



## Investigating the Effects of Amalgamation of Municipalities on Organisational Culture in Raymond Mhlaba Local Municipality in the Eastern Cape

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**ABSTRACT** The study seeks to investigate the effects of amalgamation of municipalities on organisational culture in the Raymond Mhlaba Local Municipality in the Eastern Cape Province. The objective of the study is to assess whether the amalgamation has negative or positive effects on the organisational culture. The study used a qualitative research approach, and interviews were conducted among the administrative employees of the municipality. The findings of the study show that the municipal amalgamation has negative effects on organisational culture, especially at the beginning of the amalgamation. The study has shown that there are many factors that influence the effect amalgamations has on organisational culture. The study recommended that however, these factors can be prevented if local municipalities would plan in time, make proper intervention plans and involve the municipal employees by having consultation sessions throughout the amalgamation process.

### INTRODUCTION

The effects of municipal amalgamations on organisational culture have played a major role in the working conditions among different local municipalities in South Africa. Lately municipal amalgamations have been common; in addition organisational culture plays an important role in improving the municipal structure. National Treasury (2014) states that a merger can be defined as where a new combined entity is established or started, none of the previous entities obtain control over others and no acquirer can be identified. A merger can have a solid effect, either good or bad; on the way things are done at the affected association. Organisational culture can be clarified as the technique or the way in which organisational workers complete their typical day -to -day activities (Mbele 2008). Therefore, on a similar note, it is essential to incorporate culture for the achievement of the recently formed association. Madondo (2008) alludes that most mergers involve some level of cultural merging. Brooks and Bate (1994) further state that strategy, structure and culture are “all part of the same package.” Inadequate cultures keep individuals from contributing everything they have to the reconciliation exertion. Individuals get to be distinct, regional, and

the debate about points of interest turned out to be exaggerated. Most of the time is spent battling about positions, longing for the past, as well as fighting decisions. These inner clashes avert individuals from concentrating on what is critical. A number of elements pertaining the organisational culture are to be taken into consideration, which include the mission of the municipality, communication networks, leading ethics, values, and team spirit.

### Problem Statement

The South African Constitution of 1996 (Republic of South Africa 1996) requires and expects municipalities to give fair and orderly services, build local democracy, propel social and financial change, ensure protected and satisfactory surroundings, and “create a generally viable and sustainable system of local government.” The drawing of new municipal limits has been one of the primary stages in a local government change procedure which seeks to give substance to the vision of the constitution. As stated by the CoGTA (2018), municipal mergers occur by virtue of “monetary non-sustainability, low income base, service delivery backlogs and due to poor audit performance.” Section 21 of the Municipal Demarcation Act 27 of 1998 (Republic of South Af-

rica 1998), stated that the Demarcation Board must regulate municipal boundaries in the domain of the Republic and may re-regulate any municipal boundaries controlled by it. Importantly, the current study looked at the effects of amalgamation of municipalities on organisational culture in Raymond Mhlaba Local Municipality. However, the merger has had an effect on the quality of services as employees are demotivated with no clear direction in their job positions, while some are affected by the possibility of relocating to other satellite offices. The employees remain with a number of unanswered questions, on how long it would take the organisation to settle, and whether the organisational structure will be conducive for the newly merged municipality. Important elements of organisational culture, such as the mission of the municipality, communication networks, leading ethics, values, and team spirit need to be taken into consideration. The merger certainly appears to have an effect on organisational culture.

#### **Objectives of the Study**

- ◆ To assess whether the amalgamation has negative or positive effects on the organisational culture.

#### **Research Questions**

- ◆ Does the amalgamation have a negative or positive effect on organisational culture?

#### **Literature Review**

##### ***The Effect of a Merger on Organisational Culture in Netherlands***

The outcome of the review of a study conducted on the extent to which how mergers affects organizational change over time from two organisations has showed that the culture perception changed in time and relies on the perception the employees had at the start of the merger. Motivation had an impact on the change. The level of acknowledgment and information of the representatives had no impact on this change. The finding showed the view of organizational culture at the commencement of the merger, and thereafter assumes an imperative role

for the culture perception. The more employees are inspired, the more they are willing to change. In addition, the longer employees work at the organization, the more they are willing to change (Bhansing 2010).

