



ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES

BENEFITS AND CHALLENGES OF MERGER:
IN THE CASE OF SAVE THE CHILDREN

**A THESIS SUBMITTED TO ST.MARY'S UNIVERSITY, SCHOOL
OF GRADUATE STUDIES IN PARTIAL FULFILLMENT OF THE
REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION (GENERAL)**

BY:

DEJENE ALEMU (ID NO. SGS 0083/2006)

ADVISOR:

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JULY 2015

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Dejene Alemu

Addis Ababa, Ethiopia

Acronyms:

Admin	Administration
AIDS	Acquire Immune Deficiency Syndrome
HIV	Human Immune Virus
HR	Human Resource
INGO	International Non-governmental Organization
IT	Information Technology
M&As	Merger and Acquisitions
NGO	Non-governmental Organization
RIW	Relative Importance Weight
SC	Save the Children
SNNPR	South Nations Nationalities Peoples regions
SPSS	Statistical Package for Social Studies
UK	United Kingdom
USA	United State of America

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Abstract

The purpose of this study is to explore the Benefits and challenges of merger in Save the Children. The study is descriptive research which provides more and accurate information about the merger. The researcher used both quantitative and qualitative research, where much emphasis was given for the quantitative one. Out of the total Population, 136 samples were selected by using Slovin's formula. The reliability of the instruments was checked by collecting data from 35 respondents for 33 items. Accordingly, all the variables which were considered in this study proven to be reliable, by scoring Cronbach Alpha value greater than 0.70. In this study the researcher used simple linear regression analysis to examine the relationship between dependent and independent variables. The study has two independent and one dependent variable. However since the two independent variables have different relationship, that means positive for Benefits and negative for challenges, the researcher decided to separately conduct simple linear regression analysis for each of the independent variable against the dependent variable merger. The finding of this study illustrates, as the result of merger better funding access, Operating synergy, Cultural integration and, Sustainable program implementation were improved under this study. On the other hand, the merger reduced employee motivation, commitments and job satisfaction. In addition to this, employee turnover and Communications and coordination's problems were enhanced after the merger. The results of simple linear regression have also shown that both Benefits & challenges of merger have statistically significant impacts to predict the merger effectiveness of Save the Children. The researcher concluded that Building strong image & Partnership, Operating synergy, Capabilities for better funding access, Better Cultural integration and Sustainable program implementation were the Benefits created for Save the Children as a result of merger. On the other hand, loss of employee motivation, Commitments and job satisfaction, Communications and staff turnover were the challenges of merger. Based on the finding of this study, the researcher forwarded some recommendations to Save the Children.

Key words: Merger, Benefits and Challenges

CHAPTER ONE

INTRODUCTION

The study assessed the Benefits and challenges of merger on Save the Children Ethiopia. The chapter deals with the background to the study, Back ground of the Organization, statement of the problem, research objectives and questions, significance and scope of the study.

1.1. Back ground of the study

A merger is an integration or combining of two or more separate organizations into one legal entity. Under this definition, program, administrative, and governance functions are all combined in to one. The reason for considering merger may include preserving the mission, improving existing services, or expanding services. Organizations may consider a merger to develop greater organizational efficiencies related to programming, administrative capacity, or fundraising (John and Michael, 2007).

Firm entry, exit, growth, and mergers are all signs of a vibrant market economy, but unlike the first three, mergers have long been deeply controversial. Both their motives and their effects remain in dispute. Advocates allude to the market for corporate control at which views mergers and acquisitions as methods for efficiency-enhancing transfers of underperforming assets to firms that can utilize those assets better and thereby realize the value gain, (*Ibid*).

The process of mergers and acquisitions has gained substantial importance in today's corporate world. This process is extensively used for restructuring the business organizations. Mergers and acquisitions refer to the aspect of corporate strategy, corporate finance and management dealing with the buying, selling and combining of different companies that can aid, finance, or help a growing company in a given industry grow rapidly without having to create another business entity. In business or economics a merger is a combination of two companies into one larger company. Such actions are commonly voluntary and involve stock swap or cash payment to the target. Stock swap is often used as

it allows the shareholders of the two companies to share the risk involved in the deal (Harpreet, 2009).

Although companies acquire and merge with others for a variety of reasons, the main purpose of such mergers and acquisitions take place is that the purchasing company seeks improved financial performance. Mergers and acquisitions take place for many strategic business reasons, but the most common reasons for any business merger are economic advantages. Jarrod, Max, and Paul (2005), describe that the ultimate objective of Merger and acquisition are increasing capabilities, gaining a competitive advantage or larger market share, Cutting costs, Diversifying products or services, replacing leadership and Survival.

The advantages stemming from Mergers and acquisitions have been evaluated in terms of the ability to exploit scale and scope economies, gain market control, economize transaction costs, diversify risks, and provide access to existing know-how. Nonetheless, empirical evidence on merger & acquisitions has also suggested that merger & acquisitions might fail because of over-optimistic expectations of benefits and underestimation of post-integration difficulties like lack of market or technology relatedness, business culture clashes (Dimitrios, Nikolaos and Efstathios, 2009).

There are so many reasons behind mergers depending on the type of Organization such as growth, diversification, profitability etc. However, all mergers may not be successful in achieving these objectives. How far they can achieve the intended objectives is a matter of research. Therefore, the purpose of this paper is to investigate Benefits and challenges of merger in Save the Children, since Save the Children has gone a merger two and half years before where eight member organizations combined together for common goal and objectives and the researcher understand that there were a problem of redundancy in HR & program intervention area, miss match of culture between member organizations and managing employee expectations.

1.2. Back ground of the Organization

Save the Children is one of the prominent International NGO's which has been actively involved in Ethiopia in varieties of developmental and Humanitarian activities since 1930s. Globally Save the Children is a leading independent Non-governmental Organization working for the children in need with the aim to inspire breaking through in the way the world treats children and to achieve immediate and lasting changes in the life of children by improving their health, education and economic Benefits. There were Seven the Children members in Ethiopia before the merger. These are Save the children USA, Save the Children UK, Save the Children Norway, Save the Children Denmark, Save the Children Finland, Save the Children Sweden and Save the children Canada. They were working independently with their own mission, vision and strategic goals.

The organization has gone a big merger on October 2012 where the seven save the Children member offices that used to operate independently came together to form one Save the Children. Because of this merger, the staffs are now experiencing significant change like being managed by new supervisor, having a new system, policy and procedures and adopting a new ways of doing things. Lately on July 1 2014 another International NGO called Merlin Joined Save the Children members and the total merged members becomes eight and their operational area covers all regions of Ethiopia.

The total budget for Save the Children at the time of merger was more than 100 million USD and its major services category that provides to the societies are Child right Governance, Education & Youth, Livelihood & Resilience, Health and Nutrition, HIV/AIDS Prevention and Sponsorship services. The Head Office of Save the Children Ethiopia is based in the capital city of Ethiopia, Addis Ababa. In addition Save the Children opened Offices in five regional hubs in Amhara, Somali, SNNPR, Oromia and Addiss Ababa and 44 Field Offices In different zones and towns of Ethiopia. The major objective of such merger was to increase Benefits for a more reliable base of funding, decrease competition for limited resources among save the children members, and improve organizational efficiency through realizing economies of scale (<http://www.savethechildren.net/news/ethiopia/t-278>).

1.3. Statement of the Problem

Mergers and Acquisitions (M&A) literature incorporates the motivations and causes beyond these corporate activities as central elements of theories of M&A. Mergers theories are centered on shareholder value improvement, efficiency enhancement and the boost of operating synergies and managerial motives. Firms engaging in M&A activities can expect to improve their performance in terms of overall economic, financial and operating performance to be better off after the merger. Such expectations are based on the fundamental theory of M&A which claims that there is a positive gain to both acquirer and target (Said, Saeed and Aiman, 2009).

There are a number of reasons why organizations particularly NGO prefers to merge. As it is cited in different literatures, some of them includes, the pursuit having a reliable bases of fund, to assure enhanced partnership and collaboration to serve more beneficiaries and enter into new areas, in order to avoid redundancy and identical positions and thereby lessen expenses related to man power, in order to secure organizational efficiency in terms of cost reduction, service quality and utilization of resources, in order to obtain enhanced reputation, in order to have a more enhanced organizational systems, policies, and procedures, in the pursuit of avoiding resource competition and enhancing cultural integration. In general, all the aforementioned benefits of merger are considered as Benefits for companies who engaged on same (*Ibid*).

On contrary to the above scenario, as cited by Hema (2009), majority of corporate mergers fail. Failure occurs, on average, in every sense: acquiring firm stock prices tend to slightly fall when mergers are announced; many acquired companies are later sold off; and profitability of the acquired firm is lower after the merger (relative to comparable no merged firms). Participants report a lot of conflict during the merger, resulting in high turnover. Participants express disappointment in the mergers' results, and surprise at how disappointed they are.

Another important factors that challenge the existence and survival of merged companies related to the participants includes, feeling of insecurity and uncertainty as they are exposed

to the new system, the working condition might not be conducive after merger, cultural difference among the participant might create a problem, the new organizational system might be complex enough for them to understand and work in line with it, the new organizational structure might affect their benefit packages and promotion, which creates a fertile ground for employees lack of commitment and motivation, they might not be interested on their new job assignment and etc. where the total impact brings a high employee turnover.

Some of the above mentioned merger challenges were observed in Save the Children. For instance, the continuous restructuring of HR create discomfort on the employee and this leads to feeling of insecurity and frustration. Before the merger, member organizations had attractive benefit packages, however due to the merger this benefit packages were canceled. This situation annoyed majority of the employees and consequently affect their commitment and motivation to work hard for the organization and their performance would be affected as well. Due to these and other factors majority of the employees lacks self-confidence about the organization and tried to abuse the organization time for their personal uses like searching jobs and using different social Medias in steady of focusing on their regular jobs.

This is an implication of the fact that, Save the Children has a serious problem of assuring the employees confidence to have trust on the organizations, which ultimately contributed to the loss of motivation and job satisfaction.

In general, lack of Job satisfaction, motivation, and feeling of insecurity and frustrations possibly resulted in employees to be less efficient and effective, which may lead to waste of the organization resources. So, Save the Children needs to have a good understanding of its employee behavior so that appropriate strategies can be developed and reassure employees to have trust and confidence on Save the Children. Considering the problem at hand, the very purpose of this research paper was to assess the Benefits and Challenges of merger in case of Save the Children.

1.4. Basic Research Questions

This paper seeks to answer the following broad questions about the Benefits and challenges of merger in Save the Children. The basic research questions for the study were the following;

- ❖ Why Save the Children member organization decided to merge?
- ❖ What are the Benefits of merger that Save the Children entitled or granted as the result of the merger?
- ❖ What are the major challenges of merger that affect Save the Children?
- ❖ How employees of Save the Children perceive the merger?

1.5. Objective of the Study

The main objective of this research is to assess Benefits and challenges of merger in Save the Children Ethiopia. In order to meet the general objective, the study investigates the following specific objectives:

- ❖ To identify the reason behind why Save the Children Member organization were merged
- ❖ To explore the Possible Benefits that Save the Children ensured as the result of merger.
- ❖ To explore the challenges and its possible cause of merger that Save the Children suffered from.
- ❖ To assess how employee of Save the Children perceive the merger.
- ❖ To discover lessons from the merger and provide relevant recommendations for Save the Children

1.6. Definition of terms

1.6.1 Conceptual Definition of terms

Merger: a merger is a combination of two or more entities or corporations in which only one corporation or organization survives and the merged corporation goes out of existence.

On October 1, 2012, eight Save the children member organization were merged together and form a new entity called Save the Children International. Starting from the first date of merger all member organizations were returned their license and goes out of existence and the newly created entity Save the Children is still continue its operation.

1.6.2 Operational Definition of Terms

Thematic: Is broader classification of divisions, working units or departments in to one bigger category. The word thematic in this study represents those departments, divisions or units which are directly involved in programmatic Implementation. The Thematic Units include Health and Nutrition, HIV and AIDS, Child right Governance, Education & Youth, Livelihood & Resilience, Sponsorship, Communication, Partnership etc.

Non-thematic: The non-thematic units are those divisions or departments which provide support services only, not directly involved in the Program implementations. This include Finance, Human resource, Logistic, Admin, Grants & IT Units.

1.7. Significance of the Study

The study tries to cover the actual experiences of Merger of an Organization with an intention to examine the problems of existing merger, identify the Benefits and challenges of merger, and lessons learned for future merger initiatives.

The Finding of the study also will assist the management of Save the Children to look in to the challenges created as the result of merger and devise future strategies to minimize the challenges. Furthermore the findings of this study may also serve as a reference for further research in the area.

1.8. Delimitation or Scope of the Study

This research Paper focuses on investigating Benefits and challenges of merger of Save the Children. Delimitations are those characteristics that limit the scope and define the boundary of the study. Considering the limited time and resources required to collect primary data from all regional offices of Save the Children, the researcher forced to restrict

the geographical coverage to collect the data from Head Offices, particularly from clerical and above clerical level employees who serves the organization for a year and above. In addition, due to the level of involvement in the merger process, knowledge gap and experiences, employee who have been serving for less than one year, Non clerical staff and temporary employees are excluded from the population to be studied.

