merging with retailers or suppliers. This type of integration is an attempt to reduce risks related to supplies. Mergers and acquisitions are often used to achieve vertical integration. This integration merges manufacturers with suppliers or retailers. Vertical integration can both run backwards and forwards. Integration which runs towards the customer base is known as forward integration whereas the integration which runs towards the supplier base is known as backward integration.

Some advantages of vertical integration are briefly discussed below:

Combined processes: as the production processes of most organizations carry fixed price overheads, there is, theoretically, prospect of increased support function efficiency.

Quality management: as fully integrated production system provides better opportunities for a through quality management system which covers every aspect of production.

Reduced negotiation: the need for complex and competitive negotiations decreases due to the fact that suppliers are acquired.

Improved risk management: one of the benefits of this type of integration is that the risk associated with suppliers is reduced to quite some extent. In many ways, the acquirer gets the control of supply products and raw materials.

An example of a vertical merger is the one cited by Mutemererwa and Ericsson (2000) in the case study of Ferrochromium in South Africa. They state that by vertically integrating backwards a firm can secure for itself an uninterrupted supply of key input(s). Hence a ferrochromium-smelting business would acquire chrome ore mines in order to secure supplies, especially in an uncertain environment.

In addition, Mutemererwa and Ericsson (2000) state that businesses can vertically merge for strategic reasons, especially in imperfect markets where there is a divergence between the market price of the intermediate good (chrome ore) and its marginal cost. The motivation would be the elimination of this difference after integration, to the advantage of the new organization. This can also lead to a firm gaining market power (and market share) through its reduced costs of production.

### **Conglomerate Mergers**

Okonkwo (2004), state that this form of merger is when two or more companies belonging to different industrial sectors combine their operations. The merged companies in this form of merger are little or no way related to their kind of business and product line, though operations may overlap that of each other. In general this form of merger is just a unification of business from different verticals under one flagship enterprise or business. A merger may be of a conglomerate nature when

the involved firms are not operating in the same market and are not in a buyer–seller relationship. Such mergers are neither horizontal nor vertical.

The conglomerate mergers may be in the form of product extension, market or geographical extension or pure conglomerate as is explained below:

- Product extension which occurs when firms selling non-competitive products merge in order to use related marketing channels or production processes.
- Market or geographical extension which occurs when two firms selling the same products but in two different markets or locations merge.
- Pure conglomerate takes place when two firms without obvious relationships of any kind merge.

The main objective of merging businesses into conglomerates is to harm and inhibit competition. The most obvious way for conglomerate mergers to harm competition is to remove potential competition through agreements. Reciprocal dealing and predatory pricing are prominent examples of such agreements which could lead to a significant lessening of competition.

Reciprocal dealing refers to a practice where a firm buys from a supplier only when the supplier buys from that firm.

Predatory pricing would enable a firm to drive out rivals by pricing below marginal costs in a relevant market. A merged firm may have better financial resources to finance such a strategy in the short and medium run. This tactic is not confined to conglomerate mergers.

According to Kububa (2004) an example of a conglomerate merger was the merging of Dairibord and Lyons Zimbabwe in 2001. In April 2001 Dairibord Zimbabwe Limited applied to the Competition Commission for the Commission's authorisation of its acquisition of the business and assets of Lyons Zimbabwe (Pvt) Limited, including the trademarks and other intellectual property rights used in that enterprise. The failing firm argument was put forward as the major reason for the merger since Lyons Zimbabwe had been losing money over the years. The other reasons given for the merger were increased efficiencies resulting from the merged company sharing costs by combining and consolidating their production and manufacturing



bases and the strategic positioning of the merged enterprise as a stronger competitor in regional and international markets.

This form of merger was examined as a conglomerate merger. The examination was largely based on the information contained in the relevant merger notification form and supplied by other stakeholders such as the merging parties' competitors and input suppliers. The Commission identified ice cream and non-alcoholic beverages as the relevant product markets since it is in these areas that the products of the merging companies overlapped. It was found that the merger would not create a monopoly situation in the relevant markets because of the existence of other players in those markets. For example, the merged company's share of the hand-held ice cream market was found to be less than 65%. While it was found that the merger would create a dominant player in the ice cream market in the form of Dairibord/Lyons Maid, the Commission was of the opinion that dominance per se is not anti-competitive but its abuse, and that neither Dairibord nor Lyons Zimbabwe had a recent history of having abused its dominant position in that market. The Commission also accepted the efficiency reasons given for the merger and found other public interest benefits arising from the merger in the form of employment creation, foreign currency generation and localisation of the control of Lyons Zimbabwe (Pvt) Limited, which will continue operating as a separate company after the merger. The Commission therefore unconditionally authorised the merger.

An interesting thing to note on the conglomerate merger between Dairibord and Lyons Maid is that in its analyses, The Competition Commission first saw the merger as a horizontal one, but after careful considerations, it was classified as conglomerate.

## **2.5 Reasons for Mergers**

According to Gregoriou and Renneboog (2007), organisations merge for different reasons. The most common reasons for mergers are fulfilling strategic motives and increasing efficiency gains. Organisations also merge to preserve and leverage key relationships, create an operating structure and policies that unlock value, achieve synergies and retain high performing employees. Mergers normally retain high competent and competitive managers with the ability to drive excellent performance.

Furthermore, Grinblatt and Titman (2006), state that mergers create operating synergies. The operating synergies include among others economies of scale,

economies of vertical integration, and the combining of complimentary resources. Through economies of scale, management has the opportunity to spread fixed costs across a larger volume of outputs. The cost reduction comes from consolidation of operations as well as elimination of redundant costs. Economies of scale are often the main reason why organisations engage in strategic mergers.

In addition, economies of scale have sometimes been the reason for engaging in conglomerate mergers. In conglomerate mergers economies of scale is gained through the sharing of central services, such as human resources, accounting, financial control, and top-level management as stated by Brealey, Myers and Marcus(2007). Through economies of vertical integration, management has the possibility of gaining control and coordination over the production process. This eliminates various coordination and bargaining problems between customer and supplier.

Brealey, Myers and Marcus (2007), state that the economies of vertical integration are gained through backward or forward expansion. In recent years vertical integration has not created economies of vertical integration, which is why many companies are now outsourcing instead. The combining of complementary resources requires that each company is in possession of a resource the other company needs.

Ernest and Young Postmaster (2009) state that organisation merge to maintain, preserve and leverage key relationships. Key relationships between suppliers and clients are maintained for the success of the merger.

During mergers high-performing employees are retained for the success of the newly formed organisation. The organisation will retain those employees from each of the combining organisations who manage relationships, generate admissions, serve as important technical resources, or have indispensable expertise in operations or business processes.

## **2.6 Key dimensions that lead to effective performance of a merger**

### **Organisational Culture**

Robbins (2005:485) defines organisational culture as a system of shared meaning held by members that distinguishes the organisation from other organisations.

According to Rodney-Mogorosi (2002) mergers are regarded as a very complex phenomenon known to have high failure rates, and cultural clashes between the merging companies. Since culture is a complex phenomenon in mergers, Harman and Meek (2003) state that expert leadership is needed to integrate the culture of the merger. A new culture needs to be born for the success of the newly formed organisation. In this case, a new EMA culture needed to be born that was totally different from DNR, ZINWA and Ministry of Water, Ministry of Health and Child Welfare.

In addition Harman and Meek (2003) state that most merged organisations collide and result in disintegrative forces. It was important that managers and employees were oriented, trained, coached and mentored on the new norms and values that apply in EMA. The norm of “this is how we used to do things” either from ZINWA, DNR or MHCW needed to be eradicated from every manager or employee. A proper change management process must have taken place for the acceptance of this new EMA culture.

Furthermore, Robbins (2005) state if there are wide cultural differences between the partners of a merger, the merger will not likely succeed. The merger may not succeed because the workforce of the partners in the merger will be working in an antagonistic fashion and not a unified unit. Each team will be saying their mode of operation is better than the other. Actually there is likely to be completion between the workforces of the partners to the merger. There is need to do a pre-merger negotiations and post-merger integration in which one culture operates within the business.

Culture due-diligence exercises need to be carried out by the partners to the merger. In this exercise, the corporate culture of the merger is formed by looking at organisational objectives, people behaviours and interest. In addition, cooperation and teamwork are looked at in coming up with the new organisational culture. The new culture defines the working relationships of staff within the merger. Staff will need to own and share the culture for the success of the merger.

It is advised that the more powerful organisation in the merger do a culture needs analysis in which the best culture for the newly formed organisation will be

promoted. Any organisation in the merger should not impose their culture as this may be detrimental to the success of the merger.

Rodney-Mogorosi (2002) state that culture is so important, it influences the performance of an organisation. It determines the way the organisation tackles problems and questions, peoples' attitude to changes, the way people interact with each other, the way the organisation interact with stakeholders and peoples' commitment to strategy. A perfect integration would be to develop a new culture for the merger from both former cultures of the partners. Ideally, this new culture should include the best elements from both organisations.

In addition, management can do a culture analysis identifying and overcoming the cultural differences between partners in mergers. A detailed analysis showing differences and common grounds between the people of both organisations should be done. Culture analysis allows for improvements in interaction and communication. During the analysis partners to the merger can compare each other's perception on various features of the corporate culture. The difference in perception of particular characteristics of culture indicates potential conflicts.