##### ***Effects of Change Management on Organizational Structure***

According to Herath (2007), organizations are institutions that are formed by people with the intent of achieving specific objectives the individuals cannot achieve alone. To achieve these objectives and as stated by Bourgeois et al. (2004), organizations form relationships among organizational parts that are referred to as an organizational structure. Similarly, Martinelli (2010) refers to organization structure as a set of elements in the interaction that enhances decision-making units in an organization. Equally, organizational structure is defined as a set of methods, processes, and hierarchies through which, organizations distribute distinctive tasks that synergize duties and responsibilities in a formal manner, so as to coordinate, control, and motivate employees towards the set objectives of the organization (Michela and Burke 2000). Herath (2007) argues that sets of relationships do form proper structures that anchor proper functioning of organizations. According to Elrod II and Tippett (2010), Beach (2009) and Kazik (2012), organizational structures can be hierarchical, horizontal or integrated.

However, most of these structures, as stated by Herath (2007), insists, that they are static in nature and most often cannot meet the dynamic requirements of efficiency and adaptability particularly in mergers and acquisitions. Mergers and acquisitions by their very nature destabilize the harmonious inner workings of organizational structure. According to Zheng et al. (2010), organizational structures do offer a way in which responsibility and powers are allocated within an organization, how work procedures are executed, and how decisions are made. However, “mergers offer major disruptions in existing sets of relationships that form functional units within the organization. As a result, decision making chains are disintegrated; work units reconstituted, abolished, or restructured” (Simonet and Tett 2012). According to Hatch

(2010), “if change management is not properly instituted to manage the disruptions and changes, employees’ motivation is crushed, loyalty dissipated, while performance and profitability fizzle. Decision making structures, information technology structures, and operational structures are some of the areas being examined for change management effects on organizational structure”.

### *Managing Change during a Merger*

During the amalgamation period, it is imperative that managers are furnished with important abilities to manage issues, for example, vulnerability and redundancy. The goal is to assist the workers with coping with the fears of retrenchments and losing jobs and furthermore show the spirit of caring. Kanter (2003: 167) states that, when individuals are suddenly faced with an amalgamation or merger, there is a sentiment of powerlessness. This is normally joined by expanded staff turnover, increased sickness, and a higher absenteeism level. “Organizations often underestimate the impact of change on people and tend to focus only on putting change into effect. Today’s organizations need leaders at all levels who are skilled not only at implementing change but also at effectively helping their employees through the psychological process involved in coming to terms with change” (Human Technology Inc 1999: 1). For the most part, change has the capability of being both positive and negative, and the effect relies upon its size. Amid any merger or amalgamation, except if there is a clear and distinctive correspondence, workers have an inclination of feeling compromised. It is vital that management understand the state in which their employees find themselves. Holbeche (2006: 84) argues that one of the impacts of change is on the psychological control between employers and employees. Cohen (2005: 87) points out that “a common misconception in organizational transformation is that training will be enough to prepare employees for their job changes. He argues that when people begin training without any understanding of the changes and their specific impact, they spend much of their time coming to grips how their jobs are changing and how they will be affected”.

### *Municipal Amalgamations in Japan*

There is a lot of available literature on the merger of municipalities in different countries. According to a study that was conducted in Japan, the number of municipalities in Japan diminished from 3,232 in 1999 to 1,820 in 2006 by uprightness of the state metropolitan merger strategy. The merger approach planned to fortify the regulatory limit of municipalities for monetary decentralization and to diminish the aggregate use of municipalities’ methods for economies of scale. Hirota and Yunoue (2014: 4) express that past research on civil mergers has mostly centred around the basic leadership handle and the impact of mergers, and the subsequent economies of scale, on municipal uses. The aftereffects of these reviews differ broadly. The exact outcomes from a few reviews have affirmed that municipalities in Japan are given different motivators to take part in mergers.