1.9. Organization of the Research Report

This research is organized in to five main chapters. The first chapter deals with the introductory part of the Research which includes back ground of the study, Back ground of the Organization, significance of the study, statement of the problem, objectives of the study and scope of the study and definition of term are incorporated. The second chapter deals with the literature review. In this Chapter different theories and empirical evidences related to the research was presented in detail. Third chapter include methodology and research design. Under this chapter Research design, sample, sampling technique used, data source, and procedure of data collection and methods of data analysis was incorporated. Chapter four mainly focus on result and discussion part of the research. The data collected from the respondents was summarized and interpreted in meaning full manner. The last chapter, which is chapter five deals about Summary, conclusion and recommendation of the research paper.

CHAPTER TWO

LITRETURE REVIEW

This Chapter revises literatures which are related to the subject matter of the study. From related literatures other sources important ideas related to merger are incorporated in the study. Under this chapter, Theoretical and empirical literature like over view of merger, meaning of merger, merger emotion syndrome, merger and consolidation, common motives of merger, Impacts of organizational culture, organizational commitment and related empirical literatures are discussed and presented in detail.

2.1. Theoretical Literature

2.1.1. Overview of Merger

Business combinations are a critical part of the fabric of doing business in a free market economy. Business combinations are ingrained in the global business economy. Such combination includes Mergers, acquisitions, and business alliances both within a country and across political boundaries. Because business combinations often entail a common set of activities, the manager or analyst is able to view mergers, acquisitions or business alliances in the context of a process or logical sequences of activities. A properly defined process disciplines the manager or analyst to consider all relevant activities in an orderly manner to understand how the various activities interact, to review the range of reasonable option and to select the options that best satisfies the primary needs of all parties involved, (Fred, Mark and Mitchell, 2001).

In today's scenario very often M&As are headline stories of financial dailies. Deregulation in the financial market, market liberalization, economic reforms, and a number of other factors have played an important function behind the growth of mergers. The Principal Objective of M&A is to gain the benefits of economies of scale. Through the route of M&As, Organizations achieve significant growth in operations and minimize their operational expenses. M&A provides path of quick progress for the Companies. Company's avail the benefits of economies of scale, scope, size and improved bottom-lines and top-lines. It may be concluded that M&A activity provides lot of qualitative synergistic

benefits to the Companies. Companies Advances improved significantly after the merger. Thus, M&A is a tool for expansion and wealth maximization for banks and shareholders respectively, (Saiyadani, 2003).

2.1.2. Classification of Merger

There are different types of merger as most researchers and academicians agreed and categorized. The common classes of merger as cited by Deborah (1999) are explained below.

Horizontal merger: In horizontal mergers one corporation acquires another corporation whose product or service is closely related or of the same type .An example would be the takeover of one printing firm by another. From a human resources perspective, these are the most difficult mergers to implement, since the acquiring firm already has expertise in the business operations and will act to consolidate the two firms to avoid redundancy and become more cost-effective.

Conglomerate merger: A conglomerate merger involves the acquisition of an unrelated business. The acquired firm is usually one of many under the corporate umbrella of the acquiring firm and is perceived as providing profitable diversification. Since the two firms are unrelated in product or service, internal changes to the acquired firm, which will remain relatively autonomous, are likely to be minimal, and there will be few cultural consequences.

Vertical merger: In a vertical merger a firm purchases one of its suppliers (a backward merger) or merges with one of its customers (a forward merger). Because an acquired firm generally falls under the acquiring firm's corporate umbrella, most of the interaction between the two firms is at the corporate level. The level of complexity at the corporate level increases, as do the rules governing the acquired corporation, which faces a reduction in self-determination. This leads to the demotion of subsidiary executives to middle management.

Concentric Mergers: Concentric mergers occur between two firms with highly similar production or distributional technologies. A merger between a motorcycle manufacturer and an automobile manufacturer would be an example of concentric merger. Both kinds of corporations service transportation needs, but they are unique structurally. In concentric mergers there is a tendency to combine some operations, especially departments focused on technology and marketing. This will result in the sharing of expertise between the two firms, which may be resisted by the employees of both firms. The best way to overcome this resistance is by obtaining the consent of the acquired firm's human resources management before the merger.

Depamphilis, 2005 outlined in his book that, although the term mergers and consolidations often are used interchangeably, a statutory consolidation, which involves two or more companies joining to form a new company, is technically not a merger. All legal entities that are consolidated are dissolved during the formation of the new company, which usually has a new name. A merger of equal is a merger frame work usually applied whenever the merger participants are comparable in size, competitive positions, profitability, and market capitalization.

2.1.3 Meaning of Merger and Acquisition

Merger is the combination of two or more companies in creation of a new entity or formation of a holding company. This entails that a new organization structure appears from the two or more companies combined. On the other hand, an acquisition is the circumstance in which one company buying another Company Shares or assets to achieve managerial influences, (Deborah, 1999).

Mergers and acquisitions are a financial mechanism and fundamental building block of corporate management by which, respectively, firms merge to create a new firm or entity or a firm acquires another firm, which is, smaller in size. Mergers may be broadly classified in Horizontal and vertical mergers: When two companies from the same industry decide to combine, it is called a horizontal merger. Most horizontal mergers consist of two similar companies within the same industry which eliminates overall competition. This results in consumers paying unfair prices due to one company controlling all of production. Vertical

merger on the other hand is when two companies combine that is in different stages of the supply chain, (Harpreet, 2009).

On the other hand Abraham, (2012) Classified mergers and acquisitions into horizontal, vertical, conglomerate and concentric type of merger .The terms merger or acquisition are often used interchangeably. In lay parlance, both of them are viewed as the same. Academicians however have pointed out few differences that determine whether a particular activity is a merger or acquisition. A particular activity is called a merger when corporations come together to combine and share their resources to achieve common objectives. In a merger, both firms combine to form a third entity and the owners of the combining firms remain as joint owners of the new entity. An acquisition on the other hand is defined as an activity where a firm takes a controlling ownership interest in another firm, a legal subsidiary of another firm or selected assets of another firm. This may involve the purchase of another firm's assets or stock. Acquiring all the assets rather than acquiring stocks or shares of the selling firm was avoid the potential problem of being the minority shareholder. However, the cost of transferring the assets is generally high.

2.1.4 Difference between Merger and acquisitions

Mergers and acquisitions are legally different transactions. A merger occurs when two or more organizations combine their assets to form a new Organization. According to the definition given by Ivy, (2002) a merger is a combination of two corporations in which only one corporation survives and the merged corporation goes out of existence or it is as a transaction when firm (A) (or entity) is merged with firm (B), subsequently the legal existence of one (at least) original entity is seized to exist. In a merger, the acquiring company assumes the assets and liabilities of the merged company. All of the combining companies are dissolved and only the new entity continues to operate. The integrating organizations lose their identity to form a new one. An acquisition, on the other hand, is considered to be a transaction where one firm purchases a dominant stake of another firm without combining the assets of the firms involved, they added. It results when one entity buys out or absorbs another. With an acquisition, the acquiring organization has the option to continue to operate separately or bring the target or acquired company into its fold.

2.1.5 Common Motives for Mergers and Acquisitions

A merger can be termed as an investment alternative in the context of scarce fund resources. There are numerous theories of why mergers and acquisitions take place. In reality, most M&As are a result of a number of different motivations. Depamphilis, 2005 describes some of the common theories and their aspirations as listed below.

Table2. 1: Common Motives of merger Theory

Theory	Motivation
Operating Synergy	Improve Operating synergy through economies of scale or scope by acquiring a customer, supplier or competitor
Financial synergy	Lower cost of capital
Diversification	Position the firm in higher growth products or markets
Market power	Increase market share to improve ability to set prices above competitive levels.
Strategic realignment	Acquire capabilities to adapt more rapidly to environmental changes than could be achieved if they were developed internally.
Managerial pride(Hubris)	Acquires believe their evaluation of target more accurate than the markets, causing them to overpay by overestimating synergy.
Mismanagement or Agency problem	Replace managers not in the best interest of the owners
Managerialism	Increase the size of a company to increase the power and pay of managers

Source: taken from Depamphilis 2005

Mergers and acquisitions take place for many strategic business reasons. Depending on their mission and vision companies may have many alternatives to grow and one of the strategies is through mergers and acquisitions. Among the several factors, Helene, (2009) outlined the following factors that drive companies to choose mergers.

- ❖ Expansion and development which involve geographic and/or product expansion, client following and redeployment of resources to or/and from target.

- ❖ Improved competitive environment encompasses increase market share and power, gain size to face global competition, defense mechanism, acquire a competitor, create a barrier to market entry, decrease industry overcapacity, and benefit from cost disparities. Financial motives comprises diversify risk; invest in fast-growth markets, and turnaround of a failing target.
- ❖ Market opportunities for acquisitions may arise from, among others, market conditions, industry conditions, and economic and financial developments.
- ❖ External opportunities, such as deregulation, interest rates, economic growth, industry and market trends, globalization, and the development of technology are other drivers of M&A decisions.
- ❖ Increasing capabilities and Diversifying products or services and Increase internal efficiency including economies of scale.
- ❖ Replacing leadership not in the best interest of the owners, Cutting costs and gaining a competitive advantage or larger market share.

Definitely Companies may have one or more of the above reasons when they decided to choose merger and acquisition. But doesn't mean that these are the only reason because there are other factors like political, economic, socio-cultural, technological and legal environments are also some of the reason that companies decided to merge.

Sai, Saeed and Aiman, 2009 has also mentioned in their study that merger theories are centered on shareholder value improvement, efficiency enhancement and the boost of operating synergies and managerial motives. Firms engaging in M&A activities can expect to improve their performance in terms of overall economic, financial and operating performance to be better off after the merger. Such expectations are based on the fundamental theory of M&A which claims that there is a positive gain to both acquirer and target.

The reasons and motivations for M&A can be categorized into three broad types. According to Saiyadani, (2003) Shareholders wealth maximization goals are the first one. This can be achieved when the consolidation leads to a better scale economies or scope economies and there is an improved cost reduction or efficiency. All of this should lead to a

more efficient in their respective sectors which in turn results in value creation and therefore benefiting the shareholders. The latter could lead to higher prices benefiting the owners (shareholders) at the expense of the consumers.

Managerial self-interest is the second motivation for M&As. This is where managers could use M&A consolidation to serve their goals; either as a way of boosting or defending their authoritative positions. The last motivation consists of various factors which make the environment more attractive to M&As, (*Ibid*).

2.1.6. Impact of M&A on employees:

Mergers are high stress events and can induce helplessness in employees. Helplessness results in unwanted employee turnover, increased stress & anxiety, reduced commitment, absenteeism and poor performance. Several researches have documented the adverse effect of M&A on employees. Employees face uncertainty regarding the organizational and personnel changes following mergers. Uncertainty creates stress for employees but cannot be easily avoided since many of the changes associated with mergers and acquisitions are evolutionary, and final outcomes are often not known during negotiations (Ashish, 2014).

The best way to manage anxiety that follows a merger announcement is to communicate with employees as soon as possible about all the anticipated effects of change. Failure to do so will increase uncertainty and employees willingness to rely upon rumors, which can further increase anxiety. This will result in further dysfunctional outcomes like stress, job dissatisfaction, and low trust in the organization, reduced commitment and increase intention to leave the organization, (*Ibid*).

Employee turnover: employee turnover in organizations has received substantial attention from both academics and managers. Much of this attention has been focused on understanding its causes. Implicit in this approach is the assumption that turnover is driven by certain identifiable characteristics of workers, tasks, firms, and markets, and that, by developing policies to address these characteristics, managers might reduce the occurrence of turnover in their respective organizations. Several studies suggest that turnover decreases operating performance. While recognizing the possibility of an optimal rate of turnover,

assumes that low rates of turnover are preferable to high rates much of this negative effect stems from the direct costs of turnover, such as those involved with severance and the recruitment and training of new employees, (Zeynep and Robert, 2008).

Organizational culture: Are common values and behaviors of the people that considered as a tool leads to the successful achievement of organizational goals. Organizational culture is the mindset of people that distinguishes them from each other, within the organization or outside the organization. This includes values, beliefs, and behaviors of the employee's different from the other organization. Organizational culture means stable arrangements of beliefs and norms, which are held commonly by a society or department in the organization, (Fakhar, Zahid and Muhammad, 2013).

Effectiveness: The effectiveness of a business constitutes its ability to perform a function with optimal levels of input and output. Companies use organizational effectiveness to measure any number of things, from the relationship between employee performances. Organizational efficiency essentially denotes how well a company uses money, (Jenny and Simon, 1994).

Motivation: is a process that controls and maintains certain behaviors. Motivation manifest as desire and interest, and as a driving force that pushes employees in to take action and pursue goals. However, it often happens that employees have the desire and interest, but they lack the motivation. This is a frustrating situation, since they want to do a certain thing, but cannot get enough inner strength and motivation to act. There are many reasons for the lack of motivation like lack of interest in activities, fear of failure, low self-esteem tend to believe that they are not capable of succeeding and often self-sabotage, Stress takes up a significant amount of cognitive and emotional bandwidth, (*Ibid*).

