MAKERERE UNIVERSITY BUSINESS SCHOOL

THE RELATIONSHIP BETWEEN ORGANIZATIONAL FIT AND FINANCIAL PERFORMANCE OF FIRMS

THE CASE FOR KASSIM – LAKHA SAMVIR ABDULLA, PANNEL KERR FORSTER CERTIFIED PUBLIC ACCOUNTANTS,

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CHAPTER ONE

1.0 INTRODUCTION

1.1 BACKGROUND

The focus of the consulting industry has evolved through several trends. In the 1960s and 1970s organizational development focused on quality of work life. Following closely from this , was Andrew Damming movement Total Quality Management that led to an emphasis on firms as a whole body of parts, spawning the growth of flattened out organizations and cross functional teaming. In the 1980s reengineering associated with process redesign and radical organizational restructuring become the focus of improved business performance.

Strategic alliances combine the divergent cultures, strategic orientations and practices into a few configuration creating intra firm variations. Friction between existing functions is prone to occur (Philips, 1994), which influences organizational performance. In an alliance of two large accounting firms Greenwood et al (1994) found that one firm emphasized the accountant's expertise while the other stressed entrepreneur competence. The difference in core values exacerbated the difference of the two former identities and delayed the integration of personnel. Alliances do not involve just the taking of assets or brand name of an organization. It involves taking over the intangible part of the organization namely the heart and mind of those involved in the alliance.

The cultural integration of the companies if not well managed may result into low revenue, reduction in market share and may negatively affect organizational performance. Performance of the new firm depends on careful cultural integration and application of norms and social relationship, such as networks and trust that enable people to coordinate action to achieve desired goals. Kassim - Lakha Samvir Abdulla, Kadernani and Pannell Kerr Forster auditing and accounting firms allied to form KLSA Pannell Kerr Forster.

1.2 STATEMENT OF THE PROBLEM

Although alliances are intended to increase shareholder's value through increased efficiency, economies of scale, widened markets and profitability, the after alliance performance of Kassim - Lakha Samvir Abdulla, Kadernani and Pannell Kerr Forster (KLSA-PKF) is not satisfactory.

The diminishing profitability for an extended period of time is caused by cost of integration expenses such as combining offices and technology, sizeable pay outs to partners who were let to go as a result of alliance , (Caves, 1989; Cosh, Hughes, Lee and Singh, 1989; Mueller, 1986; Ravenscraft and Scherer, 1987; Scheerer, 1988), the sudden and major change which give impact on general employee uncertainty. According to Davy et al (1988). "The only thing certain about organizational alliances is that nothing is certain". This uncertainty is to be considered to be associated with lowered morale (Sinetar, 1987; Altendorf, 1986) job dissatisfaction and unproductive behaviour. Strategic alliances have also been linked with acts of sabotage and petty theft

(Davy and et al, 1998) and concomitant stress (Sinetar, 1981; Schweiger and Ivancevish 1985; Bruckman and Peters, 1987; Hall and Norburn, 1987).

As shown in the table below the growth rate in costs in the year 2001 and 2002 exceeded the growth rates in revenue resulting in negative growth rates in profits.

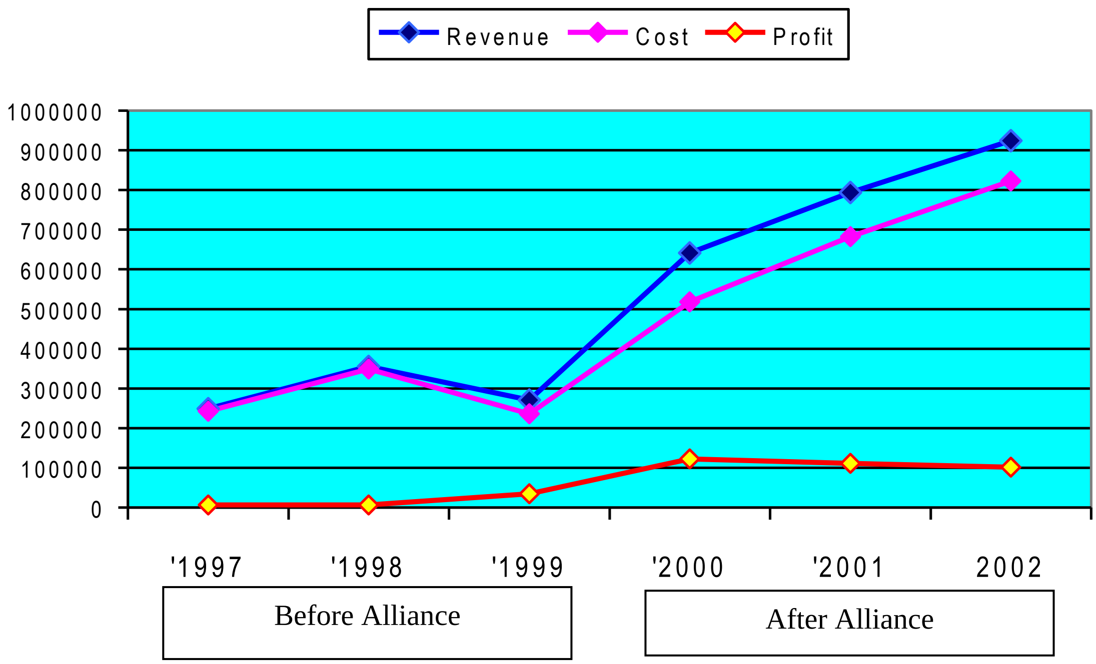
Table 1: Shows Pre and Post alliance financial performance of Pannel Kerr Forster for the five years

	Before alliance			**After alliance**			
Year	**1997 Shs000**	**1998 Shs 000**	**1999 Shs000**	**2000 Shs '000**	**2001 Shs '000**	**2002 Shs '000**	**Average Shs '000**
Revenue	249,269	355,315	270,643	641,100	793,542	924,195	789,278
Cost	(242,801)	(348,545)	(236,248)	(518,250)	(682,572)	(822,386)	(674,403)
Profit	6,468	6,770	34,395	122,850	110,970	101,809	111,876
Growth rates							
Revenue	0	42%	-24%	137%	24%	17%	13.3%
Cost		44%	-32%	119%	32%	20%	17.3%
Net profit		5%	408%	257%	-10%	-8%	-6%

Source: *Audited Financial Statements1997-2002*

The above performance can be illustrated graphically on the following Page.

Figure 1: Graphical presentation of the financial performance for the five years before and after the alliance in '000 shillings



Source: *Audited Financial Statements 1997 - 2002*

1.3 PURPOSE OF THE STUDY

The study seeks to establish the relationship between organizational fit and performance in terms of revenue, profitability and costs based on an ex-post facto analysis.

1.4 OBJECTIVES

1) To establish performance of the units before and after the alliance.
2) To establish the level of selected organizational attributes before and after alliance.
3) To explain the relationship between selected attributes and financial performance before and after the alliance.
4) Establish the relationship between company size and performance.

1.5 RESEARCH QUESTIONS

1) What is the level of selected organizational attributes before and after alliance?
2) What is the financial performance of the units before and after alliance?
3) What is the relationship between selected organizational attributes and financial performance before and after the alliance?

1.6 SCOPE OF THE STUDY

1.6.1 Conceptual scope

The study focused on the relationship between organizational fit and performance of Kassim - Lakha Samvir Abdulla, Kadernani and Pannell Kerr Forster. The independent variables were the factors which determine the success or failure of the alliance (organizational culture and integration, company size and individual's reaction) and the dependent variables was performance measured by revenue, profits and costs.

1.6.2 Geographical scope

The study was carried out in Kampala at Pannell Kerr Forster certified public accountants located on Plot 37 Yusuf Lule Road.