Hirota (2007) announced that low monetary conditions, municipality elimination, and little municipal population are the elements driving city mergers. Specifically, the outcomes affirm that the particular conduct of the focal government influences municipal mergers. The particular conduct incorporates expanded local expense assets and uncommon stipends. Most combined municipalities get special treatment from the central government. The conduct of local municipalities likewise influences the basic leadership concerning mergers. Hanes and Purvis (2003) concentrated on the impact of amalgamations on nearby open uses in Sweden, and demonstrated that city mergers negatively affected the expenditure growth in consolidated municipalities due to economies of scale.

Furthermore, in another study that was carried out using information on Norwegian municipalities, Sørensen (2006) analysed political figures in merger choices and the normal productivity gains, demonstrated liberal awards made up for the impact of diseconomies of scale on city mergers. Since less populated municipalities can get bigger grants from the central government without merging, they did not consider the amalgamation to be essential. Regardless of the possibility that the central government guaranteed to keep up the level of stipends to small municipalities, some less populated municipali-

ties decided not to take part in municipal mergers on account of the central government's absence of validity.

Dolley et al. (2007) and Geys et al. (2007) concentrated on the separate impact of mergers on aggregate uses in Australia and Germany. Dolley et al. (2007) found that city mergers enhance money related manageability, while Geys et al. (2007) found that consumptions of small municipalities ascend with population size. Utilizing board information on Japanese municipalities, Hirota and Yunoue (2013) found that mergers decreased municipal expenditures. More so, in a study conducted, focusing on to what degree support for mergers affects organizational change over time from two organisations. The outcomes showed that the cultural perception changed in time and relies on the perception employees had at the start of the merger. Motivation had an impact on the change. The level of acknowledgment and information of the representatives had no impact on this change. The findings showed that the view of organizational culture at the commencement of the merger assumes an imperative role for the culture perception thereafter. The more employees are inspired, the more they are willing to change. In addition, the longer employees work at the organization, the more they are willing to change (Bhansing 2010).

#### ***Amalgamation of Nkonkobe and Nxuba Local Municipalities***

Raymond Mhlaba Local Municipality was officially set up in 2016 and is made of the now disestablished Local Councils of Nkonkobe and Nxuba. Alice remains as an authoritative seat and Fort Beaufort as the managerial seat, the latter is located about 140km North West of East London on the R63 and is approximately 200km North East of Port Elizabeth. The municipality is the second largest local municipality covering 6 474 km<sup>2</sup> of the surface area of the Amatole District Municipality. Raymond Mhlaba Local Municipality is a countryside municipality that sits on the foot of the mountain range of the Winterberg (Intaba ze Nkonkobe). According to Raymond Mhlaba Local Municipality (2016/2017:4), the municipal head-offices are situated in Fort Beaufort (as already indicated above) and the

council meetings and other standing committee meetings are convened at Alice. The municipality has the following satellite offices: Middledrift, Alice, Seymour, Adelaide, and Bedford. The Raymond Mhlaba area is neighbored by the boundaries of Makana Local Municipality, Blue Crane Local Municipality, Amahlathi Local Municipality, Ngqushwa Local Municipality, Enoch Mgijima Local Municipality, and the Buffalo City Metropolitan Municipality (Raymond Mhlaba Social Economic Review 2017).

The merger of local government bodies came into effect following the declaration of the 1998 Municipal Demarcation Act of, No. 27 and the 1998 Municipal Structures Act of, No. 117. Accordingly, a variety of local councils all through the nation had to be converged by drawing up new limits in accordance with the act. The genesis of the merger of Raymond Mhlaba is thusly, a result of the demarcation procedure. In the 2015 Eastern Cape Provincial Gazette, The Minister of Cooperative Governance and Traditional Affairs (CoGTA) when assuming duties after the National and Provincial elections of 2014, willingly examined the status quo of municipalities in South Africa. The results of the evaluation drove him to summon Section 22 of the Municipal Demarcation Act by proposing the merger of particular municipalities as a method of addressing their functionality, viability, and sustainability.