Communication: When an organization changes its identity by merger or acquisition, this problem strikes at the heart of the identity and loyalty that people have built up for their organization. This identity has often been developed at considerable cost and effort by an organization consciously building an employer brand which enables them to attract, retain and motivate the people they need, (*Ibid*).

2.1.7. Merger and Organizational Culture

Like society and other groups, organizations also have a way of functioning, constellation of beliefs, values, and habits, norms of behavior and nature of interrelationships that are unique and form the culture. Organization culture is defined as, “the collective programming of the mind which distinguishes the members of one organization from another. Changes are introduced in organizations due to two main factors- inadequacy of an organization’s resources to meet its growth and profit aspirations or external environmental conditions that provide Benefits for growth or pose threats for the survival or consistent performance of the organization. One of the major change initiatives undertaken by organizations is restructuring. When two organizations combine as a result of merger or acquisition, employees are exposed to a different culture or alien ways of doing things. Degree of interaction between employees from both the sides and the level of change introduced depends upon the type of merger, (Hema, 2009).

If the merger is between similar firms, level of interaction is high and differences in cultures of combining organizations may result in emotional/cultural conflicts known as cultural clashes where in employees from both the sides try to preserve the symbols, attitudes, values and beliefs associated with their culture, high level of cultural conflict may cause uncertainty and stress, leading to loss in productivity, low morale and employee turnover. To avoid or lessen culture clashes thus there are two aspects that need to be considered. One, whether cultural differences should be considered before the decision to acquire/merge is taken. Compatibility in the two cultures can be found out by the process of cultural due diligence that can be conducted before the decision to acquire/merge is taken, (*Ibid*).

As shown that the emotional impact of mergers influence employees ’attitudes to change as well as more distal post-merger outcomes such as job satisfaction, organizational commitment and withdrawal. Understanding the role of emotions during mergers can therefore provide insights into why major change produces varying outcomes Theoretical Literature culture is the sum total of ways of living built up by a group of human beings and transmitted from one generation to another. In other words, it is the totality of socially

transmitted behavior patterns, arts, beliefs, institutions and all other products of human work and thought. These patterns, traits, and products are considered as the expression of a particular period, class, community, or population. Culture or civilization, taken in its wide ethnographic sense is that complex whole which includes knowledge, belief, art, morals, law, custom and any other capabilities and habits acquired by man as a member of society, (*Ibid*).

2.1.8. Merger and their Impact on Organizational Culture

Differences in the organizational cultures involved in a merger or acquisition and how they are managed are crucial to the success or failure of the process. According to Deborah (1999) an organizational culture is comprised of the patterns of shared beliefs and values that give the members of an institution meaning, and provide them with the rules for behavior in their organization. He revealed that performance; cooperation, decision making, control, communication, commitment, perception and justification of behavior are a critical factor for the success or failure of the merger process.

Mergers and acquisitions can bring major changes in the corporate culture. Companies should consider the cultural impacts while choosing to merge because developing and sustaining a conscious culture in the company can contribute to its growth and prosperity. Dipak, 2011 mentioned some of the cultural Issues that organization experienced worldwide during the post-merger phases. Some of these are; Disintegration of organization value system, low employee moral that results in poor productivity and conflicts, rigidity to learn new things and cultural differences, anxiety regarding redundancy and reducing employee enthusiasm.

2.1.9. The influencing factors of Cultural changes

One of the challenges in an Organizational Merger is managing Cultural changes. Since culture is very sensitive and leads to series crisis. When Organization changes from one form to another, Organizational Culture, Working habit and staff relation would be changed accordingly. Organizational culture has both good and bad sides. The good side according to Roberto and Colin, (2001) are characterized by norms and values supportive of

excellence, teamwork, profitability, honesty, a customer service orientation, pride in one's work, and commitment to the organization.

Balazs 2002 also describes four major influencing factors of cultural changes.

1. **Leadership:** The role of the leader has a determinant influence in creating and changing corporate culture. This is achieved by defining behavioral norms and decision-making methods and through decisions influencing the value system. The role of the leader is determinant in the creation of culture. Cultural establishments, laid down by the leader, very often outlast the person. However, success stories are needed to validate the culture. These success stories are built in the value system of the organization, to have something to lean on in time of crisis and problems.

2. **Organizational Characteristics:** The ownership structure, size of the organization and the given branch of industry all play a major role in the transition of the organizational culture. Shared values of the organization are often undermined by external economic and social influences.

3. **Organizational Members:** The organization members of any corporation are the ones who really suffer from changes and also they are the ones who put the ideas into action. In the short run they are unchangeable factors of the change process. In the longer run there is possibility for the change their attitudes and way of thinking; as central elements of any cultural change, but in a short term it is wiser to analyze the member's willingness for change. The employee as the human resources of the organization is very much determinate the direction of change with their skills, abilities and motivation potentials. The proper shaping and stabilizing of the shared values in an organization must play a key role in any kind of program aimed at changing cultural values.

4. **Strategy and Structure:** The long known interdependence of strategy-structure culture makes the strategy of any organization a determinant factor in a cultural change of any kind. The cultural change process is very often developed as a side factor to the overall strategic change program. It is unrealistic to expect organization members to follow new mission and goal alongside with the old values and beliefs.

2.1.10. Impact of Communication on Merger

The growth of mergers and acquisitions is relentless, as managers perceive this strategy as the easiest way to quick expansion. Despite their preference in favor of this inorganic growth strategy, the outcome of mergers and acquisitions is not encouraging. As cited by Siddhartha and Kailash, (2007) on an average 50-75% of all mergers and acquisitions fail. The performance variability has been examined from different standpoints by the management researchers. Perhaps, the most controversial issue is whether related diversifications outperform unrelated ones. Communication is a critical factor throughout the Mergers or Acquisitions process. Poor communication between people at all levels of the organization, and between the two organizations that are merging, is one of the principal reasons for the failure of mergers.

A mergers and acquisitions survey revealed that effective communication is rated as the second most important contributor to successful merger integration. He explained how an effective communication system works. First, it reduces the energy expended by employees in search of answers for their questions. Second, it helps the employees to accept the changes. And finally, it explains matters and provides the underlying rationale to the employees. The literature review revealed that communication minimizes the negative reactions of the acquired employees and lack of communication increases uncertainty and also asserted that, failure to communicate will increase uncertainty and employee anxiety, and communication is the only way to reduce that. Napier The staff needed honest and repeated communication from the top management when there was confusion and anxiety. Therefore, communication is vital in the success of M&As, (Athina, 2011).

2.1.11. The Merger-Emotions Syndrome

Mergers and acquisitions can be threatening for employees and produce anxiety and stress. Deborah (1999) mentioned common identifiable patterns of emotional reactions experienced by employees during a merger or acquisition; this phenomenon according to the writer is called the merger-emotions syndrome. The following are lists of the merger-emotions syndrome;

- **Denial;** at first employees react to the announced merger with denial. They say it must be just a rumor.
- **Fear;** when the merger becomes a reality, employees become fearful of the unknown. For example, workers become preoccupied with job loss.
- **Anger;** once employees feel that they are unable to prevent the merger or acquisition from taking place, they begin to express anger towards those who are responsible. In many instances, employees feel like they have been ‘sold out’ after providing the company with loyal service.
- **Sadness;** employees begin to grieve the loss of corporate identity and reminisce about the good old days before the merger.
- **Acceptance;** once a sufficient mourning period has elapsed, employees begin to recognize that to fight the situation would be useless, and they begin to become hopeful about their new situation.
- **Relief;** employees begin to realize that the situation is not as inauspicious as they had envisioned and that the new employees they interact with are not as bad as they had predicted.
- **Interest;** once people become secure with their new positions or with the organization, they begin to look for positive factors and for the benefits they can achieve through the new entity. They begin to perceive the new situation as a challenge in which they can prove to their organization their abilities and worth.
- **Liking;** employees discover new Benefits that they had not envisioned before and begin to like their new situations.
- **Enjoyment;** employees discover that the new situation is working out well and feel more secure and comfortable.

In One way or another employee may have one or more of the above emotions when the merger process is takes place.

2.1.12. Why Do Mergers and Acquisitions often fail to meet expectations?

While cultural conflict often plays a big role in producing merger failure, it is often neglected when the benefits of a potential merger are examined, (Roberto and Colin, 2001).

There are many reasons for the failure of M&As to meet expectations. According to Depamphilis (2005) the most cited reasons ranked by the number of studies are overpaying, slow integrations, Poor business strategies, Overestimating synergy/Overpay, poor strategy, poor post-merger communication, conflicting corporate culture and weak core business.

2.1.13. Organizational Commitment

Organizational commitment is important to a firm that is rebuilding itself after a M&As, because committed and loyal employees provide many benefits for their organizations. Employees put forth extra effort in their work, serve as positive public-relations representatives outside the organization, and go above and beyond the norm in doing the little things that help the organization function effectively. The organization, therefore, would have a competitive advantage with employees who want to maintain involvement with the organization and are willing to work extra hard on behalf of the organization, (Ivy, 2002).

2.1.14. Opportunities and challenges of NGOS

While NGOs are performing independently, there are a lot of problems and challenges that they encountered. The most commonly identified challenges of NGOs include; limited financial and management expertise, limited institutional capacity, low levels of self-sustainability, lack of inter-organizational communication, coordination, lack of understanding of the broader social or economic context, (Malena, 1995).

Challenges: NGOs are expressing difficulty in finding sufficient, appropriate and continuous funding for their work. They find accessing donors as challenging as dealing with their funding conditions. They perceive there to be certain cartels of individuals and NGOs that control access to donor funds. They have limited resource mobilization skills and are often not looking for funds that are available locally, preferring to wait for international donors to approach them. There is a high dependency of donors and a tendency to shift interventions to match donor priorities and lack of financial, project and organizational sustainability. Absence of Strategic Planning, poor communication, and

limited capacities are some of the common challenges that most NGOs suffered from, (*Ibid*).

Opportunities: provides potential for NGOs to raise funds from local businesses, individuals, government and locally generated income. To do these NGOs must have strong governance and accountability mechanisms, clear strategies and local credibility. Provide Benefits for mutual learning, identifying appropriate development initiatives, generating learning resources, improving coordination and cooperation with local government, harmonizing approaches to development, and pursuing effective local advocacy. Regional and thematic networks present Benefits to NGOs to share research, approaches, resources, capacity and work with the corporate sector. Strong regional networks also provide the basis for supporting district level networks and ensuring the NGO Council remains strong by keeping its membership strong, (*Ibid*).

2.2. Empirical Review

To support the study with related empirical findings, the researcher tried to summarize the following previously conducted related studies.

A study conducted by Azimjon (2010) on cause and effect relationship between merger and performance shows that Organizations performances declines significantly during the post-merger years relative to the pre-merger level.

Adel, Kabir and Shari 2007 studied the impacts of merger on efficiency on banks. The results of the study indicate that mergers have improved the cost and profit efficiencies of banks. Further, evidence shows that merged banks have lower costs than non-merged banks because they are using the most efficient technology available (technical efficiency) as well as a cost minimizing input mix.

An extensive empirical investigation on the cost and profit efficiency effects of bank mergers shows that the most significant cause of efficiency among merged banks versus non-merged banks is technical efficiency, suggesting that merged banks are on average more technically efficient than non-merged banks. From these findings the study concludes

that merged banks experience greater productivity growth compared to non-merged banks, (*Ibid*).

A study conducted by Steven, Frederic, Roberto and Barbara (2007) on the implications of mergers and acquisitions (M&A) on their organizations considering the variables: change, communications, leadership, culture and stress. They agreed that human capital is the key to effective mergers management. Among all factors of influence, communication is of paramount importance. It can be concluded that honest and frequent communication with employees, as well as staff involvement, are capital to M&A success. Failure to achieve, employees commitment will have serious consequences for the future of the firm. It is suggested that more attention and efforts be spent to properly evaluate the organizational culture fit before going ahead with the merger in order to increase its rate of success. Hence communication considered as a key shaping strength in organization and good communication helps the employees to keep internal processes to run consistently and helpful to create superior association with the people.

Roberto and Colin 2001 conducted a research on Cultural Conflict and Merger Failure and stated that Post-M&A organizational cultural change is a traumatic experience for organizational members. It generates resistance and contributes to M&A failure. It has also been long recognized that people involved in M&A often resist cultural change. One of the major reasons of merger all argues has been cultural integration. It is well accepted that communication is the lacey tool with in any change processes specially, merging two organizational cultures. Despite this, few studies provide insights in to the role of HR in bringing a smooth transition of the cultural change process through communication. They conclude that a majority of corporate mergers fail. And this failure occurs, on average, in every sense: acquiring firm stock prices tend to slightly fall when mergers are announced; many acquired companies are later sold off; and profitability of the acquired firm is lower after the merger.

Nicholas and Noor 2011 argued that regardless the size of change or whether the transformation is a major restructuring or a minor reorganization, organizational change has

great potential to elicit emotion. Mergers in particular have been conceptualized as a stressful life which provokes feelings of intense anxiety, loss and stress.