Cameron and Quinn, (2006), state that the change process should be personalized by individuals in order for them to embrace the new culture. Individuals and managers should be willing to engage in new behaviour for the benefit of the merger.

### **Organisational Structure**

According to Pugh (1990), organizational structure consists of activities such as task allocation, coordination and supervision that are geared toward organizational goals. Organisational structure in some aspects can be behaviour that is influenced by pre-existing programs and controls in an organization. Furthermore, Stroh, Northcraft, and Neale (2002) state that organizational structure represents the relationships among different roles played by units within an organization. In the case of EMA, is the organisational structure the most appropriate one? In terms of environmental responsiveness for example does the structure promote the organisational value of timeous response? Is the current structure bureaucratic and inhibiting the organisational performance?

There is a couple of notable claims about dimensions of organisational structure and how they influence performance. Damanpour (1991) offered a list of structural characteristics including specialization, functional differentiation, professionalism, formalization, centralization, managerial attitude toward change, managerial tenure, technological knowledge, resources, administrative intensity, external communication, internal communication, and vertical differentiation, in their probe into organizational determinants. Similarly, Daft (2003) provided a list that includes formalization, specialization and standardization, hierarchy of authority, complexity, centralization, professionalism, and personnel ratios.

Among these varied dimensions of organizational structure, some dimensions are frequently discussed or described in more detail: formalization, centralization, hierarchy, and specialization. Formalization describes the extent to which rules, procedures, instructions, and communications are written down. The organization theory literature primarily identifies two levels of formalization: high and low. A high level of formalization is related to a mechanistic structure, whereas a low level of formalization is related to an organic structure as stated by Nahm Vonderembse, & Koufteros(2003).

Daft (2003) and Germain (1996) state that centralization emphasizes the locus of decision making. It determines the authority which makes legitimate decisions that affect the organization. The process of decision making which is characterized by a top-down mechanism results in a mechanistic organisation whilst a wide discussion based on networking gives an organic structure of an organization. Hierarchy represents a system in which people are organized into different levels of importance from highest to lowest. Researchers generally depend on the numbers of layers within the organization to indicate the levels of management. Burns and Stalker (1961) stated that organic organizations have few layers in their hierarchy. In the case of EMA it is important to establish if decision making is centralized or decentralized since the level at which decisions are made has an influence on organisational performance and effectiveness

Specialization is the extent of complexity an organization has educated, professionalized employees who fill specialist roles. One of the foundations of mechanistic/organic structure system is whether a whole task can be broken down

or not. Burns and Stalker believed mechanistic structure is of highly divided tasks, whereas organic structure has integrated roles.

In earlier studies, researchers attempted to figure out what structures are utilized by various organisations, whether these structures are appropriate or not, and what factors determine these structures. Examples of such studies include by Burns & Stalker (1966) and Lawrence & Lorsch (1967)). Recent studies tend to view organisational structure as a potential source of organizational competitiveness. For example, Hannan, Rankin and Towry (2010) explored the influence of organisational structure on the effectiveness of participatory budgeting. Toh (2008) related organisational structure to innovation and claimed that a stable structure-scope matching helps explain why some firms have difficulties in adjusting their organisational structure to adapt to new environments or strategies. Goswami and Goswami (2010) examined the relationship between organisational structure and marketing mix.

Since organizational structure has a great impact on organizational behaviors, activities and outcomes, the design of organizational structure frequently determines whether an organization is adaptive to its internal and external environments, thereby influencing its competitiveness. Bhat (2009) state that mergers help organisations to grow in a better way and yet they have an impact on the employees working conditions and styles of management. The style of management or organisation structure is likely to determine the success or failure of the merger. This is because one group of employees may feel a different management style from that being used by the merged organisation; in this case, EMA's management style might or might not be as effective to the one that some employees were used to before the merger.

### **Organisational Strategy**

According to Charlesmore Partners International (2008), organizational strategy is a clear definition of what and how the organisation needs to achieve its overall objective over a set period of time. Coming up with an organisation strategy requires deep thinking, analysis and evaluation in order to identify a gap that can be improved to secure good organisational performance.

The Charlesmore Partners International (2008) state that the key strategic considerations illustrated in figure 3 that influence organisational performance in relation to organisational strategy include:

◆The extended structure of the enterprise that is what re-configurations, reach extensions and strategic relationships will be necessary to deliver the espoused strategy. Which structure is the most appropriate to support the organisational strategy of EMA? Is that proposed structure talking into and with the strategy?

◆The new skills and capabilities that will be required that is how this will affect workforce composition and talent acquisition and development needs; which process and operational capability improvements will be necessary. In order for EMA to achieve the set vision the question to ask is what skills, capabilities and competences are needed for the vision to be realized?

◆The talent management practices necessary to create a high performance workforce and what adjustments will be needed to create a climate that stimulates and engages the total organization for peak performance. Are there performance systems within EMA that continuously promote peak performance of employees? If peak performance is realized, overall organisational performance can be rated effective.

◆The operating culture of the organisation and how it might need to change to fit the value proposition and operating style required. Organisational culture should be talking into the strategy of the organisational strategy.



**Figure 2.1 Organisational Strategy and Key Considerations(Copyright C 2008. Charlemore Partners International)**

In addition, Spanos & Lioukas (2001) indicate differences between Porter's competitive strategy framework and the resources based theory in relation to the overall organisational strategy. A firm is viewed by Porter as a bundle of activities and by the resource-based scholars as a bundle of unique resources. Porter's competitive strategy framework gives priority to the analysis of the environment performance relationship and no emphasis on the impact of idiosyncratic firm attributes on performance. The two main assumptions on Porter's theory are: (i) firms are identical in terms of strategically relevant resources; (ii) any attempt to develop resource heterogeneity has no long term viability, due to the high mobility of strategic resources among firms. Organisational strategy as in the case of EMA is supposed to be continuously fine-tuned for it to remain relevant to the current environment. The strategy is also supposed to incorporate, adopt and align to requirements of international conventions to which the country would have ratified.

### **Strategy formulation quality and implementation capability**

Mankins & Steele (2005) pointed out that businesses realize only 63% of their strategies' potential value, whereas Johnson (2004) indicated that 66% of business strategy was never implemented.

The figures above can explain why companies that develop complex and extensive strategic plans do not reach competitive advantages. Crittenden & Crittenden (2008) advocate that the problem lies on the existence of a gap in the formulation-to-implementation process. The employees' lack of knowledge of the company's strategy contributes to strategy implementation failure, probably resulting in a poor performance. Further, a poor strategy implementation can impoverish the next plan cycle. According to Hahn & Powers (2010), earlier studies about the quality of the strategic plan formulation and firm's performance show that high quality strategic plans have a positive and significantly association with firm's performance.

Larcker (2011) state that business strategy is promoted by models that explains how the corporate strategy translates into shareholder value. It also links specific financial and nonfinancial measures in a logical chain to delineate how the firm's activities create value. The model lays out a concrete plans that can be tested through statistical analysis. It then provides the long-term basis for measuring management performance and awarding compensation.



To some extent organisational strategy is influenced by the strategic fit. Ireland, Hitt and Vaidyanath (2002) define strategic fit as a partnership's potential, that is, the operational and relational matching questions that arise from a merger. As can be understood from the above writers Ireland, Hitt and Vaidyanath (2002) strategic fit can be a basic thing that is a matching, a fit, should be present as a prerequisite for the merger to take place.

According to Norton & Hughes (2009) organisational strategy occurs at different levels in the organisation. Organisational strategy is hierarchical where corporate strategy is made at the top then followed by business and functional strategies. These three organisational strategies are interdependent in that one should be consistent with the strategies of the next level.

### **Corporate Strategy**

Corporate strategy of an organisation, in this case EMA is at the head office. At this level, decision turn to be complex as they are made by the Minister of Environment, Water & Climate, the Board of EMA and the EMA directors. Strategy formed at this level is further broken down into business and functional strategy. The development of corporate policies on such issues as public image, employment practices and information systems is also done at this level.

### **Business Strategy**

This strategy is concerned with how an operating or strategic business unit approaches a particular market. Business units in the case of EMA are the ten provincial offices in Zimbabwe where each provincial office has the autonomy to implement the corporate strategy. With the level of decentralization at EMA, these provincial offices are expected to fully implement the corporate strategy.

### **Functional Strategy**

The functional or operational strategy of the organisation refer to the main business functions such as finance, human resources, monitoring and evaluation, environmental protection department and environmental management services department. These functions help the business units in our case the provincial offices in implementing the corporate strategy of EMA.

## **Strategic Role of Human Resources (HR) in Mergers**

According to Shin (2004), human resources play a critical function in any merger. The important role of HR in the integration of the merged organisations should not be taken lightly and should be handled very carefully and with due planning. At pre-merger stage, due diligence should be taken before the start of the process and HR must carve out its role in this due diligence stage. Cultural compatibility should also be considered before taking any decision regarding integration of the organisations. HR should embed the values by either training or orienting every employee of the importance of the new culture and how it contributes to performance. HR analyzes the cultural similarities and differences between the organisations and look at ways in which it can embed the new organisational culture to every employee to influence its performance. Communication also plays an important role in the integration process. If HR does not do due diligence when deciding the strategy for integration of the merged organisations, the merger might fail to perform as expected.