In accordance with Raymond Mhlaba Economic Outlook (2017:11), the Raymond Mhlaba Local Municipality has ward committees and each ward with 10 members totalling to 230 within its jurisdiction. "They are always invited to participate in municipal activities during the development and review of the IDP, Budget and the annual report review as required and amended in terms of the year 2000 Municipal Systems Act of, no 32. With 156 000 individuals, the Raymond Mhlaba Local Municipality housed 0.3 percent of South Africa's total population in 2016. Between 2006 and 2016 the population growth averaged 0.50 percent per annum which is more than half of the growth rate of South Africa as a whole (1.54%). The Raymond Mhlaba Social Economic Review (2017) noted that when compared to other regions, Raymond Mhlaba Local Municipality accounts for a total population of 156,000, or 18.1 percent of the total population

in Amatole District Municipality ranking as the most populous local municipality in 2016. In addition, The Raymond Mhlaba Annual Report (2016/17:12) noted that the ranking in terms of the size of Raymond Mhlaba compared to the other regions remained the same between 2006 and 2016. In terms of its share, Raymond Mhlaba Local Municipality was significantly larger in 2016 (18.1%) compared to what it was in 2006 (16.6%). When looking at the average annual growth rate, it is noted that Raymond Mhlaba ranked highest (relative to its peers in terms of growth) with an annual average growth rate of 0.5 percent between 2006 and 2016.”

Both municipalities have a shared vision and mission of rendering services to the public. The accompanying vision of Nkonkobe has been received: To be an independent region that is receptive to the necessities of individuals. Nxuba Municipality, an impetus in the advancement of maintainable and quickened improvement for all. Nxuba Municipality endeavours to render benefit greatness through a productive, viable, responsible and responsive neighbourhood government framework. As the municipalities have a shared vision, this shows to be an opportunity of them working towards the same goal, which indicates a positive outcome. In view of the above, both municipalities are committed to delivering services according to the Batho Pele Principles Courtesy, Value for money, Consultation, Service Excellence, Access, Openness and Transparency, Access, Information, and Redress.

The composition of the Council is as follows: African National Congress (ANC) 38 members, Democratic Alliance (DA) 5 members, and the Economic Freedom Fighters (EFF) with a number of 3 members. The council consists of the ANC Mayor, Speaker, Chief Whip as well as other Council members which include executive members from the Corporate Services, Engineering, Community Services, Sport, Arts and Culture, Finance and Local Economic Development (LED) and Strategic Planning departments. The management consists of the Municipal Manager, Chief Financial Officer, Senior Management: Acting Senior Manager: Community Services, Acting Senior Manager: Engineering Services, Senior Manager: Strategic Planning and LED), Acting Senior Manager: Corporate Services and Communications Officers. The municipality has

359 permanent staff members and about 120 office-based staff members.

The municipality is expected to have a new organogram, but it has not yet been implemented leaving employees uncertain about their job positions. Employees remain demotivated as some may have to relocate to other offices. The quality of services has deteriorated because of reluctance on the employees, as a result, commitment and performance has also decreased. On account of the mentioned uncertainties and challenges, employees are dissatisfied resulting in leaving work early. The community is also affected as administration offices have been moved from the other entities which are costly for them. The system of communication with the community is also a challenge as there is no official website for the municipality. The merger has had a negative effect on the organisational culture, and because of these challenges, there is no definite stability to date.

#### *The Positive and Negative Effect of Amalgamations on Organisational Culture*

According to Madondo (2008), one of the greatest difficulties that combining associations confront is the manner by which to deal with culture change. The chaos theory recommends that while an association can exist in a steady or unstable state, the state most profitable of progress and new potential outcomes is the “edge of chaos”. This theory implies that the association must have the ability to be steady, also to change or advance. Too much change may lead to disorder, lack of management and waste. The edge of chaos is where there is experimentation but within a system, is most helpful for developing organisational change, since the general population who are probably going to be influenced by the change are the ones who present it (Holbeche 1998: 362).