Said, Saeed and Aiman 2009 were conducted a research on an empirical assessment of banking merger on commercial banks in Gulf Cooperation Council countries to trace the impact of Mergers and Acquisitions on the technical efficiency of banks involved in the consolidation. Accordingly they conclude that merger had positive impacts, though limited effect on the overall technical efficiency of those banks that went through merger, compared to their counterparts that did not undergo similar operations.

According to Christine, (2001) M&As reports higher failure rate ranging from 50 to 80percents. These financial failure shares several characteristics among which are high turnover, decreased productivity and low morale.

CHAPTER THREE

RESEARCH DESIGN AND METHODOLOGY

This section of the research presents the elements of research design and methodology applied in the study. It covers research design, source of data, Data collection procedure, sampling frame, sample size determination and data analysis. Hence in the chapter all these sub-topics were discussed one by one.

3.1. Research Design

The study is designed to investigate the Benefits and challenges of merger at Save the Children Ethiopia. Research design is a strategy used by a researcher to carry out an investigation during his research in an organized and efficient manner in order to help decision making to be more effective and objective. The research design used in this study involved the collection of data from both primary and secondary sources.

The researcher used mixed type of research design that means both quantitative and qualitative research, where much emphasis was given for the former one and usually expressed as Quan-Qual. Among the various types of quantitative research design the researcher used descriptive research design because it helps the researcher to summarize the sample respondent's information obtained through questionnaires.

Qualitative information was also being used to solicit the opinion of managerial level employees of Save the Children conducted through structured interview questions. The interview was conducted with managerial level employees who have been serving the organization at different level of expertise and responsibilities for more than a year. This is mainly because the researcher believed that more and accurate information about the merger was easily obtained from such employees.

3.2. Source and Tools/Instruments/of Data Collection

In an attempt to assess the Benefits and challenges of merger and to provide possible recommendations, the researcher used both primary and secondary sources of data that enable to meet the objectives of the study outlined at the beginning.

The researcher used both primary and secondary sources of data in order to conduct the study. Accordingly primary data was collected from employees of Save the Children through questionnaires developed to solicit their opinion regarding the various aspects of merger and its Challenges and Benefits.

Primary data was collected from samples through questionnaires and structured interview. Closed ended questionnaires were prepared by the researcher to gather firsthand information from the sample of the study. This instrument is preferred because it enables the respondents to easily respond the questionnaires and also easy for the researcher to code the collected data in to SPSS software. For this Study, questionnaires was prepared in English because the target population is well educated enough to easily understand the subject matter. A structured, five points numerically scaled likert-type ranging from very strongly agree to very strongly disagree with five points of each statement was developed. The rest of the data for this research was obtained from secondary sources like Journals, HR Manuals, Project Documents and websites of the Organization. The template of the questionnaire is attached in the appendix.

Regarding the interview, the researcher interviewed five managerial level staff; specifically; Deputy Finance Directors, HR coordinator, child protection managers, Grants manager and Education Managers. To facilitate the discussion, the researcher sent the interview questions in advance to the interviewee chosen for the research to allow them to study and prepare their responses and face to face interview was conducted in their respective respondent's office. The template for interview is annexed in the appendix.

3.3. Data Collection Procedures

The study data collection procedure has been accomplished by preparing closed ended questionnaires and structured interviews. Accordingly, an interview was made with five managerial level employees of Save the Children with their respective offices. As the Same time an English version closed ended questionnaires developed by the researcher were distributed and collected by the researcher. Finally, key points of the interview results were summarized by the researcher and incorporated in to the study.

3.4. Target sampling frame

The participants of the study would solely employees of Save the Children Ethiopia. The target population of the study considers above clerical level staff who have permanent employment contract and serve the organization for 12 months and above and working in the Head Office only. The researcher prefer this mainly because of the ease data collection process and looking for well experienced people involved in merger process. As per the data obtained during preliminary interview with HR data base administrator Save the Children, there are 410 staff as of February 28, 2015 in SC Head Office. Out of the total population 204 of them are non-clerical, new entrants and temporary employees. The remaining 206 are clerical and above having more than one year service and this also again categorized as 119 from thematic units and 87 from non-thematic units.

The sample frame is a population list from which the sample was drawn. The sample was drawn from employees who have been working in the two main thematic units and sample from each unit was taken proportionally to maintain its representativeness.

The study has a total target population size of 206 clerical and above clerical employees who have served the organizations for more than one year and have an in depth knowledge about the merger process, Benefits and challenges of merger. Armed with this, the researcher excluded the remaining 204 non clerical, new entrants, and temporary employees from the sample to be studied.

3.5. Sample Size Determination

The total target population's size of the selected Organization is 206. The researcher calculated the possible numbers of sample size using the Slovin's formula (Serakan, 1992) cited in Unam (2012).

$$\text{Therefore, } n = \frac{N}{1 + Ne^2} \quad \text{i.e.} \quad n = \frac{206}{1 + 206(.05)^2} = 136$$

Where: N: is the population size

n: is the sample size

e: is the margin of error

Applying 5% error margin, the sample size for the study are 136 members of the target population. Therefore, the study's sample size of 136 is fair enough to represent the target population of the study area.

Table3.1: Number of employee and proportion of sample taken from each stratum

Strata	Total Number of Population	Percentage between Thematic & Non Thematic	Sample size	Total Number of Sample
Thematic Unit	119	58%	136	79
Non-thematic unit	87	42%	136	57
Total	206	100%	136	136

Source: Developed for this research 2015

3.6. Sampling Technique

As described by Hans, Richard & Hugo (2004) a stratified random sample is a useful blend of randomization and categorization and thereby enabling a quantitative piece of research to be undertaken. It also helps to reduce the random error and provide more accurately reflected population by more proportional representations. The respondents are stratified on the basis of their units under main thematic areas and here the researcher adopted stratified random sampling to categorize employees based on their thematic areas. The researcher choice of this sampling technique help to secure more relevant information and aid to achieve fair representation of the respondents under each thematic unit and also help to bring different heterogeneous groups of the population in to manageable homogeneous groups.

As it's clearly stated under target sampling frame section, the target population of this research refers 206 above clerical level employees who are currently working in two major thematic areas of Save the Children. Accordingly, by applying proportional stratified sampling techniques, questionnaires were distributed to 79 employees for thematic units and 57 for non-thematic Units.

3.7. Data Processing and Analysis

After proper editing, the data was coded and entered to SPSS software version 20th then it was ready for analysis. Throughout the analyzing process, percentages, frequencies tables, correlation and Simple linear regression was employed. Descriptive data analysis was used to analyze demographic data whereas correlation and regression was used to define and predict the relationship between the dependent variable merger and the independent variable Benefits and challenges of merger. In doing so, tables were used to present and made easily understandable the findings in order to arrive at meaningful results. Data collected from the respondents was included in the data discussion and interpretation part of the study. Finally, conclusions and recommendations were drawn based on the data analysis and interpretation.

3.8. Validity and Reliability of the Instruments

3.8.1. Validity

The researcher checked the validity of questionnaires developed for this study. Before distributing the final questionnaires to the respondents, it was properly checked and commented by few employee of Save the Children and the advisor of the researcher. The final version of the questionnaires was distributed after incorporating all the comments and feedbacks obtained from them.

3.8.2. Reliability

Prior to the actual data collection, the researcher conducted a reliability test on 35 selected employee of Save the Children to measure the internal consistency of the instruments. Accordingly, internal consistency of items incorporated in the instrument was checked by using Cronbach alpha. Cronbach alpha provides a measure of internal consistency of a test or scale. It is expressed as a number between 0 and 1 and the higher the score of cronbach alpha, the more the reliable the generated scale is and the closer the alpha coefficient is to 1.0, the greater the internal consistency and the reverse is true. In this case, the researcher used the rule of thumb developed by George and Mallery (2003), where an alpha value

≥ 0.90 is excellent, ≥ 0.80 is good, ≥ 0.70 is acceptable, ≥ 0.60 is questionable, ≥ 0.50 is poor, ≤ 0.50 is unacceptable.

Table 3.2: Reliability of Instruments

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
Merger	.850	.866	11
Benefits	.851	.842	11
Challenges	.751	.760	11
Total	.831	.842	33

Source: SPSS Output 2015

Table 3.1 above shows the alpha coefficients each variable independently as well as holistically. Based on this result the internal consistency of merger, Benefits and challenges are .850, .851 and .751 respectively. The overall consistency of the instruments for 33 items tested by 35 individual's shows .831. Based on George and Mallery (2003), the cronbach alpha value of the measurement under this study proved to be good and from this we can conclude that the instrument internal consistency for the study is 83.1%.

3.9. Ethical Consideration

The researcher reflects on the ethical issues in every aspect of the activity doing this study. While revising the literature which is done previously by different scholars the researcher try to acknowledge each of the literature sources. Furthermore a letter from St. Mary University was written to Save the Children to assure that the study is meant to be used for academic purpose. Confidentiality and anonymity of the respondent was ensured throughout the execution of the study. Participants also not expected to disclose their personal information.

CHAPTER FOUR

RESULTS AND DISCUSSION

This particular study concentrates on the Benefits and challenges of merger in Save the children. Hence, the study followed both quantitative and qualitative research design as its plan of action. A total of 136 questionnaires were distributed to the sample selected. Accordingly, 121 responses were properly completed and returned as per the time given. The overall response rate for the questionnaires was 88.9%, which the researcher believed that this data is sufficient enough to conduct the study.

In analyzing, correlation and linear regressions, between the response variable and the predictor variables, the average of the response obtained from the customers was taken into consideration. Data collected using a five point Likert scale was measured at an ordinal level and it is usually non parametric in nature. Due to this, average was calculated in order to convert the data into continuous and hence took the nature of parametric test where it is possible to conduct Pearson correlation and simple linear regression (www.statisticsconsultalt.com).

In this study the researcher used simple linear regression analysis to absorb the relationship between dependent and independent variables. The study has two independent and one dependent variable. However since the two independent variables have different relationship, that means positive for Benefits and negative for challenges the researcher decided to separately conduct simple linear regression analysis for each of the independent variable against the dependent variable merger.

4.1. Results of the Study

4.1.1. Descriptive Analysis

Under this section, the researcher tried to analyze the respondents profile; gender, age, position, educational level and the working units and experience of respondents who were involved in this study.

Table 4.1 Summary of Respondents Profile

Profile	Variable	Frequency	Percent	Valid Percent	Cumulative Percent
Gender	Male	72	59.5	59.5	59.5
	Female	49	40.5	40.5	100.0
	Total	121	100.0	100.0	
Age of Respondents	20-35 years	29	24.0	24.0	24.0
	35-45 Years	53	43.8	43.8	67.8
	45-60 Years	35	28.9	28.9	96.7
	Above 60 Years	4	3.3	3.3	100.0
	Total	121	100.0	100.0	
Position of respondents	Managerial	9	7.4	7.4	7.4
	Non-Managerial	112	92.6	92.6	100.0
	Total	121	100.0	100.0	
Educational Background of respondents	College Diploma or Equivalent	16	13.2	13.2	13.2
	Undergraduate Degree	62	51.2	51.2	64.5
	Post Graduate Degree	37	30.6	30.6	95.0
	Doctorate and above	6	5.0	5.0	100.0
	Total	121	100.0	100.0	
Work experience of respondents	1-3 Years	19	15.7	15.7	15.7
	3-5 Years	36	29.8	29.8	45.5
	5-10 Years	37	30.6	30.6	76.0
	Above 10 Years	29	24.0	24.0	100.0
	Total	121	100.0	100.0	
Work Units of Respondents	Thematic	70	57.9	57.9	57.9
	Non-thematic	51	42.1	42.1	100.0
	Total	121	100.0	100.0	

Source: Own Survey 2015

4.1.1.1. Distribution showing gender of Respondents

Gender distribution of respondents was outlined in table 4.1 above. Out of the total questionnaires retrieved from the respondents 59.5% or 72 of them were male and the remaining 40.5%, which is 49 of them were females. This shows majority of the respondents involved in this study were males.

4.1.1.2 Distribution showing Age of Respondents

Regarding age of respondents, the highest number of respondents was obtained from the age range of 35-45 years followed by 45-60 years. Only 4(3.3%) of the respondents were above 60 years. Overall 88(72.7%) of the respondents were under the age range of 35 to 60. From this we can conclude that majority of Save the Children employees are above 35 Years.

4.1.1.3 Position of respondents

From the total 121 respondents of Save the Children employees included in this study, respondents representing 7.4 %(9) were having managerial position and the remaining 112 which accounts 92.6% are non- managerial. We can conclude that majority of the respondents included in the study represents non-managerial level staff.

4.1.1.4 Educational Back ground of the respondents

Regarding education level, majority of Save the children employee who were included in this study have First Degree. Table 4.1 clearly revealed that 62 respondents which accounts 51.2% have first degree and 37(30.6%) of the respondents have master's degree. 16 respondents representing 13.2% have college Diploma and equivalent. There are only 4.1% who have Doctorate and above.

