

**Exploring the influence of experiences of an acquisition on employees'  
psychological contract perceptions**

by

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requirements for the degree of

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## COMMENTS

The reader is reminded of the following:

- The editorial style of this dissertation follows the format prescribed by the Department of Industrial and Organisational Psychology (UNISA) for the dissertation of limited scope.
- The references, tables and figures in this dissertation of limited scope follow the format prescribed by the Publication Manual (7th edition) of the American Psychological Association (APA). This practice is in correspondence with the policy of the Department of Industrial and Organisational Psychology (UNISA) to use the APA referencing style in all scientific documents.
- This dissertation of limited scope is submitted in chapter 3 in the form of a research article with its own list of references.

## DECLARATION

I, Marenée Roux, student number 4412 2632, declare that this dissertation of limited scope, entitled **“Exploring the influence of experiences of an acquisition on employees’ psychological contract perceptions”**, is my own work. All the sources that I have used or have quoted have been indicated and acknowledged by means of complete references. This dissertation of limited scope has not, in part or in whole, been previously submitted for any other degree or examination at this or any other university.

I also declare that the study has been carried out in strict accordance with the Policy for Research Ethics of the University of South Africa (Unisa). I took great care that the research was conducted with the highest integrity, considering Unisa’s Policy for Infringement and Plagiarism. I further declare that I submitted the thesis to originality checking software and that it falls within the accepted requirements for originality.

I further declare that ethical clearance to conduct the research was obtained from the Department of Industrial and Organisational Psychology, University of South Africa (refer to Appendix A). Further I declare that permission was obtained from the participating organisation to conduct the research within the organisation.



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Marenée Roux

30 November 2021

Date

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## ABSTRACT/SUMMARY

### EXPLORING THE INFLUENCE OF EXPERIENCES OF AN ACQUISITION ON EMPLOYEES' PSYCHOLOGICAL CONTRACT PERCEPTIONS

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DEGREE : 98594 (MASTER OF COMMERCE IN INDUSTRIAL AND  
ORGANISATIONAL PSYCHOLOGY) – OPTION 1 (COURSEWORK)

The general aim of the research was to explore the association between employees' acquisition-related employment experience and their perceptions of the psychological contract. The cross-sectional quantitative research study involved a convenience sample of employees ( $n = 78$ ) from an acquired company in the software development sector in the South African payroll industry. Exploratory factor analysis established the factor structure and internal consistency reliability of the self-developed acquisition-related employment experiences scale. Multiple regression analysis showed that employment experience after acquisition significantly and positively predicted perceptions of employer obligations, satisfaction with psychological contract, and the state of the psychological contract. Employment experience before acquisition significantly and positively predicted satisfaction with the psychological contract. Tests for significant mean differences indicated differences among age groups regarding after-acquisition experiences and perceptions of the state of the psychological contract. The study findings contribute new knowledge to the sparse research on acquisition experiences and extended change management theory.

**Keywords:** acquisition experiences, psychological contract theory, employer obligations, social exchange theory, employment experiences, state of psychological contract

## ABSTRAK/OPSOMMING

### ONDERSOEK NA DIE INVLOED VAN ERVARINGS VAN 'N AANSKAFFING OP WERKNEMERS SE PERSEPSIES VAN DIE SIELKUNDIGE KONTRAK

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Die algemene doelwit van die navorsing was om die verband tussen werknemers se ervarings van 'n (maatskappy-)aansaffing en hul persepsies van die sielkundige kontrak te ondersoek. Die deursnit kwantitatiewe navorsingstudie het 'n geriefsteekproef ( $n = 78$ ) van die werknemers van 'n aangeskafte maatskappy in die sagtewareontwikkelingssektor van die Suid-Afrikaanse betaalrolbedryf behels. Ondersoekende faktorontleding het die faktorstruktuur en interne konsekwentheidsbetroubaarheid van die selfontwikkelde aansaffingservaringskaal bepaal. Meervoudige regressieontleding het getoon dat die werkservaring/ondervinding ná aansaffing die persepsies van werkgewerverpligtinge, tevredenheid met die sielkundige kontrak, en gesteldheid van die sielkundige kontrak beduidend en positief voorspel. Die werkservaring vóór aansaffing het tevredenheid met die sielkundige kontrak beduidend en positief voorspel. Toetse vir beduidende gemiddelde verskille het verskille tussen ouderdomsgroepe in ná-aansaffingservarings en persepsies van die gesteldheid van die sielkundige kontrak getoon. Die bevindinge van die studie het nuwe kennis tot die weinig navorsing oor aansaffingservarings en uitgebreide veranderingsbestuursteorie bygedra.

**Sleutelwoorde:** aansaffingservarings, sielkundigekontraktheorie, werkgewerverpligtinge, sosiale uitruilingsteorie, werkservaringe, gesteldheid/staat van sielkundige kontrak

## SETSOPOLWA/KAKARETŠO

### GO LEKOLA KHUETŠO YA MAITEMOGELO A GO HWETŠA GA MAIKUTLO A BAŠOMI KA GA TUMELELANO MABAPI LE TŠA MONAGANO

ka

Marenée Roux

MOHLAHLI WA DINYAKIŠIŠO : Moprof M. Coetzee

LEFAPHA : Thutamenagano ya Diintasteri le Dikhamphani

KGRATA : 98594 (MASTASE WA KGWEBO KA GO  
DITHUTAMAHLALE TŠA DIINTASTERI LE  
DIKHAMPHANI – KGETHO YA 1 (KA DIKHOSO)

Maikemišetšokakaretšo a dinyakišišo tše e bile go lekola kamano magareng ga maitemogelo a bašomi ka ga go hwetša le maikutlo a bona ka ga tumelano mabapi le tša menagano. Dinyakišišo ka ga bontši tša mahlakore a mantši di akareditše sampole ye e lekanego ya bašomi (n = 78) ka ga khamphani ye e hweditšwego ka lekaleng la tšweletšo ya disoftware ka go Intasteri ya mananeo a meputso ya Afrika Borwa. Tshekatsheko ya kutollo e hlamile sebopego sa dintlha le go tshepa ga maemo a maitemogelo a khwetšo ya boikutollo ka go swantšha ga ka gare. Tshekatsheko ya go boela morago kgafetšakgafetša e laeditše gore maitemogelo a mošomo ka morago ga go thwalwa go akantše gabohlokwa le gakanone maikutlo a ditlamego tša mongmošomo, go kgotsofala mabapi le tumelano ya tša menagano, le seemo sa tumelano yeo ya tša menagano. Maitemogelo a ka mošomong pele ga khwetšo a akantše gabohlokwa le gakaone go kgotsofala ka tumelano ya tša menagano. Diteko tša diphapano tše bohlokwa tše nnyane di laeditše gore go na le diphapano magareng ga dihlopha tša mengwaga ka morago ga maitemogelo a khwetšo le maikutlo ka ga seemo sa tumelano ya tša menagano. Dikutollo tša dinyakišišo di tsentše letsogo go tsebo ye mpsa go dinyakišišo tše di sego tša dirwa kudu mabapi le maitemogelo a khwetšo le teori ya taolo ye e fetogilego.

**Mantšu a bohlokwa:** maitemogelo a khwetšo, tumelano ya tša menagano, ditlamego tša mongmošomo, teori ya neelano ya setšhaba, maitemogelo a mošomong, seemo sa tumelano ya tša menagano

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## **CHAPTER 1: SCIENTIFIC OVERVIEW OF THE RESEARCH**

This research focused on exploring the influence of experiences of an acquisition on employees' psychological contract perceptions. This chapter provides the background and motivation for conducting the research. This is followed by the statement of the research problem and the formulation of the research questions. The research aims and research model, as well as the paradigm perspectives of the research, are then discussed. Subsequently, a discussion of the research design and methodology is provided, and the chapter concludes with a layout of the chapters and a summary of the chapter.

### **1.1. BACKGROUND TO AND MOTIVATION FOR THE RESEARCH**

The context of the case study research is organisational change and its effect on employees' psychological contract perceptions of an organisation in the South African software development industry that was acquired by a company listed in the United Kingdom (UK). The theoretical framework that acted as the foundation through which the relationships between the factors were studied is the Social Exchange theory. The purpose of the research is to explore the influence of the acquisition of an organisation on the psychological contract views of the employees who are permanently employed by that organisation.

As part of organisations' survival strategies, they need to adapt to new technologies, be competitive in markets, as well as consider strategic outlooks, mergers and acquisitions, globalisation and political development (Akhtar & Long, 2015; Van den Heuvel & Schalk, 2009). Constant changes in the global environment have substantially reshaped organisations and the nature of work itself (Alcover et al., 2017). The employee/employer relationship is affected by far-reaching workplace transitions (Alcover et al., 2017). Changes in this relationship between organisations and employees are caused by increasing global competition, rapid technological advancement, increased complexity of work, reduced supervision, increased cultural diversity and the changing career context (Chaudhry & Song, 2014). Growing competition and globalisation have increased the amount of acquisitions of national companies by international organisations (Wei & Clegg, 2014). An acquisition occurs when one organisation takes ownership of another organisation by purchasing majority shares in the former organisation, in contrast to a merger where two similar-sized organisations merge into one (Magano & Thomas, 2017). When companies merge, the policies and the culture of both companies are integrated into one. In contrast, when an acquisition occurs the company that is being acquired will adapt to the policies and culture of the new holding company (Tarba et al., 2017).

Over the last decade the number of research articles written about acquisitions has increased rapidly as the need for competitive advantage grows (Reddy, 2015). Firms use acquisitions to fast-track their growth, seize and expand on valuable capabilities, access assets like human capital and in some cases to reduce competition (Brueller et al., 2018). Companies that have the ability to utilise and develop human capital have a great competitive advantage in a fast-changing, competitive, global environment (Pan et al., 2020). This human capital refers to employees who generate innovative ideas, products, services and processes that may be profitable for the organisation (Pan et al., 2020). One of the great advantages of an acquisition is that this valuable human capital is part of the acquisition transaction and available to the acquiring organisation to promote its growth (Brueller et al., 2018).

The speed at which an acquisition occurs has an impact on the experience of the organisation that is being acquired (Wei & Clegg, 2018). A rapid integration speed reduces the time that employees and stakeholders feel unsure and for competitors to profit from the acquisition. A slow integration speed has been demonstrated to have a positive effect on the acquired organisation and its employees, as conflicts between the acquiring organisation and the target firm are minimised, trust between the firms can be built and more time is allowed for employees to adapt to the new organisational culture (Wei & Clegg, 2018). There is no “correct” speed that fits with acquisition scenarios; the appropriate speed of integration depends on the differences between the organisations, in particular their organisational culture (Wei & Clegg, 2018).

Akhtar and Long (2015) explain that mergers and acquisitions have a profound effect on the corporate culture, and the employees’ perception of the psychological contracts are also expected to change as a result of the merger or acquisition. Employee’s response to the changes that an acquisition bring about to the working environment are not homogenous and employee reactions to this change can result in different responses (Holland & Hugh, 2021). An acquisition effectively forces a change of employer on target employees without the employees’ consent which could result in psychological contract breach (Holland & Hugh, 2021). The concept of psychological contracts is used to describe the unwritten expectations or obligations between employees and employers in an exchange relationship (Adams et al., 2014). Aspects that could have an impact on employees’ perceptions, both before and after an acquisition, are job enthusiasm, loyalty to the company, job security and work–life balance (Akhtar et al., 2016; Bordia et al., 2017; De Jong et al., 2016; Matthysen & Harris, 2018).

In an organisation, a relationship exists between the employee and the employer because there is a need for certain tasks and services to be performed in exchange for some form of payment. The formal aspects of this relationship are captured by a legal contract between the employee and employer (Ehlers, 2017). In South Africa, these legal contracts are subject to various statutory provisions, for example the Basic Conditions of Employment Act (Nel et al., 2011). In this relationship, the employee has expectations about what their obligations are towards their employer in exchange for what their employer's obligations are towards them, and these perceptions make up the psychological contract (Agarwal & Bhargava, 2013). The present study will focus on the employees' perceptions of their psychological contracts and not on the employer's perceptions of them.

Psychological contracts are made up by two groups of aspects, transactional aspects and relational aspects (Birtch et al., 2016). Transactional aspects are characterised by well-specified benefits and contributions that are economic and short-term, such as pay and performance (Chaudhry & Song, 2014). The relational aspects of psychological contracts are long-term arrangements that are founded on mutual dependence; they are socio-emotional and dynamic rather than economic in nature, like security and loyalty (Chaudhry & Song, 2014). Some of the obligations employees feel their employer has towards them are professional development, job security, responsibility, healthcare, retirement benefits and competitive and performance-based compensation. These are given in exchange for hard work, loyalty and commitment on the employees' part (Agarwal & Bhargava, 2013; O'Meara et al., 2016).

The present study explores the link between employees' acquisition-related employment experiences and their psychological contract through the theoretical lens of classical social exchange theory (Alcover et al., 2017). Social exchange theory is one of the theories that have dominated theoretical and empirical research on the employee–organisation relationship over the last half a century (Alcover et al., 2017). As reported in the work of Emerson (1976), George Homans, John Thibaut, Harold Kelley and Peter Blau were the four figures that were largely responsible for the development of social exchange theory in the late 1950s. Although there are different views on social exchange, theorists agree that social exchange involves a series of interactions that creates obligations (Emerson, 1976). In social exchange theory these interactions are seen as interdependent and conditional on the actions of another person (Alcover et al., 2017). Van den Heuvel and Schalk (2009) explain that social exchange requires a person to trust the other party in the exchange transaction to fulfil their obligations. Psychological contract fulfilment is imperative for the employment exchange relationship as it reflects employees' perceptions and expectations about the degree to which the mutual

obligations between an employee and the employer have been fulfilled (Birtch et al., 2016). Social exchange theory suggests that employees who believe that their employer has fulfilled its obligations are likely to reciprocate the exchange obligation and promote positive job outcomes (Birtch et al., 2016).

In this study, it is expected that the change brought about by the acquisition of the organisation would either positively or negatively influence the employees' perceptions of the psychological contract. It has been found that poor communication, an absence of planning, low employee engagement, inadequate human resources involvement, poor preparation of the organisational culture, merger lag and poor change management processes have a negative impact on the psychological contract during acquisitions (Magano & Thomas, 2017; Marks, 2006). Research has found that employees' perceptions of the degree to which the organisation has fulfilled its promises has an influence on the employees' resistance to organisational change (Van den Heuvel & Schalk, 2009). Organisational change may be destabilising for employees, subsequently resulting in feelings of uncertainty and insecurity, fear, psychological stress and anxiety (Lawlor, 2013). Paying attention to emotional unity between all members of the organisation before a merger or acquisition may lower the levels of stress, which could positively influence the coping capability of employees during this stressful time (Cho et al., 2017). A significant link has been found between psychological contract breach and negative emotions such as anger, frustration and feelings of betrayal, based on a sample of school teachers in China (Peng et al., 2016). In a study conducted in the financial sector in Thailand with a sample of full-time employees, it was found that an elevated level of mindfulness that supports psychological well-being has a positive effect on the employment experience of employees during acquisitions by helping individuals cope effectively with negative emotions (Charoensukmongkol, 2016). In their research based on a sample of employees of ten Dutch organisations, Van den Heuvel and Schalk (2009) found that by maintaining healthy psychological contracts with their employees, an organisation can build trust that could reduce resistance to change.

This study is also interested in exploring the diverse acquisition-related employment experiences and psychological contract views of employees from different age, gender and job level groups. It has been found that job level has an impact on the perceptions of employees (Coetzee, 2015). An employee's age also has an impact on psychological contracts because age often results in greater emotional maturity (Bordia et al., 2017). Through the acquisition process employees can experience uncertainty about aspects like job security, career prospects, work relationships, organisational support networks, organisational identity and organisational culture (Renneboog & Vansteenkiste, 2019; Seo &



Hill, 2005). These aspects form part of the psychological contract and subsequently could have an impact on the psychological contract perspective (Coetzee, 2008; Renneboog & Vansteenkiste, 2019).

Flowing from the background and the motivation, the following hypotheses are posed and will be tested empirically in this research:

- H1:** Employees' acquisition-related employment experiences and their psychological contract perceptions are positively associated.
- H2:** Employees' acquisition-related employment experiences predict their psychological contract perceptions.
- H3:** Employees from various age, gender and job levels differ regarding their acquisition-related employment experiences and psychological contract perceptions.

## **1.2. PROBLEM STATEMENT**

Organisational change is regularly reviewed in the literature as a holistic concept. In the published literature, mergers and acquisitions are often investigated as a single topic (Magano & Thomas, 2017). Organisational acquisition as a topic on its own is not often studied (Magano & Thomas, 2017).