According to PR Newswire (1999), a study done by KPMG international on mergers showed that 75 percent to 83 percent of the mergers fail (the failure meant here is lower productivity, labour unrest, higher absenteeism and loss of shareholder value). These statistics relate to the value-destroying theories discussed earlier in this chapter. Shin (2004), and Weber, Shenkar and Raveh (1996) stated that human resources (people) could be one of the dimensions which contribute to merger failures. Bjorkman & Soderberg (2003) further state that with the focus towards integration of human capital during merger, human resource play a more strategic role, especially so in the case of extensive organisational changes. In addition, Galpin & Herndon (2000) say that human resources will look at the skills, knowledge and attitude that will influence the overall performance of the merger.

From a human resources perspective, an attitude refers to a person's tendency to consistently respond to various aspects of people, situations, or objects. Attitude was inferred from a person's perspective to adjust to a merger situation. This was analysed by how the employees reacted and what they did, for example, determining EMA employees' job satisfaction after the merger, or attitude towards the organisational performance. In addition, human resources is there to equip management in a merger to accept a diverse workforces which include people with

varying attitudes. Human resources understanding of particular employee attitudes and their impact on specific work situations can prescribe ways of changing either the attitudes or the situation to result in more productive outcomes.

### **Communication**

According to Harrison (2009), overwhelming experiences indicate that people issues are the main reason for merger or takeover failures, and communication is central to people issues. Furthermore, Harrison (2009) mentions that good communication is essential to successful mergers. Communication within organisations merging has to start in the preliminary stages. The organisation budget needs to be spent within the organisation informing employees of the change coming. Regardless of the brilliance of the vision and fit in a merger, the subsequent success of the deal depends mostly on the employees. Employees' day to day actions can either make a merger sink or work. Harrison (2009) suggests that consistent communication to all managers and employees is integral to the success of the merger. Consistent communication will likely remove all rumor mongering and paranoia. Managers and employees will always get positive information that prepares them for the change that is coming because of the merger. How much was invested in internal communication when the merger took place? Looking at the communication that was internally distributed during the formation of EMA, how effective was the communication?

### **2.7 The effects of the merger to performance**

Robbins (2005) define stress as a dynamic condition in which an individual is confronted with an opportunity, constraint or demand related to what he or she desires, and for which the outcome is perceived to be both uncertain and important. This stress affects the performance because most of the times poor decisions are made that are detrimental to the organisation. In some cases, employees are dissatisfied with their work. They do not find joy in coming to work or executing their duties.

The stress level in some of the employees can be high because of lack of skills, knowledge and abilities. This is because of fear of losing their jobs and at the same time being resistant to up skilling themselves. Demers, Forrer, Leibowits and Cahil (1996) state that organisations tend to be very good at planning and orchestrating the technical and structural aspects of change, but poor guiding and supporting at

the human side. Mergers are said to be traumatic to employees, the impact can range from anger to depression, decrease in morale, high turnover and low productivity. The trauma which causes stress results from increased workload which those roped in the merger are expected to cope and be productive.

According to Jansen (2003), emotional stress has a direct impact on work performance and the lives of all employees. Rumors and anxiety create a lot of uncertainty which gives managers and employees no rest. Employees feel helpless and have no control over the decisions that their employer will be making yet it affect their lives.

## **2.8 Literature Synthesis/ Conceptual Framework Government Support**

Schoole (2005) pointed out that governments play a critical role for mergers to be successful. The merger of the four governments units into EMA was enacted by the President and Parliament of Zimbabwe through the Act. The Act gave EMA the mandate. Newspaper articles stating that “government gets tough on water polluters” of Sunday Mail 10.05.2014, is an indication of continued government support to EMA.

Contrary to the above, a study carried out by Naome, Rajah and Jerie (2012) on challenges in implementing an Integrated Environmental Management Approach in Zimbabwe, the performance of EMA has been noted to have been affected by issues discussed in the sections below.

### **Lack of Transparency of the Law**

The Herald article of 04.02.2013 state that, “EMA sleeping on the job” in which EMA and government allowed the building of a shopping mall and hotel in the wetland area adjacent to the National Sports Stadium. The same article criticizes the City of Harare and Chitungwiza Council for allocating several wetlands for development of residential properties. These newspaper articles indicated that there were some areas in which environmental law had not been applied.

### **Ignorance of the Law**

The study by Naome, Rajah and Jerie (2012), that most Zimbabweans especially in communal areas and farms were ignorant of environmental law. It seemed as if they were not even aware of fines that are paid when environmental law is breached. To the communities and farmers nature and resources therein were given to them by God and they could do what they want. These two groups were not aware that the environment and natural resources are State owned and should be protected at all cost.

### **Lack of Resources for Implementing Agencies**

All local authorities have limited capacity to prevent pollution and land degradation as shown in areas like Chitungwiza where more than 15000 houses have been built on wetlands. These Local Authorities have inadequate resources and weak environmental by-laws. The council and community officials need to be trained by EMA in order to be fully equipped implementing agencies.

### **Lack of Political Will**

Most politicians have not been advocating for the strict enforcement of environmental regulations. Though the environmental degradation which is taking place is visible in particular small scale goldmining politicians could do more to ensure that activities are done in a sustainable manner.

### **The Conceptual Framework**

The conceptual framework for the study is presented in figure 2.2.

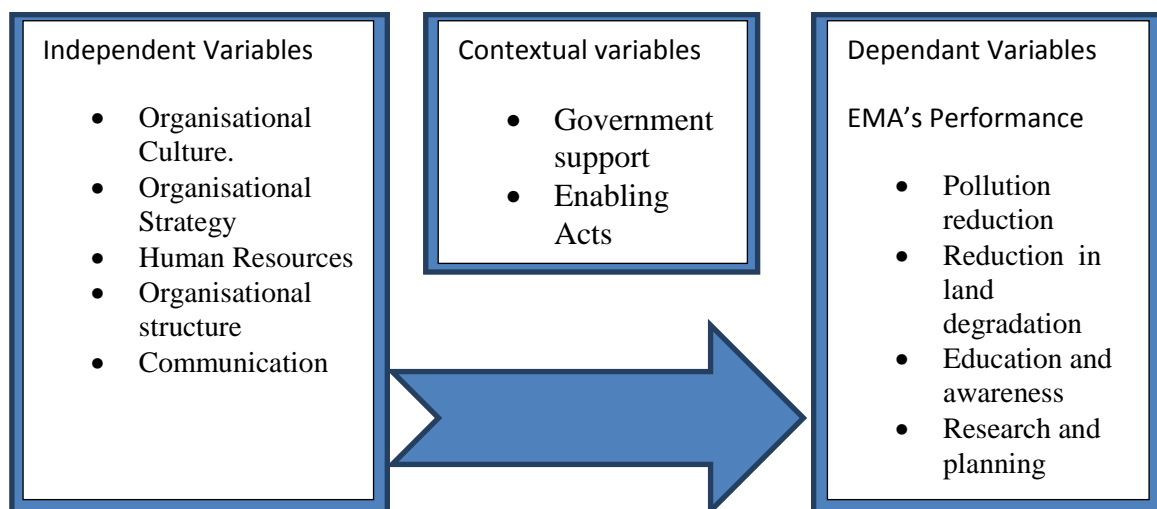


Figure 2.2 ConceptualFramework

## **2.9 Conclusion**

This chapter has essentially dealt with literature review on mergers with particular emphasis on their impact to organisational performance of EMA. The next chapter is focusing on the research methodology that was used in this study.

## **CHAPTER 3: RESEARCH METHODOLOGY**

### **3.0 Introduction**

Bhattacharya (2003:17) defines research method as a method or technique employed by researchers in conducting research operations. Clarke (2005) further defines research methodology as what constitutes research activity in terms of success, progress and research deliverables. This chapter presents a description of the methodology that was used in this research focusing mainly on the research design, research instruments, target population, interview guide, interview administration, data collection, presentation and analysis before giving a conclusion to the chapter.

### **3.1 Research Design**

Fouche and Delpot (2002) state that there are two well-known and recognised approaches to research, which are qualitative and quantitative research. According to Babbie (2005) qualitative research is research without numerical data. Pinnegar and Daynes (2008) state that qualitative research designs are based upon experiences, images, observations, assumptions and interpretations. Furthermore, Haralambos and Holborn (2004) states that qualitative research is richer in data collection, more vital, has greater depth and is likely to present a time picture of a way of life, people's experience and attitudes. Quantitative research on the other hand is research conducted using a range of methods which use measurements to investigate and record aspects of social reality as stated by Bless and Higson-Smith (2000).

According to Bhattacharya (2003) a research design gives structure to the investigations which ultimately provides answers to research questions. Mouton (2001) concurs with Bhattacharya (2003) defining research design as being a plan or blue print of how one intends to conduct the research. In addition, Miles and

Huberman (1994) state that a qualitative research design allows the researcher to discover and explore new areas mainly focusing on the case study of EMA.

This study was a qualitative case study to investigate the impact of business merging government units to form EMA. Nachimas and Nachimas (1989) define a case study as an approach that allows research findings to concentrate on a real scenario and proffer solutions to a business that can use the stated findings for the purpose of improving a real situation. Roshan and Deeptee (2009) claim that case study offer a richness and depth of information not usually offered by other methods. In addition, a case study attempts to capture as many variables as possible and can identify how a complex set of circumstances can come together to produce a particular manifestation. Yin (1994) state case studies are one of the strategies for qualitative research. Furthermore, Hamel (1993) state that case study has proven to be effective in investigations of particular cases that relate to organisations. In this study the researcher investigated the impact of business merger on organisational performance.