1.7 SIGNIFICANCE OF THE STUDY

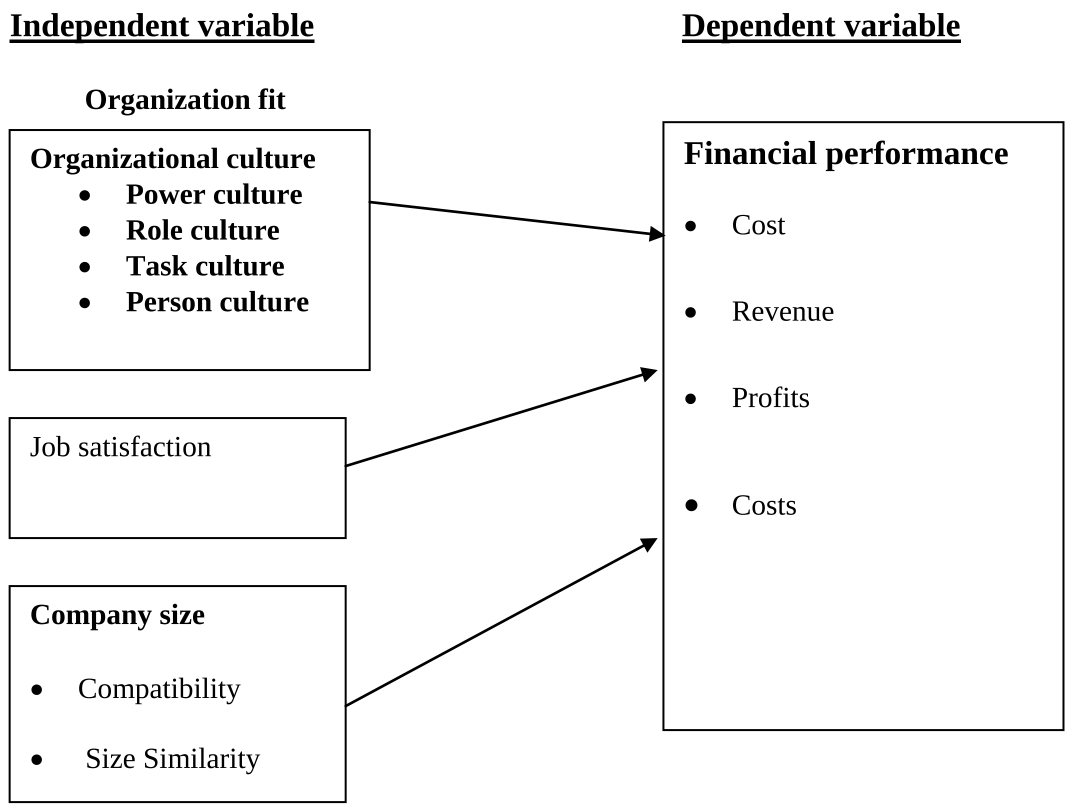
- The study findings shall help government to formulate policies, to regulate accountancy and audit profession in Uganda.
- It shall help audit and accountancy firms to improve service delivery in Uganda.
- The study shall help the Institute of Certified Public Accountants of Uganda (ICPAU) to enforce the profession code of ethics.
- It shall also help managers of alliances to handle the process with great care.
- The study will add to the existing literature on strategic alliance and performance.

1.8 CONCEPTUAL FRAMEWORK

To establish the relationship between organizational fit and performance of KLSA Pannell Kerr Forster, three key dimensions of the alliance which determine the success or failure of the alliance were studied (organization culture, company size and job satisfaction) were selected and evaluated as independent variables. While financial performance was measured by cost, revenue and profits.

As displayed in the model, organizational fit measured by organization culture and integration, job satisfaction and company size affects performance.

Figure 2 - Conceptual framework showing the relationship between organizational fit and financial performance.



Source: Adapted from Philips, 1994.

1.9 ORGANIZATION OF THE THESIS

The study has been organized into five chapters. Chapter one introduces the study beginning with a brief introduction, stating the research problem, objectives and research questions, the significance and scope of the study, the conceptual framework and the profile of Kassim Lakha Samvir Abdulla Pannel Kerr Forster (KLSA-PKF). Chapter two presents a detailed review of existing related literature written about the relationship between organizational fit measured by organizational culture and integration, job satisfaction and company size who they relate to financial performance. Chapter three provides the methodology used to obtain data, how the data was analyzed and what factors were taken into consideration plus problems faced during the research. Chapter four deals with the presentation and interpretation of the findings with respect to the research questions. Chapter five contains the discussions recommendations and conclusions for future research.

1.10 PROFILE KASSIM-LAKHA SAMVIR ABDULLA PANNEL KERR FORSTER (KLSA-PKF)

Kassim Lakha Samvir Abdul (KLSA-PKF) Certified Public Accountants, was started in 1968 but had to close down in 1972 at the expulsion of the Asian community by the government of late General Idd Amin Dada.

The company resumed operations in 1993 allaying with two other small firms Samvir and Kadamani to become Kassim Lakha Samir Abdula (KLSA). In 2000, the company (KLSA) allied with an international firm, Pannel Kerr Forster (PKF) to become Kassim Lakha Samvir Abdul Panel Kerr Forster(KLSA-PKF).

The company offers audit of financial statements. It is also associated with Equatorial Secretaries and Registers Ltd, Fiscal and Taxation services Ltd and PKF Consulting Ltd. It has other associated offices in Kenya, Rwanda, United Kingdom and Canada. The Kampala office has two partners and two managers who are supported by 70 staff.

The firm prides itself in being an equal opportunity Employer, multi-cultural and majority of personnel being born in East Africa.

1.10.1 Mission of KLSA-PKF

- To support and guide our clients to achieve success in business by acting as their trusted business advisors.
- To provide quality, cost effective, personalized and innovative business solutions to meet the changing needs of our clients.
- Empower our manpower through continuous professional development to face the dynamic global challenges.

1.10.2 Philosophy

- They are committed to promoting high standard discipline, excellence and ethics through adherence to the firm’s quality standards and value charter and the laws of the country and profession.
- They believe in recruiting and retaining sound professional and support staff, providing training and opportunities for growth in a stimulating and an enabling environment.
- They are dedicated to main-training a very strong internal administration, thereby enabling provision of quality service and ensuring client satisfaction.
- At KLSA Pannel Kerr Forster, relationship is our top priority. They strongly believe that good relationship with all stakeholders is a pre-requisite to their success.

CHAPTER TWO

LITERATURE REVIEW

2.0 INTRODUCTION

This section examines existing literature on the relationship between organization fit and financial performance of firms. It specifically reviews literature on how organizational fit as measured by organizational culture and integration, job satisfaction influenced by individual staff perception of the alliance , company size relate to the financial performance of the allied firms.

2.1 DEFINITIONS OF COMMON TERMINOLOGIES

The Oxford dictionary defines an alliance **as joining or gradually binding** of two previously discrete entities.

2.1.1 Compatibility

Organizational fit or compatibility refers to similarity of organizational cultures and management practices (Shelton 1985; Green wood, Hinings and Brown 1994).

Integration of employees is one of the most critical issues for smooth organizational transition towards a new firm (Buono and Bowditch, 1989). It is particularly crucial in knowledge-intensive firms (KIF), including technology based as well as accounting firms. In a study of large firm's acquisitions of small technology-based firms, Grandstand and Sjolander

(1990), for instance, reported that in 60% of cases where key personnel (e.g. the general manager) left the firm, the acquisition resulted in subsequent divestment or other manifestations of failure. The possibility of successful integration depends on the pair's structural and cultural similarities, since the integration of alike cultures faces lower resistance from organizational members.

Size Similarity

This similarity in the leverage ration i.e. the number of associates divided by the number of partners .The leverage ration is closely related to the extent to which division of labour, possibility of promotion and degree of competition among associates (Galanter and Palay, 1991)

2.1.2 Organizational culture

According to B. F Skinner "Culture is not the behavior of the people "living in it"; it is the "it" in which they live in contingencies of social reinforcement which generate and sustain their behavior.

The organization culture refers to a system of shared meaning, including the language, dress, patterns of behavior, value system, feeling, attitudes, interactions and group norms of the members.

Organizational culture expresses to what extent the members of organization are willing to support each other and also the goals and development of their organization. (Baltic Journal of Economics, Issue 7 (1)/2007 Page 1**)**

Handy (1985) identified four types of culture:

- **Power Culture.** This depends on power and influence by a central figure. Much faith is placed in the individual and little in committees and team work.
- **Role Culture**. Organization culture is built around defined jobs, rules and procedures. This culture operates according to logic and rationality and its strength lies in functions or specialists.
- **Task culture**. This culture is job or project oriented and extremely adaptable. The matrix organization is one structural form Influence within the organization is based on expertise rather than person cultures.
- **Person Culture**. The individual is the central point in person culture. The organization exists to help the individual rather the other way around, Groups of professionals such as doctors, dentists and architects are examples of person cultures.