If employees feel that their psychological contracts have been breached, the resulting experience of contract violation can cause the affected employee to re-evaluate their relationship with the employer (Atkinson et al., 2018). A variety of adverse effects can result from the re-evaluation of the employment relationship, including dissatisfaction, lowered trust and commitment, anger, diminished efforts, as well as lower performance and turnover commitment (Atkinson et al., 2018). In a fast-changing corporate environment, people are a very important source of competitive advantage (Prajogo & Oke, 2016). Retaining employees is essential because training is expensive, and the integration of new employees and building strong teams takes time (Prajogo & Oke, 2016). Therefore, understanding the impact of a big organisational change, like the acquisition of an organisation, on employment experiences and views of the psychological contract is vital.

The problem is that the majority of research has been conducted to investigate the change in the self-perceived employee psychological contract as a result of mergers (Akhtar & Long, 2015; Cho et al., 2017; Magano & Thomas, 2017; Suutari et al., 2012; Turnley & Feldman, 1998; Van der Smissen et al., 2013). The impact of acquisitions and mergers are not the same and different types of change has different relations to trust and social capital (Tarba et al., 2017). In the case of merging there is a fusion of the two organisation's sets of values, identities and culture, whereas in the case of an acquisition the acquired organisation needs to adopt the values, identities and culture of the acquiring organisation which may have a profound impact on psychological contract perceptions (Tarba et al., 2017; Van den Heuvel & Schalk, 2009). After reviewing current literature, it was noticed that in most studies mergers and acquisitions (M&A) are used as a single construct. However, the present study takes a different approach by separating the two types of organisational expansion and by only focusing on the acquisition of an organisation and the influence this transaction has on the employees' acquisition-related employment experiences in relation to their psychological contract perceptions within the acquired organisation.

Exploring the influence of acquisition-related employment experiences on the employees' psychological contract perceptions could provide valuable information, giving new insights that could inform change management practices in organisations undergoing acquisitions.

The general research questions that this research aims to answer is as follows: What is the link between employees' acquisition-related employment experiences and their psychological contract perceptions, and do employees differ regarding their acquisition-related employment experiences and psychological contract perceptions?

### **1.2.1. Research questions with regard to the literature review**

In terms of the literature review, the research aims to answer the following questions:

- Research question 1: How does the research literature conceptualise the concepts of acquisition and psychological contract within the context of organisational change?
- Research question 2: What are the theoretical implications of the associations between acquisition-related employment experiences and psychological contract perceptions for change management practices?

### **1.2.2. Research questions with regard to the empirical study**

In terms of the empirical study, the research aims to answer the following questions:

- Research question 1: What is the association between employees' acquisition-related employment experiences and psychological contract perceptions in a sample of employees employed in a South African-based organisation?
- Research question 2: Does employees' acquisition-related employment experience predict their psychological contract perception?
- Research question 3: Are there differences among age, gender and job levels in terms of acquisition-related employment experiences and psychological contract perceptions?
- Research question 4: What conclusions can be drawn from the findings and what recommendations can be formulated for future research and change management practices?

### **1.3. RESEARCH AIMS**

Based on the research hypotheses stated in section 1.1, the following aims are formulated:

#### **1.3.1. General aim**

The general aim of the research is to explore the association between employees' acquisition-related employment experience and their perceptions of the psychological contract. The research further aims to explore whether there are differences between the acquisition-related employment experiences and psychological contract perceptions of age, gender and job level groups.

#### **1.3.2. Specific aims**

The following specific aims were formulated for the literature review and the empirical study:

##### **1.3.2.1. Literature review**

The review of literature and theory aimed to:

- Research aim 1: To conceptualise and explain the constructs of acquisition and psychological contract within the context of organisational change.
- Research aim 2: To critically evaluate the theoretical implications of the associations between acquisition-related employment experiences and psychological contract perceptions for change management practices.

### **1.3.2.2. Empirical study**

The aims of the empirical study were the following:

- Research aim 1: To empirically explore the association between employees' acquisition-related employment experiences and psychological contract perceptions in a sample of employees employed in a South African-based organisation.
- Research aim 2: To empirically explore whether employees' acquisition-related employment experiences predict their psychological contract perception.
- Research aim 3: To explore whether there are differences among age, gender and job levels in terms of acquisition-related employment experiences and psychological contract perceptions.
- Research aim 4: To draw conclusions from the findings and formulate recommendations for future research and change management practices.

## **1.4. PARADIGM PERSPECTIVE OF THE RESEARCH**

A paradigm in the social sciences is a set of practices, accepted theories, models and methodologies that define a scientific discipline (Babbie, 2013; Sanders, 2010). Walliman (2011) defines a paradigm as the overall effect of the acceptance of a particular theoretical approach that influences the worldview of the scientist. This section elaborates on the paradigmatic perspectives of relevance to the present study.

#### **1.4.1. Field of study and overarching theoretical lens**

This study was conducted within the field of Industrial and Organisational Psychology. Industrial and Organisational Psychology can be thought of as an applied science with the potential to inform and address human-capital challenges in organisations (Neubert et al., 2015). In the current fast-changing business environment, human capital in the form of employees' knowledge, skills, abilities and other characteristics is one of the most important organisational areas that have to be managed (Nyberg et al., 2018). One of the most influential paradigms in organisational behaviour is social exchange theory which is a sub-aspect of open systems theory. This theory refers to the notion that organisations are influenced by their environment, and this could have a positive or a negative impact on the organisation (Bastedo, 2004). The basic premise of social exchange theory is that a series of interdependent interactions generate obligation (Alcover et al., 2017). Thematically, social exchange theory relates to the present study by exploring the links between acquisition-related employment experiences and psychological contract perceptions. These links are important as there is an interdependence between employers and employees, and the employer's strategic decision to engage in an acquisition may influence the psychological contract perceptions of the employees that could influence the balance of this interdependence.

#### **1.4.2. Empirical research paradigm**

A post-positivist research paradigm will apply in this study. According to a positivist research perspective, there is a direct correlation between objects, events and phenomena, and a person's understanding and interpretation of their world (Willig, 2001). From a post-positivist research perspective, reality does not exist within a vacuum; it can be influenced by its context (Crossan, 2003). A positivist research perspective is objective and aims to describe the facts, laws and mechanisms of the world. Because the physical and social world exist independently of one's thinking, this world can be quantified and empirically researched by means of scientific methods (Terre-Blanche et al., 2006). The scientific method applied in this study follows a cross-sectional quantitative research design, making use of surveys and quantitative data analysis, which lends itself to objective data analysis.

### **1.5. RESEARCH DESIGN**

A research design is the procedures to be used in the research study; this design is closely tied to the researcher's research questions and theories (Vogt et al., 2012).

### **1.5.1. Research approach**

In this exploratory research a cross-sectional quantitative research study was used to achieve the research aims and test the research hypotheses. A cross-sectional study refers to the time dimension of a study. This study involved gathering data from a sample of a population at one point in time (Babbie, 2013). The advantage of using a cross-sectional study is that it is cost and resource effective (Mann, 2003). The most important limitation of this type of study is differentiating cause and effect; however, this is not applicable to this study as the study was exploratory in nature (Mann, 2003).

Social research can serve many purposes, with the three most common being exploration, description and explanation (Babbie, 2013). Exploratory research is conducted to explore a topic and to familiarise the researcher with that topic (Babbie, 2013). Many social science studies are conducted to describe situations and events. This is accomplished by the researcher observing or obtaining data and then describing this data (Babbie, 2013). The questions that a researcher aims to answer in descriptive studies are where, when, what and how, with the purpose being to describe phenomena as accurately and clearly as possible (Babbie, 2013). The purpose of explanatory research is to explain a phenomenon; that is, in explanatory research the researcher aims to answer a why question (Babbie, 2013). This research study entailed exploratory research, as the purpose of the study was to explore associations between the study variables (Kothari, 2004).

### **1.5.2. Validity**

Validity refers to the accuracy and appropriateness of the data obtained in terms of the research questions being investigated (Denscombe, 2014). The internal and external validity of both the literature review and the empirical study are important, as these reflect on different aspects of the research process (Crano et al., 2015). In the case of the internal validity of the empirical study, the data gained from the research should truly reflect the constructs that are measured, and this should be done in a valid manner. The external validity of the empirical study refers to the extent to which the results can be generalised or the certainty with which the results can be applied to other respondent groups or different settings (Crano et al., 2015; Walliman, 2011). In terms of present study, the findings will only be generalised to the participants of the study within a specific organisational setting and not to other populations.

In this study, validity will be ensured (Terre-Blanche et al., 2006)

- through the use of scientific sources that are up to date and in line with the nature, constructs and aims of the literature review and the research study as a whole
- by clearly stating the purpose of the study, the theoretical paradigms underpinning the study and the context within which the research took place
- by using purposeful sampling to increase external validity, as population representation can be ensured
- by increasing internal validity through the use of a measure that has been scientifically tested and validated in the South African context.

### **1.5.3. Reliability**

Reliability refers to whether a measuring instrument is neutral in its effect and consistent across multiple occasions of its use (Denscombe, 2014). Cronbach's alpha (internal consistency reliability) was used to determine the internal consistency of the instrument. Cronbach's alpha can range from .00 to 1.00, with .00 meaning there is no internal consistency and 1.00 being the maximum internal consistency score possible (Crano et al., 2015). A coefficient of .70 or greater is acceptable. In this study, reliability will be ensured by including a measuring instrument (PSYCONES Questionnaire (Isaksson, 2006)) with high reported reliability in previous studies. In these previous studies very high Cronbach's alpha coefficients for the PSYCONES Questionnaire of between .70 and .95 for the different subsections were reported (Isaksson, 2006; Snyman et al., 2015). The self-developed items for measuring acquisition-related employment experiences will also be tested for internal consistency reliability by means of exploratory factor analysis and inter-item correlations, including the Cronbach's alpha coefficient.

### **1.5.4. Unit of analysis**

The unit of analysis refers to whom or what is studied by the researcher in order to formulate generalisations of these objects or individuals and to explore the differences among them (Babbie, 2013). For this study, the unit of analysis was the individual. The employees who formed the unit of analysis in this study are permanently employed in the private sector by an organisation in the software development industry, which was acquired by an international organisation. Subgroups of age, gender and job level also served as units of analysis to test differences in terms of biographical characteristics.

### **1.5.5. Research variables**

Variables are components of the indicators that are measured (Walliman, 2011). In this study, the independent variable is acquisition-related employment experience and the dependent variables are psychological contract perceptions.

### **1.5.6. Ethical considerations**

Ethics in research is not an option, it is a fundamental necessity of all good research (Denscombe, 2014). Social researchers have to apply for approval from an Ethics Committee prior to their investigation to give the committee the opportunity to scrutinise the research design and to ensure that the design includes appropriate measures to protect the interests of the individuals investigated by the researcher (Denscombe, 2014).

Ethical guidelines and standards, as stipulated by the Health Professions Council of South Africa (HPCSA) and the Research Ethics Policy of the University of South Africa (UNISA), formed the basis of the study. The following moral principles are outlined in the UNISA Research Ethics Policy (UNISA, 2013):

- *Participants.* Participants will be respected and their rights will be protected. Informed consent will be obtained from participants and the anonymity of participants will be ensured during both the collection and the analysis of the data.
- *Researcher.* The researcher will conduct research with integrity while being honest, transparent and accountable for their actions. Researchers may not exploit any party involved or associated with this research study.

Before the research was conducted, ethical clearance was obtained from the Research Committee of the Department of Industrial and Organisational Psychology. Written permission was obtained from the participating organisation.

All employees permanently employed by the South African branch of the organisation were invited by email to participate voluntarily in the study. The email explained the aim of the research study, an explanation of the purpose for which the data would be used, the role the participant would fulfil, and the time needed to complete the questionnaire. The email included a section in which the participant's privacy and anonymity were guaranteed, explaining that no identifiable personal data would be recorded, and that the data would be coded and used in an anonymous group-based format for the remainder of the research process. The contact



details of the researcher and a link to the online questionnaire were included in the email. The email was drafted in a question–answer format rather than lengthy paragraphs, to make information transfer as simple as possible and to encourage participation by employees (Baruch & Holtom, 2008).

Following the explanation of participants' rights and the purpose for which their data would be used, as well as assuring them of anonymity and privacy, informed consent was obtained from all participants. All data and results were handled confidentially in line with the Protection of Personal Information Act. Data was stored in an electronic format which was password protected on a secure device with no identifiable personal information included. By not requiring any identifiable personal information from participants, their anonymity was assured. As no identifiable information was recorded, participants' responses to the assessment could not be traced back to them.

During data analysis the results were coded, as opposed to using identifiable personal references. All data was analysed, referred to, reported and published in this coded format. Data obtained from the research will only be used for this study, to which participants agreed in the written consent (POPI, 2013). Only group-based and anonymous research results will be made available to the organisation from which the data was collected (Babbie, 2013; Denscombe, 2014).

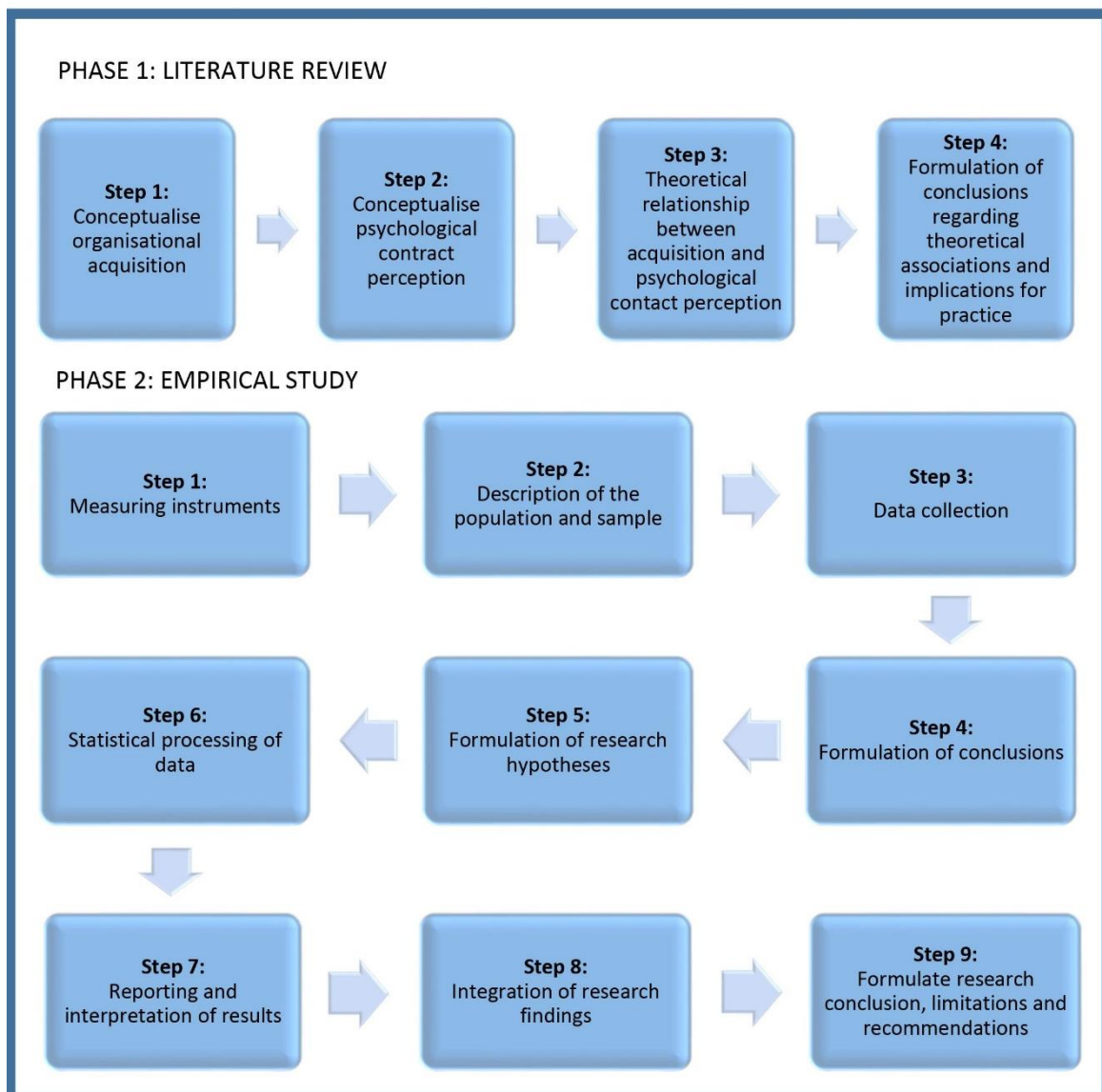
The Employment Equity Act 55 of 1998 requires that assessments used in the South African context must be proven to be fair, valid and reliable, and may not be biased towards any person or group. This legislation was incorporated in the research by using assessment measures that have been scientifically proven to be valid and reliable and not biased to any person or group. The process and instructions for administering the assessment were identical for all participants to further eliminate prejudice.