The researcher used a case study because it was an effective way of explaining a specific situation providing answers to questions of why and how certain environmental challenges were taking place in Zimbabwe. The case study gave the researcher an opportunity to explore the effectiveness of EMA's performance as a business entity after the merger.

A number of variables were analysed to assess their impact on the business merger and how they contributed to the performance of EMA. These variables included EMA's organisational culture as compared to the four independent government units, organisational strategy, communication, organisational structure, government support, human resources and enabling acts. The use of the case study further provided detailed insights on the status of the current problem and a holistic picture of the performance of the involved organisations before and after the business merger. Further the case study was of immediate use in giving managerial and policy recommendations that benefited EMA and Zimbabwe as a nation.

Yin (2003) criticizes the case study method as being too situation specific that does not provide a solid ground for scientific generalisation. Roshan and Deeptee (2009)

concur with Yin (2003) stating that case study research is not necessarily representative of similar cases and therefore results may not be generalizable.

### **3.2 Target population**

Bless and Higson-Smith (2000) defines population or target population as a set of elements upon which the research focuses and to which the results obtained by testing the sample, would be generalised. Furthermore, Oppenheim (1996), states that the term target population is used to denote all those who fall into the category of concern to the research. Sounders (1998) define population as the total collection of elements about which it is wished to make some inferences.

The target population of 100 was selected for this study. In this targeted population were EMA officers, EMA Managers, EMA Directors, present and former Permanent Secretaries of the Ministry of Environment, former and present EMA board members, former and present Ministers of the Ministry of Environment as well as Professors from Universities. This target population was chosen based on their in-depth knowledge on environmental issues and expertise.

### **3.3 Interview Guide**

According to Bailey (1987), a research instrument is a tool used to gather data within a scientific investigation. Trachim (2002) states that interview guide is an approach intended to ensure that the same general areas of information are gathered from the interviewee. In this case study an interview guide with structured questions (annex 1) developed was used to collect data from key participants.

The USAID Centre for Development Information and Evaluation (1996) define Key informant interviews as qualitative, in-depth interviews of 15 to 35 people selected for their first-hand knowledge about a topic of interest. Laforest (2009) define key informant interviews as a loosely structured conversation with people who have specialised knowledge about the topic under study. An interview guide was chosen by the researcher because it provided an in-depth exploration to the impact of the business merger on EMA's performance. Knowledgeable informants were probed to give full details of how the merging impacted performance. In addition, interviewing a select group of knowledgeable provided needed information, ideas, and insights on the subject under study. Key informant interviews gave the researcher room to use a small number of 35 participants for the interviews.



The 35 key participants for this study were selected using purposive sampling. Denzin and Lincoln (2000) define purposive sampling as sampling in which the researcher has one or more specific predefined groups that he or she is seeking. Tongco (2007) state that purposive sampling technique is the deliberate choice of a researcher to select the informant he or she may want to study. In simple terms, the researcher decides what needs to be known and in this study it's the impact of business merging on organisational performance, and sets out to find people who can and are willing to provide the information by virtue of knowledge or experience (Bernard 2002). This sampling method gave the researcher an opportunity to gather data from knowledgeable participants.

Key participant interviews were essentially qualitative in nature. They allowed the researcher to use semi-structured interview guides for data collection. Furthermore, since the researcher wanted to generate data for decision and policy making, key informant interviews were seen to be the most appropriate for data collection. The researcher also intended to generate suggestions and recommendations on the problems that were being faced by EMA in terms of organisational effectiveness and performance.

### **3.4 Interview Administration**

The interview guide was administered by the researcher and a research assistant through interviews. A schedule and logistical plan was arranged in which appointments for interviews were booked with the key participants to this study. Researcher and key participants agreed on the convenient time and place for the interview. Each of the interviews lasted at least 45 minutes. Some of the key participants were willing to talk longer explaining in detail every question asked. After each interview the researcher would make additional notes and make reference to certain impression noticed during the interview. For ethical reasons, the researcher asked key participants their willingness to be recorded. The interviews were able to provide a free- exchange of ideas and provided room to probe the key participants.

### **3.5 Pilot testing**

Bless and Higson-smith (2000) define a pilot study as a small study conducted prior to a large piece of research to determine whether the methodology, instruments and analysis are adequate and appropriate. Leedy and Ormrod (2001) further state that

a pilot research may save the researcher time by letting him or her know which approaches will not be effective in helping to solve the overall research problem. In addition, the researcher established the time required to conduct the interview. Teijlingen and Hundley (2001) concur with Bless and Higson-smith (2000) by defining a pilot study as a mini version of a full scale study and pre-testing of a particular research instrument in our case interview guide.

To test the reliability of the research instrument, the interview guide was pilot tested on 8 key participants who were not part of 35 key participants. The interview tool was tested in order to analyse how objective the tool was in gathering relevant data for the study.

### **3.6 Validation**

According to Joppe (2000), validity determines whether the research truly measures that which it was intended to measure. Validation allowed the researcher to assess whether the research instrument was capturing all aspects relevant to this study. Creswell and Miller (2000) suggest that validity is affected by the researcher's perception in the study and his or her choice of paradigm assumption. As a result, many researchers have developed their own concepts of validity and have often generated or adopted what they consider to be more appropriate in terms of quality, rigor and trustworthiness. Recommendations from the selected key participants of the pilot study were considered in reframing the interview guide.

### **3.7 Reliability**

Joppe (2000) define reliability as the extent to which results are consistent over time and an accurate representation of the total population under study. It also refers to how results can be reproduced under a similar methodology. A high degree of stability indicates a high degree of reliability, which means the results are repeatable. Reliability can be a thought of consistency, that is, does the instrument (interview guide) measure what it is intended to measure. The pilot study gave the researcher an opportunity to reconstruct and redefine certain interview questions that had not being understood by some of the test key participants. This enhanced and increased the reliability of the research findings and made them more applicable to the organization.

The only limitation of reliability according to Golafshani (2003) is it's mostly used in evaluating quantitative research which is easy to repeat or retest. On the hand, Eisner (1991) state that the reliability of a qualitative research can only be measured by the quality of the data gathered and research instruments used. Seale (1999) cites that to ensure reliability in qualitative research, trustworthiness is crucial. In case of this study, the quality of data gathered was guaranteed by the pilot study which ensured that the research instrument (interview guide) was framed to address all question in simple and easy language.

### **3.8 Feasibility**

Hoagland and Williamson (2000) suggest that the purpose of a feasibility study is to determine whether a research is possible, practical and viable. When a researcher is presented with an opportunity to undertake a research, usually they tend to focus on the positive aspects of carrying out the study without also looking at its constraints for example information accessibility. Thompson (2005) define a feasibility study as a controlled process for identifying problems and opportunities, determining objectives, describing situations, defining successful outcomes and cost or benefits associated with the study. In simple terms, this is the cost and benefit analysis of the study. Hoagland and Williamson (2000) show that a feasibility study shows the viability of a study. Gofton (1997) says that a feasibility study is an effective way of safeguarding against wastage of time and resources (money and people).

In terms of the feasibility of this study, the researcher was an employee of EMA who was knowledgeable about the pre-merger and post-merger processes. Further the researcher had access to all relevant information required for this research. The researcher had worked with former, present Ministers, Permanent Secretaries, Board Members and EMA employees (Officers, Managers and Directors) so scheduling of interviews was not a challenge.

Furthermore, in justifying feasibility of this study, secondary sources of information which were readily available were used to analyse the impact of business merging on organisational performance. Reports on the performance of the former departments when they had been under three government ministries were used as the first source to point on certain areas which required improvement. The regular performance reports that had been produced by EMA since 2010 were used to

assess the feasibility the study. The 2010 and 2011 annual reports had been tabled before Parliament at the time of the study. The reports were important records which showed a true picture of the organization performance and proved to be useful in conducting this research. Also written texts on the organisational performance and effectiveness of EMA were read and analysed. The information gathered contributed significantly to the final recommendations of the study.

### **3.9 Ethics**

Orb, Eisenhauer and Wynaden (2001) state that ethics pertain to doing good and avoiding harm to key participants. Harm can be prevented or reduced through the application of appropriate ethical principles aligned to this study. The researcher observed ethical issues in gathering data. Respect for key participants views, concerns and reservations were given utmost attention. The researcher through informed consent ensured that all the respondents were given information they needed to make an informed and independent decision about whether to participate in the study or not. The researcher clarified the following to the key participants; no individual names would be disclosed, the purpose of the study was only for academic purposes only, all information was confidential, those not willing to participate or tape recorded were given room to do so before the start of the interview and their wishes where respected, no information was withheld from the key participants and key participants were given room to withdraw from the research.

### **3.10 Data Collection**

Sekaran (2002) state that data collection methods are an integral part of research design. The researcher and research assistant took extensive notes during the interview sessions. Key participants were probed further in areas that needed clarification.

In order to gather as much data as possible and with the consent of the key informant, tape recorders were used. The tape recorders were used to gather all relevant data to this study. Furthermore, the recorders gave the researcher more time to focus on the discussion and probe further without having a challenge of scribing notes down. Moreover, the tape recorders provided a verbatim, authentic record of the interview in which no detail could be lost. The recorded messages were

also used for analytical purposes. For reference it was helpful and easier to go back through earlier interviews recordings before analysis was done.