Market, product and competition conditions have rapidly changed given globalization and technological development. One of the most common change management issues is the management of two or more cultures, ‘’the culture of the allied firms’’. This issue can be critical in small organizations where the culture of the particular organization and the allied firms have to be mediated by the leader of each organization in order to ensure the organization survival and its competitive position.

When strategic alliances happen in organizations, the most affected element in the organization is the employee. Employees do resist change but they are also agents of change and have been responsible for major changes in organizational behavior. Causes of resistance to change include, fear of economic loss, comfort with status quo, cautiousness and conservation, peer pressure, lack of information, social displacement and too little time to adopt.

Leo and Alan (2000) reveals that findings from 388 service firms located in Hong Kong suggest that organizational culture values are related to effectiveness and profitability but not to market share. The findings further show that an organizational cultural value affects both directly and indirectly the performance of the company through its relationship of marketing effectiveness. While as the above research has been carried out in European, American and Asian settings the findings of the study may not be relevant to Uganda and most especially to the audit and accountancy industry in Uganda, therefore the need for this research.

2.1.3 Leverage ratio

This is the number of associates divided by the number of partners. A low leverage ratio means that a partner has small number of associates to supervise while a high leverage ratio of associates means a partner has many associates to supervise. The leverage ratio is closely related to the extent of division of labour, possibility of promotion, and the degree of competition among the associates(galanter and palay,(1991) it also influences the organization culture.

Low leverage firms tend to be more collegial and less bureaucratic than highly leverage firms (Starbuck!992).There is likely to be a communication breakdown if the leverage ratio is high and this may affect performance.

2.1.4 Job satisfaction

This is a set of favourable or unfavourable feelings and emotions with which employees view their work. It is an effective attitude, a feeling of relative like or dislike towards some things. Job satisfaction typically refers to the attitude of a single employee.

2.1.5 Company size

Size of companies relates to the differences in the organizational forms such as multi-divisional company structure and single divisional companies that characterize differences between, small and large companies, company size is an expression of certain ways of doing business. Large companies have generally developed a completely different way of organizing themselves for instance along divisional structures and other formal organizational routines that is quite different from small and medium sized companies where informal structures are still most common.

2.1.6 Profitability

Boggers (1967) described profitability as the organizations desired state whose turnover is greater than input cost. This is collaborated by Hermanson et al

(1987) who said profitability is the organization's ability to generate income. Profitability should therefore be reflected only in the income statement to reflect that income generated is greater than the input cost.

2.2 THE INFLUENCE OF ORGANIZATIONAL FIT ON INDIVIDUAL PERFORMANCE

Alliances do not only give an influence to the organization but also the people who are involved in it. In an alliance, people who are involved become more sensitive which affects the successful integration of management. Mirvis (1985) has suggested that psychological response to strategic alliances can be understood within the framework of the Kubher-Ross model of personal bereavement. According to Mirvis (1985), one can expect that employees reaction to alliances to result in disbelieve, denial, anger and resettlement and moral bargaining ending in depression.

Alliances represent sudden and major changes which give an impact on general employee uncertainty.

According to Davy et al (1988) suggest that "The only thing certain about organizational alliances is that nothing is certain". This uncertainty is to be considered to be associated with lowered morale (Sinetar, 1987; Altendorf, 1986) job dissatisfaction, unproductive behaviour, in that a considerable amount of employee time is spent commiserating with others or on unofficial job hunting and worse still records, higher absenteeism and higher accident rates rather than productivity.

Alliances have also been linked with acts of sabotage and petty theft (Davy and et al 1998) and concomitant stress (Sinetar, 1981, Schweiger and Ivancevish 1985, Bruckman and Peters, 1987; Hall and Norburn, 1987).

According to Marvis (1985) one can expect that employees' reaction to alliances pass through four stages as shown below:

The stage of disbelief and denial

The individual's first reaction is extreme shock. He or she may deny that the strategic alliance will ever happen despite circulating rumors or a bid announcement.

Anger through rage and resentment

As reality of the situation becomes more obvious feelings of shock and disbelief are replaced by anger and resentment towards those considered responsible for example old management, the new alliance partner and so on.

The stage of emotional bargaining, beginning in anger and ending in depression.

As fear and uncertainty about individual job future develops, this anger often turns inwards. The individual becomes angry with himself or herself for not anticipating the event and may come to resent the commitment and royalty he or she invested in the company. The individual becomes increasingly nostalgic for what is passed and may worry that his or her existing skills/areas of expertise are not transferable to the new company.

Acceptance stage

Finally the individual comes to recognize that what is past is gone for ever and accepts that he or she must face the new situation. Until there is acceptance that any attempt to deny or resist the situation is futile and unproductive, a positive approach will not begin to develop. Fixation at stage one, two and three will result in preoccupation and unproductive behaviour or cause the employee to leave the organization.

Professional service firms (PSF) display distinct structural arrangements. The leverage ratio, the number of associates divided by the number of partners, has been conceptualized as a key structural element in the professional service industry (Sherer, 1995). The leverage ratio is closely related to the extent of division of labour, possibility of promotion and degree of competition among associates (Galanter and Palay, 1991). It also influences the organizational cultures. Low leveraged firms tend to be more collegial and less bureaucratic than highly leveraged firms (Starbuck, 1992).

An a alliance of two firms with differing leverage ratio, consequently, would cause adjustment problems to some organizational members. An extreme case is an alliance between a highly leveraged firm and a firm consisting of partners only. Partners of the latter would experience difficulties in handling associates; for example, training and socializing them and delegating some decisions to inexperienced associates. When involving firms had similar leverage ratio, and thus similar routines and cultures, organizational members would be easily integrated into a new firm.

2.3 COMPANY SIZE

The concept of organizational fit between companies involved in alliances covers a large number of aspects related to administrative routines and company - specific characteristics (Datta, 1991; Jemison and Sitkin, 1986). Sizes of companies relate to differences in organizational forms such as multi-divisional company structures and single divisional companies that characterize difference believes small and large companies (Chandler, 1990).

Alliances between companies of different sizes have organizational consequences, in terms of actual organizational fit of companies, that can affect post alliance financial performance of the firm.

Chakrabarti; Hauschildt and Sueverkruep (1994) found that alliances of large and small companies are confronted with organizational problems affecting performance after Alliance Similarly Gerpott (1995) established that the size ratio of the allied companies affects the degree to research and development functions are integrated after the alliance.

2.4 THE RELATIONSHIP BETWEEN ORGANIZATIONAL FIT AND THE FINANCIAL PERFORMANCE

Job uncertainty, low morale, high rate of absenteeism, concomitant stress of employees are likely to affect the financial performance of the allied firm.

When everyone is down and out and depressed, others get depressed, I do not think any work got done (Altendorf, 1986). Such effects are likely to have an adverse effect on organizational performance and also on the longer-term physical, psychological and mental health of employees, which in turn is likely to have negative long-term organizational implications.

2.5 PRIOR ALLIANCE EXPERIENCES

Organizations can learn from their prior experiences. Prior alliance experiences provide valuable lessons about how to integrate the firm created by alliance (Fowler and Schmidt, 1989; Pennings et al., 1994). The previous strategic alliance experience is positively related with returns on equity (Fowler and Schmidt, 1989), performance judged by academic evaluators (Bruton et al., 1994), and the persistence of new acquisitions (Pennings et al., 1994).

The above literature suggests that lack of organizational fit between companies of different sizes – causes serious consequences for the integration of the innovative activities of different allied parties. However, this seems to contradict a large part of the literature (Hasposlagh and Jemison, 1991, Hoskissond and Hitt, 1994, Jemison and Sitkin, 1980) which suggests that the disparity between sizes of allaying companies PANNEL KERR FORSTER might be relatively easy to deal with. But if companies are too far apart in terms of size and related aspects of organizational structure, realization of improved performance after the alliance might be as not as simple as measured on the basis of simple arithmetic or not. There is therefore need to investigate whether there is a positive relationship between the degree of similarity in terms of size of the companies involved in strategic alliance and the post alliance performance of companies.

2.6 CONCLUSION

Firms allaying out of a string of strategic alliances have comparatively higher levels of internal variations. They may experience a great deal of conflict across routines and people. People socialized by diverse firms have diverse views of how to organize themselves. Without successful integration of these contradicting cultures and routines, they may not provide reliable services and thus would be out -competed by other firms. Firms that have overcome the integration problems are likely to re-engage in more alliance to maintain their growth momentum (Amburgey and Miner, 1992) or to take advantage of their knowledge regarding post-alliance and integration. The growth motive can be justified because large professional firms can generate higher revenue per partner (Public Accounting Report, 1994).