4.1.1.5. Work Experience of the Respondents

With regard to work experience, 29(24%) respondents have been working for Save the Children for 10 years and above. 36(29.8%) of the respondents had served the Organization between 5 – 10 years and 40(33.1%) respondents representing employees of 3-5 years' work experience that they served Save the Children. The remaining 19(15.7%) of the respondents has working experience of 1-3 years. From this we can see that 102(84.3%) of the respondents have three and above years of experience with Save the Children and have an in depth knowledge about Save the Children merger and its Challenges and Benefits.

4.1.1.6 Distribution showing working units of respondents

Working unit's distribution of respondents was outlined in table 4.1 above. 57.9% (70) of the respondents were from thematic units. All most all questionnaires distributed to this unit were properly completed and returned. The remaining 42.1% (51) were from non-thematic units.

4.1.2. Correlation Analysis

The researcher used a correlation test to identify the magnitude and strength of relationship between the dependent variable merger and the independent variable Benefits and challenges. It is clear that correlation can tell something about the relationship between variables and helps to understand whether the relationship is positive or negative and whether the strength of relationship is very strong, strong, moderate, weak or very weak.

In general as explained by Sunders, Lewis and Thornhill, (2009), $r > 0$ indicates positive relationship, $r < 0$ indicates negative relationship while $r = 0$ indicates no relationship or that the variables are independent and not related. Again when $r = +1.0$ describes a perfect positive correlation and $r = -1.0$ describes a perfect negative correlation. The closer the coefficients are to $+1.0$ and -1.0 ; greater is the strength of the relationship between the variables.

Table.4.2. shows the measures of associations and descriptive adjectives

Measure of Association	Descriptive Adjective
> 0.00 to 0.20 ; < -0.00 to -0.20	Very weak or very low
> 0.20 to 0.40 ; < -0.20 to -0.40	Weak or low
> 0.40 to 0.60 ; < -0.40 to -0.60	Moderate
> 0.60 to 0.80 ; < -0.60 to -0.80	Strong or high
> 0.80 to 1.0 ; < -0.80 to -1.0	Very high or very strong

Source: MacEachron, (1982)

To ascertain whether there is a statistically significant relationship exists between the independent and dependent variables, the researcher checked the correlation between the

dependent variable merger with that of the independent variable Benefits and challenges of merger. Table 4.3 and 4.4 below shows the relationship between these variables.

Table 4.3 Correlations between Merger and Benefits

		Merger	Benefits
Merger	Pearson Correlation	1	.378**
	Sig. (2-tailed)		.000
	N	121	121
Benefits	Pearson Correlation	.378**	1
	Sig. (2-tailed)	.000	
	N	121	121

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output 2015

The result from the correlation matrix in table 4.3 shows that the value of Pearson's correlation between the Independent variable Benefits and the dependent variable challenges is 0.378**. The value describes that there is a positive relationship between them at R=0.378 and P<0.05. The significant value is 0.000 shows the significance of relation between the variables. 0.378 is the positive value and having low/weak effect because value is in between 0.2 to 0.4. According to MacEachron, (1982) the researcher found that Benefits has a significant positive impact on the merger effectiveness of Save the children.

Table 4.4 Correlations between Merger and Challenges

		Challenges	Merger
Challenges	Pearson Correlation	1	-.538**
	Sig. (2-tailed)		.000
	N	121	121
Merger	Pearson Correlation	-.538**	1
	Sig. (2-tailed)	.000	
	N	121	121

** . Correlation is significant at the 0.01 level (2-tailed).

Source: SPSS Output 2015

Table 4.4 above depicts the correlation between merger and Challenges. Pearson r value of merger and challenges in the table show negative sign indicating that there is a negative relationship between the dependent variable merger and the independent variable challenge at ($R=-.538^{**}$) and ($P<0.05$). The Relationship between merger and challenge is considered as moderate according to MacEachron, (1982). Merger and challenge according to this study were negatively correlated.

4.1.3. Linear Regression Analysis

This technique used to predict the unknown value of a variable from the known value of another variable. It also helps the researchers to understand how the typical value of the dependent variable changes when any one of the independent variable is varied.

To proceed with linear regression test, first the researcher checked the assumptions of linear regression and assumes that normality, linearity and homoscedasticity are not a problem for this particular study. Accordingly the researcher checked three basic linear regression assumptions and proved that the all requirements were fulfilled. The results and interpretation of the three assumptions of linear regression is explained below.

4.1.3.1. Assumption 1: Normality of the distribution

A very important assumption in regression is that the independent variable is normally distributed. Normality is used to describe a symmetrical, bell-shaped curve, which has the greatest frequency of scores around in the middle combined with smaller frequencies towards the extremes. This assumption formally applies to the distribution of the errors (or, equivalently, the conditional distribution of the response variable) for any given combination of values on the predictor variables, (Matt, Carlos and Deson, 2013). One way of measuring the normality of distribution is through checking the level of skewness and kurtosis. Usually the value of skewness and kurtosis for normal distribution is varied from 1 to -1.

Table 4.5 Normality of Distribution

Variables	N	Skewness		Kurtosis	
	Statistic	Statistic	Std. Error	Statistic	Std. Error
Challenges	121	.888	.220	4.112	.437
Merger	121	-.052	.220	2.302	.437
Benefits	121	-.140	.220	.125	.437
Valid N	121				

Source: SPSS Output 2015

Table 4.5 above describes the skewness and kurtosis value of the variables. Linear regression requires that independent variables in the analysis should be normally distributed. The normality of the variable of this study was checked using skewness and kurtosis. In order to say the variable is normally distributed, the skewness and kurtosis value should be within the acceptable range of normality. The skewness and kurtosis value of +1.0 to -1.0 is acceptable range of normality. The kurtosis value for the variable challenge and merger in this study was 4.112 and 2.302 respectively, which is outside the acceptable range of normality.

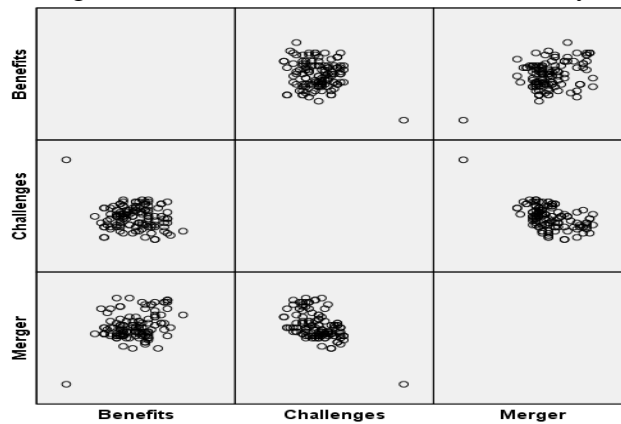
However, as stated by Zachary and Craig (2006) applying the central limit theorem, as far as the number of sample is greater than 30, it's possible to regresses linear regression even if kurtosis was beyond the normal range. Regarding skewness, all the three variable were under the normal acceptable ranges of =1 and -1. From this the researcher can concluded that the data collected fulfilled normality assumptions.

4.1.3.2. Assumption 2: homoscedasticity

Homoscedasticity is an assumption that the dependent variable exhibits similar amount of variance across the range of values for an independent variables. As regression models should be assumed to have a constant variance of residuals (homoscedasticity), one has to check if this assumption is met. One way of doing this is by looking visual examination of a plot of the standardized residuals or errors by the regression standardized predicted values. The following scatter plot was obtained from the average results of the dependent

variable merger and the independent variable Benefits and challenges helps to see whether homoscedasticity is a problem for this study or not, (Sunders,Lewis and Thornhill,2009).

Fig. 4.1. Scatter Plot for Homoscedasticity



Source: SPSS Output 2015

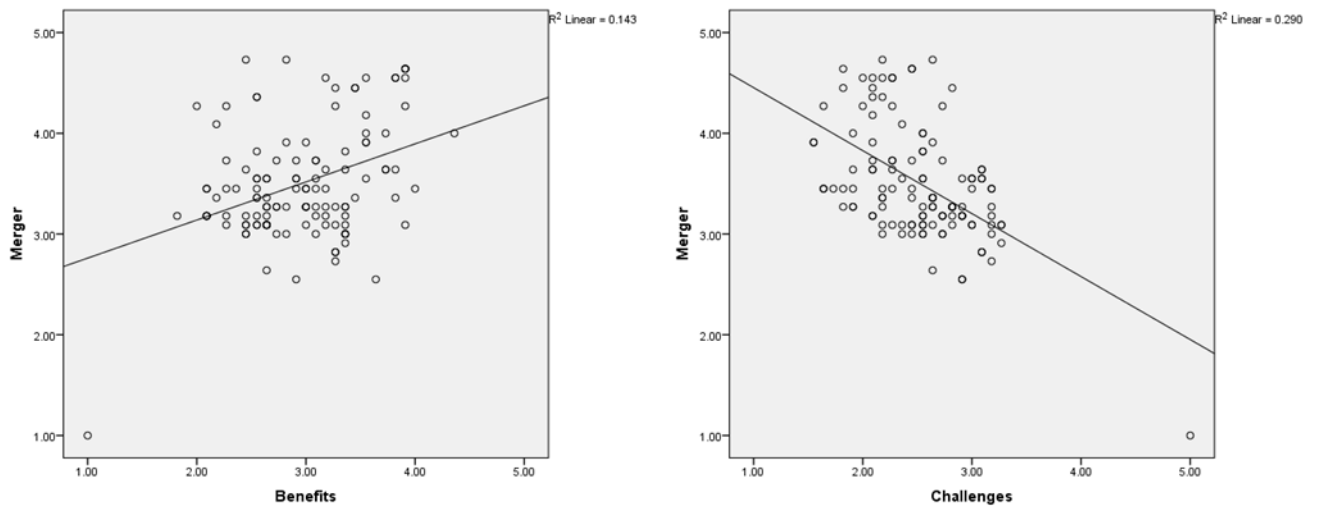
Looking figure 4.1 above and visualize graph whether homoscedasticity proved to be normal or not. The scatter plot diagram shows most of the variance between the dependent variable merger and the independent variables Benefits and challenges were very minimal and hence we concluded that the assumption of homoscedasticity was proved in this particular study.

4.1.3.3. Assumption 3: Linearity

Linear regression analysis will be conducted if and only if the dependent and independent variables have linear relationship. To check whether the dependent variable merger and independent variables Benefits & challenges have linear relationship or not, the researcher tested by using the average value of the variables.

Figure 4.2 below shows the relationship between merger and Benefits and challenges. The graph shows that merger has positive relationship with Benefits. This implies for every increase in the independent variable Benefits, there will be a proportional increase in the dependent variable merger effectiveness. The other figure in Fig. 4.2 shows the relationship between merger and challenges, which is an inverse relationship. That means, for every single unit increase in the independent variable challenge there is a decrease in the dependent variable merger by the same amount.

Fig.4.2: Linear relationship between dependent & Independent Variables



Source: SPSS Output 2015

The assumption and pre conditions for running linear regressions have been checked and the results were within the acceptable range and now we can run linear regression. The Linear regression model summary, ANOVA Analysis and Coefficients of linear regression are presented below

Table 4.6 Model Summary for linear regression results for the variable Benefits

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.378 ^a	.143	.135	.52949
a. Predictors: (Constant), Benefits				

Own Survey 2015

The regression model considered merger as dependent variable and Benefits as independent variables. A Simple linear regression analysis was conducted to evaluate how well the Independent variable Benefits predict the Merger effectiveness of Save the Children. Looking the model summary in table 4.6, the linear combination of Benefits and merger, ($R^2 = 0.143$). This means that, 14.3% of the positive variance in the dependent variable

merger can be predicted or explained by the independent variable Benefits in the case of Save the Children.

Table 4.7. ANOVA Table for Benefits

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	5.547	1	5.547	19.786	.000 ^b
	Residual	33.363	119	.280		
	Total	38.910	120			

a. Dependent Variable: Merger

b. Predictors: (Constant), Benefits

Own Survey 2015

ANOVA (Analysis of variance), Used to compare whether the mean of one dependent variable differ significantly across the categories of another independent variables or not. The output of ANOVA for the variable Benefits presented in table 4.7 shows, (F=19.786 and P<0.05). Since F is different from zero and P value is lower than 0.05, the R square value in the model summary (table 4.6) is statistically significant at 95% confidence level. This implies that the prediction power of the independent variable Benefits to predict the dependent variable merger is statistically significant.

Table 4.8. Coefficients Table for Benefits

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.383	.256		9.304	.000
	Benefits	.378	.085	.378	4.448	.000

a. Dependent Variable: Merger

Own Survey 2015

The coefficients table presented in table 4.8 above provides information about the unstandardized and standardized beta coefficients.

The unstandardized Beta coefficient for the variable Benefits has shown positive 0.378. This revealed that there is positive relationship between the dependent variable merger and the independent variable Benefits. It also tells us that for every unit increase in the Benefits of merger, there will be a proportional increase in the dependent variable merger effectiveness. Hence a one unit increase in Benefits will lead to a 37.8% increase in the merger effectiveness.

The standardized beta coefficient usually shows the relative importance weight of the variables. As can be seen in table 4.8, the contribution of Benefits is positive to the variance in the dependent variable merger effectiveness. Which means the relative importance weight of Benefits is positive, (i.e. RIW=0.378).