### **3.11 Data Presentation and Analysis**

According to Peters and Howard (2002), analysis is the ordering and structuring of data to produce knowledge. During qualitative research, according to Hseih & Shannon 2005:1278 content analysis allows the researcher to make a subjective analysis which would be scientific in nature. In content analysis, the data is classified and coded according to categories or themes. Coffey and Atkinson (1996) propose that “coding is usually a mixture of data, breaking the data apart in analytically relevant ways in order to lead toward further questions about the data.” An analysis of the thematic areas gives patterns from which objective content can be extracted.

The data of all the major findings was first arranged in a systematic order and given appropriate codes. Data that had similar codes was then grouped into categories because the data shared the same characteristics. Meaning was then derived from the categories and placed into thematic areas from which theories of the organisational performance of the merger were derived.

### **3.12 Conclusion**

This chapter covered the methodology of this research highlighting the research design, target population and data presentation. The next chapter presents in detail the findings of this research.

## **CHAPTER 4: DATA ANALYSIS AND INTERPRETATION**

### **4.1 Introduction**

This chapter presents the findings of the study, data analysis and interpretation of the research study. The findings are discussed in relation to the literature of the study.

### **4.2 Findings**

Besides the demographic data the major areas focussed by the research study were the reasons for the business merger, objectives of the merger, the organisational performance of the merger, an assessment of the dimensions of culture, strategy, structure, communication, change management, policy as well as suggestions to improve the performance of the merger. The dimensions studied have been known to contribute to the organisational performance of a business merger.

#### **The Form of the Merger**

Looking at the three major forms of mergers discussed in chapter 2, the merger which formed EMA can best be described as vertical. This is because the merging of ZINWA's Water Pollution Control Unit, Ministry of Health and Child Welfare's Hazardous Substances Control and Air Pollution Control Units and the Ministry of Environment and Natural Resources' Department of Natural Resources into Environmental Management Agency resulted in the combination of operations in order to improve and strengthen environmental management in the country. Instead of these government organisations competing in protecting the environment, the units merged into one organisation which was meant to improve performance and execution of environmental protection key performance indicators. Competent management with diverse skills was to be employed to drive this new merger.

#### **Gender and Educational Qualifications**

The participants comprised of Permanent Secretaries, Board members, University Professors, EMA clients, EMA directors, EMA managers, as well as EMA officers of which 18 were men whilst 17 were women.

These key participants had a minimum of a first degree in fields ranging from Human Resources, Sciences, and Environmental Management as well as Financial Management.

## **Reasons for the Business Merger**

All participants indicated that after the government had realised that though environmental legislation existed, the legislation had been fragmented and implementation was being done through more than 19 pieces of legislation administered by at least 10 institutions. The coordination amongst the ten institutions had been weak and accountability by each of the implementing institutions had been minimum. This set up was believed to be resulting in environmental degradation and pollution. The Government came up with the idea of business merging the four major units and repeal sections of legislation that were being implemented by other institutions in order to improve the environmental protection of the country.

One key participant KP 16 who was involved in the process of the business merging at policy level stated that the business merger widened both the financial and human resources base of the business merger. KP 16 said,

*“Even though the financial resources that were brought into the merger by the individual government units were negligible, the manner in which the Environmental Management Act Chapter 20:27 of 2002 was crafted provided adequate funding of the Agency through the collection of levies and fees. The collection of all environmental fees and levies from a central point has resulted in both improved cost control and environmental management systems.”*

Another participant KP 29 indicated that one of the government's intention in the business merger was to strengthen the environmental legislative framework as well as improve the operating synergies for effective environmental management.

*“The government created a highly performing organisation to protect the environment. The serious intention by Government to create a highly performing organisation was shown by the return of unproductive employees from the merging departments to the Public Service Commission during the formation of EMA. The merger equipped EMA to be the police, protector, educator, researcher and the national champion on environmental issues” KP 29 added.*

## **Key Findings**

The main reason for the business merger as given by the key participants was to increase the operational efficiency in protecting and managing the environment in the country. The mandate of the merger was defined through the Environmental Management Act Chapter 20:27 of 2002. The Act was much stronger than the various pieces of legislation that had existed put together. Value creation was to be realized from the pool of skills that would be put in one basket to protect the environment under one piece of legislation. In the process the merger would increase EMA's performance through improved management efficiencies. It was anticipated by all that the merger would be more effective and accountable in terms of reducing pollution, environmental degradation as well as promoting the sustainable utilization of natural resources.

The notable codes obtained in this section were; financially resourced, financial controls, management systems, synergies, productive employees and strong legal framework. The two key categories that emerged following the analysis and grouping of the codes are effective and financing mechanisms.

## **Organisational Performance of the Business Merger**

The key participants clearly stated the extent to which the business merger had met the set objectives. KP 7 stated that

*“EMA has done much to meet set objectives. EMA has moved very fast to curb environmental challenges considering the staff compliment on the ground is thin.”*

The participants indicated that the business merger's organisational performance had been influenced by the setting of clear organisational goals and objectives. EMA had been able to plan, organise and mobilise resources to address serious issues that would have harmed the environment in the absence of this business merger.

The only challenge was that the accomplishment of some of the objectives that would impact on organisational performance had been hampered by political issues as stated by KP 3:



*“The only challenge or hindrance to EMA fully realising its objectives is the game of politics in Zimbabwe since certain structures or constructions in wetlands have been approved by politicians without EMA's consent”.*

One participant from the former Air Pollution Unit which had been in the Ministry of Health and Child Welfare advised that;

*“The idea of the business merger was brilliant. EMA has been able to clearly demonstrate the potential to protect the environment. So far major strides have been achieved in air pollution control water and effluent management as well as environmental education and awareness. These achievements would not have been possible if the merged units had been in different Government ministries. EMA effectiveness has been clearly demonstrated.”*

Effectiveness is the degree to which objectives are achieved and targeted problems are resolved. In addition, effectiveness is linked to an organisations' ability to design a unique model of achieving objectives. In the case of EMA, effectiveness is the ability of EMA to protect the environment from land degradation and pollution.

KI3 stated that:

*“It could have been worse if there was no EMA. Without EMA all streams could have been diverted and rivers silted. By now we would have been dying from water pollution”*

KI7 concurred with KI3 by stating that;

*“I would give EMA 82%. EMA has managed to put structures and order in our environment. Compliance to environmental policy by industries is a result of EMA”.*

However the effectiveness of EMA was noted to have been hampered by the level of fines given to offenders as indicated by KP 4 who said:

*“In an economy like that of Zimbabwe you do not kill the goose that lays the eggs. Fines that are charged by EMA are most likely to hamper the survival of the offending institution”.*

EMA staff key participants highlighted that rivers and water bodies in the country had been polluted to different extents mainly by raw sewage and untreated industrial effluent discharged into the environment by local authorities. One key participant KP 34 stated that the enforcement of environmental laws had been weakened to some extent by macro-economic challenges. The participant stated that:

*“The continued cutting down of indigenous trees has been caused by the current electricity shortages, tobacco curing and poverty in some household. Sewage treatment facilities in the country are non-functional and nothing short of a Cabinet intervention will rectify this situation”.*

According to KP 35 the legal environment had not been conducive to the performance of the business merger to some extent. KP 35 said;

*“Although the formation of the merger was appropriate experience since the operationalization of EMA has shown that the fine levels in the Act are not deterrent enough. EMA has taken Local Authorities to court so many times but the outcomes have failed to push Local Authorities to collect waste from residential areas. ”*

One of the key participants from the education and publicity department of EMA said;

*“The merging of the four government units created a larger stakeholder base for EMA since local communities and government entities seem to be taking a proactive role in environmental management.”*

All participants pointed out that public awareness on environmental issues had increased. EMA had invested much in public awareness programmes as evidenced by the weekly newspaper articles on environmental issues which were cited as a source of education for the public. One of the EMA managers said:

*“EMA is a force which is here to stay ensuring that our environment is given the highest priority it deserves. Employees and those involved in the merging process are overjoyed by the success story”*

### **Key findings**

Participant responses showed that EMA had done well in executing some of the business objectives. The merger had done much in terms of environmental management and protection. The merger had succeeded to achieve the strategic goals and objectives and had performed its functions and obligations satisfactory given the circumstances and the environment. The organisational performance of the merger had been enhanced by synergies and increased stakeholder involvement. The involvement of chiefs, local authorities, schools, all government ministries and churches and other stakeholder had to a greater extent led to an improved organisational performance of the merger. The three main categories which were obtained from the codes are effective, improved environment and challenges. The notable codes in the effective category were performed, passed the test, achieved, fast, potential and motivated staff. Codes which were in the improved environment were compliance, involvement, order and helpful. Circumstances trivialisation of offences, light penalties, overpowered, policy issues, and political interference formed the challenges category.

### **Culture**

Organisational culture determines the way the organisation tackles problems and questions, peoples' attitude to changes, the way people interact with each other, the way the organisation interact with stakeholders and peoples' commitment to strategy.

EMA staff key participants acknowledged that the culture of the business merger had been guided by the values namely unhu/ubuntu, timeous response, professionalism, stakeholder participation, teamwork and transparency.

One participant KP 2 stated that:

*“EMA has continued embedding and inculcating these values in every employee. EMA has developed a strong culture of teamwork and responsiveness that have increased effectiveness and improved performance.”*

Another participant KP15 stated that:

*“Currently EMA is also focusing on external stakeholders in a transparent manner and the focus is gradually increasing the organisational performance of EMA”.*

## **Key Findings**

In this section the participants highlighted that the values set by the merger had acted as a guiding principle to staff in their day to day work and had enhanced performance of the merger. The main category obtained from the analysis of the information and codes presented in response to this research question was organisational values.