On the same note, Chetty (2010) states it has been acknowledged, more particularly by progressive organisations, and that employees are greatly affected by mergers, which is an integral to its success or failure. The clashes of culture between the merging organisations can present many problems as well. Culture concerns the internalization of sentiments, desires and the attitudes of the individuals within an associa-

tion. Fundamentally, organisational culture exists in two dimensions, the first being the qualities shared by the individuals working in the association and furthermore, is the value of the association regardless of membership developments. During merger transition and implementation of the former level, it impacts significantly on the newly merged unit, department, faculty or even the entire institution. Even when institutions are structurally similar, two institutions that differ culturally could result in conflict during the period following the merger. This frequently results in displeasure, nervousness, communication issues and feeling of uncertainty about what is to come. Schuler and Jackson (2001) further notes a number of problems relating to culture after the merger, as well as during the implementation stage which includes the following: A feeling of being in a void; No points in making new plans; Bad publicity about the merger; Counterparts attempt to get to know each other but do not trust each other; The 'us' and 'them' mentality develops; New leadership is not working effectively; Unclear roles; The resignation of key people; Low morale; and Need to build new culture distinct from the previous institutions.

It is vital that before the implementation period of the amalgamation, culture should be assessed. Organisational culture can be surveyed by a number of tools. A significant way of evaluating culture in amalgamating organisations is culture through profiling. Culture profiling can be assessed from the view of the organisation as well as the employees through internal and external communication.

### RESEARCH METHODOLOGY

The qualitative research approach was used in this study in order to investigate the effects of amalgamation of Municipalities on organisational culture in Raymond Mhlaba Local Municipality in the Eastern Cape Province. This study used in-depth interviews that involve face-to-face interviews to collect information from 20 staff members of the municipality. A stratified random sampling technique was used to select the participants. The strata were formed from the various administrative departments to ensure adequate representation. The departments

whose employees were interviewed comprised of Administration Managers, Corporate Services, Community Services, Expanded Public Works Programmes, Labour Relations, and Human Resources Departments. The data were collected using semi-structured questionnaires. This semi-structured questionnaire enables the participants to express their views in their own way. The data collected were analysed using thematic analysis.

### FINDINGS AND DISCUSSION

In this study, the findings are discussed in light of the premise drawn from the sub-questions that guided the study.

The discussions are based on the findings generated from qualitative data collected through personal interviews which involved face-to-face interviews. The interviews were held with the administrative management and employees as they are more familiar with the day to day activities of the Raymond Mhlaba Local Municipality. However, the researchers also attended a meeting with the Municipal Managers, Administrators, Supervisors and representatives of the Labour Relations Department in the municipality.

### Demographic Information of the Participants

This study aimed at getting participants background information in order to understand whether the effect of amalgamations in organisational culture in Raymond Mhlaba Local Municipality of the Eastern Cape Province was positive or negative. Out of 20 participants targeted as interviewees for the interviews questionnaire, all 20 [N= 20] interview questionnaires were all presented and all the participants were all pleased to participate in the study and freely expressed their opinions as regards the investigated problems. The majority of the participants were females and all came from different departments, which included the administrative departments: Cooperate Services, Community Services, EPWP, Labor Relations and Human Resources employees. Their ranks with their municipalities before the merger also presented. The twenty (20) participants that were interviewed gave their personal details as presented below in term of ages, gender, level of education, marital status, and their positions at work. The finding

shows that there are various age groups of participants, gender, level of education, marital status, and positions of the participants that took part in the study. The study was conducted with a total of (20) participants working in RMLM, in the Eastern Cape Province of South Africa. These participants comprised of four (4) males and six (6) females that were all from former Nkonkobe, while four (4) males and six (6) females were from former Nxuba. The participants that were interviewed composed of two (2) coloured from former Nkonkobe and the remaining (18) blacks were all from former Nkonkobe and Nxuba. The findings from this table show that the ages of the participants that participated in the study ranged between 31 and 55 years. As regards with the marital status, the findings from the interviews conducted as reflected in the above table show that from Nkonkobe, six (6) participants were married and four (4) were single, while from Nxuba, four (4) were married while six (6) were single.