Table 4.9. Linear regression result Model Summary for Challenges

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.538 ^a	.290	.284	.48188

a. Predictors: (Constant), Challenges
Own Survey 2015

The researcher has also regresses simple linear regression analysis for the independent variable challenges to evaluate how well the Independent variable challenges can predicts the Merger of Save the Children. From Table 4.9, we found that ($R^2=0.290$). This implies that, 29% of the negative variance in the dependent variable merger can be explained by the independent variable Challenges in the case of Save the Children.

Table 4.10. ANOVA Table for Challenges

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	11.277	1	11.277	48.564	.000 ^b
	Residual	27.633	119	.232		
	Total	38.910	120			

a. Dependent Variable: Merger
b. Predictors: (Constant), Challenges

Own Survey 2015

The output of ANOVA analysis for the independent variable challenges presented in table 4.10 shows that the regression model predicts the dependent variable merger since the P-value is less than 5% error terms and F is different from zero, that means, (F=48.564) and (P<0.05), hence the R square value in the model summary is statically significant at 95% confidence level. That means the power of the independent variable challenge to explain the dependent variable merger effectiveness at 95% confidence level is statistically significant.

Table 4.11. Coefficients Table for Challenges

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	5.078	.230		22.045	.000
	Challenges	-.625	.090	-.538	-6.969	.000

a. Dependent Variable: Merger

Own Survey 2015

The coefficients table presented in table 4.11 above provides information about the value of standardized and unstandardized beta coefficients.

The unstandardized Beta coefficient for the variable Challenges has shown negative 0.625. This revealed that there is negative relationship between the dependent variable merger and the independent variable challenges. That means for every unit increase in the independent variable challenges; there will be a proportional decrease in the dependent variable merger effectiveness. Hence a one unit increase in challenges will lead to a 62.5% decrease in the merger effectiveness.

The standardized beta coefficient for the variable challenges as shown in table 4.11 is negative. This implies that the contribution of challenges is negative to the variance in the dependent variable merger effectiveness, where RIW=-0.538.

4.1.4. Summary of regression Analysis

Table 4.12 Comparison of linear regression result

Merger		
Variable	Benefits	Challenges
R	0.378	-0.538
R square	0.143	0.29
P value	0.001	0.001
Unstandardized Beta	0.378	-0.625

Source: Own Survey

The comparison table stated in 4.12 shows summary of inferential analysis for the variable Benefits and challenges which were tested independently using linear regression techniques.

The person correlation results for the independent variables of Benefits and challenges shows 0.378 and -0.538 respectively. When we compare the value of R for the independent variable, the value of R for Benefits is weak and the value of R for challenges is moderate. That means, the magnitude of correlation for the independent variable challenges is higher than that of the independent variable Benefits.

Looking in to the p value of both variables, where the P value is well below 0.05 and both variables are statically significant at 95% confidence level.

From the unstandardized beta coefficients, we can understand that for every unit increase in the independent variable challenges, the dependent variable merger effectiveness will be decreased at the rate of 62.5%. Whereas, for every unit increases in the independent variable Benefits, the dependent variable merger effectiveness will increase by the rate of 37.8%. This shows that there is an inverse relationship between challenges and merger effectiveness and direct relationship between Benefits and mergers effectiveness.

4.2. Discussion

Under this section the researcher tried to discuss the basic research questions of this study by triangulating the quantitative and qualitative results obtained through interview and questionnaires with related theories and tried to analyze the similarities and differences between the findings of the study with previously conducted related empirical evidences.

The first research question that the researcher wants to know was why Save the Children member organizations want to merge. Different theories said a lot about why organization undertakes a merger. As described by Depamphile (2005) most mergers and acquisitions were the results of different motivations like improving operating synergy, financial synergy, diversification, increase in market share and strategic realignment, that means acquire capabilities to adapt more rapidly to environmental changes.

There are also several reasons for undertaking merger depending on the type and of organizations like geographic or product expansion and development, facing global competition, diversification of risk, increasing internal efficiencies and replacing the leadership not on the best interest of the owners (Helene, 2009).

The qualitative data obtained through interview to this particular question have shown that Save the Children members were agreed and reached on consensus mainly due to the following major reasons;

- ❖ To secure more fund and be able to address many needy children and bring significant impact in their wellbeing.
- ❖ SC has assumed that the unified presence will bring effective and efficient utilization resources since the objective of all members is the same, that merging will create operating synergy and enhance efficiency and effectiveness of program delivery.
- ❖ Avoid duplication of effort, addressing more beneficiary needs and providing efficient and effective program deliver services.
- ❖ To improve efficiency and effectiveness of the programs and for a better fund mobilization and harmonize the program implementation

- ❖ Avoiding redundancy of some activities in the same regions, reducing overhead costs and gets competitive advantage in the NGO sector by creating a big entity.

Following the above responses, the researcher further requested the interviewee how was Save the Children in terms of cost and identical position after the merger. All the respondents agreed that, this is also one of the reasons for the merger and reflected their view to this question from two angles. In terms of identical positions, higher level staff, finance and administration staff were removed where as in program, most of the employees retain their previous position. But this doesn't mean that the merger create layoff. As per the discussion with HR coordinator 94% of the employee of SC members were transitioned to Save the Children, meaning almost all have got a job although their position was totally different from that they had before the merger. The remaining 6% were resigned by their own will due to various reasons. In terms of cost, majority of the interviewee agreed that the merger couldn't bring cost saving even though identical and redundant positions were removed by the merger, rather to the contrary additional positions were created and new staff are continuously recruited. The merger removed higher level identical positions. But still the non-thematic cost like HR and HR related costs are there.

The quantitative data obtained through questionnaires with regard to the above questions have also shown almost similar responses with above interview results. Table 4.13 below shows that majority of the respondents were agreed on the reasons of Save the Children merger.

Table 4.13 : Summary of respondents response

Reference Appendix C	Questions	Frequency		Total	%
		Agree	Strongly Agree		
Table 1	Improving Capabilities for better funding access and addressing the needs of more beneficiaries are the reason for SC merger	46	52	98	81.0%
Table 2	The merger improves Operating synergy by acquiring more funds from different donors	56	37	93	76.9%
Table 12	As a result of merger Competitions for funding among member organizations are reduced	67	31	98	81.0%
Table 13	The merger ensured better fundraising capabilities	77	15	92	76.0%

Source: Develop for this study

Thus, from the above responses the researcher conclude that the core reason for the merger of Save the Children were much related with the theories stated by Depamphils (2005) and Helene (2009), even if those theories gives much more emphasis for profit making organization.

The second research question was about identifying Benefits of merger. It is clear that any change or strategic shift in any organization is happened to enhance potential areas of Benefits and to remove the risk or loss associated with the organizations.

Potential area of Benefits that would be created in any organization due to the results of merger were increasing capabilities, gaining competitive advantage, having large market share, diversifying products or services, and cutting costs (Jarrod, Max, and Paul, 2005).

Considering the Benefits of merger in Save the Children, the frequency table in the Appendix C table 1, 2,11,12,14 and 22 shows that majority of the respondents were agreed and believed that those questions were the Benefits that Save the Children benefited as the result of undertaking the merger. From this, the researcher understands that the following were Benefits generated due to the merger.

- ❖ Improving Capabilities for better funding access and addressing the needs of more beneficiaries are the reason for SC merger. Which is 81.8% agreed, 14.9% Neutral and 3.4% disagreed.
- ❖ Improving Operating synergy by acquiring more funds from different donors, i.e. (79.3%, 15.7% and 5%, agreed, neutral and disagreed respectively).
- ❖ 70.3% of the total respondents were agreed that Partnership and collaboration with government, local NGOs and other stakeholders are enhanced after the merger. The rest 27.3% and 2.5% were neutral and disagree respectively.
- ❖ 83.4% of the respondents were agreed that the merger removed Competitions for funding among member organizations, 12.4 remains neutral and the rest 4.1 disagreed for this specific question.

- ❖ The merger brings better Cultural integration between employees. 47.1% of the total respondent were agreed to this questions and the remaining 27.3% and 25.6 were neutral and disagreed.

On the other hand, the interview result obtained from interviewee for same questions was showed that, in addition to those identified Benefits stated above, there are also some more additional Benefits like possibility of having sufficient resources, addressing the need of many vulnerable children, having more job Benefits, exposure to use centralized and web based data management systems and the Benefits to work with different people having different culture are some of the Benefits that Save the children enjoyed as the result of merger.

The present study finds that there are Benefits in Save the Children which were created as the results of merger. The quantitative as well as the qualitative result of this specific research question was resembles more with the theories explained by, (Jarrod, Max, and Paul, 2005) and (Said, Saeed and aiman, 2009).

The third research question was about challenges of merger. The researcher tried to explore the major challenges of merger in Save the Children.

When organizations changed from one form to another, there would be a possibility of change of working habit, organizational culture, staff relation, disintegration of organizational value, low employee morale, conflicts and others (Balazs, 2002).

Similarly, Ashish 2004 also described that merger are a high stress full events which may lead to the merged organization in to series crisis like; Induce helplessness in employee which may lead to unwanted employee turnover, reducing employee commitment, results absenteeism and low performance and employee may feel uncertainty regarding the organization.

Another similar study conducted by Malena, (1995) on NGOs shows that while most NGOs were performing independently, they have a lot of challenges that they faced like, limited financial expertise, lack of inter organizational coordination and communication, lack of

understanding to the broader social context and limited institutional capacity. According to this study merger can be the best solutions for such types of challenges.

The frequency table attached in the Appendix C table 17, 19, 21,25,26 and 27 showed that majority of the respondents were agreed that the under listed areas were challenges of Save the Children which was observed after the merger;

- ❖ 45.6% of the respondents were agreed that there is no conducive work environment and the remaining 29.8% and 24.8% were neutral agreed respectively.
- ❖ 64.5% of the respondents disagreed for the question, Merger can leads to an increase in employee job satisfaction and 24% became neutral. Only 11.6% agreed to this question.
- ❖ Majority of the respondents (52.8%) were disagreed for the questions employee commitments enhanced after the merger, the remaining 24% and 23.2% neutral and agreed respectively.
- ❖ . There is low employee motivation in save the children after the merger, 60.3% of the respondents were agreed about this and the remaining 24.8% and 14.8% neutral and disagreed respectively.
- ❖ Communications and coordination's problems are increased after the merger. More than 50% of the total respondents (which is 55.4%) were accepted this statement as a challenge for Save the Children and remaining 26.4% and 18.2% were responded neutral and disagreed respectively.
- ❖ 62.8% of the total respondents were agreed that Staff turnover was one of the series challenges of Save the Children after the merger. The rest 24.8% were disagreed and 12.4% remain neutrals.

The researcher also requested the interviewee whether Save the Children merger was successful or not. Accordingly majority of the interviewee respond that the merger was not successful because, there are many problems like lack of uniformity in the working procedure, highly bureaucratic system and inequitable salary that affect the merger effectiveness of Save the Children. In addition to this, the under listed areas were a series

challenges of merger which contribute for the unsuccessful merger process of Save the Children as most of the interviewee agreed.

- ❖ SC merger is not successful because starting from effective date of merger the HR is restructured for the fourth time and this leads to a sort of tension and frustration among employees.
- ❖ It's too big to merge the SC members and proven that it's unmanageable considering the location and diversity of the field offices.
- ❖ Members are complaining as Save the Children too expensive in relation to Non-thematic costs.
- ❖ Many things becomes unmanageable, there is a high employee turnover, not able to address many community issues as before, employees are not build trust on the organization.

The Linear regression comparison summary, in table 4.12 also shows that the standardized beta coefficient value for the variable Benefits and challenges were 0.378 and -0.538 respectively. This implies challenges have higher contribution to negatively affect the merger effectiveness as compared with Benefits. From this the researcher concluded that this higher percentage of challenge comes mainly because of the above stated challenges as majority of them were accepted.

In general, the researcher finding from this particular research questions was, those challenges obtained from the questionnaires as well as the interview were much more related with the merger challenges theories described by (Balazs, 2002).

The last research question was about employee reaction about the merger. The researcher tried to identify what employee of Save the Children feel after the merger. Different theories said a lot about employee reaction after the merger.

Deborah 1999 describes that merger can be a threat for employee and produce anxiety and stress. Dipak 2011 also described that, while organization chooses to merge, they should consider the cultural impacts of merger. In most cases when organization undertaking merger, they faced a challenges of disintegration of organization values system which

ultimately leads to low employee morale, poor productivity, anxiety and reducing employee enthusiasm.

With regard to employee reaction, table 23 in the Appendix C shows that majority of the respondents which is 67.8% of them were not happy about the merger, the remaining 19% and 13.2 % remains neutral and disagree respectively. Most of the employees feel insecure and uncomfortable. This feeling of insecurity strongly affects job satisfaction, commitment and the motivation of employee as described in table 19, 21 and 25 respectively.