## **1.6. RESEARCH METHODOLOGY**

The research was conducted in two phases. The first phase entailed the literature review. This flowed into the second phase which comprised the empirical study. An overview of these phases is illustrated in Figure 1.1.

**Figure 1.1**

*Flow Diagram of Research Method*



Source: Author's own work

### **1.6.1. Literature review**

The literature review will be discussed in more depth in chapter two. Chapter two starts with the explanation of what an acquisition is and how it relates to change management. Under this heading the researcher delves down in change management models and the conceptualisation of acquisition in the context of change management.

The next section of chapter two discusses acquisition-related employment experiences and psychological contract. Thirdly the researcher explains how social exchange theory is applied and interrelated with acquisition-related employment experiences and psychological contract. The review of literature review in chapter two concludes with the implication than the above topics have on change management practices.

The following steps were proposed for the first phase, as discussed in chapter two, namely, the literature review.

Step 1: Conceptualise organisational acquisition from a theoretical perspective.

Step 2: Conceptualise the employee's perspective on the psychological contract from a theoretical perspective.

Step 3: Integrate the variables and conceptualise the theoretical relationships between the acquisition-related employment experience and employees' views of the psychological contract.

Step 4: Formulate conclusions regarding the theoretical associations and implications for change management practice.

### **1.6.2. Empirical study**

The empirical study is in the form of a research article which is the third chapter of the dissertation. Chapter three states by presenting the reader, in the introduction, to a short summary of the research article. Then the purpose of the research is discussed. The theoretical framework, which is social exchange theory, is the looked at. The researcher then explained acquisition-related employment experiences and psychological contract perceptions. The integration of the above concepts are the discussed. The research method

and results follows. Chapter three is concluded with the discussion of the results and the limitations of the study.

The empirical study involves nine steps as detailed below:

*Step 1: Describe the psychometric properties of the measuring instrument*

Examples of the items in the measuring instruments are shown in Table 1.1 below.

Three measuring instruments were used in the exploratory research, namely, biographical information, acquisition experience and perceptions on the psychological contract:

Biographical section:

In this section, the participant was asked to supply information pertaining to their age, gender, job level and date of employment engagement with the organisation.

Psychological contract section:

The PSYCONES questionnaire (Isaksson, 2006) was used in this section. This questionnaire (Isaksson, 2006) is a self-rating measure, comprising of 48 items and four subscales, examples of which can be found in Table 1.1:

- Employer obligation (consists of 17 questions)
- Employee obligation (consists of 15 questions)
- Employee satisfaction with psychological contract (consists of 7 statements)
- State of psychological contract (consist of 9 statements)

A high internal consistency reliability for three of the subscales was found in the South African context with Cronbach's alpha coefficients of between .90 and .94 (Van der Vaart et al., 2013).

Acquisition-related employment experience:

In this section, employees responded to 16 single-item questions (refer to Appendix B), developed by the researcher, regarding job enthusiasm, loyalty towards the organisation, importance of job security, satisfaction with remuneration, work-life balance and

organisational support before and after the acquisition. The questionnaire items are included as an appendix to the dissertation.

The development of the items was based on the research literature as well as inductive and deductive item development protocols as guided by Bichi et al (2019) and Devellis (2003). The inductive strategy based the item generation on subjective information about the construct as gathered from opinions from the target audience and two subject matter experts who were involved in the acquisition experience. A deductive strategy was then employed to ensure content and face validity of the items by reviewing the research literature on acquisitions. Exploratory factor analysis (see chapter 3) was then employed to establish whether the newly developed items (refer to Appendix B) are representative of the scale constructs.

Examples of the items in the measuring instruments are shown in Table 1.1 below.

**Table 1.1***Measuring Instruments*

| Questionnaire  | Sub dimension measured   | Example of items  | Number of items | Likert scale   |
|--|--|---|-----------------|--|
| PSYCONES questionnaire (Isaksson, 2006)                        | Employer obligation  | <i>"Has your organisation promised or committed itself to providing you with interesting work?"</i>   | 17 items        | 0 = No<br>1 = Yes, but promise has not been kept at all<br>2 = Yes, but promise only kept a little<br>3 = Yes, promise half-kept<br>4 = Yes, promise largely kept<br>5 = Yes, promise fully kept |
| PSYCONES questionnaire (Isaksson, 2006)                        | Employee obligation  | <i>"Have you promised or committed yourself to protect your company's image?"</i>   | 15 items        | 0 = No<br>1 = Yes, but promise has not been kept at all<br>2 = Yes, but promise only kept a little<br>3 = Yes, promise half-kept<br>4 = Yes, promise largely kept<br>5 = Yes, promise fully kept |
| PSYCONES questionnaire (Isaksson, 2006)                        | Employee satisfaction with psychological contract  | <i>"I feel happy."</i> These statements relate to an overall feeling regarding whether the organisation has or has not kept its promises and commitments. | 7 items         | 1 = Strongly Disagree<br>2 = Definitely Disagree<br>3 = Moderately Disagree<br>4 = Moderately Agree<br>5 = Definitely Agree<br>6 = Strongly Agree  |
| PSYCONES questionnaire (Isaksson, 2006; Psycones report, 2005) | State of psychological contract  | <i>"Overall, do you feel you are rewarded fairly for the amount of effort you put into your job?"</i>   | 9 items         | 1 = Strongly Disagree<br>2 = Definitely Disagree<br>3 = Moderately Disagree<br>4 = Moderately Agree<br>5 = Definitely Agree<br>6 = Strongly Agree  |
| Acquisition-related employment experiences (self-developed)    | Job enthusiasm, loyalty towards the organisation, importance of job security, satisfaction with remuneration, work-life balance and organisational support | <i>"How enthusiastic are you about your job after the acquisition?"</i>   | 16 items        | 1 = Not at all<br>2 = Not much<br>3 = Somewhat<br>5 = Average<br>4 = More than average<br>6 = Very   |

### *Step 2: Identifying and describing the population and sample*

The research setting was a South African organisation in the software development industry, where the researcher was employed in the Pretoria branch. This improved the respondents' trust in the researcher and provided a greater understanding of the participants' culture and context (Anney, 2014). This South African organisation was acquired by an international company, listed on the London Stock Exchange, three years before the research was done.

The population of the South African company comprised 340 employees (N = 340). The email addresses of all "after acquisition" permanently employed employees were available on the company's Outlook address book, which made it public data and thus it could be used by the researcher to send out the questionnaire to all the South African employees. Temporary employees were not included in the population.

The main purpose of sampling is to save time and money for the researcher (Gorard, 2003). In this study convenience sampling was used. Convenience sampling is a nonprobability sampling technique where the sample used is the one that is available to the researcher (Denscombe, 2014). In this research project, the survey invitation was sent to the entire South African population employed by the organisation and the employees were free to complete the survey or not. The company Outlook address book was used to obtain the email addresses of all employees, as well as their country of residence, which was used as a filtering option to find colleagues. As the researcher was an employee of the organisation at the time of the research, the Outlook address book was available and accessible.

The final sample was (n = 78) employees. Simple regression analysis needs at least 50 samples and generally 100 for most research situations (e.g. exploratory factor analysis) (Hair et al., 2018). In the present study a response rate of 23% was obtained, indicating an adequate sample size for statistical purposes.

### *Step 3: Procedure for administering the measuring instrument*

All participation was voluntary, and participants were well informed of the nature and purpose of the study as part of the informed consent required from participants. Employees received a link via their work emails to ask if they would voluntarily complete the online research survey. The employees were informed that the completion window was four weeks. Weekly response percentages were communicated to the participants as a reminder to complete the survey.

*Step 4: Data capturing and scoring*

After the four weeks the raw data was exported to an Excel spreadsheet. The data was then transferred to the Statistical Package for Social Sciences SPSS for data analysis by a outsourced statistician.

*Step 5: Formulation of research hypotheses*

A research hypothesis is a testable directional prediction about specific relationships involving the theoretical constructs in a research study. Hypotheses are used to guide the purpose of a research study (Crano et al., 2015). The empirical research aims and hypotheses are described in Table 1.2.

**Table 1.2**

*Empirical Research Aims and Hypotheses*

| <b>Research aim</b>   | <b>Research hypothesis</b>   | <b>Statistical procedure</b>   |
|---|--|--|
| N/A   | N/A  | <b>Preliminary statistics</b><br>Frequencies on biographical data<br>Means and standard deviations<br>Exploratory factor analysis (EFA) on self-developed acquisition-related employment experiences questionnaire<br>Cronbach alpha coefficients (internal consistency reliability) |
| <b>Research aim 1</b><br>To empirically explore the association between employees' acquisition-related employment experiences and psychological contract perceptions in a sample of employees employed in a South African-based organisation. | <b>H1:</b> Employees' acquisition-related employment experiences and their psychological contract perceptions are positively associated. | Correlations   |



|   |   |  |
|---|---|--|
| <p><b>Research aim 2</b><br/>To empirically explore whether employees' acquisition-related employment experiences predict their psychological contract perceptions.</p>                                   | <p><b>H2:</b> Employees' acquisition-related employment experiences predict their psychological contract perceptions.</p>   | <p>Multiple regression analyses<br/><u>Independent variable:</u><br/>acquisition-related employment experience<br/><u>Dependent variable:</u><br/>psychological contract perceptions</p> |
| <p><b>Research aim 3</b><br/>To explore whether there are differences among age, gender and job levels in terms of acquisition-related employment experiences and psychological contract perceptions.</p> | <p><b>H3:</b> Employees from various age, gender and job levels differ regarding their acquisition-related employment experiences and psychological contract perceptions.</p> | <p>Tests for mean differences<br/>Independent samples t-test</p>   |

*Step 6: Statistical analysis of data*

Statistical analysis for this research study was outsourced to a statistician. The data was analysed, by the outsourced statistician by using IBM SPSS Statistics version 27 (1989, 2020) software and R-Studio version 1.2.5019 © 2009-2019 RStudio Inc software.

In this research study, descriptive statistical analysis (means, standard deviations, skewness and kurtosis) was applied to explain the aspects of the data obtained relating to the research constructs of the study, namely acquisition and psychological contracts. The mean is the arithmetic average of the scores or the sum of the scores divided by the number of scores (Quirk, 2015). Standard deviation refers to the summary of the average difference between each score in the set of results and the mean. By looking at the standard deviation the researcher can determine how close the scores are to the mean (Gorard, 2003; Quirk, 2015). Both skewness and kurtosis evaluate the way the data is distributed around the mean. Skewness is a property that refers to the direction in which the tail of the distribution is longer because the scores are not distributed symmetrically (Lynch, 2013). Kurtosis concerns the relative concentration of values in the centre of the distribution as compared to the tails, which indicates the degree to which the distribution is flat or peaked (Hesse & Ofosu, 2017).

Correlation analysis was also used in the study. Correlation analysis refers to a statistical method that uses a number between -1 and +1 to summarise the relationship between two variables (Quirk, 2012). A type I error occurs when the researcher rejects a null hypothesis that happens to be true and a type II error occurs when the researcher fails to reject a null

hypothesis that is false (Lynch, 2013). The Pearson product-moment correlation coefficients ( $r$ ) were calculated to test the strength and direction of the association between the variables (Lynch, 2013).

Simple regression analysis needs at least 50 samples and generally 100 samples for most research situations (e.g. EFA - Exploratory factor analysis) (Hair et al., 2018). Multiple regression is an extension of simple linear regression when the relationship between variables depends on more than two variables. Multiple regression analysis is used to model a single outcome variable as a linear combination of many additional variables (Lynch, 2013). Multiple regression assesses the percentage of variance (magnitude) in the dependent variable (psychological contract perceptions) that is explained by the independent variable (acquisition experiences). Multiple regression also helps to identify which of the independent variables contribute the most to explaining the variance in the dependent variable (Quirk, 2012).

Test for significant mean difference was applied to the data. T-tests are used to compare and determine the difference between the scores of two groups (Lynch, 2013), and were used in this study to test differences among paired gender, age and job level groups. Statistical hypothesis testing is used to provide the  $p$ -value which represent the probability that random chance could explain the relationship between variables (Crano et al., 2015). Statistical significance (Sig.) refers to the likelihood that a relationship between variables is not accidental in that the  $p$ -value is equal or lower than 5%, or expressed as a decimal value of 0.05 (Gorard, 2003). In this study a statistically significant level of  $p \leq 0.05$  was used (Crano et al., 2015). In this study the levels of significance, of  $p \leq 0.05$ , for the correlations and regressions was used and at stages  $p \leq 0.001$  due to the small sample size. The effect size of  $d \leq 0.05$  were used for all the techniques.

#### *Step 7: Reporting and interpretation of results*

The results are illustrated in tables and graphs. The discussion of the study results are presented within a systematic framework in Chapter 3 to ensure that the results are conveyed in an articulate and logical manner.

#### *Step 8: Integration of research results*

The results of the literature review and the results of the empirical research are integrated in Chapter 3.

### *Step 9: Formulation of research conclusions, limitations and recommendations*

The research conclusions are deliberated using the integration of the research results and the literature review and their integration with theory. The limitations of the research are evaluated and recommendations for future research are made in terms of change management practices relating to acquisitions and the psychological contract views of employees.

## **1.7. CHAPTER LAYOUT**

### *Chapter 1: Scientific overview of the research*

This chapter introduced the topic and discussed the variables of the research project.

### *Chapter 2: Literature review*

As explained in 1.6.1 in this chapter the variables are discussed theoretically and in depth.

### *Chapter 3: Research article*

This chapter is structured as a research article in chapter three. In the article the research methodology, including information on the measuring instruments, population, sample and data collection, will be stated. Data analysis and a summary and integration of the results are discussed.

### *Chapter 4: Conclusions, limitations and recommendations*

In this chapter conclusions are drawn in line with the results. Limitations that presented themselves during the research project are noted. Lastly, recommendations for change management practice and future research are made.

## **1.8. CHAPTER SUMMARY**

In this chapter the background and motivation of the research, the problem statement, the aim of the study, the paradigm perspectives, the central hypothesis, and the research design and methodology were discussed. The motivation for this study entailed exploring some of the associations between the acquisition of an organisation and the psychological contract, and

the influence of different variables. In the following chapter, Chapter 2, an in-depth literature review is conducted with regard to the constructs and the variables.

## **CHAPTER 2: LITERATURE REVIEW**

This chapter relates to the literature review conducted for this research project from a social exchange theory perspective. In this chapter the aim is to conceptualise and explain the constructs of acquisition and psychological contract within the context of organisational change. Secondly, this chapter aims to critically evaluate the theoretical implications of the associations between acquisition experiences and psychological contract perceptions for change management practices.

### **2.1. ACQUISITIONS AND CHANGE MANAGEMENT**

Acquisitions relate to principles of change and change management (Kang et al., 2020). In his work, Marks (2006) states that the terms “transition” and “change” tend to be used interchangeably in research and practice. To fully grasp the impact of a transition it is important to look at the difference in the experience of the transaction (Marks, 2006). Change refers to the continuous adjustments that an entity makes to address changes like changes in the economy and the position of an organisation, whereas a transition refers to a major disruption within an organisation which influences the business model, outputs, structure or culture of the organisation (Marks, 2006). Bartunek and Moch (1987) divided change into three categories, with category one change being, for example, adopting new routines, category two being, for example, implementing a new strategy and category three being, for example, an occurrence like bankruptcy, mergers or acquisitions. The intensity and impact of organisational change can range from nominal to radical and can influence different parties in dramatic or just mild ways (Clark et al., 2010; Forbes et al., 2018).

For the purpose of this study, the researcher will use the term “change” in regard to the acquisition as being an enormously emotional and practical transitional change that was experienced by the employees, the employer, the stakeholders and the customers alike. As stated earlier the study was conducted from a social theory perspective. . The core of this theory is that a series of interdependent interactions generate expectation of obligations between employees and employers (Alcover et al., 2017; Kraak et al., 2018).

#### **2.1.1. Models of change management**

An organisational change management model serves as a compass to facilitate organisational change efforts by determining the needs of specific processes and illustrating the various

factors influencing planned change (Moerdyk, 2015; Van Tonder, 2012). Parry et al. (2014) published findings on a major research project, which took nearly two decades to complete, investigating the drivers that influence the success of change projects. Through this research, two categories of change management models were distinguished: processual and descriptive models (Parry et al., 2014).