Similarly, the findings from this study also reveals that two (2) participants were Managers, eight (8) were clerks and the remaining four (4) were administrators from Nkonkobe; while from Nxuba, two (2) participants were clerks, four were supervisors and four (4) were administrators. In addition, in terms of the level of education, the findings from the table show that from Nkonkobe in Alice is the Satellite office of the municipality, two (2) participants had degrees, six (6) had matric and two (2) had obtained diplomas; while, from Nxuba, two (2) had degrees, six (6) had diplomas and two (2) had a matric qualification.

Having discussed all the demographics of the participants, the study focused its attention on the questions asked from the participants with the hope of getting themes and subthemes. The asked questions and their responses were as follows:

### **Theme 1: The Effect of Amalgamations on Organisational Culture**

#### ***The Negative or Positive Effect Of Amalgamations on Organizational Culture***

As evidenced in the study conducted by Denters et al. (2014), that amalgamations in most of the local municipalities have shown some

negative effects to the citizens despite all efforts made by the government to improve service delivery within their communities. Hence, the negative effect of amalgamation on organizational culture in Raymond Mhlaba Local Municipality was firstly analysed and discussed, followed by the positive effect.

#### ***The Negative Effect of Amalgamation on Organizational Culture***

All the participants that were interviewed admitted that they have different outcomes or perception of the effect to the amalgamation on organizational culture within the Raymond Mhlaba Local municipality of the Eastern Cape Province, South Africa. Some of the negative effects felt by the participants on the organizational culture were discussed below as:

#### ***Conflicts and Confusion***

The findings from the interviews conducted among the participants in Raymond Mhlaba Local Municipality and regards to whether the amalgamation has a negative effect on the organizational culture shows that the amalgamation has brought conflicts and confusion to the local municipality, as the employees were faced with some obstacles and fear of not knowing what will happen in terms of the placement policy. All participants indicated that it brought a lot of confusion within the municipality employees, to the point that it affected the service delivery and communities are dissatisfied. The following were the administration managers' responses:

*There have been stumbling blocks as the employees have fear of not knowing what will happen in terms of the placement policy. The merger has been officially on paper, however, in implementation nothing much has been done as the current placement policy regards every employee as 'acting' in their positions until placement is officially implemented. This has caused immense confusion to employees.*

*Employees live in fear as they do not know what will happen in terms of placement. Currently, the amalgamation does not have a good impact as there is no clear communication among employees, services are not well delivered and the community from the former Nxuba*

*entity has shown dissatisfaction. The municipality consists of two arms that are independent. In this instance, the political arm had conflicts, which also affect the administrative arm leaving employees confused.*

These findings are supported by Chetty (2010), during merger transition and implementation of the former level, which had an impact significantly on the newly merged unit, department, faculty or even the entire institution. Following the period of the merger, when institutions are structurally similar, two culturally different institutions could however result in conflict. This often results in anger, anxiety, communication problems and feeling of uncertainty about the future. "When organizations merge, there is usually a clash of management styles. This clash generally permeates to the staff and it needs to be managed properly as it has the potential of dividing the employees and hinder the process of amalgamation. The ability to manage conflict is, therefore, crucial at this stage. The implementing team should be vigilant and proactively identify areas of potential conflict. Strategies to resolve conflict must also be devised. Assessment and selection of staff for the new company; integration or new design of HR systems; and ongoing attraction, retention, and development of staff are among the most important people-related issues for integration" (Madondo 2008).