## **Strategy**

An organizational strategy is a roadmap to achieving the desired state. A good strategy contributes to organisational performance and should be communicated to all stakeholders. Employees need to be empowered to own the organisational strategy.

According to KP9:

*“The vision of EMA is a clean, safe and healthy environment promoting a growing economy and empowered society. This is achieved by regulating, monitoring and promoting sustainable management of resources and protection of the environment”.*

In KP25's view:

*“EMA's strategy however needs to be recrafted in such a way that the strategy can adapt to the changing political technological and economic environments”.*

On the other hand KP 30 stated that:

*“The EMA strategy formulation process involved all levels of employees and this has helped to implement the strategy since a strategy can only be fully implemented successfully when organisational employees have a deep understanding and full appreciation of the strategy. EMA has been able to do this and hence the success story”*

Most of the participants highlighted that EMA's performance was highly dependent on support of the strategy by all stakeholders particularly the general public. The participants also indicated that government support to the strategy had been critical to the success of the business merger.

KP 34 indicated that

*“Our strategy has not been fully realised to date because of financial constraints. Financial support from the fiscus has been limited. However the government supports is evident”.*

### **Key Findings**

According to the information provided by the key participants, the business merger has crafted a strategy which is guiding operations. Both the strategy formulation and implementation processes were described as successful. Though government support is evident, strategy implementation has been limited by inadequate funding from government. The codes noted in this section were vision, mission, government support, staff involvement, inadequate funding as well strategy review which were grouped into the categories.

### **Organisational structure**

An organisational structure is the reporting line of an organisation whose structure determines how quick decision are made and problems are solved. All key participants were able to describe the organisational structure of EMA stating the composition from Board members, directors, managers, principal officers, officers, technicians and general hands. The EMA organisational structure had specialized units which include environmental planning and monitoring, environmental education and publicity, environmental protection and the finance and administration function as well as human resources.

In the responses the participant explained that though the structure of the business merger had been suitable to the operations of EMA, a more adaptive structure was now needed to improve the organisational performance of the business merger.

Another participant KP14 stated that:

*“Staff compliment at the bottom of the structure of EMA is thin. The organogram should be revisited in order to explore the possible ways of using the few staff members effectively”.*

KP 23 stated that:

*“A more competent technical unit is required to enhance organisational performance of EMA.”*

KP21 indicated that

*“The EMA organisational structure is decentralised to the ten provinces of the country and is effective. Each of the provinces has a team knowledgeable to handle any environmental issues”*

### **Key Findings**

Majority of the participants highlighted the thinness of staff at EMA. More field officers were needed at the bottom of EMA for it to fully execute its mandate. Other participants proposed the restructuring of the organisational structure in order to maximally use the thin staff at the bottom of EMA structure. The general findings from the participants show that the structure of EMA needs to be revisited for it to embrace the changes that are taking place in order to increase organisational performance. The notable codes obtained for this research question were few employees, organogram change, decentralised, technical skills as well as competent staff. The codes were placed in the categories organogram and skills and the theme of functional structure.

### **Communication**

Effective communication is a key performance indicator of any organisation especially after a business merger. Communication can be within or outside with stakeholders. In the case of EMA, effective communication should be with its employees, the general public or communities, government institutions and local authorities. KP7 had this to say about the communication within EMA;

*“Communication in EMA is both top -down and bottom - up. A communication policy is in place and every employee within the hierarchy of EMA is always updated on environmental issues taking place in the organisation. The communication with the public has improved since the operationalization of EMA.”*

Both KP 29 and KP 25 stated that effective internal communication after the business merger had guaranteed success and the effective performance of the merger. Key participant KP 29 said,

*“In EMA a lot of memorandums and e-mails are sent to employees for them to be aware of everything taking place within the organisation.”*

The empowerment of staff with information has allowed the merger to make informed decisions and judgements on all environmental issues. However KP 3 added this about communication of the business merger;

*“EMA should communicate more with other government institutions”*

Most of the participants pointed to the need for the business merger to collaborate with other ministries like Ministry of Land and Rural Resettlement, Ministry of Agriculture, Irrigation and Mechanisation, Ministry of Local Government, Ministry of Mines as well as the Ministry of Industry and Commerce. The collaboration with these stakeholders would improve dialogue before law enforcement. The participants stated that if any of the above stakeholders jointly campaigned for environmental protection and management, the public and local communities would follow suit.

KP15 further explained by saying;

*“Communication between EMA and primary and secondary schools has been exceptionally good. The same should be done with colleges, polytechnics and universities.”*

Communication through the print media was viewed as significantly contributing to the effectiveness of EMA in reaching out to stakeholders. Newspaper articles were noted to educate the general public mainly on waste management, hazardous substances and environmental protection.

Another finding from the participants was that although EMA is communicating well with all its stakeholders, EMA can embrace technology in order to increase readership on environmental issues. KP 11 stated that:

*“EMA’s communication can be improved through more use of the electronic media including Facebook, Twitter and the use of mobile networks to send weekly or monthly short messages on environmental issues”.*

## **Key Findings**

Most key participants pointed that communication on environmental issues with the public had been improved after the formation of the business merger compared to communication before. Every EMA official was equipped with information so that the same views are shared across. Communication which is described in the literature as effective is inclusive, dual, results driven as well as using multiple channels for communication.

In order to improve communication with stakeholders participants suggested the use of technology in the communication as well as the expansion of information dissemination through tertiary education channels.

The notable codes in this section were; communication policy, memos, e-mails, collaboration, education sector as well as use of electronic media. The codes were placed into the following categories; internal communication, external communication and educational curriculum.

## **Change Management**

The majority of the key participants who were staff members of EMA indicated that they had been prepared for the change that came as a result of the business merger which formed EMA. One participant KP 29 stated that:

*“Both the government and management took some time to prepare staff on the change that was to come because of the business merger”.*

Another participant KP 4 said,

*“We thought that an organisation like EMA was needed rather than just an inspectorate in the Natural Resources Board. We had a good chance to*



*come up with a good environmental institution”.*

The explanations given by the participants showed that staff were prepared to embrace the changes that were to be brought by the merger and looked forward to it. One key participant KP 12 stated:

*“EMA’s failure to deliver would have shocked us. There was so much consultation, research and expert knowledge which was invested in the business merging process”.*

### **Key Findings**

In case of this study the government had prepared employees on this change. The general response of the participants showed that they were prepared and equipped for the formation and change that was to come as a result of the formation of the merger. The majority of the EMA staff participants had not been hesitant of the change that came as a result of the business merger. Staff from the government units which merged had been involved throughout the merging process and they had contributed to its formation. The participants indicated that they were of the same mind with the Minister that the merger was critical for the country. The preparedness of staff to the business merger therefore brought little resistance to the change.

The noted codes in this section were change management, planning, consultation and participatory which all fall into one category of change management.

### **Policy**

A policy is a guiding document crafted specifically to direct, show and used for referral to the area in which it will have been designed for and in our case environmental policy. The Environmental policy is the framework which guide the performance of the business merger demarcating the operating boundaries and areas of support.

All the participants stated that EMA had implemented the environmental policy to some extent. KP 2 said:

*“The business merger is implementing the environmental policy. EMA is*

*advised to join hands with ZRP, Local Chiefs and other law enforcement agencies to enhance implementation.”*

The participant advised that the involvement of these stakeholders would create a stronger force to curb environmental challenges which would assist to implement the policy fully. KP29 stated that;

*“The policy framework to implement the Act is adequate. EMA is doing a great job to implement the environmental policy”.*

### **Key Findings**

All the key participants pointed out that the implementation of the Environmental policy was in progress. In some few instances policy implementation by EMA had been overridden by both political and economic factors. The need for the merger to collaborate more with stakeholders in order to fully implement the environmental policy was pointed out by the key participants. After an analysis of the responses of the participants on policy, the codes that were obtained are adequate policy, implementing policy as well as and collaboration. The three codes were placed in the category: policy implementation

### **Policy Suggestions and Recommendations**

Recommendations can be suggestions of changes to already crafted policy or new principles and guidelines that can be used by the business merger to improve organisational performance. KP 30 recommended the government to fully fund EMA in order to improve performance whilst KP 19 recommended that:

*“Continual education of the public companies and all other stakeholders should not stop. The law should make it compulsory for companies especially in the manufacturing and mining industries to employ an environmental expert who liaises with EMA officials timeously in order to reduce environmental damage.”*

KP 23 recommended that:

*“There is need for EMA to increase knowledgeable environmental monitors in all communities in order to support EMA officials within their areas. They will be there to report any environmental issues in their respective areas and educate members of the community. Such champions are likely to be accepted by rural communities”.*

KP 6’s recommendation was that:

*“Companies’ policies and procedures should be aligned to the EMA Act in order to minimise the negative impacts of industrial processes on the environment.”*

## **Key Findings**

Participants indicated that for there to be effective policy management and recommendations, government support to the organisation was to be increased, more resources and funds needed to be channelled to EMA for effective environmental management. Furthermore, the need for public, private, manufacturing and mining organisations to employ an environmental expert who would liaise with EMA officials on all environmental was seen as a bold change that was likely to enhance effective environmental management. There was also need for EMA to consistently visit all public, private, manufacturing and mining organisations checking on compliance to EMA Act and good environmental practices. The public and employees were educated on whistle blowing steps in cases where they notice a company or individual not complying with environmental regulations.