Processual models of change determine the steps used for conducting and managing change: for example Lewin’s three-stage model of change was published in 1947 already and is considered the theoretical foundation of planned change management, including Kotter’s eight-step model; the ten-step Accelerating Implementation Methodology (2018) model and Luecke’s (2003) seven-step model (Errida & Lotfi, 2021; Lewin, 1947; Tang, 2019). Processual models are built on the fact that the past shapes the unfolding future (Adegbite et al., 2018). These models use different phases but the overarching concept involves the three steps as described by Kurt Lewin’s ice cube model (unfreeze, transform/change, refreeze) (Dawson, 2005). This involves, firstly, destabilising the status quo, which entails creating and communicating a vision and the need for change with all stakeholders and creating a separation from the past processes, culture, behaviours and practices of the organisation. The transition or move then happens and, lastly, the change is anchored again, resulting in a new culture, behaviours and practices (Errida & Lotfi, 2021).

The descriptive models specify the main factors and variables that can affect the success of organisational change. These models view change from various angles to explain and identify the various determinants of the outcomes of organisational change processes (Errida & Lotfi, 2021). Examples of descriptive models include Parry et al.’s (2014) change tracking model, Cummings and Worley’s (2014) change management model, Burke and Litwin’s (1992) model of organisational change, Beckard and Harris’s (1987) change formula and Nadler and Tushman’s (1980) congruence model. Authors Waterman and Peters (1982) analysed strategy, structure, systems, staff, style, skill and shared values to assess change in their 7-S model in the 1970s (Mehdi Khosrow-Pour, 2020). Table 2.1 summarises the various models.

**Table 2.1**

*Core Focus of Change Management Models*

| <b>Processual models</b>                                   | <b>Descriptive models</b>  |
|--|--|
| <b>Outline detailed steps of how change unfolds, e.g.:</b> | <b>Outline the variables and factors that influence the success of change, e.g.:</b> |

|  |  |
|--|--|
| Unfreeze<br>Transformation/moving/transaction<br>Refreeze  | Leadership and management style<br>Mission and strategy<br>Employees' needs and skills<br>Constant communication   |
| <p><b>Examples of processual models:</b></p> <ul style="list-style-type: none"> <li>• ADKAR of the Prosci Methodology</li> <li>• Bridges' (2003) model of transition</li> <li>• Kotter's (1995) eight-step change model</li> <li>• Lewin's (1947) three-step model of change</li> <li>• Luecke's (2003) seven-step model</li> <li>• The ten-step Accelerating Implementation Methodology (2018) model</li> </ul> | <p><b>Examples of descriptive models:</b></p> <ul style="list-style-type: none"> <li>• Beckard and Harris's (1987) change formula</li> <li>• Burke and Litwin's (1992) model of organisational change</li> <li>• Cummings and Worley's (2014) change management model</li> <li>• Nadler and Tushman's (1980) congruence model</li> <li>• Parry et al.'s (2014) change tracking model</li> <li>• Waterman and Peters' (1982) 7-S model</li> </ul> |

In the literature, it is widely recognised that change management models offer guidelines and an abstract view to reduce the complex phenomenon of organisational change (Van Tonder, 2012). Within the context of planned change or change management, a change model provides an initial structure to the process which is then modified or translated to fit with the specific organisation, industry, timing and situation (Van Tonder, 2012).

In their research, Puusa and Kekäle (2015) found that time was a very important dimension of the acquisition process. Firstly, concrete things like administration practices need to change (Puusa & Kekäle, 2015). Secondly, issues emerge on both a very general level and on a personal level for example emotional expressions, and finally, management plays a significant role in interpreting the changes for the employees (Puusa & Kekäle, 2015).

In the researcher's opinion, in the case of an acquisition, focusing change management on aspects of the descriptive models would probably yield good results. It appears to the researcher that where the processual models outline the process and steps taken by the organisation, the descriptive models have the ability to focus on the employees' perceptions as well as the variables that the organisation needs to consider to succeed. Previous research has found that the change management process, and subsequently the acquisition, have a greater probability of succeeding if there is a greater focus on the employees involved in these transactions (Parry, et al., 2014; Puusa & Kekäle, 2015).

### **2.1.2. Conceptualisation of acquisition in the context of change management**

Both locally and internationally, organisational restructuring, particularly in the form of acquisitions, has become more frequent and important as organisations need to develop strategies to ensure the maintenance and enhancement of their economic positioning (Brueller et al., 2018). Organisations use acquisitions to compete in the more dynamic international arena, enlarge their portfolio, generate new sales and increase profits and market share (Nikandrou & Papalexandris, 2007). By creating synergy, mergers and acquisitions have become popular strategies for organisations to achieve growth and diversification (Deligiannis et al., 2018). One part of the organisation that changes during an acquisition is the identity of the organisation (Edwards et al., 2017).

An acquisition occurs when one organisation takes ownership of another organisation, locally or internationally, by purchasing majority shares in that organisation or in the case of small companies, purchasing the entire company (Magano & Thomas, 2017, Tarba et al., 2017). This is in contrast to a merger where two similar-sized organisations merge into one organisation (Magano & Thomas, 2017). In their work, Hannan and Pilloff (2009) employ the standard that states that an acquisition occurs when there is a change in control of an organisation. Mergers are not counted as acquisitions, since it is presumed that no (or very little) change in control occurs in such transactions (Hannan & Pilloff, 2009). The consequence of such an acquisition is that the company that was bought will adopt the policies, culture, structure and so forth of the new holding company (Tarba et al., 2017). When companies merge, the policies and the culture of both companies are integrated into one, with the board of directors aiming to keep the best of both companies (Tarba et al., 2017).

Acquisitions of organisations are one of the vital strategies for organisations in both developed and emerging markets to stay competitive in the economy (Dung & Van Phan, 2020). Rebner and Yeganeh's (2019) research found that between 2017 and 2018 there was an increase of 37% in the number of acquisitions. Merger and acquisition transactions are expected to increase over the next decade mainly for the purpose of acquiring technology (Renneboog & Vansteenkiste, 2019).

In recent years a lot more research has been done on the acquisition of companies, in contrast with the last decade where many of the researchers combined organisational merging and acquisition and studied it as a single topic (Magano & Thomas, 2017). From a financial or economic point of view, it is also common in empirical literature to study mergers and acquisitions as a holistic topic (Eaton et al., 2021).



Two decades ago, Marks and Mirvis (2001) found in their research that the success rate of mergers and acquisitions is only about 25%. This percentage has increased as more research has been done and organisations have more data to plan the integration between the organisations. One of the vital areas of this process is the post-acquisition period (Nandi & Nandi, 2017). In the last decade, research has found that 40 to 50% of mergers and acquisitions were successful (Papadakis & Thanos, 2010). This success rate was measured in terms of the evaluation of accounting-based performance, stock market performance and lastly the assessment of management regarding whether organisational goals were reached or operational performance was attained (Papadakis & Thanos, 2010; Renneboog & Vansteenkiste, 2019). It would appear that as time passes and more research is conducted and different aspects of acquisitions are studied, the success rate of acquisitions is increasing.

Various reasons exist as to why one organisation acquires another or, for that matter, why an organisation decides to seek a buyer to buy their majority shares and take over control of the company. From a buying perspective some of the common themes in the reasoning behind an acquisition are centred on market share (Haeruddin, 2017; Hannan & Pilloff, 2009; Marks & Mirvis, 2001; Zollo & Singh, 2004). Acquisitions result in a reduction in the market entry barrier, increased market share, as well as new resources, perspectives and competencies (Deligiannis et al., 2018).

In a study conducted in 2018 on the merger between Aegean Airlines and Olympic Air, the researchers were surprised to find that the employees found the merger necessary to a moderate degree to enhance shareholder value (Deligiannis et al., 2018). The significant part of their finding was that there was no significant resistance to the change for both organisations' employees (Deligiannis et al., 2018). This resulted in a smoother integration into the new corporate culture (Deligiannis et al., 2018). However, there was a significant gap in organisational culture and the researchers suggested that more attention should be paid to the gap in organisational culture (Deligiannis et al., 2018).

Although employees may understand the need for an acquisition, research by Weber (2015) found that the most important reason for failures was that little provision was made for the human factor during this process. Going through an acquisition and subsequently its acceptance requires much more energy and effort than many people, employees and managers may think (Deligiannis et al., 2018). In research by Puusa and Kekäle (2015), they also found that employees understood that change was needed as it was driven by outside forces and was thus a "given", but this fact was overshadowed by the employees' feelings that

the process was managed in an entirely top-down manner. Acquisitions can fail as a result of many factors, for example the lack of due diligence, financial forecasting errors or market changes, but poor results may also emanate from an overreliance on the rational case for an acquisition whilst overlooking the people or employees concerned (Delgadillo et al., 2016; Grace, 2016; Puusa & Kekäle, 2015).

Viewing the high percentage of failures resulting from acquisitions has led both academics and practitioners to focus on the significant trauma that is experienced during the process and the importance of the human capital involved in these transactions (Nikandrou & Papalexandris, 2007).

In this study, acquisition will be explored from the perspective of organisational change theory, which is a sub-aspect of open systems theory. Organisational change is typically conceptualised as an organisation moving from the status quo to a new position in the environment (Nelson, 2003). When an organisation is acquired by another organisation, the acquired organisation needs to move from its status quo to the environment of the acquiring organisation.

## **2.2. ACQUISITION-RELATED EMPLOYMENT EXPERIENCES AND THE PSYCHOLOGICAL CONTRACT**

The perception of an employer's and an employee's mutual obligations is the detail that is captured in the psychological contract (Peng et al., 2016). This obligation can be viewed from a social exchange theory perspective as the basic premise of social exchange theory is that a series of interdependent interactions generate obligation between employees and the employer (Alcover et al., 2017). These perceptions are not fixed and can change and be influenced by biographical factors like age, gender and job levels. Through the investigation of previous literature, it is the view of the researcher that the acquisition of an organisation is a great organisational change, which could influence the perceptions of the employees of their psychological contracts.

### **2.2.1. Conceptualisation of acquisition-related employment experiences**

As defined earlier in this chapter, the researcher adopted the following definition of acquisition: An acquisition occurs when one organisation takes ownership and control of another organisation, locally or internationally, by purchasing majority shares in the acquired organisation (Magano & Thomas, 2017; Tarba et al., 2017). Acquisition-related employment

experiences that were assessed in this study include satisfaction before and after the acquisition with employment practices such as jobs, remuneration, work/life balance, organisational support during and after the acquisition, including loyalty toward the organisation, and the importance of job security (refer to Appendix B).

According to Nandi and Nandi (2017), scholars and practitioners alike are of the opinion that the process of post-acquisition integration is crucial for the success of an acquisition. It is quite common to find that employees are more attached to their organisation prior to the acquisition and that they experience problems identifying with the new holding firm on a personal level (professional level) as well as on a group level (Seo & Hill, 2005). Research has found that even the best designed acquisition strategies and well-achieved post acquisitions are very disruptive to every party involved, from employees to suppliers and customers and even rivals, tending to produce substantial uncertainty, identity and relationship issues and stress and trauma (Brueller et al., 2018)

After an acquisition has occurred, it is very important from a human and social perspective to give greater attention than usual to employees and their relationships with their new organisation (Nandi & Nandi, 2017). How employees incorporate the organisation into their self and how they identify themselves with the organisation is central in understanding employees' engagement with the new organisation (Soenen & Melkonian, 2017).

Research has found that the speed of an acquisition has an influence on the flexibility and resistance to the change of the employees (Wei & Clegg, 2018). In addition, the different roles of top managers and middle managers also affect the integration (King et al., 2020). Middle management is usually involved with slower human integration which top management experiences fast task integration; this can reduce the resistance following an acquisition (King et al., 2020).

As an acquisition occurs, employees' views on the organisation change. The way an organisation is viewed can be attributed to the loyalty and work enthusiasm of the current employees (Akhtar et al., 2016; Bankins & Waterhouse, 2019). Empirical studies suggest that there is a link between loyalty and whether an employee wants to resign and neglect behaviours aimed at the organisation (Akhtar et al., 2016). It has been found that employees are more attached to their prior-acquisition organisation and that they find it difficult to identify and then be loyal to the new holding firm on a personal level, professional level and group level (Seo & Hill, 2005).

When an organisation is acquired by another firm, employees experience uncertainty about aspects like career prospects, work relationships, organisational support networks, job security, organisational identity and organisational culture (Renneboog & Vansteenkiste, 2019; Seo & Hill, 2005). Consequently, the organisation needs to focus on remuneration structures and compensation plans to ensure that the right employees are employed at the right time to perform the required work (Cleveland et al., 2015). An important part of this process is that the organisation needs to ensure that employees are paid fairly and have adequate benefits to take care of their families and themselves so that they are able to be engaged at work (Cleveland et al., 2015). Organisational identity embodies the characteristics of an organisation that the members perceive to be central and descriptive of it and that assist employees to make sense of who they are within the new acquired organisational context (Puusa & Kekäle, 2015).

### **2.2.2. Conceptualisation of psychological contract perceptions**

Organisations turn to people and employees to have certain tasks and services performed, while the employees have the need for some form of payment (Ehlers, 2017). The formal characteristics of this association are captured by a legal contract between the employee and the employer (Ehlers, 2017). In South Africa, legal employment contracts are subject to various statutory requirements that are stated in, for example, the Basic Conditions of Employment Act (Nel et al., 2011).

The term “psychological contract” was first used by Argyris in the 1960s (Van den Heuvel & Schalk, 2009). In 1962, Levinson et al. (1962) wrote a book in which they formulated the first detailed description of a psychological contract as the largely implicit and unspoken characteristics which are the product of mutual expectation and reflect the relationship between a person and an organisation. It is important to distinguish between work expectations and the psychological contract, which refers to “the perceived *mutual obligations* that characterise the employee’s relationship with their employer” (O’Meara et al., 2016, p. 272). An individual’s psychological contract consists of the perceived beliefs about the obligations of the employee and the employer toward one another that have not been formally stated in the legal contract (Bordia et al., 2017).

As mentioned in Chapter 1, in the analysis of psychological contracts, a person can define two groups of aspects that make up the psychological contracts between the employee and the organisation (Birtch et al., 2016). The first group includes transactional aspects and the second relational aspects (Birtch et al., 2016). Transactional aspects are characterised by well-

specified benefits and contributions that are economic and short term, such as pay and performance (Chaudhry & Song, 2014). The relational aspects of psychological contracts are long-term arrangements that are founded on mutual dependence, and are socio-emotional and dynamic rather than economic in nature, like job security and organisational loyalty (Chaudhry & Song, 2014). As mentioned in Chapter 1, some of the obligations that the employees may experience need to be met by the organisation and include professional development, job security, greater work-related responsibility, healthcare, retirement benefits, organisational support for the employee, a balance between work life and personal life and competitive and performance-based compensation in exchange for hard work, organisational loyalty and organisational commitment on the part of the employees (Agarwal & Bhargava, 2013; Allan et al., 2016; Cahill et al., 2015; Erasmus et al., 2017; O'Meara et al., 2016). Perceptions about the terms and conditions of the psychological contract may originate from both current and previous employment settings (Kraak et al., 2018).

One of the aspects that has a very negative impact on work enthusiasm and loyalty is conflict (Seo & Hill, 2005). Kurtuldum (2017) found that instead of using aggressive disciplinary actions, mediation is more productive, especially if the process is facilitated by a trained mediator. In the large acquisition where Kurtuldum's (2017) research was conducted, the potential for conflict was high because of the scale of the acquisition and the different management structures and individuals involved (Kurtuldum, 2017).

Employee disloyalty is exhibited by employees in making negative comments and having a negative attitude towards their organisation and colleagues, as well as in reduced job performance and increased withdrawal behaviours such as absenteeism and turnover (Burke & Singh, 2014). The need for employee loyalty is critical in the contribution of human capital to an organisation and a part of securing loyalty is the fulfilment of the psychological contract (Jones & Mildred, 2017). Employee loyalty is reflected in positive attitudes, supporting and helping others, a willingness to go the extra mile, higher performance and investing to make the organisation grow (Burke & Singh, 2014). In some research, the term "organisational commitment" is used, which refers to the employees' attitudes and behaviours which can help the organisation to achieve its goals (Ahmad et al., 2018). Research shows that organisational commitment is a key variable in psychological contracts and when there is a breach in this psychological contract, employees' commitment or loyalty towards the organisation decreases (Ahmad et al., 2018). Research also shows the perceived lower fulfilment of the psychological contract results in decreased loyalty (Akhtar et al., 2016).

Job security has been defined as a state where an employee feels secure in their current occupation (Ahmad et al., 2018). One of the important aspects of the psychological contract is for the organisation to uphold its side by providing secure employment conditions which will encourage a feeling of job security (Oluwole et al., 2020). A negative part of organisational acquisitions is that some positions are duplicated within the organisation and this duplication of positions causes a great measure of uncertainty to employees that are in these positions (Puusa & Kekäle, 2015).