The qualitative data obtained through interview also supports the response obtained through questionnaires. Majority of the interviewee responded that employee of Save the Children were not happy about the merger because of the following major reasons;

- ❖ Employee need to pass through long bureaucratic process to get services
- ❖ Most of the staff's benefit that they had before the merger was cancelled for example fringe benefit, life insurance, medical, education and communication costs are already.
- ❖ There is no transparent procedure how staff is assigned for a certain positions; it has been done by nepotism or knowing each other.
- ❖ The system didn't provide equal Benefits for all staff for example Salaries are given as the mercy of individuals. Due to these and other issues the interviewee believed that employee commitment and performance are declined after the merger.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATION

It is necessary to give concise summary of findings and also make useful recommendation in fulfilling the objective of this study. To this end, based on the data collected from Save the Children and the analysis made so far, the following major points were identified by the researcher.

5.1. Summary

5.1.1. Summary of Inferential Analysis

- ❖ The model summary results for the variable Benefits has shown that, a linear combination of the independent variables Benefits considered under the study predicts ($R^2=0.143$), of the variance in the dependent variable merger effectiveness.
- ❖ The model summary results for the variable challenges shown that, a linear combination of the independent variables challenges considered under the study predicts ($R^2=0.290$), of the variance in the dependent variable merger effectiveness.
- ❖ The ANOVA test result for the variable Benefits shown that, the value of R^2 obtained under the model summary part was statistically significant at ($F=19.786$), ($P<0.05$).
- ❖ The ANOVA test result for the variable challenges shown that, the value of R^2 obtained under the model summary part was statistically significant at ($F=48.564$), ($P<0.05$).
- ❖ The unstandardized beta coefficient values for the two independent variables Benefits and challenges showed that 0.378 and -0.625 respectively.
- ❖ Pearson correlation test between the dependent variable merger and the independent variable opportunities has shown significant positive association and showed at $R=0.378$ and $P<0.05$ was weak.
- ❖ Pearson correlation test between the dependent variable merger and the independent variable Challenges has negative association, showed at $R=-0.538$ and $P<0.05$ was moderate.

5.1.2. Summary of Descriptive Analysis

The results of frequency table in the study showed that majority of the respondents were agreed and accepted that the under listed activities were the Benefits that Save the Children acquired as the result of merger.

- ❖ Partnership and collaboration with government, local NGOs and other stakeholders are improved after the merger.
- ❖ The merger improves Operating synergy
- ❖ Capabilities for better funding access improved after the merger
- ❖ The merger avoids Competition for funding among member organizations.
- ❖ The merger brings better Cultural integration between employees.
- ❖ The merger ensured Sustainable program implementation

Although Save the children enjoyed significantly from the merger, there are also some challenges that affect its merger effectiveness. The frequency table also shown that majority of the respondents agreed that following were challenges that affect the merger effectiveness of Save the children.

- ❖ The working environment is not suitable for employees
- ❖ Employee motivation, Job satisfaction and Commitments not enhanced as expected
- ❖ There is Communications and coordination problem between employee, Departments, units and field Offices.
- ❖ Staff turnover are consistently increased after the merger
- ❖ Employees were not happy about their salary and benefit packages.
- ❖ Employees feels that they have powerlessness and insecure.
- ❖ Efficiency and effectiveness were not improved as expected.

5.2. Conclusion

This study was conducted to explore the Benefits and challenges of merger in Save the Children which is out lined at the beginning under Objectives of the study section.

From the frequency table we can found that majority of the respondents were replied disagree for those questions that can be considered as the Benefits for merger and agree for those questions that are a challenge by itself for Save the Children merger.

Accordingly the researcher concluded that the following are the major Benefits that Save the Children exploited as the results of the merger.

- ❖ Building strong image, Partnership and collaboration with government, local NGOs and other stakeholders.
- ❖ Improving Operating synergy by acquiring more funds from different donors.
- ❖ Improving Capabilities for better funding access and addressing more needy Children
- ❖ An opportunity to use well organized data base management system, which is an empowerment for employee came from small member Organization.
- ❖ Reducing Competitions for funding among member organizations.
- ❖ Better Cultural integration between employees.
- ❖ Ensuring Sustainable program implementation.

The researcher has also identified that although there are Benefits that benefited Save the Children merger, there also challenges that affect the merger effectiveness of Save the Children. Form this, the researcher realized and concluded that the under listed areas were challenges of merger in the case of Save the Children.

- ❖ Save the children become very costly in terms of non-thematic costs like HR and admin related costs and also very complex and highly bureaucratic Organization.
- ❖ Save the Children not stable since restructuring of HR is still continued for the 4th round

- ❖ The merger creates Communications and coordination's problems between employees, departments and field offices.
- ❖ The merger cannot bring suitable working environment for the employee.
- ❖ There is consistent and frequent staff turnover in Save the Children after the merger
- ❖ Majority of the employee were not happy after the merger due to inequitable salary structure and loss of their benefit packages becomes a source of challenges for Save the Children.
- ❖ Organizational efficiency and effectiveness were not improved as expected due to low employee motivation and Commitments

Considering the results of inferential analysis and the frequency table which were derived from respondents through questionnaires and structured interview, the researcher provides the following conclusion;

- ❖ As the Pearson correlation value shows, there is significant positive relationship between Benefits of merger and merger effectiveness and significant negative relationship between Challenges of merger and merger effectiveness. Hence the researcher concluded that for every single unit increase in the independent variable Benefits, there will be a proportional increase in the dependent variable merger and a single unit increase in the dependent variable challenge, there will be a proportional decrease in the dependent variable merger in the case of Save the Children.
- ❖ The R square value for the variable Benefits and challenges in the model summary were statistically significant. Hence, the researcher concluded that both Benefits and challenges of merger have significant impacts in explaining the variance in the dependent variable merger in the case of Save the Children.
- ❖ R Square value for Benefits is equals to 14.3% and challenges 29%. From this researcher concluded that the Benefits level exploited by Save the Children is very minimal and the level of challenges that affect the merger is moderate.
- ❖ The interview result coupled with the frequency table shown that majority of the respondents replied almost similar responses regarding the reasons for merger of Save the Children. Based on the result of the study the researcher concluded that the

basic reason for Save the Children merger was to ensure reliable base of funding, to improve efficiency and effectiveness, to avoid unnecessary HR and related costs, to ensure program delivery and to address the needs of more children.

5.3. Limitation of the Study

Save the Children is providing its services in all region with five regional Hubs and 44 field offices. The main reason not to incorporate all regional Hubs and field offices was financial and time constraints. As the study was delimited to Save the Children, HO branch because the cost involved in undertaking a full research covering the topic was enormous and beyond the researcher's financial resources. It is important to note that, although the research was conducted focusing on head offices, Save the children has several geographical regions within the Ethiopia. Future studies should expand the sample to include a wider range of population, as this help to improve the diversity and accuracy of the study.

5.4. Recommendation

The most common reason for any business merger in organizations is economic advantage, specifically to improve financial performances. The merger of Save the Children has also almost similar reasons where Save the Children members were agreed to merge and consequently to have strong funding base, to improve synergy by reducing cost and by improving operating efficiency. Merger has its own pros and cons and this study was conducted to explore those Benefits and challenges of merger in SC. In order to improve those potential Benefits and minimize potential challenges the researcher provides the following recommendations to the study organization.

- ❖ The interview result shows that, there are ample resources, highly qualified professional staffs and well-designed web based data management systems in Save the Children. Hence the researcher advised that Save the Children should properly utilize this resource and improve efficiency and quality of operation by harmonizing the available financial and human resources.
- ❖ The data obtained through interview and questionnaires shows that employee of Save the Children are highly tensioned and frustrated and also lose their trust because of the non-stoppable consecutive HR restructuring at departmental and organizational level. The researcher recommends that SC should make solid organizational structure once and for all and create more stable conditions.
- ❖ Majority of the employee were not happy about the merger. Most of their reason was from their personal point of view. They feel that they lost their benefit package due to the merger, Salary is not competitive with the market and at the same time there is no equitable salary structure. SC should make internal assessment to understand the employees feeling and conduct market assessment to cross check whether employees complaint were valid or not and take immediate corrective action accordingly.
- ❖ There is high staff turnover in SC after the merger. Well educated and experienced employees were resigning the organization due to uncomfortable working environment and issues related with salaries and benefits. This will affect the organization in various ways. like; Activities started may not be completed as per

the schedule and standards, resource utilization may not be efficient, cost of hiring replacements may inflated the HR costs and the organization may lose its brand image. To solve this problem, Save the Children should investigate why employee frequently leaves the organization and try to develop succession plan not to affect activities already in pipeline.

- ❖ Save the Children should exploit more on the Benefits created as the results of merger. That means having reliable base of funding and skilled man power with diversified knowledge are huge Benefits for Save the Children which were created due to the merger. So they should have to use these resources wisely and properly.
- ❖ There is low employee motivation, commitment and lack of job satisfaction which seriously affects the merger effectiveness of Save the Children. The researcher recommend that Save the Children management team should investigate the source of dis satisfaction and demotivation on employee and critically review policy and procedure of the organization and make reasonable changes in order to boost employee motivation, job satisfaction and commitments and also to develop trust and confidence on employee.
- ❖ The interview result shows that there are inequitable salary structures between employee who have been working the same jobs and have similar positions. Work experience and educational level of employee wasn't considered to determine the salary and yet Save the Children didn't develop standard salary structure as the result employees earned a salary that they had before the merger. The researcher recommends that Save the Children should develop feasible and transparent salary structure that considers services and educational level of employees and clear out this inconsistent and inequitable salary structure once and for all.

Finally, the researcher recommended that other the researchers have to do more studies on merger challenges and Benefit in order to see how these situations look like in other similar organization.

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APPENDICES

Appendix- A: Questionnaires

St. Mary University

School of Post Graduate Study

Questionnaire to Identify Benefits & Challenges of Merger

Dear respondent,

The purpose of this questionnaire is to gather information about the Benefits and challenges of merger. Your organization is selected for the study. The collected data will be utilized as a primary data in the study which I am conducting as a partial fulfillment of the requirement for the successful completion of the Masters Degree in Business Administration.

Please spare few minutes of your time and respond to the questionnaires below as honestly as you can. The Information provided by you is for academic purposes only and will be treated as private and confidential.

Your genuine, frank and timely responses are quite vital to determine the success of this study. So, I kindly request you your contribution in filling the questionnaire below.

NB:

- *No need of writing name;*
- *Kindly answer the following questions by ticking the appropriate box and provide your answer or suggestion when appropriate.*
- *Please respond as accurately as possible and at your earliest possible time*

Thank you for your commitment & Cooperation in advance.

SECTION A. Personal Information

1. Gender Male Female

2. Age

- 1. 20 to 35 years
- 2. 35 to 45 years
- 3. 45 to 60 years
- 4. Above 60 years

3. Position?

- 1. Managerial
- 2. Non- Managerial

4. What is your highest level of education?

- 1. College Diploma or equivalent
- 2. Undergraduate Degree
- 3. Postgraduate Degree
- 4. Doctorate and above

5. How long did you worked for Save the Children?

- 1. 1-3 Years
- 2. 3-5 Years
- 3. 5-10 Years

4. Above 10 Years

6. In which Units are you working currently?

1. Thematic

2. Non-thematic

SECTION B. Merger

Please give your answer for your organization by rating each statement using the five points scale. Please use “SD” for Strongly Disagree, “D” for Disagree, “N” for Neutral, “A” for Agree and “SA” for Strongly Agree.

	Questionnaire for Merger	SD	D	N	A	SA
		1	2	3	4	5
1	Improving Capabilities for better funding access and addressing the needs of more beneficiaries are the reason for SC merger.					
2	The merger improves Operating synergy by acquiring more funds from different donors.					
3	The merger brings SAVE THE CHILDREN to be one of the leading INGO in Ethiopia working for children					
4	The merger creates emotional impacts of anger, powerlessness and fear on employee					
5	Employee of SC members fully or Partly participated in the operation of merger to make sure that their interest is considered.					
6	Are you in the opinion that merger could have any negative implication in the NGO sector.					
7	Do you agree that Merger can bring effectiveness and efficiency in SAVE THE CHILDREN.					

8	Do Merger serves as a threat to workers in SAVE THE CHILDREN?					
9	There is a procedure for building common tools, practices, processes, and languages.					
10	Do you believe that Merger has positive impact on performance					
11	Partnership and collaboration with government, local NGOs and other stakeholders are enhanced.					

SECTION C. Benefits

	Questionnaire for Benefits	SD	D	N	A	SA
		1	2	3	4	5
1	As a result of merger Competitions for funding among member organizations are reduced.					
2	The merger ensured better fundraising capabilities.					
3	Merger contributes to better Cultural integration among employees.					
4	There is an effective communication strategy to keep employees well informed.					
5	Employees motivation are enhanced after the merger					
6	The merger create conducive working environment for employee.					
7	Provision of quality services are improved after the merger.					
8	Does Merger leads to an increase in the employee job satisfaction					
9	The merger ensured sustainable program implementation.					
10	As the result of the merger employee commitments are enhanced.					
11	Are you of the opinion that merger can lead to efficient usage of funds and resources?					