CHAPTER THREE

METHODOLOGY

3.0 INTRODUCTION

This section presented the methods that were used in conducting the study on the relationship between selected organization attributes of organization fit and financial performance. It describes the research design, study population and sample size, sampling frame and procedure, measurement of valuables, research procedures, and reliability and of research tools and data collection process and analysis

A brief mention of the limitations experienced in the study is also duly made.

3.1 RESEARCH DESIGN

The study was conducted using descriptive and cross section survey. The cross section survey design based on ex-post facto analysis was used. The researcher used analytical methods of SPSS in analyzing data to develop the cross tabulation, chi-square tests correlations and relationship regarding organization culture, job satisfaction and company size.

3.2 SURVEY POPULATION AND SAMPLE SIZE

The survey population consists of 2 partners and 32 staff of KLSA - Pannel Kerr Foster in Kampala office. The respondents were selected using purposive sampling. The researcher investigated the census population of staff from KLSA - Pannel Kerr Forster who were there before and were still there after the alliance. Rosco (1975) states that samples of between 30-500 are appropriate in most studies.

Table 2: Shows Census population

Category	Population
Partners	2
Supervisors	4
Senior Auditors	8
Semi Seniors Auditors	10
Audit assistants	10
Total	**34**

Source: *Primary Data*

3.3 MEASUREMENT OF VARIABLES

The structured questionnaires were used to measure the variables. A five point Likert scale ranging from strongly agrees as response I to strongly dis-agree as response 5 was used.

The independent variable of organization fit was measured by organizational culture, job satisfaction and company size. Staff reactions, satisfaction and perception were investigated in the questionnaire. Company size is the way of doing things was measured by the number of associates per partner (leverage ratio), the level of information technology, number of products offered, number of departments and organizational structure. Job satisfaction was measured by scale developed by (seashore, lawler, mirvis and camman, 1982) employee organization value congruence was measured using three items from o'reilly and chatman's (1986) internationalization. Belief and acceptance of organizational values (porter, steers, mowday and boulian, 1974) the dependent variable, financial performance was measured by revenue, net profit and cost. Revenue was measured by growth rates both before and after the alliance. Costs were measured as percentages of turn over both before and after. The alliance profit was measured by net profit as percentage of sales.

3.4 RESEARCH PROCEDURE.

The researcher obtained an introductory letter from Makerere university business school (MUBS) and attached copies of research instruments and forwarded them to the administration officer in order to be granted permission to conduct the survey. The questionnaires were distributed to the respondents.

The researcher identified and requested the staff to work as research assistants and their responsibility was to receive the questionnaires from the respondents on the researcher's behalf and also to cross check and ensure the questionnaires are completed as they are handled in. The researcher cross checked the information to ensure completeness by the correspondents before editing and analyzing.

3.5 DATA COLLECTION, PROCESS AND ANALYSIS

The researcher collected primary data generated from various respondents, (partners, supervisors and staff,) who filed up the questionnaires.

Secondary data was generated from memorandum reports, journals and any other relevant literature was reviewed to provide a basis from interpretation of responses.

3.6 PRIMARY SOURCES OF DATA

1) The perceptions from respondents (staff) that have been there before and after the alliance.

2) Audited financial statements for the separate firms – Kassim – Lakha, Samvir and Kadanani 1997-1998) and post alliance for KLSA PKF (2000-2002).

3.7 DATA COLLECTION METHODS AND INSTRUMENTS

The questionnaires were tested to avoid personalizing, irrelevant, unspecific and ambiguous questions. A combination of methods were used to collect data since none of the methods when used singly may collect sufficient data (Leady 1989).

The questionnaire with four sections covering background information, organizational culture and integration, job satisfaction and other organizational consequences of company size were prepared. This was completed by selected employees of PKF to investigate the relationship between organizational fit and financial performance.

Data before and after the alliance was collected based on the administered questionnaires based on expost facto analysis, the respondents were asked for their perceptions before and after the alliance

3.8 DATA PROCESSING AND ANALYSIS

The data collected above was edited with a view for completeness and accuracy. Given that the main method of data collection was semi-structured questionnaire, data was classified and tabulated and reduced to frequencies, percentages and graphs where applicable.

Cross tabulation and correlation analysis combined with chi-square tests used were to establish the relationship between these variables.

3.9 RELIABILITY AND VALIDATION OF THE INSTRUMENT

According to Christensen (1997), reliability refers to consistency or stability. External validity is the extent to which the results of the research can be applied to and across different persons, settings and times.

To ascertain validity and reliability of the instruments (questionnaires) the researcher counted the following.

VALIDITY;

To ascertain the validity of the research instrument, the researcher had to read the existing literature of different scholars to asses how the measurement scales were used to measure the variables. The researcher had to come up with statements and questions using the measurement sects in order to develop questionnaires.

The questionnaires were both structured and unstructured. The questionnaires had to be piloted using selected representative sample in order to pre-test for validity.

RELIABILITY;

According to Christensen (1997), reliability refers to consistency or stability

Reliability of research instruments was presented by using a cronbach alpha value. The cronbach alpha rate of 07 considered adequate in literature review was addressed by using existing literature sources, theories and models that are available to other interested academics for the study reliability

Table 3 Showing Cronbach Alpha Value in Study

Study Value organization Flosw	**Achor**	**Cronbach Alpha Value**
Organization culture	5 point	0.8507
Job satisfaction	5 point	0.9321
Company Structure	5 point	0.8870
Financial Performance		
Revenue	5 point	-7904
Profit	5 point	7407
Cost	5 point	7205

In order to make sure that questionnaires are reliable and to ensure that the questionnaires will produce the same results over future observations, the reliability analysis of the items for the variables was done.

The cronbach (1951) Alpha test for reliability was done to establish the reliability of the researcher's instrument. Reliability analysis results for all the variety were above 0.7 as indicated above. In addition working with the supervisors, the researcher was able to ensure that the items are valued for valuables.

3.10 LIMITATIONS TO THE STUDY

The following limitations were encountered in the course of the study. The research design used by the researcher was cross-sectional survey design; in this case data collected was for that period. It would have been better if the researcher had used a longitudinal survey design.

The researcher found some difficulties in obtaining information from respondents since most of them were busy and the research time limit is short. There was the problem of financial constraint since the researcher is self-sponsored and is a family man with children in boarding schools.

The mood and attitude of the respondents also created some biasness. Readiness and availability of supervisors limited the speed of the research.

The sample was restricted to only a single firm and a single branch – PKF Kampala. So it would be strongly recommended that data be gathered from various firms of different sizes.

Mitigating controls were made to minimize the effect of the above problems on the quality of this study. For instance, census respondents were followed up and constantly reminded of the questionnaire on telephone, e-mail and fax. An allowance of 10% of the census population mentioned above has been allowed for expected non-response.

Supervisors e-mail addresses and telephone numbers were obtained.

Specific job assignment outside Kampala limited the speed of the research.

Many of the studies done on alliances are in developed countries and not readily applicable to the Ugandan economic situation or accounting industry.

CHAPTER FOUR

PRESENTATION AND INTERPRETATION OF FINDINGS

4.0 INTRODUCTION

This section presents the results of the study and interpretation of the findings. It includes descriptive and influential statistics. The tests used in the analysis of data were cross tabulation, chi-square tests, correlation and regression analysis. This section gives descriptive statistics showing age, level of education, gender, marital status and position.

The presentation in this chapter shows the results as tested according to the objectives of the study. The chapter begins with the description of the population characteristics using cross tabulations. This is followed by inferential statistics that show the relationship between the variables under study.

4.1 POPULATION CHARACTERISTICS OF THE RESPONDENTS

The results that follow show population characteristics. Cross-tabulations were used to show the background characteristics of the respondents, their sex, and age, level of education, marital status, former employer and management position. Cross-tabulations were combined with chi-square tests to show whether there were associations between the various population characteristics.

4.1.2 The response rate

A total of 34 questionnaires were administered to employees who were there before and after the alliance. All questionnaires were collected back posting 100% response rate.