Work–life balance has been defined as the absence of conflict between a person’s work and personal or family matters (Ahmad et al., 2018). It has become increasingly important for employees that their employers support them in handling their work and non-work/private commitments, with the result is that work–life balance is progressively receiving more attention in the psychological contract (Morgan & King, 2012; Russo & Carmeli, 2018)

Employees experience trauma when the organisation for whom they work is acquired by another company (Deligiannis et al., 2018). This can be exacerbated for employees if they perceive that the change process is being driven in an entirely top-down manner (Puusa & Kekäle, 2015).

An acquisition entails major change which is experienced by many parties, including the employees, as acquisition-related employment experiences. Change, in turn, has an impact on employees’ perceptions of their psychological contracts (Kraak et al., 2018; Renneboog & Vansteenkiste, 2019). The changes caused by an acquisition influence the interdependent interactions between the organisation and the employees, and these interdependent interactions or relationships form the basis of social exchange theory (Alcover et al., 2017; Renneboog & Vansteenkiste, 2019).

When an employee perceives that the organisation has breached the psychological contract through its acquisition-related employment practices, it has a negative influence on the employee’s attitudes and behaviour (Baillien et al., 2019). In the case of a breach in the psychological contract, the employee may exhibit negative emotions like anger and feelings of betrayal and disappointment, and this may decrease work efficiency and engagement and increase the chances of the employee leaving the organisation (Ahmad et al., 2018). Such a breach is taken personally by employees and may have significant effects including psychological distress, and may even have an effect on the employee’s health (Nimmo, 2018). Research has found a positive association between perceived psychological contract breach and counter-productive work behaviours in the work context (e.g. theft, product deviance,

lower quality of work, inappropriate use of information and organisational equipment, sabotage and withdrawal) (Baillien et al., 2019).

### **2.2.3. Influencing variables**

As stated earlier, perceptions of the terms and conditions of employment and the psychological contract may originate from both current and previous employment settings (Kraak et al., 2018). Furthermore, other biographical factors also influence the perception of the employees' psychological contract. In the present research there was a focus on an employee's age, gender and job level (Adams et al., 2014; Coetzee, 2008; Kraak et al., 2018).

#### Age

Research has found that an employee's age has an impact on psychological contracts as age often results in greater emotional maturity (Bordia et al., 2017). Research findings have shown that older employees are more aware of relational obligations than younger employees, whereas transactional obligations are more important to younger employees (Adams et al., 2014). It is assumed in the literature that older employees have more stable psychological contracts and are therefore less sensitive and have a less pronounced reaction to breaches of the psychological contract than younger employees (Kraak et al., 2018).

#### Gender

Prior research shows that gender explains a lot of the variation in psychological contracts (Kraak et al., 2018). Research has found that women have greater relational expectations in their psychological contracts (Adams et al., 2014). Women are generally more sensitive to aspects like work–life balance as they have to deal with the challenge of reconciling work and family responsibilities (Kraak et al., 2018).

#### Job level

In previous studies it has been found that biographical factors like age and gender, and number of years in service and job level have an impact on the perceptions of employees (Coetzee, 2015).

### **2.3. INTEGRATION: APPLICATION OF SOCIAL EXCHANGE THEORY**

As explained in Chapter 1, this study was conducted within the field of Industrial and Organisational Psychology. Industrial and Organisational Psychology can be thought of as an applied science with the potential to inform and address human-capital challenges in

organisations (Neubert et al., 2015). One of the most influential paradigms in organisational behaviour is social exchange theory which is a sub-aspect of open systems theory (Bastedo, 2004). Open systems theory refers to the notion that organisations are influenced by their environment, and this could have a positive or a negative impact on the organisation (Bastedo, 2004). In his research, Emerson (1976) found that George Homans, John Thibaut, Harold Kelley and Peter Blau were the four figures that were largely responsible for the development of social exchange theory in the late 1950s. The basic premise of this theory is that a series of interdependent interactions generate obligation (Alcover et al., 2017). Social exchange theory suggests that the relationship between the employee and the employer is driven by norms and rules (Kraak et al., 2018).

Psychological contracts can be studied from a social exchange theory perspective which is based on the perception that the interaction between parties comprises a series of interdependent interactions which generates reciprocal obligations (Alcover et al., 2017). As stated earlier, thematically, social exchange theory relates to the present study by exploring the links between acquisition experiences and psychological contract perceptions. These links are important as there is an interdependence between employers and employees, and the employer's strategic decision to engage in an acquisition and the employee's psychological contract perceptions may influence the balance of this interdependence.

#### **2.4. IMPLICATIONS FOR CHANGE MANAGEMENT PRACTICES**

Organisational change can be threatening and traumatic for employees and may consequently result in feelings of uncertainty, insecurity, fear, psychological stress and anxiety (Lawlor, 2013). An acquisition is a change with far-reaching effects on the individuals, teams and organisation involved (Ployhart, 2015). To counter these feelings an organisation needs to pay attention to emotional unity within the organisation (Cho et al., 2017). Unity within the organisation may lower the levels of stress, which could have a positive influence on the coping capability of the workforce during this stressful time (Cho et al., 2017). It has been found that by increasing the mindfulness of employees, their psychological well-being is reinforced, which can help employees to cope with negative emotions during an acquisition (Charoensukmongkol, 2016).

In terms of the present research, the Burke-Litwin organisational change model (Burke & Litwin, 1992) appears to be a useful model in evaluating the typical change management practices that need to be considered during the acquisition process to ensure positive psychological contract perceptions. The Burke-Litwin (Burke & Litwin, 1992) model focuses



on twelve drivers of change: the external environment; leadership; mission and strategy; organisational culture; management practices; structure; policies and procedures; work unit climate; employee motivation; task requirements and individual skills; individual needs and values (Errida & Lotfi, 2021). This model forms part of open systems theory as it includes the external influences of the environment (Burke & Litwin, 1992). In this model, change is viewed in terms of both content and process, through transformational and transactional factors (Martins & Coetzee, 2009). The transformational changes occur in response to the external environment and influence the strategy/mission/vision of the organisation, the leadership and the organisational culture, thus also bringing about a change in employment practices such as work tasks, work/life balance, remuneration and job security (Errida & Lotfi, 2021). Transactional factors manifest on an operational and individual level and focus on structure, management practices, policies and procedures, work units and the individuals (e.g. individuals' skills, tasks, needs, values and motivation) (Errida & Lotfi, 2021; Martins & Coetzee, 2009). By looking at the acquisition from both the organisation's and employee's point of view the possibility of a successful acquisition is increased (Rabenu et al., 2018).

One of the key reasons that one organisation acquires another organisation is to gain intellectual resources or property as well as innovative ideas, which relate to human capital (Pan et al., 2020). If the organisation breaches the psychological contract and has a high turnover rate after the acquisition, the acquiring organisation will lose this very delicate and important human capital (Heffernan & Rochford, 2017)

## **2.5. CHAPTER SUMMARY**

The aim of Chapter 2 was to address the available research in the form of a literature review. In this chapter the finer details of psychological contract perceptions and acquisitions were discussed. Further, the researcher considered why organisations go through acquisitions even if the success is not guaranteed. The impact that such transactions have on the employees and their psychological contract perceptions was also investigated.

The research explored the influence that an employee's gender, age and job level could have on the perception of their psychological contract and whether the acquisition-related employment experience could have a further impact on this perception.

In Chapter 3, the empirical investigation and results will be presented in the form of a research article.

## CHAPTER 3: RESEARCH ARTICLE

For the purposes of this dissertation of limited scope, the research is presented in the form of a research article with its own list of references.

### **Exploring the influence of experiences of an acquisition on employees' psychological contract perceptions**

#### **Abstract**

The general aim of the research was to explore the association between employees' acquisition-related employment experiences and their perceptions of the psychological contract. The cross-sectional quantitative research study involved a convenience sample of employees (n = 78) of an acquired company in the software development sector in the South African payroll industry. Exploratory factor analysis established the factor structure and internal consistency reliability of the self-developed acquisition-related employment experiences scale. Multiple regression analysis showed that employment experience after acquisition significantly and positively predicted perceptions of employer obligations, satisfaction with the psychological contract and the state of the psychological contract. In addition, employment experience before acquisition significantly and positively predicted satisfaction with the psychological contract. Tests for significant mean differences indicated differences among age groups on after-acquisition experiences and perceptions of the state of the psychological contract. The study findings contribute new knowledge to the sparse research on acquisition experiences and extended change management theory.

#### **Keywords:**

Acquisition-related employment experiences, psychological contract theory, employer obligations, social exchange theory, employment experiences, state of psychological contract

#### **Introduction**

Constant changes in the global environment have substantially reshaped organisations and the nature of work itself (Alcover et al., 2017). Growing competition and globalisation have

increased the number of acquisitions of national companies by international organisations (Wei & Clegg, 2014). An acquisition occurs when an organisation takes ownership of another organisation by purchasing majority shares in it. This differs from a merger where two similar-sized organisations merge into one organisation (Magano & Thomas, 2017).

The problem is that the majority of research on the change in self-perceived employee psychological contracts as a result of acquisitions and mergers has been conducted only on companies that merged (Akhtar & Long, 2015; Cho et al., 2017; Magano & Thomas, 2017; Suutari et al., 2012; Turnley & Feldman, 1998; Van der Smissen et al., 2013). The effects of acquisitions and mergers are not the same and different types of change have different relations to trust and social capital (Tarba et al., 2017). In the case of mergers, the two organisation's sets of values, identities and culture are fused, whereas in the case of an acquisition the acquired organisation needs to adopt the values, identities and culture of the acquiring organisation (Tarba et al., 2017; Van den Heuvel & Schalk, 2009). After reviewing the current literature, it was noticed that in most studies mergers and acquisitions (M&A) are used as a single construct. However, this study took a different approach by separating the two types of organisational expansion and focusing only on the acquisition of an organisation and the influence this transaction had on the employees' psychological contract perceptions within the acquired organisation.

Firms use acquisitions to fast-track their growth, seize and expand on valuable capabilities, access assets like human capital and in some cases reduce competition (Brueller et al., 2018). Companies that have the ability to utilise and develop human capital have a great competitive advantage in a fast-changing, competitive global environment (Pan et al., 2020). This human capital refers to employees that generate innovative ideas, products, services and processes that can be profitable for the organisation (Pan et al., 2020). Akhtar and Long (2015) explain that acquisitions have a profound effect on the corporate culture, including employment practices, and the employees' perceptions of the psychological contracts are also expected to change as a result of the acquisition.

In an organisation, a relationship exists between the employee and the employer because there is a need for certain tasks and services to be performed in exchange for some form of payment. The present case study looks at this relationship for a social exchange theory perception. In social exchange theory this relationship or interaction is seen as interdependent and conditional on the actions of another person (Alcover et al., 2017). Van den Heuvel and Schalk (2009) explain that social exchange requires a person to trust the other party in the exchange transaction to fulfil their obligations. The aspects of this relationship are captured

by a legal contract and a psychological contract between the employee and employer (Agarwal & Bhargava, 2013; Ehlers, 2017). The legal contract is the contract that outlines the aspects of employment as set out by the constitution of South Africa (Ehlers, 2017). The concept of psychological contracts is used to describe the unwritten expectations or obligations between employees and employers in an exchange relationship (Adams et al., 2014).

An acquisition effectively forces a change of employer on target employees without the employees' consent which could result in psychological contract breach (Holland & Hugh, 2021). If employees feel that their psychological contracts have been breached, the resulting experience of contract violation can cause the affected employee to re-evaluate their relationship with the employer which can lead to higher employee turnover, employee withdrawal and a decrease in productivity (Atkinson et al., 2018; Heffernan & Rochford, 2017).

The present case study will focus on the employees' perceptions of their psychological contracts and not on the employer's perceptions of them. This study explores the link between employees' acquisition-related employment experiences and their psychological contract through the theoretical lens of classical social exchange theory (Alcover et al., 2017). The study is also interested in exploring the diverse acquisition-related employment experiences and psychological contract views of employees from different age, gender and job level groups.

### **Purpose of the research**

The general aim of the research was to explore the association between employees' acquisition-related employment experiences and their perceptions of the psychological contract in a case study of a software development organisation in South Africa. The research further aims to explore the differences between the acquisition-related employment experiences and psychological contract perceptions of various age, gender and job level groups. Achieving the research aim will enrich insight into the influence of an acquisition on employees' psychological contract perceptions, which could inform change management practices in organisations undergoing acquisitions.

### **Theoretical framework: Social exchange theory**

This study was conducted within the field of Industrial and Organisational Psychology. Industrial and Organisational Psychology can be thought of as an applied science with the potential to inform and address human-capital challenges in organisations (Neubert et al.,

2015). One of the most influential paradigms in organisational behaviour is social exchange theory which is a sub-aspect of open systems theory (Bastedo, 2004). Open systems theory refers to the notion that organisations are influenced by their environment, which could have a positive or negative impact on them (Bastedo, 2004). The basic premise of social exchange theory is that a series of interdependent interactions generate obligation this suggests that the relationship between the employee and employer is driven by norms and rules (Kraak et al., 2018).

Psychological contracts can be studied from a social exchange theory perspective which is based on the perception that the interaction between parties comprises a series of interdependent interactions which generates reciprocal obligations (Alcover et al., 2017). Thematically, social exchange theory relates to the present study by exploring the links between acquisition-related employment experiences and psychological contract perceptions. These links are important as there is an interdependence between employers and employees. Accordingly, the strategic decision of the employer to engage in an acquisition and the psychological contract perceptions of the employee may influence the balance of this interdependence. One of the key reasons why one organisation acquires another organisation is to gain intellectual resources or property as well as innovative ideas, which are human capital (Pan et al., 2020). If the organisation breaches the psychological contract and has a high turnover rate after the acquisition, the acquiring organisation will lose this very delicate and important human capital (Heffernan & Rochford, 2017)

### **Acquisition-related employment experiences**

For the purpose of this research, the researcher adopted the definition of an acquisition as a change that occurs when one organisation takes ownership and control of another organisation, locally or internationally, by purchasing majority shares in the acquired organisation (Magano & Thomas, 2017; Tarba et al., 2017). During the acquisition, employees' views about the employment practices that result from the organisational change can influence their job satisfaction, loyalty and work enthusiasm (Akhtar et al., 2016; Bankins & Waterhouse, 2019). Empirical studies suggest that there is a link between loyalty and whether an employee wants to resign and, consequently, display neglect behaviour towards the organisation (Akhtar et al., 2016). It has been found that employees are more attached to their prior-acquisition organisation and that they find it difficult to identify with and then be loyal to the new holding firm on a personal level, a professional level and a group level (Seo & Hill, 2005). During an acquisition employees often experience uncertainty about aspects such as career prospects,

work relationships, organisational support networks, job security, organisational identity and organisational culture (Renneboog & Vansteenkiste, 2019; Seo & Hill, 2005).

Research has found that even the best designed acquisition strategies and well-achieved post acquisitions are highly disruptive to every party involved, from employees to suppliers and customers and even rivals, thus tending to produce substantial uncertainty, identity and relationship issues, and stress and trauma (Brueller et al., 2018). In the context of the present research, the following aspects of employees' employment experiences before and after the acquisition were explored: employees' enthusiasm for their jobs and their loyalty towards the company, their sense of job security, satisfaction with remuneration, work/life balance and organisational career development support, as well as general job satisfaction.

### **Psychological contract perceptions**

An individual's psychological contract consists of the perceived beliefs about the obligations of the employee and the employer toward one another that have not been formally stated in a legal contract (Bordia et al., 2017). When analysing psychological contracts, two groups of aspects may be identified that make up the psychological contract between the employee and the organisation (Birtch et al., 2016).

The first group of aspects is transactional aspects while the second is relational aspects (Birtch et al., 2016). Transactional aspects are characterised by well-specified benefits and contributions that are economic and short-term, such as pay and performance (Chaudhry & Song, 2014). The relational aspects of psychological contracts are long-term arrangements that are founded on mutual dependence and are socio-emotional and dynamic rather than economic, such as job security and organisational loyalty (Chaudhry & Song, 2014). Some of the obligations that the employees may experience that have to be met by the organisation are professional development, job security, greater work-related responsibility, healthcare, retirement benefits, organisational support for the employee, a balance between work life and personal life, and competitive and performance-based compensation. In exchange, the employee is expected to respond with hard work, organisational loyalty and organisational commitment (Agarwal & Bhargava, 2013; Allan et al., 2016; Cahill et al., 2015; Erasmus et al., 2017; O'Meara et al., 2016). Perceptions about the terms and conditions of the psychological contract may originate from both the current and the previous employment settings (Kraak et al., 2018).