## **4.3 Conclusion**

This chapter presented and discussed findings on the impact of business merging on organisational performance using EMA as a case study. The findings concluded that the business merger was the answer to environmental issues that the country had faced for some time. There has been increased environmental awareness by the general public and stakeholders as well as environmental law enforcement. The next chapter presents the conclusions and recommendations to the research.

## **CHAPTER 5: CONCLUSION AND RECOMMENDATIONS**

### **5.1 Introduction**

The purpose of the research was to investigate the impact of business merging four former government departmental units to form EMA in terms of organisational performance.

This chapter presents the conclusion and recommendations to this research. The conclusions were drawn from the findings of the research study. In terms of structure the chapter gives an overview of the key findings with respect to existing literature, conclusion, propositions and answers to the research objectives, contribution of the study to literature, some policy and managerial recommendations, the study limitations and finally suggests areas of future research.

### **5.2 Discussion of Key Findings With Respect to Existing Literature Organisational Performance of the Merger**

The key findings indicated that the effectiveness of any organisation depend on how much the organisational staff understand its objectives. In the case of this study literature has defined organisational objective as something the organisation is aiming toward or a strategic position it is working to attain. Usually it is a step in the strategy. This relates to the response by the key participants who were able to state that the objective of EMA is to prevent pollution, land degradation, formulate national environmental plans, educate and raise awareness on environmental issues, research and planning. From the analysis above it shows that for any organisation to be effective, its objectives must speak into the current and future plans. The objectives are the guiding parameters that show the organisation whether it is performing to the set standard or if it's off track what should be done for it to continuously align with objectives.

#### **Organisational Culture**

The literature review according to Robbins (2005:485) defined organisational culture as a system of shared meaning held by members that distinguishes the one organisation from other organisations. In addition, literature according to Mogorosi (2002) says, culture determines the way the organisation tackles problems and questions, people's attitude to changes and the way people interact with each other.

Literature states that organisational performance is influenced much by culture. The values of an organisation should be fully embedded to every employee or stakeholders. This embedment will enable every employee to understand, live and exhibit the culture of the organisation. In the case of EMA, the key findings indicated that the organisational culture was can be distinguished from other organisations through its values of Ubuntu, Timeous response, Professionalism, Stakeholder participation, Teamwork and Transparency. The merger has developed a strong culture whose principles, work habits and norms are guided by the values. The culture in the merger has contributed significantly to organisational performance.

### **Organisational Strategy**

The literature review according to Charlesmore Partners International (2008) defined organizational strategy as “a clear definition of how the organization needs to change over time in order to be able to deliver the strategy of the enterprise and an actionable plan of how to make the transformation. This requires both thinking and analysis to compare current state to desired state and define the gap, and the execution capabilities to make the requisite changes happen.” Relating to this study, the key findings indicated that the business merger has crafted a strategy which has achieved desirable outputs and outcomes. However the strategy should be reviewed in order to remain relevant in view of the changing macro-economic, political and, technological environment. The participants also indicated that the success of any government department strategy relies on the support given by the government and in this case study the support was evident.

### **Organisational Structure**

Literature review on organisational structure according to Pugh (1990), define it as activities such as task allocation, coordination and supervision that are geared toward organizational goals. Organisational structure in some aspects can be behaviour that is influenced by pre-existing programs and controls in an organization. The key findings noted that the success of any organisation depend on a proper structure. The structure determines how the organisational strategy is executed. Structure gives each individual their role profile and what exactly they are supposed to do in executing the organisational strategy.

Literature state that organisational structure is housed in the strategy of the organisation. The structure determines the staff compliment of the organisation. Specialization is the extent of complexity an organization has educated, professionalized employees who fill specialist roles. One of the foundations of mechanistic/organic structure system is whether a whole task can be broken down or not. Burns and Stalker believed mechanistic structure is of highly divided tasks, whereas organic structure has integrated roles. Using EMA's example, special technical skills are required in both environmental protection and in the provision of environmental management services in order to enhance the effectiveness of EMA in achieving the overall objectives. In the case of the merger, the findings showed that the organisation is thin on the ground for the job on the ground. According to information given by the participants recruitment of more staff is not possible at the moment because the Public Service Commission has put a freeze to filling in of vacant posts. The only option for the merger is to review the functional structure in order to make it more adaptive.

### **Communication**

Harrison (2009), overwhelming experiences indicate that people issues are the main reason for merger or takeover failures, and communication is central to people issues. Harrison(2009) further mentions that good communication is essential to successful mergers. The findings in this study are that the communication in the business merger is inclusive since all employees are involved in decisions that affect their work. The involvement of the employees can be said to be contributing to the motivation which was established to be there in the staff. The communication has been described as two way process in which information has been flowing either top down or bottom up. The good performance of the merger can therefore be attributed to the business environment in which communication is inclusive. The findings indicated that both internal and external communication had been key to the success of the business merger as evidenced by the increased a public awareness and education on environmental issues.

### **Change Management**

Cameron and Quinn (2006), state that the change process should be personalized by individuals in order for them to embrace the new culture. According to literature

individuals and managers should be willing to engage in new behaviour for the benefit of the merger. In the case of this study, EMA values of Ubuntu, Timeous response, Stakeholder participation, Teamwork, Transparency and Professionalism should guide individuals in their behaviour modification for the benefit of organisational performance. In this study the finding was that the staff employed by the merger embraced the culture as defined by the values.

### **5.3 Conclusion**

Participants noted that the performance of the merger in the last 7 years of its existence demonstrated that EMA had succeeded to achieve part of its objectives. The study has suggested that the performance and effectiveness of EMA can be increased by upholding more stakeholder participation and forming stronger strategic partnerships with relevant institutions among them: traditional leaders, environmental monitors, schools, churches, mining associations, farmers, the private sector and local authorities. Such a strategy would improve waste management, fire management, restoration of degraded lands and reduction of pollution of water in the country.

Therefore a regular review of the organisational strategy would buttress environmental stewardship and the protection of the environment whilst achieving the goals of the socio-economic programmes of the country.

The strategies for an improving the organisational performance of the merger are also centred on broadening the scope of institutional strengthening through human capital development especially of the technical staff, legislative amendments and improved internal and external communication systems.

In the implementation of the Act a predictable funding mechanism should be allocated to the business merger to undertake its objectives of protecting the environment and improve organisational performance.

The study has established the need for EMA to create strategic environmental resource centre to increase the readership and environmental information dissemination to target groups especially at grassroots levels.

In conclusion the study noted that EMA has a critical role to play in the implementation of all socio-economic programmes in the country and ensuring that

the environment is mainstreamed in all economic activities. EMA is thriving to protect the environment.

#### **5.4 Propositions and Answers to Research Objectives**

The performance of the business merger after its formation from merging four government organisations can best be illustrated by the integrated framework shown in figure 5.1.

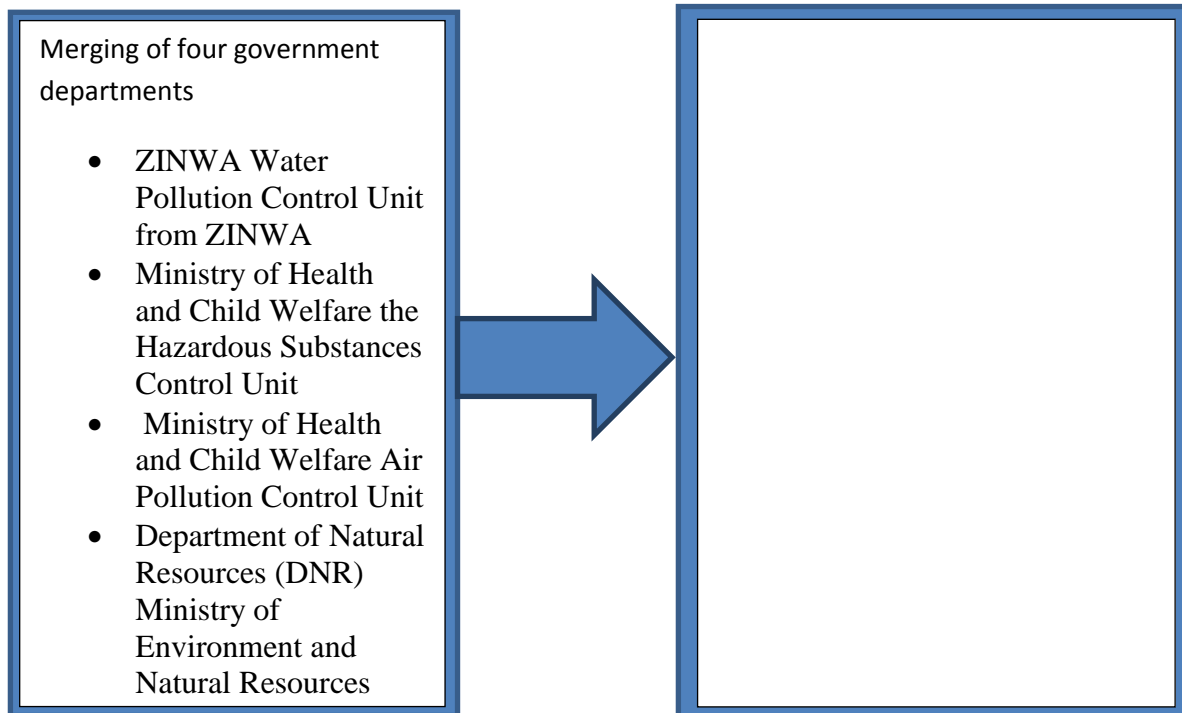
The introduction of EMA to Zimbabwe benefited the nation in a number of ways. This newly formed organisation EMA was the answer to environmental protection issues. Organisations like the Department of Natural Resources (DNR) had tried to protect the environment, but their efforts were fruitless. EMA on the other hand has been a force to reckon with and the publicity awareness campaigns concerning environmental issues has been massive. EMA recognised all environmental commemorations days like the world wetland day, world environmental day, Africa environmental day, national fire week, clean-up campaign, world earth day and world desertification day. EMA has been using these commemoration days to educate and create more awareness to the public on environmental issues.