SECTION D. Challenges

	Questionnaire for Challenges	SD	D	N	A	SA
		1	2	3	4	5
1	Employee discover that the new situation is not working out well and feel more insecure and uncomfortable					
2	Increased size of staff and complexity of organization structure reduced employee performances.					
3	There is low employee motivation in SAVE THE CHILDREN after the merger.					
4	Communications and coordination's problems are increased after the merger					
5	Staff turnover are consistently increased after the merger.					
6	Due to differences in management style between merging firms, there exist Cultural disintegration between employees.					
7	Employees are dissatisfied with their benefit packages that they have after the merger.					
8	There is a problem of Leadership and Coordination in SAVE THE CHILDREN after the merger					
9	The merger creates lack of flexibility to learn new things between staff.					

10	There is no Conducive working environment in SAVE THE CHILDREN after the merger.					
11	Due to the merger Socialization and employee relationship are declined.					

Appendix- B: Interview Questions

Interview Questionnaire to Identify Benefits & Challenges of Merger

1. Why save the children members choose to merge?
2. Do you think that the SAVE THE CHILDREN merger strategy is successful? Why? / Why not?
3. How do you evaluate donor's reaction after the merger? Are they okay about the merger?
- 4 Do you think the merger removed redundant and identical positions and reduced HR related costs?
5. How do you see staff turnover in your organization? What mechanism does SAVE THE CHILDREN take to retain staffs?
6. Do you think that employees are more committed and efficient in their work after the merger? Why? Or Why not?
7. Do you think that the merger declined staff performances? Why or why not?
8. In general what do you recommend to increase the Benefits and reduced the challenges of merger?

9. If you have anything that you want to add about SAVE THE CHILDREN merger in relation to Benefits and challenges you are well come.

Appendix- C: Statistical output

Frequency Table

Table 1		Improving Capabilities for better funding access and addressing the needs of more beneficiaries are the reason for SC merger			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	2	1.7	1.7	1.7
	Disagree	2	1.7	1.7	3.3
	Neutral	18	14.9	14.9	18.2
	Agree	45	37.2	37.2	55.4
	Strongly Agree	54	44.6	44.6	100.0
	Total	121	100.0	100.0	
Table 2		The merger improves Operating synergy by acquiring more funds from different donors			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	6	5.0	5.0	5.0
	Neutral	19	15.7	15.7	20.7
	Agree	58	47.9	47.9	68.6
	Strongly Agree	38	31.4	31.4	100.0
	Total	121	100.0	100.0	
Table 3		The merger brings SAVE THE CHILDREN to be one of the leading INGO in Ethiopia working for children			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	3.3	3.3	3.3
	Disagree	6	5.0	5.0	8.3
	Neutral	24	19.8	19.8	28.1
	Agree	51	42.1	42.1	70.2
	Strongly Agree	36	29.8	29.8	100.0

	Total	121	100.0	100.0	
Table 4	The merger creates emotional impacts of anger, powerlessness and fear on employee				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	8	6.6	6.6	6.6
	Disagree	11	9.1	9.1	15.7
	Neutral	27	22.3	22.3	38.0
	Agree	48	39.7	39.7	77.7
	Strongly Agree	27	22.3	22.3	100.0
	Total	121	100.0	100.0	
Table 5	Employee of SC members fully or Partly participated in the operation of merger to make sure that their interest is considered				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	16	13.2	13.2	13.2
	Disagree	23	19.0	19.0	32.2
	Neutral	22	18.2	18.2	50.4
	Agree	35	28.9	28.9	79.3
	Strongly Agree	25	20.7	20.7	100.0
	Total	121	100.0	100.0	
Table 6	Are you in the opinion that merger could have any negative implication in the NGO sector				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	35	28.9	28.9	28.9
	Disagree	16	13.2	13.2	42.1
	Neutral	24	19.8	19.8	62.0
	Agree	32	26.4	26.4	88.4
	Strongly Agree	14	11.6	11.6	100.0
	Total	121	100.0	100.0	
Table 7	Do you agree that Merger can bring effectiveness and efficiency in SAVE THE CHILDREN.				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	12	9.9	9.9	17.4
	Neutral	50	41.3	41.3	58.7
	Agree	35	28.9	28.9	87.6
	Strongly Agree	15	12.4	12.4	100.0

	Total	121	100.0	100.0	
Table 8	Do Merger serves as a threat to workers in Save the Children				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	11.6	11.6	11.6
	Disagree	19	15.7	15.7	27.3
	Neutral	36	29.8	29.8	57.0
	Agree	35	28.9	28.9	86.0
	Strongly Agree	17	14.0	14.0	100.0
	Total	121	100.0	100.0	
Table 9	There is a procedure for building common tools, practices, processes, and languages.				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.1	4.1	4.1
	Disagree	24	19.8	19.8	24.0
	Neutral	38	31.4	31.4	55.4
	Agree	38	31.4	31.4	86.8
	Strongly Agree	16	13.2	13.2	100.0
	Total	121	100.0	100.0	
Table 10	Do you believe that Merger has positive impact on performance				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	4	3.3	3.3	3.3
	Disagree	17	14.0	14.0	17.4
	Neutral	36	29.8	29.8	47.1
	Agree	40	33.1	33.1	80.2
	Strongly Agree	24	19.8	19.8	100.0
	Total	121	100.0	100.0	
Table 11	Partnership and collaboration with government, local NGOs and other stakeholders are enhanced				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	3	2.5	2.5	2.5
	Neutral	33	27.3	27.3	29.8
	Agree	52	43.0	43.0	72.7
	Strongly Agree	33	27.3	27.3	100.0
	Total	121	100.0	100.0	
Table 12	As a result of merger Competitions for funding among member organizations are reduced				

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Disagree	5	4.1	4.1	4.1
	Neutral	15	12.4	12.4	16.5
	Agree	66	54.5	54.5	71.1
	Strongly Agree	35	28.9	28.9	100.0
	Total	121	100.0	100.0	
Table 13	The merger ensured better fundraising capabilities				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	1	.8	.8	.8
	Disagree	6	5.0	5.0	5.8
	Neutral	21	17.4	17.4	23.1
	Agree	74	61.2	61.2	84.3
	Strongly Agree	19	15.7	15.7	100.0
	Total	121	100.0	100.0	
Table 14	Merger contributes to better Cultural integration among employees.				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.1	4.1	4.1
	Disagree	26	21.5	21.5	25.6
	Neutral	33	27.3	27.3	52.9
	Agree	46	38.0	38.0	90.9
	Strongly Agree	11	9.1	9.1	100.0
	Total	121	100.0	100.0	
Table 15	There is an effective communication strategy to keep employees well informed				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	18	14.9	14.9	14.9
	Disagree	39	32.2	32.2	47.1
	Neutral	33	27.3	27.3	74.4
	Agree	25	20.7	20.7	95.0
	Strongly Agree	6	5.0	5.0	100.0
	Total	121	100.0	100.0	
Table 16	Employees motivation are enhanced after the merger				

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	32	26.4	26.4	26.4
	Disagree	47	38.8	38.8	65.3
	Neutral	23	19.0	19.0	84.3
	Agree	17	14.0	14.0	98.3
	Strongly Agree	2	1.7	1.7	100.0
	Total	121	100.0	100.0	
Table 17	The merger create conducive working environment for employee				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	11.6	11.6	11.6
	Disagree	41	33.9	33.9	45.5
	Neutral	36	29.8	29.8	75.2
	Agree	26	21.5	21.5	96.7
	Strongly Agree	4	3.3	3.3	100.0
	Total	121	100.0	100.0	
Table 18	Provision of quality services are improved after the merger				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	14	11.6	11.6	11.6
	Disagree	34	28.1	28.1	39.7
	Neutral	35	28.9	28.9	68.6
	Agree	28	23.1	23.1	91.7
	Strongly Agree	10	8.3	8.3	100.0
	Total	121	100.0	100.0	
Table 19	Does Merger leads to an increase in the employee job satisfaction				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	37	30.6	30.6	30.6
	Disagree	41	33.9	33.9	64.5
	Neutral	29	24.0	24.0	88.4
	Agree	12	9.9	9.9	98.3
	Strongly Agree	2	1.7	1.7	100.0
	Total	121	100.0	100.0	
Table 20	The merger ensured sustainable program implementation				

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	5.8	5.8	5.8
	Disagree	26	21.5	21.5	27.3
	Neutral	43	35.5	35.5	62.8
	Agree	36	29.8	29.8	92.6
	Strongly Agree	9	7.4	7.4	100.0
	Total	121	100.0	100.0	
Table 21	As the result of the merger employee commitments are enhanced				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	13	10.7	10.7	10.7
	Disagree	51	42.1	42.1	52.9
	Neutral	29	24.0	24.0	76.9
	Agree	25	20.7	20.7	97.5
	Strongly Agree	3	2.5	2.5	100.0
	Total	121	100.0	100.0	
Table 22	Are you of the opinion that merger can lead to efficient usage of funds and resources				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	7	5.8	5.8	5.8
	Disagree	17	14.0	14.0	19.8
	Neutral	37	30.6	30.6	50.4
	Agree	42	34.7	34.7	85.1
	Strongly Agree	18	14.9	14.9	100.0
	Total	121	100.0	100.0	
Table 23	Employee discover that the new situation is not working out well and feel more insecure and uncomfortable				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	3	2.5	2.5	2.5
	Disagree	13	10.7	10.7	13.2
	Neutral	23	19.0	19.0	32.2
	Agree	45	37.2	37.2	69.4
	Strongly Agree	37	30.6	30.6	100.0
	Total	121	100.0	100.0	

Table 24		Increased size of staff and complexity of organization structure reduced employee performances			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	5.0	5.0	5.0
	Disagree	7	5.8	5.8	10.7
	Neutral	22	18.2	18.2	28.9
	Agree	53	43.8	43.8	72.7
	Strongly Agree	33	27.3	27.3	100.0
	Total	121	100.0	100.0	
Table 25		There is low employee motivation in SAVE THE CHILDREN after the merger			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.1	4.1	4.1
	Disagree	13	10.7	10.7	14.9
	Neutral	30	24.8	24.8	39.7
	Agree	46	38.0	38.0	77.7
	Strongly Agree	27	22.3	22.3	100.0
	Total	121	100.0	100.0	
Table 26		Communications and coordination's problems are increased after the merger			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	6	5.0	5.0	5.0
	Disagree	16	13.2	13.2	18.2
	Neutral	32	26.4	26.4	44.6
	Agree	46	38.0	38.0	82.6
	Strongly Agree	21	17.4	17.4	100.0
	Total	121	100.0	100.0	
Table 27		Staff turnover are consistently increased after the merger			
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	21	17.4	17.4	24.8
	Neutral	15	12.4	12.4	37.2
	Agree	28	23.1	23.1	60.3
	Strongly Agree	48	39.7	39.7	100.0
	Total	121	100.0	100.0	
Table 28		Due to differences in management style between merging firms, there exist Cultural disintegration between employees			

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	14	11.6	11.6	19.0
	Neutral	40	33.1	33.1	52.1
	Agree	40	33.1	33.1	85.1
	Strongly Agree	18	14.9	14.9	100.0
	Total	121	100.0	100.0	
Table 29	Employees are dissatisfied with their benefit packages that they have after the merger				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	21	17.4	17.4	17.4
	Disagree	24	19.8	19.8	37.2
	Neutral	30	24.8	24.8	62.0
	Agree	38	31.4	31.4	93.4
	Strongly Agree	8	6.6	6.6	100.0
	Total	121	100.0	100.0	
Table 30	There is a problem of Leadership and Coordination in SAVE THE CHILDREN after the merger				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	27	22.3	22.3	29.8
	Neutral	47	38.8	38.8	68.6
	Agree	29	24.0	24.0	92.6
	Strongly Agree	9	7.4	7.4	100.0
	Total	121	100.0	100.0	
Table 31	The merger creates lack of flexibility to learn new things between staff				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	22	18.2	18.2	25.6
	Neutral	40	33.1	33.1	58.7
	Agree	34	28.1	28.1	86.8
	Strongly Agree	16	13.2	13.2	100.0
	Total	121	100.0	100.0	
Table 32	There is no Conducive working environment in SAVE THE CHILDREN after the merger				

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	9	7.4	7.4	7.4
	Disagree	16	13.2	13.2	20.7
	Neutral	32	26.4	26.4	47.1
	Agree	43	35.5	35.5	82.6
	Strongly Agree	21	17.4	17.4	100.0
	Total	121	100.0	100.0	
Table 33	Due to the merger Socialization and employee relationship are declined.				
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	5	4.1	4.1	4.1
	Disagree	19	15.7	15.7	19.8
	Neutral	28	23.1	23.1	43.0
	Agree	38	31.4	31.4	74.4
	Strongly Agree	31	25.6	25.6	100.0
	Total	121	100.0	100.0	

Source: SPSS Output 2105

DECLARATION

I, the undersigned, declare that this thesis is my original work; prepared under the guidance of Abdurezak Mohammed (Ph.D.). All sources of materials used for the thesis have been duly acknowledged. I further confirm that the thesis has not been submitted either in part or in full to any other higher learning institution for the purpose of earning any degree.

Dejene Alemu

Name

Signature & Date

St. Mary's University, Addis Ababa, July 2015

ENDORSEMENT

This Thesis has been submitted to St. Mary's University, School of graduate studies for examination with my Approval as a University advisor.

Abdurezak Mohammed (Ph.D.)

Advisor Name

Signature

St. Mary's University, Addis Ababa, July 2015