#### *Service Delivery*

The findings from the interviews conducted among the participants in Raymond Mhlaba Local Municipality with regards to the negative effect of the amalgamation on organizational culture in the RMLM, showed that the amalgamation has brought about poor service delivery to the local municipality. This is indeed a fact because all the participants emphasized that services delivery have been affected in some areas such as Bedford and Adelaide in the former Nxuba, within RMLM and these have also hindered free and easy communication between the management and all the employees within the municipality. The following were the administrator's responses:

*Services have been affected more especially in the Nxuba entity as the administration*

*offices are moved to the former Nkonkobe territory. There has not been a clear communication from the management to employees and thus the way of working between employees is affected. This has more especially affected service delivery. Nxuba employees have revealed that they are left out and this has also affected services as well as the community, as there have been protests concerning service delivery.*

In supporting these findings, CoGTA (2018) stated that service delivery, and inheritance of low revenue base municipalities has led to depletion of cash reserves, thus affecting the new municipality negatively in the provisions of basic services to the entire new municipal space. Increase in indigent register against decrease in Equitable Share allocation has a direct impact on service delivery. Furthermore, Allers and van Ommeren, (2016) stated that "in democracies, differences in preferences are reflected by differences in public services". Citizens will be discouraged if services they esteem are minimized after amalgamation. The local government may accordingly choose, for each service, the most noteworthy standard that existed before amalgamation (Park 2013). For instance, the merger of a municipality that spends a lot on social services with a municipality that has a high-quality road network may result in a municipality which spends a lot on both social services and roads.

Amalgamation should be expected to have temporary effects as well. Firstly, there will be the costs of restructuring in different parts of the municipal organizations. New office buildings might be needed, IT systems have to be integrated, and regulations must be harmonized with lots more. Amalgamation and the uncertainties surrounding it may also have disruptive effects on managerial behaviour and organizational outcomes. Restructuring costs will start well before the official amalgamation date, and continue for several years afterward (Allers and van Ommeren 2016). Many small municipalities are more efficient and more responsive to the needs of their citizens and have clearer accountability channels (Faguet 2004).

#### *Preferential Treatment*

Thirdly, the amalgamation on organizational culture in the RMLM as indicated by all the participants' shows that the amalgamation has brought some negative effect to the local munic-



ipality. This is true from the findings obtained as all the participants stressed that employees from other entities such as *Nxuba*, believe that they were not well treated like their other counterparts in the same jurisdiction. Some employees' within the RMLM were highly preferred than others according to the participants, which may be due to one reason or the other best known by the municipality management. Some of the responses given by the community services clerks include:

*The amalgamation does not have a good effect on organizational culture as some employees of other entities feel the other entity is preferred and favoured. The Nxuba entity feels that policies of the former Nkonkobe are used in the current merged municipality leaving the former Nxuba employees left out. This has led to a number of protests by the former Nxuba municipality. Most programs are held at the former Nkonkobe community and this has resulted in Nxuba wanting to operate as the former, as things are at a standstill from their side. Nkonkobe was known to be a bigger municipality than the former Nxuba, but the current policies used are those of former Nkonkobe. However, there has been an evident frustration of the former Nxuba employees, and has affected the daily operations of the entity.*

This is in line with the study conducted according to Madondo (2008), "when organizations merge, one of the biggest challenges is to accommodate all people into the new organization. This process is usually the main source of anxiety as people worry about job security. Even where some guarantees are given that there will be no job losses, people still worry about their specific positions". This perspective is within the same view with Vettori (2005) who states that employees, especially in the lower ranks, feel threatened that an unfairly high number of positions will be granted to members of the dominant partner.

### ***Positive Effects of Amalgamation on Organizational Culture***

#### ***Remuneration***

In contrary to the above mentioned, with a negative view or perceptions of the participants as regards the effect of amalgamation on organizational culture. The researcher also attempted

to ask the participants if there is any positive effect of amalgamation on the organizational culture. It is quite interesting to emphasize that all the participants indicated that although there are more negative effects of the amalgamation on organizational culture than positive. They emphasized that at least the positive effect of amalgamation on organizational culture will bring better remuneration or salaries to all the entire RMLM municipality of the Eastern Cape Province of South Africa. The following were some of the managers' responses:

*The merger opens more opportunities in terms of the budget as it depends on the size of the municipality. The bigger the municipality, the bigger the budget. Salaries also depend on this in terms of salary scales, some employees will earn more as compared to the former. Currently people are regarded as 'contract workers' so as to give others opportunities through Community Work Programs (CWP) and ensuring facility development e.g. creating parks. The former Nxuba employees are the ones who would benefit more, as their salaries would be matched according to the salary scale of the newly merged municipality.*

In the same vein, the findings from the study conducted according to Dollery et al. (2007) and Slack and Bird (2013), revealed that larger municipalities are in a better position, technically and financially, than their fragmented counterparts to provide an array of services. Furthermore, increasing scale enables fixed costs to be spread over a larger output.