## **Integration: Acquisition-related employment experiences as predictors of psychological contract perceptions**

Drawing on the basic premises of social exchange theory (Alcover et al., 2017), it was expected that employees' acquisition-related employment experiences would explain their perceptions of the psychological contract. Social exchange theory (Alcover et al., 2017) posits an interdependence between employers and employees; hence, the strategic decision of the employer to engage in an acquisition and the employee's perceptions of the psychological contract may influence the balance of this interdependence. An acquisition entails major change which is experienced by all the parties, including the employees of the organisation. Change, in turn, has an impact on employees' acquisition-related employment experiences and their perceptions of the psychological contract (Kraak et al., 2018; Renneboog & Vansteenkiste, 2019). The changes caused by the acquisition influence the series of interdependent interactions that take place between the organisation and the employees, and these interdependent interactions or relationships relate to the basic premise of social exchange theory (Alcover et al., 2017; Renneboog & Vansteenkiste, 2019).

The employee's perception of the mutual obligations that exist between themselves and the organisation comprises the detail that is captured in the psychological contract (Peng et al., 2016). These perceptions are not fixed but may change and may be influenced by biographical factors like age, gender and job levels. In addition, perceptions of the terms and conditions of the psychological contract may originate from both current and previous employment settings (Kraak et al., 2018). Through the investigation of previous literature (Akhtar et al., 2016; Bordia et al., 2017; De Jong et al., 2016; Matthysen & Harris, 2018), it is the view of the researcher that the acquisition of an organisation is a significant organisational change that has the potential to influence employees' perceptions of both the employment practices and the psychological contract.

It has been found that job level has an impact on employees' perceptions (Coetzee, 2015). In addition, an employee's age has an impact on psychological contracts because age often results in superior emotional maturity (Bordia et al., 2017). Research findings have shown that older employees are more aware of relational obligations than younger employees, whereas transactional obligations are more important to younger employees (Adams et al., 2014). It is assumed in the literature that older employees have more stable psychological contracts and are therefore less sensitive and have a less pronounced reaction to breaches of the psychological contract than younger employees (Kraak et al., 2018).

Research has found that women have greater relational expectations of their psychological contracts (Adams et al., 2014). They are generally more sensitive to aspects like work–life balance as they have to deal with the challenge of reconciling work and family responsibilities (Kraak et al., 2018).

Flowing from the literature review, the following hypotheses were posed in this study:

**H1:** Employees' acquisition-related employment experiences and their psychological contract perceptions are positively associated.

From previous research (Adams et al., 2014; Kraak et al., 2018), the researcher expected that there would be a link between acquisition-related employment experiences and employees' psychological contracts.

**H2:** Employees' acquisition-related employment experiences predict their psychological contract perceptions.

Based on the research of Degbey et al. (2021), it was expected that employees' acquisition-related employment experiences would explain or predict their perceptions of the psychological contract.

**H3:** Employees from various age, gender and job levels differ regarding their acquisition-related employment experiences and psychological contract perceptions.

From previous research (Adams et al., 2014; Bordia et al., 2017; Coetzee, 2008; Kraak et al., 2018), the researcher expected that employees from different biographical groups will have different acquisition-related employment experiences, including perceptions of the psychological contract.

## **Method**

The research utilised a cross-sectional research design to achieve the research aim. A cross-sectional study refers to the time dimension of a study. This study involved gathering data from a sample of a population at one point in time (Babbie, 2013). The advantage of using a cross-sectional study is that it is cost and resource effective (Mann, 2003). The most important



limitation of this type of study is differentiating cause and effect; this was not applicable to this study, however, as the study was exploratory in nature (Mann, 2003).

### *Participants*

The research involved a convenience sample of permanently employed before- and after-acquisition employees (n = 78) from a population of 340 (N = 340) at an acquired company in the software development sector in the South African payroll industry. In identifying the sample size, analysis needs at least 50 samples and generally 100 for most research situations (e.g. exploratory factor analysis) (Hair et al., 2018). In the present study a response rate of 23% was obtained, indicating an adequate sample size for statistical purposes.

Table 3.1 provides an overview of the biographical characteristics of the sample. As noted from Table 3.1, the sample was predominantly represented by employees who were already employed before the acquisition (67.9%), between the ages of 31 and 45 years (75.6%), female (66.7%) and white (83.3%). Further, the participants were mainly at a staff job level (64.1%) and had been employed by the organisation for between four and nine years (48.7%). The mean age of the sample was 37.40 with a standard deviation of 7.255.

**Table 3.1**

#### *Biographical Characteristics of the Sample*

| <b>Acquisition employment</b>             | <b>n</b> | <b>Percentage</b> |
|---|----------|-------------------|
| Employed before the acquisition           | 53       | 67.9              |
| Employed during and after the acquisition | 25       | 32.1              |
| <b>Age</b>                                |          |                   |
| 18–30 years                               | 9        | 11.5              |
| 31–45 years                               | 59       | 75.6              |
| 46–65 years                               | 10       | 12.8              |
| <b>Gender</b>                             |          |                   |
| Female                                    | 52       | 66.7              |
| Male                                      | 26       | 33.3              |
| <b>Ethnicity</b>                          |          |                   |
| African                                   | 9        | 11.5              |

|  |    |      |
|--|----|------|
| Indian/Asian                                   | 4  | 5.1  |
| White  | 65 | 83.3 |
| <b>Current job level</b>                       |    |      |
| Middle management (e.g. department management) | 4  | 5.1  |
| Management (e.g. team management)              | 15 | 19.2 |
| Team leader/Advisor                            | 9  | 11.5 |
| Staff  | 50 | 64.1 |
| <b>Years in service with the organisation</b>  |    |      |
| Less than 3 years                              | 8  | 10.3 |
| 4–9 years                                      | 38 | 48.7 |
| 10–15 years                                    | 22 | 28.2 |
| More than 16 years                             | 10 | 12.8 |

Note: n = 78

### *Measuring instruments*

Acquisition-related employment experiences: To assess participants' acquisition-related employment experiences, the researcher developed a 16-item questionnaire that measured the participants' employment experiences after the acquisition (8 items) and their employment experiences before the acquisition (8 items). The items are summarised in Table 3.2. The questionnaire measured experiences in terms of participants' enthusiasm for their jobs, loyalty towards the company, the importance of job security, satisfaction with the remuneration component offered by the company, contentment with work/life balance, satisfaction with the support the organisation offered to employees before and after the acquisition, contentment with the possible career development offered by the company, and overall satisfaction with their job in the organisation. Participants' responses were measured on a six-point Likert type scale (1: Not at all; 6: Very). The scale was subjected to exploratory factor analysis (EFA) and reliability analysis, the results of which are reported in the Results section of the article.

The development of the items was based on the research literature as well as inductive and deductive item development protocols as guided by Bichi et al (2019) and Devellis (2003). The inductive strategy based the item generation on subjective information about the construct as gathered from opinions from the target audience and two subject matter experts who were

involved in the acquisition experience. A deductive strategy was then employed to ensure content and face validity of the items by reviewing the research literature on acquisitions. Exploratory factor analysis (see results section) was then employed to establish whether the newly developed items (see Table 3.2) are representative of the scale constructs.

Psychological contract perceptions. The 48-item scale of the PSYCONES questionnaire (Isaksson, 2006) was utilised to measure participants' perceptions of their psychological contract. This questionnaire (Isaksson, 2006) is a self-rating measure, comprising 48 items and four subscales, as explained in more detail below:

Employer obligation:

This subscale assesses an employee's perception of commitments or promises that were made by the employer by asking 17 questions, for example: *"Has your organisation promised or committed itself to providing you with interesting work?"*

Employee obligation:

The employee obligation subscale consists of 15 questions which aim to measure the employee's perception of promises they made to the organisation, for example: *"Have you promised or committed yourself to protect your company's image?"*

Employee satisfaction with their psychological contract:

In this subsection, items were designed to measure an individual's satisfaction with their own psychological contract by creating a scenario and then posing seven questions about the employee's emotions regarding that scenario. Accordingly, the participant rates the extent to which they agree with the statement, for example: *"If you consider whether the organisation has or has not delivered on your expectations of them, how would you rate the following statement? I feel happy."*

State of the psychological contract:

Finally, nine items aimed to explore the state of the employee's psychological contract by posing six questions relating to the state, including for example: *"To what extent do you trust senior management to look after your best interests?"*

A high internal consistency reliability for three of the subscales was found in the South African context, with Cronbach's alpha coefficients ranging between .90 and .94 (Van der Vaart et al., 2013).

### *Procedure*

All participation was voluntary, and participants were thoroughly informed of the nature and purpose of the study as part of the informed consent required from participants. Employees received a link to the online Lime survey via email and were required to complete the survey within four weeks. The data from the Lime survey was managed by a Unisa survey specialist and the researcher received the raw extracted data, without any personal identifiable information of the participants, after the expiration date of the survey. The survey platform stores the response on the internet, this holds no threat to privacy of participants as not personal identifiable information were required in the survey. Bi-weekly response percentages were communicated to participants for two months as a reminder to complete the survey. The data integrity was insured in that the researcher had no access to the result as the results were directly exported by an external LimeServye expert and directly sent to the outsourced statistician. The data was collected 20 months after the acquisition.

### *Consideration of ethics*

Prior to the research, written permission to conduct it was obtained from the participating organisation. Ethical clearance was then obtained from the Research Committee of the Department of Industrial and Organisational Psychology, University of South Africa (ERC Reference: RouxM\_2020\_CEMS\_IOP\_007).

Informed consent was obtained from all participants. Prior to giving their consent, their rights were explained, as was the purpose for which their data would be used, and their anonymity and privacy were assured. All data and results were handled confidentially in line with the Protection of Personal Information Act. Data was stored in an electronic format which was password protected on a secure device with no identifiable personal information included. By not requiring any identifiable personal information from participants, their anonymity of was assured. As no identifiable participant information was recorded, their responses to the assessment could not be traced back to them.

During data analysis the results were coded, as opposed to using identifiable personal references. All data was analysed, referred to, reported and published in this coded format. Data obtained from the research will only be used for this study, to which the participants agreed on giving written consent (POPI, 2013). Only group-based and anonymous research results will be made available to the organisation from which the data was collected (Babbie, 2013; Denscombe, 2014).

### *Statistical analysis*

All the data were tested, prior to data analysis for the assumption underpinning the use of regressions, and t-tests in order to show that these techniques are indeed appropriate and valid ways to test the hypotheses. The before and after statistics were simultaneously measured for employees that were employed before and after the acquisition, the term before and after measure the same sample's experiences before and after the acquisition. EFA was performed to establish the factor structure and internal consistency reliability of the self-developed acquisition-related employment experiences scale. Descriptive statistics, correlational and regression analysis, and tests for significant differences were performed. Data was analysed, by an outsourced statistician, by using IBM SPSS Statistics version 27 (1989, 2020) software and R-Studio version 1.2.5019 © 2009-2019 RStudio Inc software. Data was analysed at the 95% confidence interval.

### Statistical analysis

## **Results**

### *Exploratory factor analysis of the acquisition-related employment experiences scale*

The self-developed acquisition-related employment experiences scale was subjected to an EFA after the Kaiser-Meyer-Olkin measure of sampling adequacy of .79 and Bartlett's test of sphericity chi-square of 610.74 (df = 120;  $p = .000$ ) had indicated that the sample was adequate for an EFA analysis. The principal axis factoring extraction method with eigenvalues larger than 2.5 was applied to confirm the a priori two-factor structure of the scale (employment experiences after the acquisition and employment experiences before the acquisition). The oblimin with Kaiser normalisation method of rotation yielded a two-factor pattern structure matrix. Table 3.2 shows that the items of the AFTER acquisition-related employment experiences subscale had loadings  $\geq .65$  onto their respective factor. The items of the BEFORE acquisition-related employment experiences subscale had loadings close to .50 and higher onto their respective factor.

The internal consistency reliability coefficients of both subscale factors were high ( $\geq .86$ ). The acquisition-related employment experiences scale showed evidence of convergent validity when checking the values of composite reliability (CR) coefficients larger than .70 and the AVE estimates that were close to .50 (BEFORE subscale) and larger than .50 (AFTER

subscale). In conclusion, the self-developed acquisition-related employment experiences scale indicated acceptable construct validity and reliability for further statistical analysis.

**Table 3.2**

*Acquisition-related Employment Experiences Scale: Standardised Factor Loadings and Reliability Coefficients*

| Item   | Scale items   | Factor 1 | Factor 2 | Cronbach alpha coefficient | Composite reliability (CR) | Average variance extracted (AVE) |
|--|---|----------|----------|----------------------------|----------------------------|----------------------------------|
| <b>Employment experiences AFTER acquisition</b>  |   |          |          | .89                        | .89                        | .52                              |
| 1  | How enthusiastic are you about your job after the acquisition?                                  | .82      |          |                            |                            |                                  |
| 2  | How loyal are you towards the company after the acquisition?                                    | .78      |          |                            |                            |                                  |
| 3  | How important is job security to you after the acquisition?                                     | .60      |          |                            |                            |                                  |
| 4  | How satisfied are you with remuneration after the acquisition?                                  | .74      |          |                            |                            |                                  |
| 5  | How satisfied are you with your work/life balance after the acquisition?                        | .57      |          |                            |                            |                                  |
| 6  | How satisfied are you with the organisational support offered during and after the acquisition? | .76      |          |                            |                            |                                  |
| 7  | How satisfied are you with the organisational career development support after the acquisition? | .65      |          |                            |                            |                                  |
| 8  | How satisfied are you with your job at the organisation in general?                             | .76      |          |                            |                            |                                  |
| <b>Employment experiences BEFORE acquisition</b> |   |          |          | .86                        | .86                        | .46                              |
| 9  | How enthusiastic were you about your job before the acquisition?                                |          | .56      |                            |                            |                                  |
| 10   | How loyal were you towards the company before the acquisition?                                  |          | .73      |                            |                            |                                  |
| 11   | How important was job security to you before the acquisition?                                   |          | .63      |                            |                            |                                  |
| 12   | How satisfied were you with remuneration before the acquisition?                                |          | .48      |                            |                            |                                  |
| 13   | How satisfied were you with your work/life balance before the acquisition?                      |          | .64      |                            |                            |                                  |
| 14   | How satisfied were you with organisational support before the acquisition?                      |          | .79      |                            |                            |                                  |

|    |   |  |     |  |  |  |
|----|---|--|-----|--|--|--|
| 15 | How satisfied were you with the organisational career development support before the acquisition? |  | .73 |  |  |  |
| 16 | How satisfied were you with your job at the organisation before the acquisition?                  |  | .73 |  |  |  |

*Descriptive and correlation statistics*

Table 3.3 summarises the means, standard deviations and bi-variate correlations of the acquisition experiences scale and the psychological contract scale. Table 3.3 also reports the internal consistency reliability coefficients of the two scales.

**Table 3.3**

*Means, Standard Deviations, Reliability Coefficients, and Bi-variate Correlations*

|   | Variable  | Cronbach alpha coefficient | CR  | Mean | SD   | Age   | Gender | Ethnicity | Job level | Years employed | 1     | 2     | 3     | 4     | 5     | 6     | 7     | 8    |
|---|---|----------------------------|-----|------|------|-------|--------|-----------|-----------|----------------|-------|-------|-------|-------|-------|-------|-------|------|
| 1 | AFTER acquisition-related employment experience   | .89                        | .89 | 4.60 | .90  | 0.06  | 0.05   | -0.02     | 0.07      | -0.18          | 1.00  |       |       |       |       |       |       |      |
| 2 | BEFORE acquisition-related employment experience  | .86                        | .86 | 4.88 | .70  | -0.01 | 0.06   | 0.14      | 0.06      | 0.04           | .40** | 1.00  |       |       |       |       |       |      |
| 3 | Overall acquisition-related employment experience | .88                        | .88 | 4.74 | .69  | 0.06  | 0.10   | 0.08      | 0.07      | -0.10          | .90** | .74** | 1.00  |       |       |       |       |      |
| 4 | Employer obligation                               | .92                        | .92 | 4.62 | .94  | -0.06 | 0.08   | 0.11      | 0.18      | -0.10          | .65** | .38** | .68** | 1.00  |       |       |       |      |
| 5 | Employee obligation                               | .78                        | .91 | 5.34 | .47  | -0.15 | -0.03  | 0.00      | 0.03      | -0.13          | .21   | .28*  | .28*  | .40** | 1.00  |       |       |      |
| 6 | Satisfaction with contract                        | .90                        | .91 | 4.22 | .98  | -0.07 | 0.00   | 0.08      | 0.17      | -0.21          | .80** | .44** | .78** | .76** | .31** | 1.00  |       |      |
| 7 | State of contract                                 | .90                        | .90 | 4.35 | 1.11 | 0.07  | 0.09   | 0.04      | 0.11      | -0.07          | .70** | .38** | .67** | .62** | .31** | .68** | 1.00  |      |
| 8 | Overall psychological contract                    | .94                        | .94 | 4.73 | .66  | -0.08 | 0.05   | 0.09      | 0.20      | -0.16          | .72** | .46** | .75** | .94** | .52** | .86** | .79** | 1.00 |

Note: n = 78. \*\*\* $p \leq .001$ ; \*\* $p \leq .01$ ; \* $p \leq .05$ . CR: Composite reliability.