In addition to awareness and education, EMA seems to have fully grabbed the old adage which state that “if you want to teach them, catch them young” by venturing into primary and secondary schools. In schools EMA sponsors the conservation project and environmental debate competitions. These competitions are mainly done to educate the Zimbabwean young generation of environmental importance.

The general perspective from the integrated framework is that EMA is performing well and if furnished with adequate resources, can further improve organisational performance.

Communication in the form of a comprehensive programme for capacity building of stakeholders coupled with intensive environmental education awareness campaigns has been an essential tool used by the business merger to transform people’s attitudes towards sustainable environmental management practices in the country.





**Figure 5.1 Integrated Framework**

Since the formation of EMA government support has been critical to the performance of EMA. The government enacted the Act, assigned the Ministry responsible for environment to administer the Act and has been providing a limited budget as well as the necessary intervention to enforce the environmental law. This government support has contributed significantly to the organisational performance of the merger.

### **5.5 Contribution to Literature**

The success of any merged government organisation depends on a number of dimensions such as strategy, culture, communication, structure, policy, change management and objectives as stated by literature. In this study the dimensions which have contributed to the success of the business merger have been strategy, culture, communication, effective change management as well as government support. The study has given insights into considerations to be made when merging business entities which had been in government departments.

## **5.6 Policy Recommendations**

Since stakeholder participation and engagement has been seen as an important dimensions to the success of a merger the policy should put mechanisms in place for the business merger to be able to work with the private sector, government institutions and all stakeholders.

Strong government support is fundamentally important to make environmental protection effective in the country. Government is encouraged to establish a stable funding mechanism for the business merger as well as intervene timeously in instances where the merger can be overpowered

The Environmental Management Act provides for the polluter pays principle. The principle compels polluters to install pollution abatement measures. The study recommends the application of the polluter pays principle in order to reduce pollution and improve the organisational performance of the merger.

Further the study recommends the strengthening of the legal framework in order to compel industry to drive towards self-monitoring, compliance, sustainable development as well as embracing internationally recognised best practices such as product/process life cycle analysis, cradle to cradle approach, precautionary approach or principle, environmental equity and fairness, investment in cleaner technologies and production and skills development in pollution abatement measures. The scope of positive economicincentives should be explored and widened to encourage industry tocomply.All these initiatives would further improve the organisational performance of the business merger.

## **5.7 Managerial Recommendations**

In order to generate more results, the business merger is recommended to ensure that communication in the organisation achieves the required measurable results. The employees should be given information that they need to know to do their jobs efficiently and effectively timeously. Communication with the stakeholders should be improved. Further the study recommends that the communication both within the business merger and with the stakeholders be delivered very frequently in multiple ways using all available technologies in order to improve organisational impact. The use of multiple channels will increase the chances of the messages being received and understood.

The current structure of EMA is predominantly functional. A functional structure is one where departments are defined by their functions or what they do. This is the traditional, common sense approach used by many organisations. Advantages include the fact that it is based on work specialisation and the organisation can benefit from economies of scale. The main disadvantage however is that staff members often do not have an understanding of how the business works. It is also associated with problems in coordinating the work of different specialism.

This case study recommends that EMA adopts a matrix organisational structure. This structure attempts to ensure coordination across functional lines via dual authority in the organisational structure. This means that a manager in one department is also a manager in another whilst maintaining functional departmentalisation. The main advantages of this structure, which also support the strategy of EMA include;

- Offers flexibility as managers are more versatile. This makes talent identification and succession planning easier and more effective
- Improves communication as managers operate across departments giving them greater access to members of staff
- Dual authority gives the organisation orientation ensuring functional specialists do not operate in the silos of their own functions
- Provides for inter-disciplinary co-operation and a mixing of skills and expertise across EMA

However, there are aspects of the matrix structure that would need to be managed well. These include;

- Dual authority may result in conflicts between managers as they are operating across each other's functions. Managers may also feel that their authority is under threat.
- Members of staff may suffer role stress caused by having more than one boss. The demands of the job may become overwhelming.

There are cost implications because additional project managers are required, which may be more costly than in a simple structure where managers run the organisation's projects.

### **5.8 Study Limitations**

Ministers were not available for the interviews.

### **5.9 Areas of Future Research**

There is very little literature on the merging of government institutions. More information on the merging of government institutions can be helpful to researchers who will be pursuing this topic in future

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## **APPENDIX 1: QUESTIONNAIRE**

### **An Investigation of the Impact of Business Merging Government Units to**

#### **Organisational Performance: A Case Study of EMA**

This interview guide is a contribution to the study of the business merger of the Water Pollution Control Unit from ZINWA, the Hazardous Substances Control Unit and the Air Pollution Control Unit which were in the Ministry of Health and Child Welfare and the Department of Natural Resources into the Environmental Management Agency (EMA) to organizational performance.

This interview guide is simple to answer and not traceable to individual participants. Your answers are for the purpose of this study. Please answer as objectively as you can so that findings can contribute to policy formulation.

#### **Q1. Sex**

- Female       Male

#### **Q2. Position**

- Minister  Board  Permanent Secretary  Professor  EMA Director  EMA Manager  Client  EMA Officer

#### **Q3 What is your highest level of education?**

- Graduate (specify degree).....  
 Post graduate (specify Masters' degree) .....

#### **Q4 State the organizations that merged to form EMA**

.....  
.....  
.....  
.....

#### **Q5 Why were government departments merged and what are its objectives?**

.....  
.....

Q6a What has been brought in by the business merger in terms of organisational performance of EMA?

.....  
.....  
.....  
.....

Q6b Did the merging of government units to form EMA contribute to the improvement in environmental management in the country?

.....

Explain your answer.....

Q7a State the culture (values) of EMA?

.....  
.....  
.....

Q7b To what extent has culture (values) of EMA contributed to its effectiveness and overall organisational performance?

.....  
.....  
.....

Q7c Which areas of the organisational culture (values) of EMA should be changed to order to improve its effectiveness and performance if any?

.....  
.....  
.....

Q8a State the organisational strategy of EMA

.....  
.....  
.....

Q8b To what extent has EMA's organisational strategy influenced its effectiveness and performance?

.....  
.....

Q9a How do you describe the organisational structure of  
EMA?.....

.....

Q9b In your opinion, do you think this organisational structure is the most  
appropriate for EMA?

.....

Q10 How would you describe the flow of information or communication in EMA?

.....

.....

Q11 Does the communication process promote the effectiveness of EMA and its  
overall performance?

.....

.....

Q12 In your view, has EMA fully managed to implement the environmental  
management policy?

.....

.....

Q13. In your role, were you in any way hesitant about the formation of EMA?

.....

.....

Q14 Where you prepared for the changes that came as a result of the formation of  
EMA?

.....

Q15 In your view to what extent has EMA managed to effectively discharging its  
environmental  
duties?.....

.....

Q16 What policy suggestions and recommendations do you have to improve the  
performance of  
EMA?.....

.....

***Thank you for your support***

<b>Dimension</b>	<b>Code</b>
Reasons for Business Merger	Financially Resourced Financial Controls Synergies Management Systems Productive Employees Strong Legal Framework
Organisational Performance of Business Merger	Performed Fast Political Interference Performed Helpful Order Compliance Circumstances Light Penalties Involvement Overpowered Potential Achieved Fines inhibitive Policy Issues Trivialisation of Offenses Motivated Staff Active Stakeholders
Culture	Teamwork Transparency Stakeholder participation Strong Culture Responsive
Strategy	Vision Mission Strategy review Successful Implementation Government Support Inadequate funding Staff involvement in strategy crafting
Organisational Structure	Organogram change Few employees Technical Skills Competent Staff Decentralisation

**APPE  
NDIX  
2:  
CODE  
S**

Communication	<ul style="list-style-type: none"> <li>Communication Policy</li> <li>Electronic media</li> <li>Internal Communication</li> <li>External Communication</li> <li>Memos</li> <li>Collaboration</li> <li>Education sector</li> </ul>
Change Management	<ul style="list-style-type: none"> <li>Change management</li> <li>Planning</li> <li>Consultation</li> <li>Participatory</li> </ul>
Policy	<ul style="list-style-type: none"> <li>Implementing Policy</li> <li>Collaboration</li> <li>Adequate policy</li> </ul>
Policy suggestions and recommendations	<ul style="list-style-type: none"> <li>Legal Framework</li> <li>Localised mechanisms</li> <li>Monitors</li> <li>Education</li> <li>Experts</li> <li>Law enforcement</li> <li>Reporting</li> </ul>