#### ***Budget***

Another most important positive effect of amalgamation apart from the remuneration mentioned by the participants was budget. They emphasized that once the municipality merged, there would be a need for more allocation from the government for the expansion of the communities' basic needs. Importantly, the merger would bring about expansion on government expenditure as more money would be spent in creating new communities projects in order to create more jobs for the masses and reduce the poverty within the municipalities. Administrators expressed their opinions as follows:

*The amalgamation has the potential of presenting better opportunities as the newly amalgamated municipality is now a bigger municipality. When a municipality has a larger capacity, it will be given a much bigger budget. This will also grant the municipality opportunities for having more community projects that will not only benefit the municipality, but the community at large. Services will be delivered more efficiently.*

This is in line with the study conducted according to (Allers and van Ommeren 2016). “The most obvious effect of amalgamation is an increase in jurisdiction size. Amalgamations are often inspired by the hope that size increase will improve production efficiency. One reason is that bigger size allows specialization, that is, an improved division of labour, resulting in more experienced or educated workers. Furthermore, increasing scale enables fixed costs to be spread over a larger output. Moreover, larger jurisdictions may be able to attract better administrators, and thus improve service levels or take on responsibilities that were previously avoided. Another positive effect is that scaling up will reduce spill overs, thereby promoting allocative efficiency”.

### **Theme 2: Recommendations on Measures Taken to Provide Quality Service Delivery and Challenges Affecting Organisational Culture**

The findings from the participants showed that there have been no interventions made in adapting to change management after the amalgamation, and in providing of quality service delivery and challenges affecting organizational culture. However, there have been suggestions lodged and deemed as necessary by the participants to assist them in coping with the changes brought by the merger, and the managers’ suggestions were as follows:

#### ***Needs for Effective Communication***

There are needs to improve the quality of communication between the management and employees so that everyone may be able to work towards the same goal.

#### ***Devise Plan***

The management needs to devise a plan in encouraging cooperation between the different entities to eliminate the ‘usual ways’ of the previously known municipalities and introduce one that will be inclusive of both entities.

#### **The Intervention of Political Leadership**

The intervention of political leadership of the ruling party, SALGA and CoGTA suggest, monitor and evaluate the decisions of the council of the municipality and to review where necessary.

#### **Conducting Meetings at Regular Interval to Discuss Crucial Issues**

The management and other stakeholders should meet and discuss the issues with every satellite involved with the merger.

### **CONCLUSION**

The study learned that there are many factors that influence the effect amalgamations has on organisational culture. However, these factors can also be prevented if local municipalities would plan in time, make proper intervention plans and involve the municipal employees by having consultation sessions throughout the amalgamation process.

### **RECOMMENDATIONS**

The researcher recommends the following for Raymond Mhlaba Local Municipality:

#### **Culture and Structure**

Culture is a significant aspect that constitutes an organisation. Furthermore, culture includes everything in an organisation, which is the way people work together, work behaviour and the way in which communication flows between employees. Culture can be well established when the organisational structure is well defined, which facilitates the effectiveness and the development of an organisation. It is clear from the respondents that there has not been a working relationship between the employees of

the different entities. The management needs to be considerate of the cultural differences as each entity has its way of doing things. Since there are a number of entities coming together, culture clashes are expected. A number of interventions would need to be made to introduce a new culture of the organisation which would include, conditions of service, a method of working and leadership development.

### Need for Effective Communication

There is a need to improve the quality of communication between the management and employees so that everyone may be able to work towards the same goal. The bureaucratic hierarchy in organisations makes communication to be more difficult as employees are commanded to go under some channels, in order to submit their grievances, which also affects service delivery in many organizations.

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