4.1.3 Gender Status of the respondents

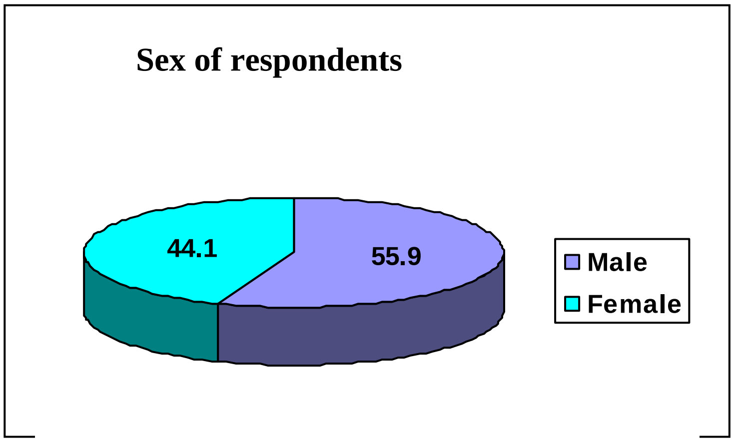
The sample characteristics were presented basing on the responses of employees of PKF. The results from cross tabulation were presented as below.

Cross tabulation results (Table 4 below) indicated that the majority of the respondents were male. That is 55.9% were male and the female constituted 44.1% of the population of study. It further shows that 64.7% of the target population was married and 35.3% were single. The results further show that of the male respondents 73.75% were married while 26.35% were singles. For the female 53.5% were married and 46.75 were singles. These are further shown in figures 3 and 4 on Page 31

Table 4; Gender and Marital Status

Gender			**Marital Status**		**Total**
			Single	**Married**	
Gender	**Male**	**Count**	5	14	19
		Row %	26.3%	73.7%	100.0%
		Column %	41.7%	63.6%	55.9%
	Female	**Count**	7	8	15
		Row %	46.7%	53.3%	100.0%
		Column %	58.3%	36.4%	44.1%
Total		**Count**	12	22	34
		Row %	35.3%	64.7%	100.0%
		Column %	100.0%	100.0%	100.0%

Figure 3: Pie chart showing the gender status of the respondents

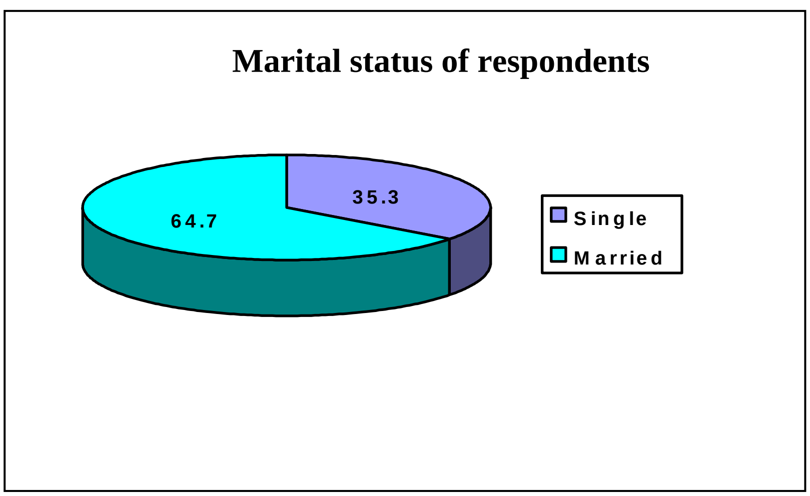


So

Marital Status of the respondents

Cross tabulation results further shows that 58.3% of the target populations were single and 36.4% married.

Figure 4: Pie chart showing the marital status of the respondents



Source: Primary data

4.1.4 Position in KLSA-PKF by Former Accounting firm

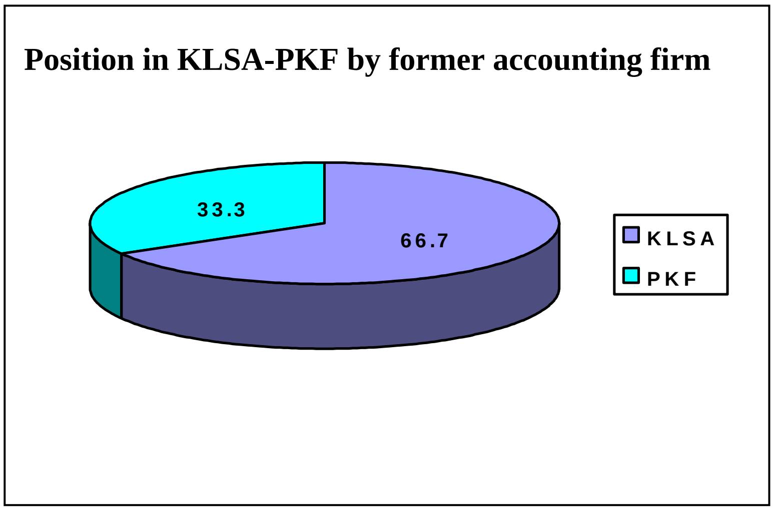
Cross tabulation below (Table 5) results revealed that the majority of the respondents in the population were middle managers (52.9%). Among these middle level managers, the majority had been formerly employed (66.7%) with KLSA while only 33.3% had been formerly with PKF. On the other hand, former employees of PKF were observed to dominate the Top management positions (66.7%) of the alliance.

Table 5; Position in KLSA-PKF By Former employer Cross tabulation

			Former Employer		Total
			KLSA	PKF	
Position in KLSA-PKF	Top Management	Count	1	2	3
		Row %	33.3%	66.7%	100.0%
		Column %	5.0%	14.3%	8.8%
	Middle Management	Count	12	6	18
		Row %	66.7%	33.3%	100.0%
		Column %	60.0%	42.9%	52.9%
	Lower Management	Count	7	6	13
		Row %	53.8%	46.2%	100.0%
		Column %	35.0%	42.9%	38.2%
Total		Count	20	14	34
		Row %	58.8%	41.2%	100.0%
		Column %	100.0%	100.0%	100.0%
		X^2 = 1.395	df = 2	Sig. = .498	

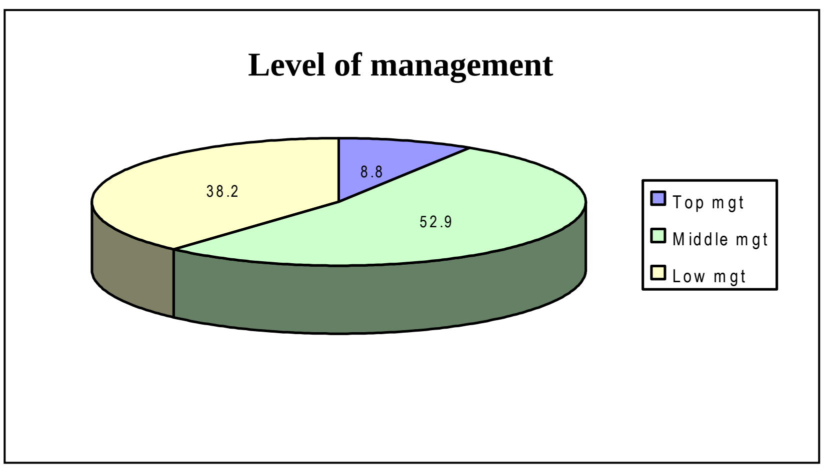
The researcher observed no association between one's former employer and their current management position in the alliance of PKF (X^2 = 1.395, Sig. = .498). This implies that one's current position in the allied firm is independent of their former employer (i.e. whether they were with KLSA or PKF).