Table 3.3 provides the Cronbach's alpha and composite reliability coefficients for the scales, both of which ranged between .78 (good) and .94 (excellent), indicating high internal consistency reliability for the scales (Tavakol & Dennick, 2011).

In terms of the psychological contract scale, the means (M) of the constructs ranged between 4.22 and 5.34, as indicated in Table 3.3. The highest mean score was  $M = 5.34$  ( $SD = .47$ ) for employee obligation (psychological contract). The lowest mean score was obtained for satisfaction with the psychological contract ( $M = 4.22$ ;  $SD = .98$ ). Overall, the mean scores suggested that the participants had relatively positive perceptions of the psychological contract.

In terms of participants' acquisition-related employment experiences, the highest mean score was  $M = 4.88$  ( $SD = .70$ ) for experiences before the acquisition. The mean score for experiences after the acquisition was slightly lower than the before experiences ( $M = 4.60$ ;  $SD = .90$ ). Nevertheless, the overall acquisition-related employment experiences of participants (before and after) were rated positively at higher than average ( $M = 4.74$ ;  $SD = .69$ ).

As shown in Table 3.3, the correlations between the participants' acquisition-related employment experiences (before and after) and their psychological contract perceptions were significant and positive. The correlations ranged between  $r \geq .28$  and  $r \leq .80$  (small to large practical effect;  $p \leq .05$ ).

After acquisition-related employment experience showed significant correlations with six of the constructs, as below, but no correlation with employee obligation:

- Before acquisition experience ( $r = .40$ ; moderate practical effect,  $p \leq .01$ )
- Overall acquisition experience ( $r = .90$ ; very large practical effect,  $p \leq .01$ )
- Employer obligation ( $r = .65$ ; large practical effect,  $p \leq .01$ )
- Satisfaction with psychological contract ( $r = .80$ ; large practical effect,  $p \leq .01$ )
- State of psychological contract ( $r = .70$ ; large practical effect,  $p \leq .01$ )
- Overall psychological contract ( $r = .72$ ; large practical effect,  $p \leq .01$ )

Before acquisition-related employment experience showed significant correlations with all five psychological contract subscales:

- Overall acquisition experience ( $r = .74$ ; large practical effect,  $p \leq .01$ )
- Employer obligation ( $r = .38$ ; moderate practical effect,  $p \leq .01$ )
- Employee obligation ( $r = .28$ ; small to moderate practical effect,  $p \leq .05$ )
- Satisfaction with psychological contract ( $r = .44$ ; moderate practical effect,  $p \leq .01$ )
- State of psychological contract ( $r = .38$ ; moderate practical effect,  $p \leq .01$ )
- Overall psychological contract ( $r = .46$ ; moderate practical effect,  $p \leq .01$ )



Overall acquisition-related employment experience showed significant correlations with the following:

- Employer obligation ( $r = .68$ ; large practical effect,  $p \leq .01$ )
- Employee obligation ( $r = .28$ ; small to moderate practical effect,  $p \leq .05$ )
- Satisfaction with psychological contract ( $r = .78$ ; large practical effect,  $p \leq .01$ )
- State of psychological contract ( $r = .67$ ; large practical effect,  $p \leq .01$ )
- Overall psychological contract ( $r = .75$ ; large practical effect,  $p \leq .01$ )

The results provided support for research hypothesis H1: Employees' acquisition-related employment experiences and their psychological contract perceptions are positively associated.

### *Multiple regression analysis*

Table 3.4 reports the results of the multiple regression analysis. The biographical variables were included in the model as control variables.

Four multiple regression models were conducted, one for each of the form of psychological contract perceptions. The results in Table 3.4 show that the ANOVAs for employer obligation, satisfaction with the psychological contract and state of the psychological contract were significant.

- Model 1: Employer obligation:  $F = 4.56$ ;  $p = .00$ ;  $R^2 = .42$  (large practical effect)
- Model 3: Satisfaction with the psychological contract:  $F = 8.59$ ;  $p = .00$ ;  $R^2 = .61$  (large practical effect)
- Model 4: State of the psychological contract:  $F = 3.09$ ;  $p = .00$ ;  $R^2 = .30$  (large practical effect)

Employment experience after acquisition significantly and positively contributed to explaining the variance in, and was a predictor of, employer obligations ( $\beta = .55$ ;  $p = .00$ ), satisfaction with the psychological contract ( $\beta = .73$ ;  $p = .00$ ), and state of the psychological contract ( $\beta = .59$ ;  $p = .00$ ). Further, on the  $p = 10\%$  level, employment experience before acquisition significantly and positively contributed to explain the variance in, and was a predictor of, satisfaction with the psychological contract ( $\beta = .17$ ;  $p = .07$ ).

### **Table 3.4**

*Results of the Multiple Regression Analysis*

| Predictor variables                      | Employer obligations |     |       |     | Employee obligations |     |      |     | Satisfaction with contract |     |      |     | State of the contract |     |      |     |
|--|----------------------|-----|-------|-----|----------------------|-----|------|-----|----------------------------|-----|------|-----|-----------------------|-----|------|-----|
|  | $\beta$              | SE  | t     | p   | $\beta$              | SE  | t    | p   | $\beta$                    | SE  | t    | p   | $\beta$               | SE  | t    | p   |
| Employed DURING the acquisition          | -.078                | .31 | -7.75 | .46 | .01                  | .21 | .01  | .99 | -.08                       | .26 | -.91 | .37 | .11                   | .41 | .99  | .32 |
| Employed AFTER the acquisition           | -.11                 | .25 | -1.07 | .29 | -.05                 | .18 | -.39 | .72 | -.05                       | .22 | -.62 | .54 | -.07                  | .34 | -.62 | .53 |
| Age group = 31 – 45 years                | -.06                 | .40 | -.57  | .57 | -.07                 | .28 | -.45 | .65 | .03                        | .34 | .29  | .77 | .01                   | .53 | .02  | .99 |
| Age group = 65 and above                 | -.08                 | .30 | -.68  | .50 | -.13                 | .21 | -.88 | .39 | -.07                       | .26 | -.69 | .49 | -.04                  | .41 | -.31 | .76 |
| Gender = Female                          | .11                  | .20 | 1.04  | .31 | .07                  | .14 | .54  | .59 | -.05                       | .17 | -.61 | .54 | .08                   | .27 | .71  | .48 |
| Ethnicity = African                      | -.11                 | .39 | -.99  | .32 | .02                  | .27 | .11  | .91 | .02                        | .34 | .25  | .80 | .08                   | .53 | .65  | .52 |
| Ethnicity = Indian/Asian                 | -.05                 | .46 | -.49  | .62 | .08                  | .32 | .61  | .54 | -.01                       | .40 | -.14 | .89 | -.01                  | .62 | -.04 | .97 |
| Job level = Staff                        | -.17                 | .22 | -1.49 | .14 | .04                  | .16 | .25  | .81 | -.07                       | .19 | -.69 | .49 | -.11                  | .30 | -.82 | .42 |
| Job level = Team leader / Advisor        | .04                  | .35 | .33   | .74 | .12                  | .24 | .76  | .45 | .12                        | .30 | 1.23 | .23 | -.07                  | .46 | -.56 | .58 |
| Job level = Middle Management            | .01                  | .42 | .12   | .90 | .11                  | .29 | .80  | .43 | .07                        | .36 | .79  | .43 | -.00                  | .56 | -.04 | .97 |
| Tenure = 10 to 15 years                  | -.11                 | .22 | -.97  | .34 | -.06                 | .15 | -.39 | .70 | -.03                       | .19 | -.28 | .78 | .14                   | .30 | 1.15 | .25 |
| Tenure = More than 16 years              | .07                  | .35 | .50   | .62 | -.10                 | .24 | -.58 | .56 | -.03                       | .30 | -.32 | .75 | -.07                  | .47 | -.50 | .62 |
| Employment experience AFTER acquisition  | .55                  | .12 | 4.85  | .00 | .04                  | .08 | .26  | .80 | .73                        | .10 | 7.80 | .00 | .59                   | .16 | 4.67 | .00 |
| Employment experience BEFORE acquisition | .11                  | .15 | 1.01  | .32 | .26                  | .11 | 1.72 | .09 | .17                        | .13 | 1.82 | .07 | .09                   | .20 | .73  | .47 |
| <b>Model info</b>                        |                      |     |       |     |                      |     |      |     |                            |     |      |     |                       |     |      |     |
| <b>F</b>                                 | 4.56                 |     |       |     | .79                  |     |      |     | 8.59                       |     |      |     | 3.09                  |     |      |     |
| <b>p</b>                                 | .00                  |     |       |     | .68                  |     |      |     | .00                        |     |      |     | .00                   |     |      |     |
| <b>R<sup>2</sup></b>                     | .42                  |     |       |     | -.04                 |     |      |     | .61                        |     |      |     | .30                   |     |      |     |

Note: Standardised beta coefficients reported.

Table 3.4 also shows that the biographical variables had no significant link with participants' psychological contract perceptions in the ANOVA models.

The results of the multiple linear regression regressions provided supporting evidence for research hypothesis H2: Employees' acquisition-related employment experiences predict their psychological contract perceptions.

Table 3.4 also shows that the biographical variables had no significant link with participants' psychological contract perceptions.

*Tests for significant mean differences*

For parsimony reasons, only significant mean differences are reported. Table 3.5 shows that significant mean scores were only observed for the age groups  $\leq 45$  years and those  $\geq 46$  years

**Table 3.5**

*Tests for Significant Mean Differences: Age*

| Variable                                | Mann-Whitney U | Wilcoxon W | Z     | p   | Source of difference   | Cohen d (practical effect) |
|---|----------------|------------|-------|-----|--|----------------------------|
| Employment experience AFTER acquisition | 180.00         | 225.00     | -2.04 | .04 | $\leq 45$ years: n = 9; mean = 3.96 (SD = 1.02)<br>$\geq 46$ years: n = 69; mean = 4.74 (SD = .87) | .82                        |
| State of psychological contract         | 186.50         | 231.50     | -1.94 | .05 | $\leq 45$ years: n = 9; mean = 3.83 (SD = .87)<br>$\geq 46$ years: n = 69; mean = 4.49 (SD = 1.09) | .67                        |

Note:  $\leq 45$  years n = 9;  $\geq 46$  years n = 69

As displayed in Table 3.5, the participants older than 46 years (mean = 4.74; SD = .87;  $p = .04$ ; Cohen  $d = .82$ ; large practical effect) scored significantly higher than their younger counterparts (mean = 3.96; SD = 1.02) on their after-acquisition employment experiences. Similarly, the younger than 45 years group (mean = 3.83; SD = .87;  $p = .05$ ; Cohen  $d = .67$ ; moderate practical effect) obtained significantly lower mean scores than the older group ( $\geq 46$  years: mean = 4.49; SD = 1.09) on their perceptions of the state of the psychological contract.

The results provided only partial evidence in support of research hypothesis H3: Employees from various age, gender and job levels differ regarding their acquisition-related employment experiences and psychological contract perceptions, as the results did not provide evidence to support differences for the gender and job-level groups. However, the results did provide support for differences between the age groups.

## **Discussion**

The general aim of the research was to explore the association between employees' acquisition-related employment experiences and their perceptions of the psychological contract. The context of the case study research is organisational change and its effect on employees' psychological contract perceptions of an organisation in the South African software development industry that was acquired by a company listed in the United Kingdom (UK). In line with the reach being a case study all interpretations are done in context of specific sample and not generalised. In line with the reach being a case study all interpretations are done in context of specific sample and not generalised. The research further aimed to explore whether there were differences between the acquisition-related employment experiences and the psychological contract perceptions of various age, gender and job-level groups.

The results of the study support the basic premise of social exchange theory, which is that a series of interdependent interactions between an employee and the organisation generate obligation (Alcover et al., 2017). Acquisitions involve changes in organisational culture, including employment practices such as work tasks, remuneration, work-life balance and organisational support for change and careers, and thus a shift in the social exchange relationship between employees and employers (Renneboog & Vansteenkiste, 2019; Seo & Hill, 2005). It stands to reason then that acquisition-related employment practices will influence perceptions of the psychological contract.

Generally, the results suggest that the acquisition was experienced in a positive light by employees. Employment experiences after the acquisition positively predicted perceptions of employer obligations (i.e. interesting and challenging work, job security, career growth, fair treatment, safe work environment, and good pay). Acquisition-related employment experiences also positively predicted satisfaction with the psychological contract (i.e. trusting the organisation, feeling supported and fairly treated and remunerated) and the state of the psychological contract (i.e. feeling grateful and positive toward the organisation). Acquisition-related employment experiences before the acquisition only explained satisfaction with the psychological contract. These findings may be attributed to positive change management

practices; the employees were now working for a bigger international company, which possibly led to more interesting work and better remuneration (Nandi & Nandi, 2017; Nikandrou & Papalexandris, 2007). Nandi and Nandi (2017) indicate that scholars and practitioners alike are of the opinion that the process of post-acquisition integration is crucial for the success of an acquisition. How employees incorporate the organisation into their self and how they identify themselves with the organisation is central in understanding employees' integration into the new organisation (Soenen & Melkonian, 2017). In this regard, the results indicated that employees 46 years and older had more positive after-acquisition-related employment experiences, including positive views of the state of the psychological contract, than their younger counterparts (45 years and younger). These findings suggest that the company should assess the unique needs of younger employees to enhance their relationship and association with the new holding organisation (Bordia et al., 2017; Kraak et al., 2018).

#### *Implications for change management practice*

In the last two decades, the success rate of acquisitions has increased from about 25% to between 40 and 50% (Marks & Mirvis, 2001; Papadakis & Thanos, 2010). This success rate is measured in terms of the evaluation of accounting-based performance, stock market performance and, lastly, the assessment of management regarding whether organisational goals were reached and operational performance was successful (Papadakis & Thanos, 2010; Renneboog & Vansteenkiste, 2019). It would appear that as time passes and more research is conducted and different aspects of acquisitions are studied, the success rate of acquisitions is increasing. In this regard, the present study contributes new insights that may inform change management practices after acquisitions.

Research findings have shown that older employees are more aware of relational obligations, whereas transactional obligations are more dominant in the psychological contract expectations of younger employees (Adams et al., 2014). Remuneration structure, work-life balance and future promotional opportunities are elements of the psychological contract that are probably more important to employees younger than 45 than to older employees (Adams et al., 2014, Chaudhry & Song, 2014). During and after an acquisition, employees need to clearly understand how the old and the new remuneration structure, for example pension fund or other benefits, will compare (Puusa & Kekäle, 2015). Recognition of their efforts and a clear view of how this could support their career goals are also vital, especially for employees who are focused on building their careers. As the structure of the new organisation could differ from that of the original organisation, employees may experience uncertainty about their possible

career paths (Renneboog & Vansteenkiste, 2019). Employees younger than 45 often focus on finding a life partner and starting a family, so work–life balance and flexible working hours could increase their satisfaction with psychological contracts (Adams et al., 2014, Kraak et al., 2018).

### *Limitations of the research design*

In terms of the research design, the following limitations were found:

- The data for the research project was collected from one organisation in the software development industry in South Africa; from a single population; the sample was also relatively small and therefore the findings cannot be generalised to other population and occupational sectors. Research was handled as a case study and the interpretation applies only to the specific sample of participants.
- Due to the small sample the researcher could not apply confirmatory factor analysis for common method bias testing. This led to underpowered statistical analysis. Further it would have been preferred that a relative weight analysis to see the exact contribution (level of importance) for each of the independent variable on the dependent variable.
- The sampling method use was convenience sampling, which is a nonprobability sampling technique which resulted in limited biological representation.
- The cross-sectional nature of the research design limits the possibility for establishing cause-effect relations.

### *Recommendations for future research*

It is suggested that longitudinal research be conducted in the future to explore change in psychological contract perceptions and acquisition-related employment experiences before, during and after an acquisition in a broader range of sectors. It is also suggested that that a bigger sample is used to enable confirmatory factor analysis for common method bias testing. In the case where a small sample had to be used it is suggested that should the researcher conduct a relative weight analysis to see the exact contribution (level of importance) for each of the independent variable on the dependent variable.

### *Conclusion*

The study findings contribute new knowledge to the sparse research on acquisition-related employment experiences and extended change management theory. Notwithstanding the study limitations, the study makes a valuable contribution to the field of Industrial and

Organisational Psychology.

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## **CHAPTER 4: CONCLUSIONS AND RECOMMENDATIONS**

The general research question that this research aimed to answer is as follows: What is the link between employees' acquisition-related employment experiences and their psychological contract perceptions, and do employees differ regarding their acquisition-related employment experiences and psychological contract perceptions?

In this chapter, the conclusions of the literature review and the empirical study are discussed, followed by the limitations that the research faced when attempting to improve future research on a literature review and empirical study basis. The chapter also sets out to discuss research and practical recommendations that can be made after the completion of the research. The researcher concludes the chapter by evaluating the contribution that the research made to the research as well as to the growth of the researcher as a master's student.

### **4.1. CONCLUSIONS**

The focus of the following section is on the formulation of conclusions relating to the literature review and the empirical study conducted in this research.

#### **4.1.1. Literature review conclusions**

In Chapter 2, the literature review for this research study examined how current literature conceptualises the concepts of acquisition and the psychological contract within the context of organisational change. Secondly, it reviewed the theoretical implications of the associations between acquisition-related employment experiences and psychological contract perceptions for change management practices.

For the purpose of this research the researcher adopted the following definition of an acquisition: a change that occurs when one organisation takes ownership and control of another organisation, locally or internationally, by purchasing majority shares in the acquired organisation (Magano & Thomas, 2017; Tarba et al., 2017). This change has an impact on many areas within an organisation but one of the most critical areas and the most difficult to predict and manage is the human reaction to this disruption of the status quo, in particular perceptions of the psychological contract.

One of the reasons why the human aspect is challenging is because psychological contracts are a fluid judgement of an individual's perceived beliefs of the obligations of the employee

and the employer toward one another that have not been formally stated in the legal contract (Bordia et al., 2017). In the attempt to conceptualise psychological contract perceptions and experiences, scholars have defined two groups of aspects, firstly transactional aspects that are economic and short-term, and secondly relational aspects which are longer-term arrangements that are founded on mutual dependence (Birtch et al., 2016; Chaudhry & Song, 2014). It was concluded that acquisition-related employment experiences would influence the perceptions of both the transactional and the relational aspects of the employer-employee relationship.

#### **4.1.2. Empirical study conclusions**

The general aim of the research was to explore the association between employees' acquisition-related employment experiences and their perceptions of the psychological contract, and whether the age, gender and job level of groups of employees had an impact on their psychological contract perceptions and acquisition-related employment experiences. As stated in chapter three, the data for the research project was collected from a single population in the software development industry in South Africa, the sample was also relatively small and therefore the findings cannot be generalised to other population and occupational sectors. Research was handled as a case study and the interpretation applies only to the specific sample of participants.

##### ***4.1.2.1. Conclusion: Association between acquisition experiences and psychological contract perceptions***

**H1:** Employees' acquisition-related employment experiences and their psychological contract perceptions are positively associated.

A positive link was found between employees' acquisition-related employment experiences and their psychological contract perceptions. This emphasises how important it is for change management practices to focus on the extent to which employees' acquisition-related employment experiences affect their psychological contract perceptions before and after an acquisition.

##### ***4.1.2.2. Conclusion: Acquisition-related employment experiences as predictors of psychological contract perceptions***

**H2:** Employees' acquisition-related employment experiences predict their psychological contract perceptions.

By focusing on the influence of employees' acquisition-related employment experiences on their after-acquisition views of employer obligations, as well as their satisfaction with the psychological contract and the state of the psychological contract, organisations could possibly decrease perceptions of psychological contract breaches which generally lead to higher employee turnover, employee withdrawal and a decrease in productivity.

#### ***4.1.2.3. Conclusion: Differences among biographical groups***

**H3:** Employees from various age, gender and job levels differ regarding their acquisition-related employment experiences and psychological contract perceptions.

The results of this research project emphasise the difference in the after-acquisition employment experiences and perceptions of the state of the psychological contract between employees younger than 45 years and those older than 45 years. For younger employees transactional aspects of the psychological contract are usually more important and these aspects should therefore be a focus point of change management practices before and after the acquisition process.

## **4.2. LIMITATIONS**

This section focuses on the research limitations concerning the literature review and the empirical study for this research project.

### **4.2.1. Literature review**

It would appear that most research on the association between psychological contract perceptions and acquisitions has been done during or after an acquisition process. Hence, the cause-effect relationship cannot be established. In most research, mergers and acquisitions are viewed as similar or are used interchangeably; however, research has found that the emotional impact of the two transactions on the employee can be very different. The research literature on experiences of an acquisition was also found to be sparse, especially in terms of differences between age, gender and job-level groups.

#### **4.2.2 Empirical study**

The data for the research project was collected from one organisation in the software development industry in South Africa. Due to the fact that this research was a case study, in very specific circumstances the results the data cannot be generalized. The full population was fairly small which produced a relatively small sample and that the study was underpowered and therefore the findings cannot be generalised to other populations and occupational sectors. The results of this case study only applies the specific sample. The sampling method used was convenience sampling, which is a nonprobability sampling technique which, in this study, resulted in limited cultural representation. Due to the small sample the researcher could not apply confirmatory factor analysis for common method bias testing. Further it is suggested that if the sample size is small, that the researcher should conduct a relative weight analysis to see the exact contribution (level of importance) for each of the independent variable on the dependent variable. Additionally, the cross-sectional nature of the research design limits the possibility for establishing cause–effect relations.

### **4.3. RECOMMENDATIONS FOR CHANGE MANAGEMENT**

This section focuses on the recommendations made for future research and acquisition change management practices.

#### **4.3.1. Research**

It is suggested that future longitudinal research, with a bigger and more diverse sample, should be conducted to explore change in psychological contract perceptions and acquisition-related employment experiences before, during and after an acquisition in a broader range of sectors. It is also suggested that in the future, if the sample size is small, that the researcher should conduct a relative weight analysis to see the exact contribution (level of importance) for each of the independent variable on the dependent variable.

#### **4.3.2. Practice**

The following section outlines recommendations for change management practice.

##### ***4.3.2.1. Individual level***

Research findings have shown that older employees are more aware of relational obligations, whereas transactional obligations are more dominant in the psychological contract perceptions of younger employees (Adams et al., 2014). Remuneration structure, work–life balance and future promotional opportunities are elements of the psychological contract that are probably more important to employees younger than 45 years than to older employees. During and after an acquisition, employees need to clearly understand how their old and their new remuneration structure, for example pension fund or other benefits, will compare. Recognition of their efforts and a clear view of how this could support their career goals is also vital especially to employees building their careers. As the structure of the new organisation could differ from the structure of the original organisation, employees may experience uncertainty about their possible career paths. Employees younger than 45 years often focus on finding a life partner and starting a family, so work–life balance and flexible working hours could increase the satisfaction with psychological contracts.

#### ***4.3.2.2. Group level***

During acquisitions there might be duplications in positions. Communicating to clarify what changes are planned should happen as soon as possible. This could reduce employee anxiety which could cause tension within groups and teams. Research has found that the use of group communication sessions, in which employees can ask questions openly or anonymously, could be of value as all the employees are given the same information or answers to questions that they might not be comfortable asking themselves. Inviting employee feedback and managing issues that arise before they escalate could make the acquisition process more comfortable.

#### ***4.3.2.3. Organisational level***

On an organisational level, employees' trust in leadership and a clear sense of direction are vital. The Burke-Litwin (Burke & Litwin, 1992) model could be used on organisational level to assist in the change management process. This model focuses on twelve drivers of change: external environment; leadership; mission and strategy; organisational culture; management practices; structure; policies and procedures; work unit climate; employee motivation; task requirements and individual skills; and individual needs and values (Errida & Lotfi, 2021). In this model, change is viewed in terms of both content and process, through transformational and transactional factors (Martins & Coetzee, 2009). By looking at the acquisition from both the organisation's and employee's point of view, the possibility of a successful acquisition is increased (Rabenu et al., 2018).

#### **4.4. EVALUATION OF CONTRIBUTION**

The purpose of this research was not only to gain insight into the research aims but also to develop the researcher as a master's student on a personal and a professional level.

##### **4.4.1. Contribution to research and theory**

In the last two decades the success rate of acquisitions has increased from about 25 to 50%. It would seem that as time passes and more research is conducted and different aspects of acquisitions are studied, the success rate of acquisitions is increasing. In this regard, the present study contributed new insights pertaining to the association between acquisition-related employment experiences and psychological contract perceptions that may inform change management practices following acquisitions. The research extended to include social exchange theory by showing that the interdependent relationship between employer and employees may be affected by an acquisition process. An acquisition is generally perceived as a change in employment practice, and employers need to be aware of how employees' experiences of the acquisition influence their perceptions of whether the employer fulfils its obligations after the acquisition. This includes employees' after-acquisition satisfaction with the psychological contract and their experiences of the state of the psychological contract.

##### **4.4.2. Contribution to practice**

The research findings deepened insight into differences between younger ( $\leq 45$  years) and older ( $\geq 46$  years) employees regarding their after-acquisition-related employment experiences and perceptions of the state of the psychological contract. To manage their perceptions, younger employees seem to be especially in need of support in the change management process. The research also made recommendations for practice.

##### **4.4.3. Contribution to my gradueness as professional industrial psychologist student**

By completing this research project, the industrial psychologist student developed the following gradueness skills and attributes.

- Research is a process of defining a problem or question and then systematically investigating information and data to find insight. By completing this dissertation, the



researcher had to develop her problem-solving skills. The researcher also had to use analytical thinking skills to apply logical reasoning to the information and data to be able to draw an insightful conclusion about the research.

- Ethical behaviour had to be applied by the researcher in line with the moral code of the individual, the profession and the community. This was important because ethical considerations were an important part in the research and writing process of this dissertation. The researcher practised presenting information in a clear manner by summarising the research in the form of an academic article so that others would find the article informative and easy to understand.
- Lastly, the researcher had to show goal-directed behaviour to be able to push through and complete the dissertation. By reading so many academic articles the researcher became more able to understand academic writing and will be able to gain more value when obtaining information from research in the future. This will support the researcher in her future continuous professional learning orientation.

#### **4.5. CHAPTER SUMMARY**

This final chapter explained the conclusions of the research that was presented in the format of a research article. The limitations of both the empirical study and the research were discussed and then recommendations were made to guide future research and practice in acquisitions management.

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## APPENDIX A



### UNISA IOP ETHICS REVIEW COMMITTEE

18 May 2020

Dear Ms Marenée Roux

NHREC Registration # : (if applicable)  
ERC Reference : **2020\_CEMS\_IOP\_010**  
Name : Ms Marenée Roux  
Student #: 44122632  
Staff #: NA

**Decision: Ethics Approval from  
18 May 2020 to 18 May 2023**

**Researcher(s):** Name: Marenée Roux  
Address: 822 Cherverney, Joan Avenue, La Montagne, 0184  
E-mail address, telephone: [Marenee.roux@sage.com](mailto:Marenee.roux@sage.com), 0844595388

**Supervisor (s):** Name: Prof Melinde Coetzee  
E-mail address, telephone: [Coetzm1@unisa.ac.za](mailto:Coetzm1@unisa.ac.za), 0835008621

**Exploring the influence of experiences of an acquisition on employees' psychological contract perceptions.**

**Qualification:** Masters (MCom) – Postgraduate degree

Thank you for the application for research ethics clearance to the Unisa IOP Ethics Review Committee for the above-mentioned research. Ethics approval is granted for a period of **Three (3) years**.

*The **low risk application** was **reviewed** by the IOP Research Ethics Review Committee on 5<sup>th</sup> May 2020 in compliance with the Unisa Policy on Research Ethics and the Standard Operating Procedure on Research Ethics Risk Assessment. The Ethics Application was approved on 18<sup>th</sup> May 2020.*

The proposed research may now commence with the provisions that:

- 1. The researcher will ensure that the research project adheres to the relevant guidelines set out in the Unisa COVID-19 Position Statement on research ethics dated 9 April 2020 which is attached.***



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**2. All data-gathering must adhere to and be aligned with restrictions applicable to the Government's current Lockdown Alert Levels.**

3. The researcher(s) will ensure that the research project adheres to the values and principles expressed in the UNISA Policy on Research Ethics.
4. Any adverse circumstance arising in the undertaking of the research project that is relevant to the ethicality of the study should be communicated in writing to the Unisa CEMS/IOP Research Ethics Review Committee.
5. The researcher(s) will conduct the study according to the methods and procedures set out in the approved application.
6. Any changes that can affect the study-related risks for the research participants, particularly in terms of assurances made with regards to the protection of participants' privacy and the confidentiality of the data, should be reported to the Committee in writing, accompanied by a progress report.
7. The researcher will ensure that the research project adheres to any applicable national legislation, professional codes of conduct, institutional guidelines and scientific standards relevant to the specific field of study. Adherence to the following South African legislation is important, if applicable: Protection of Personal Information Act, no 4 of 2013; Children's act no 38 of 2005 and the National Health Act, no 61 of 2003.
8. Only de-identified research data may be used for secondary research purposes in future on condition that the research objectives are similar to those of the original research. Secondary use of identifiable human research data requires additional ethics clearance.
9. No field work activities may continue after the expiry date (05 May 2023). Submission of a complete research ethics progress report will constitute an application for the renewal of Ethics Research Committee approval.

*Note:*

The reference number **RouxM\_2020\_CEMS\_IOP\_007** should be clearly indicated on all forms of communication with the intended research participants, as well as with the Committee.



Yours sincerely,



Signature  
Acting Chair of IOP ERC  
**E-mail:** [olivibh@unisa.ac.za](mailto:olivibh@unisa.ac.za)  
**Tel: (012) 429-8801**

Signature  
Executive Dean : CEMS  
**E-mail:** [mogalmt@unisa.ac.za](mailto:mogalmt@unisa.ac.za)  
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URERC 16.04.29 - Decision template (V2) - Approve

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## APPENDIX B

### EMPLOYMENT EXPERIENCE AFTER ACQUISITION

| 1 =<br><i>Not at all</i> | 2 =<br><i>Not much</i> | 3 =<br><i>Somewhat</i> | 4 =<br><i>Average</i> | 5 =<br><i>More than<br/>average</i> | 6 =<br><i>Very</i> |
|--------------------------|------------------------|------------------------|-----------------------|-------------------------------------|--------------------|
|--------------------------|------------------------|------------------------|-----------------------|-------------------------------------|--------------------|

|   |  |   |   |   |   |   |   |
|---|--|---|---|---|---|---|---|
| 1 | <i>How enthusiastic are you about your job after the acquisition?</i>                                  | 1 | 2 | 3 | 4 | 5 | 6 |
| 2 | <i>How loyal are you towards the company after the acquisition?</i>                                    | 1 | 2 | 3 | 4 | 5 | 6 |
| 3 | <i>How important is job security to you after the acquisition?</i>                                     | 1 | 2 | 3 | 4 | 5 | 6 |
| 4 | <i>How satisfied are you with remuneration after the acquisition?</i>                                  | 1 | 2 | 3 | 4 | 5 | 6 |
| 5 | <i>How satisfied are you with your work life balance after the acquisition?</i>                        | 1 | 2 | 3 | 4 | 5 | 6 |
| 6 | <i>How satisfied are you with the organisational support offered during and after the acquisition?</i> | 1 | 2 | 3 | 4 | 5 | 6 |
| 7 | <i>How satisfied are you with the organisational career development support after the acquisition?</i> | 1 | 2 | 3 | 4 | 5 | 6 |
| 8 | <i>How satisfied are you with your job at the organisation in general?</i>                             | 1 | 2 | 3 | 4 | 5 | 6 |

LIME SURVEY INSTRUCTION: IF EMPLOYMENT IS LESS THAN 3 YEAR (Section 1 Question 6) HIDE QUESTION 9 to 16

|    |  |   |   |   |   |   |   |
|----|--|---|---|---|---|---|---|
| 9  | <i>How enthusiastic were you about your job before the acquisition?</i>                                  | 1 | 2 | 3 | 4 | 5 | 6 |
| 10 | <i>How loyal were you towards the company before the acquisition?</i>                                    | 1 | 2 | 3 | 4 | 5 | 6 |
| 11 | <i>How important was job security to you before the acquisition?</i>                                     | 1 | 2 | 3 | 4 | 5 | 6 |
| 12 | <i>How satisfied were you with remuneration before the acquisition?</i>                                  | 1 | 2 | 3 | 4 | 5 | 6 |
| 13 | <i>How satisfied were you with your work life balance before the acquisition?</i>                        | 1 | 2 | 3 | 4 | 5 | 6 |
| 14 | <i>How satisfied were you with organisational support before the acquisition?</i>                        | 1 | 2 | 3 | 4 | 5 | 6 |
| 15 | <i>How satisfied were you with the organisational career development support before the acquisition?</i> | 1 | 2 | 3 | 4 | 5 | 6 |
| 16 | <i>How satisfied were you with your job at the organisation before the acquisition?</i>                  | 1 | 2 | 3 | 4 | 5 | 6 |