Figure 5: Pie chart showing position in KLSA-PKF by former accounting firm



Source: Primary data

Figure 6: Pie chart showing level of management



Source: Primary data

4.1.5 Age category by Position in KLSA-PKF

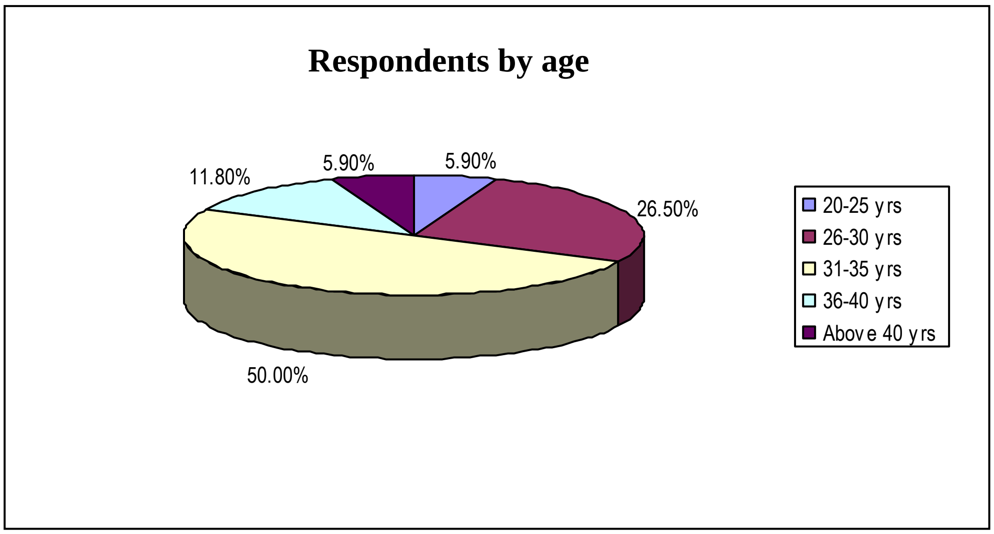
Cross-tabulations were further employed to review the distribution of age categories by position in KLSA-PKF (Table 6 below). Most of the top managers were observed to fall in the 31-35 year age category (66.7%). This same age category was also observed to contain both the Middle managers and Lower lever managers (50.0 % and 46.2%) respectively.

Table 6 ; Age Category by Position in KLSA-PKF

Age Category			**Position in KLSA-PKF**			**Total**
			Top Management	***Middle Management***	***Lower Management***	
Age Category	**20-25 yrs**	**Count**		2		2
		Row %		100.0%		100.0%
		Column %		11.1%		5.9%
	26-30 yrs	**Count**	1	5	3	9
		Row %	11.1%	55.6%	33.3%	100.0%
		Column %	33.3%	27.8%	23.1%	26.5%
	31-35 yrs	**Count**	2	9	6	17
		Row %	11.8%	52.9%	35.3%	100.0%
		Column %	66.7%	50.0%	46.2%	50.0%
	36-40 yrs	**Count**			4	4
		Row %			100.0%	100.0%
		Column %			30.8%	11.8%
	Above 40 yrs	**Count**		2		2
		Row %		100.0%		100.0%
		Column %		11.1%		5.9%
Total		**Count**	3	18	13	34
		Row %	8.8%	52.9%	38.2%	100.0%
		Column %	100.0%	100.0%	100.0%	100.0%
			X^2 =10.344	df = 8	Sig. =.242	

Results also revealed that in the 20-25 year age category, there were no individuals in the top management positions but all the respondents in this age category were in middle management positions. Overall, the most dominant age category was observed to be the 31-35 year age group (50.0%) of the population while featuring least in the population of study were the 20-25 and above 40 years of age groups. However there was no association between one's management positions and their age group **(**X^2 **=** 1.395**,** Sig. = .498).

Figure 7: Pie chart showing respondents by age category



Source: Primary data

4.1.6 Highest Education Level By Position in KLSA-PKF

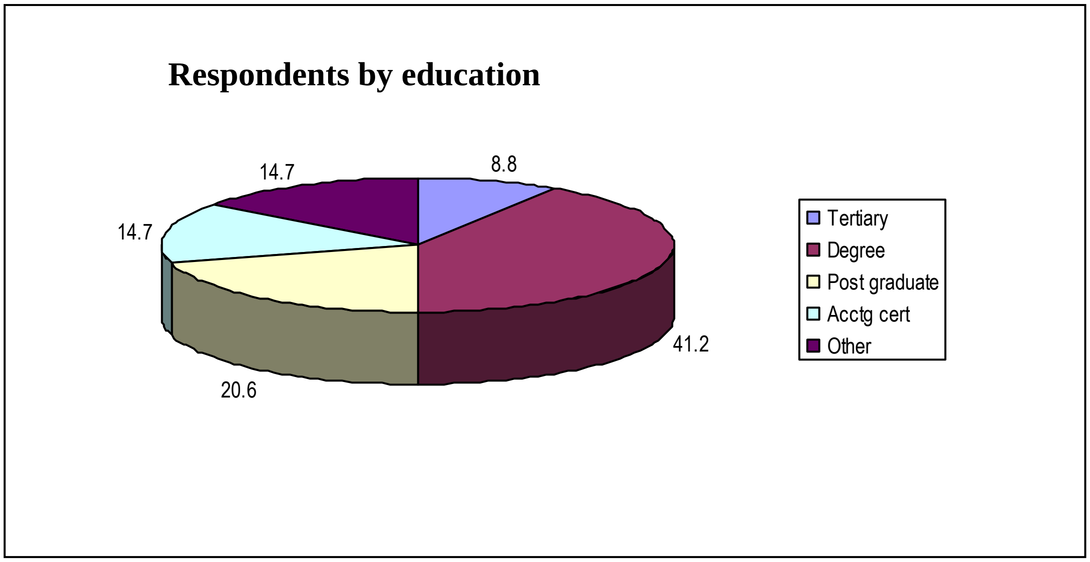
Cross Tabulation results (Table 7) further revealed that the majority of the staff at the alliance are graduates (41.2%). Those with accounting certifications and other categories of qualifications constituted an equal proportion of the sample (14.7%). Among the most dominant education qualification holders (Graduates) the majority were middle level managers (57.1%) and only 47.1% were Lower level managers.

Table 7; Highest Education By Position in KLSA-PKF Level Cross tabulations						
Highest Education Level			**Position in KLSA-PKF**			**Total**
			Top Management	**Middle Management**	**Lower Management**	
Highest Education Level	**Tertiary**	**Count**		2	1	3
		Row %		66.7%	33.3%	100.0%
		Column %		11.1%	7.7%	8.8%
	Degree	**Count**		8	6	14
		Row %		57.1%	42.9%	100.0%
		Column %		44.4%	46.2%	41.2%
	Post Graduate	**Count**	1	3	3	7
		Row %	14.3%	42.9%	42.9%	100.0%
		Column %	33.3%	16.7%	23.1%	20.6%
	Accounting Certificate	**Count**	2	1	2	5
		Row %	40.0%	20.0%	40.0%	100.0%
		Column %	66.7%	5.6%	15.4%	14.7%
	Other	**Count**		4	1	5
		Row %		80.0%	20.0%	100.0%
		Column %		22.2%	7.7%	14.7%
Total		**Count**	3	18	13	34
		Row %	8.8%	52.9%	38.2%	100.0%
		Column %	100.0%	100.0%	100.0%	100.0%
			X^2 =10.265	df = 8	Sig. =.247	

On the other hand, Top level managers were observed to have their highest qualifications as accounting certificates and Post Graduate papers (66.7% and 33.3% respectively). Chi-square results revealed no association between the Highest level of education and one's position in management

(X^2 =10.265, Sig. =.247).

Figure 8: Pie chart showing respondents by education



Source: Primary data

4.2 ESTABLISHING THE LEVEL OF THE SELECTED ORGANIZATIONAL ATTRIBUTES BEFORE & AFTER THE ALLIANCE

The researcher employed Descriptive statistics in order to measure the Organizational attributes before and after the alliance (Table 8 below). Using a 5-point anchor ranging from 1=Strongly Disagree to 5= Strongly Agree, the mean ranks were used to observe the trends in these attributes.

Table 8; Descriptive Statistics for Organizational Attributes	**Mean**	
	Before Alliance	**After Alliance**
Organizational Culture	3.8161	3.9369
Job Satisfaction	3.3775	3.5546
Organisational Size	3.4371	3.8500
Valid N (listwise)		

Results revealed that for all these Organizational attributes i.e. Organizational Culture, Job Satisfaction and Organizational Size, there was a positive relationship in the way these Organizational Attributes are rated before and after the alliance. For instance in Organizational size, before the alliance (Mean =3.4371), but respondents noted that after the alliance (Mean = 3.8500), there was an increment in the size of the accounting firm.

4.3 Establishing the level of the financial performance Before & After the Alliance.

Table 9: Financial performance Before & After the Alliance

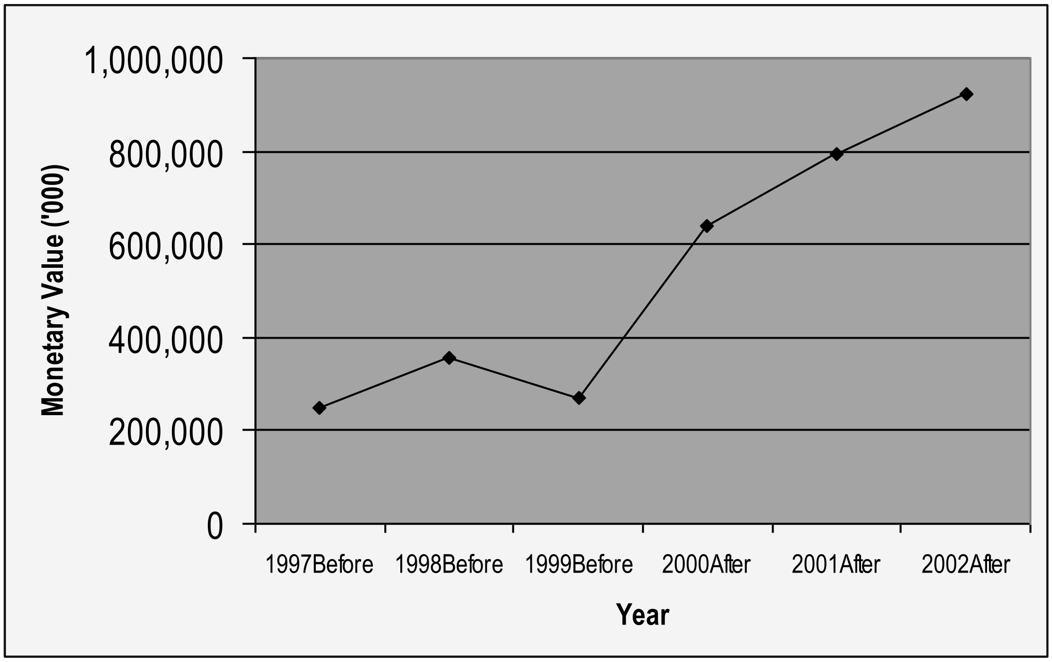
	BEFORE			AFTER		
YEAR	1997 before	1998 before	1999 before	2000 after	2001 after	2002 after
	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000	Shs '000
Fees	249,269	355,315	270,643	641,000	793,542	924,194
Cost	-242,801	-348,545	-236,248	-518,250	-682,572	-822,386
Profit	6,468	6,770	34,395	122,850	110,970	101,809
Net profit margin	2.60%	1.90%	13%	20%	14%	11%
Cost as % of sales	97%	98%	87%	81%	86%	89%
Revenue growth	0	42%	-24%	20%	14%	11%
Growth in cost	0	43%	-32%	0%	31%	21%

Source audited financial statements

4.3.1 Revenue performance before and after the alliance

The researcher found out that there were variations in revenue before and after the alliance. However, as shown in the table 8 above, revenue before the alliance was less and unpredictable. While as that after the alliance was more and predictable. Revenue growth was erratic before and after 42% in 1998 and -24% in 1999. After the alliance, there was continuous decline in revenue growth but not negative.

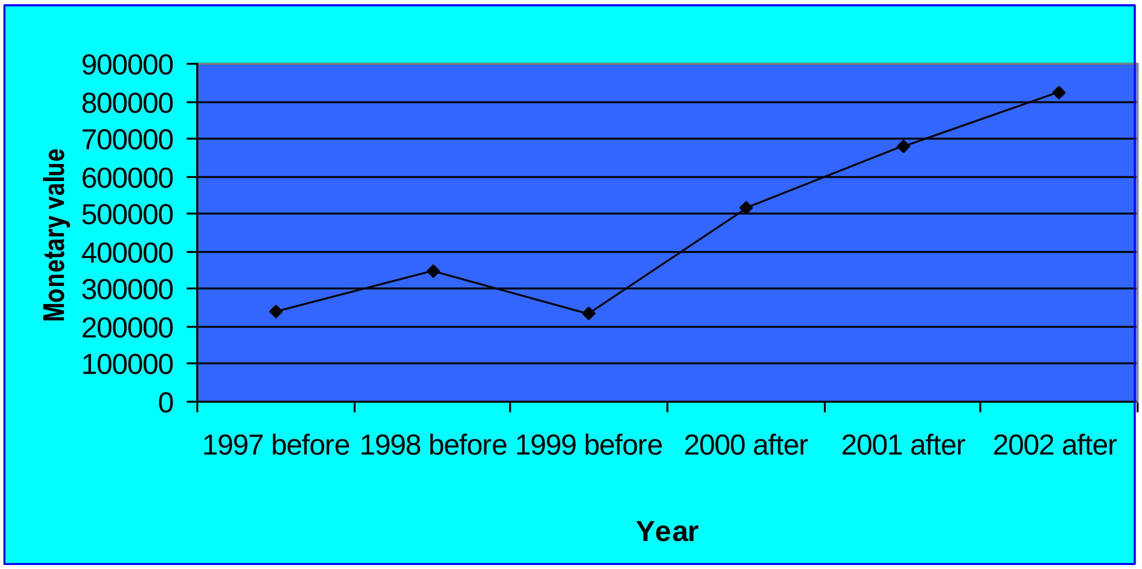
Figure 9: Graph showing revenue before and after alliance



4.3.2 Cost analysis of cost before and after the alliance

Costs expressed as percentage of sales average at 94% before the alliance and 85% after the alliance. The researcher however observed that before and after the alliance, the growth in cost exceeded the growth in revenue but the excess is higher after the alliance i.e 17% in 2001 and 10% in 2002 compared to 1% and 8% in 1998 and 1999.

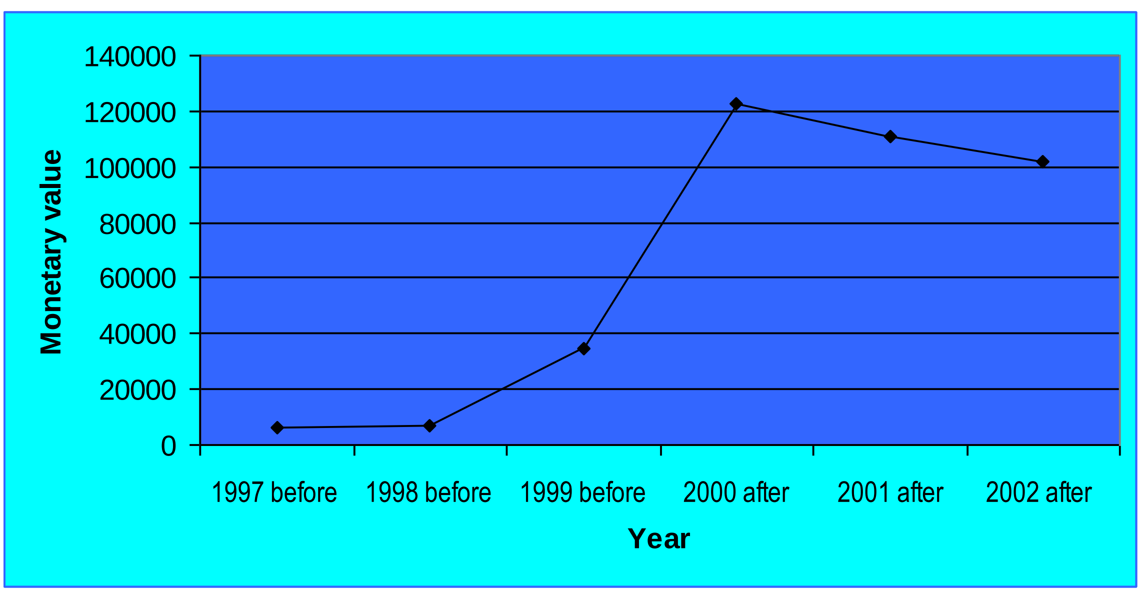
Figure 10: Graph showing cost before and after alliance



4.3.3 Profitability before and after the alliance

Net profit as percentage of the sales averaged to 5.8% before the alliance and 15% after the alliance. But after the alliance the increase in net profit showed a diminishing increase i.e. 20% in 2000, 14% in 2001 and 11% in 2002.

Figure 11: Graph showing profit before and after alliance



4.4 Relationships Between the selected Organizational Attributes & The financial performance before and after the alliance.

Zero order correlations (r) were used to establish the relationships among these variables.

Table 10: Relationships Between the selected Organizational Attributes & The financial performance before the alliance

Correlations	Organisational Culture Before	Job Satisfaction Before	Organisational Size Before	Performance Before
Organisational Culture	1.000			
Job Satisfaction Before	.579**	1.000		
Organisational Size Before	.647**	.567**	1.000	
Performance Before	.669**	.480*	.640**	1.000
** Correlation is significant at the 0.01 level (2-tailed).				
* Correlation is significant at the 0.05 level (2-tailed).				

Correlations revealed that all the Organizational fit attributes i.e Organizational Culture (r =.669**,p<.01), Job satisfaction (r =.480*,p<.05) and Organisational Size (r =.640**,p<.01)were all significant and positively related to the performance of the individual accounting firms.

Based on the study the least significant factor was found to be job satisfaction, the most important was organizational culture and followed by organizational size.

Table 11: Relationships Between the selected Organizational Attributes & The financial performance after Alliance of the firms

Correlations	Organisational Culture	Job Satisfaction	Organisational Size	Performance
Organisational Culture	1.000			
Job Satisfaction	.817**	1.000		
	.000	.		
Organisatnal Size	.868**	.868**	1.000	
	.000	.000	.	
Performance	.942**	.817**	.894**	1.000
	.000	.000	.000	.
** Correlation is significant at the 0.01 level (2-tailed).				

However, after the alliance, the organizational attributes this time had the potential of predicting a greater measure of the performance of the allied firm than before

i.e this time Job Satisfaction (r =.817**,p<.01), Organizational culture(r =.942**,p<.01) and Organizational Size (r =.894**,p<.01).

Regression Model For Variables before the Alliance

Regression analysis was used to explain the predictive power of the independent variables on the Performance of the Institution.

Table 12: Regression model for variables for the alliance

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Dependent Variable: **Performance**	
Model	**B**	**Std. Error**	**Beta**				
(Constant)	1.877	1.345		1.395	.182	**R Square**	.522
Organisational Culture	.888	.507	.438	1.751	.099	**Adjusted R Square**	.432
Job Satisfaction	4.111E-04	.293	.000	.001	.999	**F Change**	5.816

Organisational Size	.579	.382	.357	1.517	.149	**Sig. F Change**	.007

Results indicated that the predictor variables i.e. Organisational Culture, Job Satisfaction, Organisational Size can explain 43.2% of the observed variance in Performance (Adjusted R Square = 43.2%). The regression model was also significant at 1% confidence interval (Sig. F Change = .007).

Regression Model for Variables after the Alliance

The Regression model for the variables after the alliance however, indicate that the predictors show a greater potential at explaining performance than before the alliance since this time the results showed that the predictors can explain up to 89.3% of the overall variance in performance (Adjusted R Square = 89.3%).

Table 13: Regression model for variables

	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Dependent Variable: **Performance**	
Model	**B**	**Std. Error**	**Beta**				
(Constant)	.880	.441		1.996	.066	**R Square**	.912
Organisational Culture	.908	.224	.700	4.044	.001	**Adjusted R Square**	.893
Job Satisfaction	8.945E-02	.219	.073	.409	.689	**F Change**	48.317
Organisational Size	.471	.253	.351	1.860	.084	**Sig. F Change**	.000

The results further show that these predictor variables after the alliance , have a greater potential to result into a better performance for the overall institution and failure to realize a better performance should be addressed.

Reliability analysis

The results in the table below indicate that the research instrument was reliable and the results are included in the table below as all their Cronbach alpha values were above 0.7

Table 14: Reliability analysis

Variable	Anchor	Cronbach Alpha Value
Organisational Culture	5 point	.8807
Job Satisfaction	5 point	.9321
Organisational Size	5 point	.8870

In conclusion, in this chapter, an attempt has been made to present, interpret and analyse the findings of the study. The discussion has been made on key findings with the available literature. The next chapter makes conclusions and recommendations on the study.

CHAPTER FIVE

DISCUSSIONS, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

This chapter comprises of the discussion of the findings obtained in the study, draw conclusions and put forward recommendations. The discussions and conclusions are in accordance with the research objectives which are.

1) To establish performance of the units before and after the alliance.
2) To establish the level of selected organizational attributes before and after alliance.
3) To explain the relationship between selected attributes and financial performance before and after the alliance.
4) Establish the relationship between company size and performance.

This chapter is divided into four sections. Section one presents the discussion of the findings as they relate to the objectives of the study.

Section two shows conclusions, section three tackles recommendations made and section four include areas recommended for future research.

5.1 Examining Relationships that Exist Between the Study Variables.

Findings from the study show that there is degree of significancy and correlations between organization culture, company size, job satisfaction and financial performance both before and after the alliance.

5.2 Conclusions

5.2.1 The relationship between selected organization attributes and financial performance before and after the alliance.

The research shows that management cannot take it for granted that synergy can be generated and financial performances can be increased simply going for alliances, cultural integration, job satisfaction and company size need to be addressed. Revenue growth before the alliance was erratic 42% in 1998 and -24% in 1999. After the alliance there is decline in revenue growth but not in negative. Growth in costs exceeded growth in revenue both before and after alliances however the excesses were higher after the alliance 17% in 2002 compared to 1% and8% in1998 and1999 respectively.

The poor cooperate performance after alliance can be attributed to numerous reasons such managers desires for position and influence, low productivity, reduced commitment, related hidden costs and untapped potential (Buono 2003)

The findings revealed that organizational culture and integration is significantly and positively related to financial performance of firms both before and after the alliance. These findings are consistent with 1992 research study by JPP KOTTERand JL HESKETT that showed that long term financial performance was highest for organization with an adaptive culture. The research findings are also consistent with William Ouch (1981) theory z, ‘’How American businesses can meet the Japanese challenge’’.Ouchi considered organizational cultures to be a key determinant of organization effectiveness. (1982). This is further supported by Terrance deal and Allan

Kennedy corporate culture (1982) the rites and rituals of cooperate life and Thomas Peters and Robert Water Mans in search of excellence that excellent companies tended to have strong cultures. Many of the human resource practices such as selection, performance, appraisal, training and career development reinforce organizational culture. Organizational beliefs also tend to influence the work norms, communication practices and philosophical stances of employees. This means that KLSA-PKF have strong shared assumed values and beliefs that influence the actions of the members. Understanding and sharing organizational values improve the basis of making choices that match the firms' goals. When employees understand and support the organization expectations, less time is spent, explaining, instructing and building conscious before trying something innovative. Therefore a good cultural fit between employees and organization contributes to employee retention, organisation profitability and thus improved financial performance.

5.2.2. Relationship between job satisfaction and financial performance of firms before and after the alliance

The results also revealed that there is a significant and positive relationship between individual's job satisfaction and financial performance both before and after the alliance i.e before the alliance zero order correlation (r = 480x, p<0.5). The research findings are consistent with the findings of Ostroll (1992) who investigated the relationship between employee attitude and organization performance in a sample of 364 schools. Ostroll found that aggregate teacher attitudes such as job satisfaction and organization commitment were concurrently related to school performance. The findings are further supported by the work of Schneider et al. (2003) who explored the relationship between employee satisfaction and organizational financial return and market performance using data from 35 organizations over a period of eight years. Their results showed consistent and statistically significant positive relationship between attitudes concerning satisfaction with security, pay, and overall job satisfaction with financial and market return

5.2.3 Relationship between company size and financial performance

The findings revealed that there is a significant and positive relationship between company size and performance before and after the alliance ($r = 640x$ $P < 01$).

However, the study revealed that after the alliance, organizational attributes had a potential of predicting a greater measure of performance of the allied firm than before the alliance.

The findings further showed that organizational size is also related to culture. Before the alliance, the firms were small and had an entrepreneurial and participative cultures, but after the alliance, the firm became large with rigid bureaucratic procedures.

5.3 Recommendations

This section addresses ways and strategies that can be adopted to enhance performance of PKF. Since the findings of the study and the existing literature has shown that there is a significant and positive relationship between organizational fit and financial performance of the firms and that successful alliances involve taking over of both the assets and intangible hearts of the people, the following recommendations are made.

1) The leverage ratio of associates per partner should be low.
2) Managers involved in alliance process should train in motivation and human resource management skills.
3) The Partners of KLSA-PKF should determine appropriate governance model with clear decision making and operating viability.
4) PKF partners should develop clear common objectives and definition of success. This will act as a motivation factor for staff given the different operating models, cultures and even accounting policies.
5) PKF should ensure proper alliance form. It is easy to get off track with structural issues. The higher the duration of commitment and the degree integration and, the greater the opportunity to create value the more likely KLSA-PKF will need separate entity centralized leadership.
6) Predict and anticipate the most likely conflict. This will minimize the negative effects of cultural integration and ensure less collision of cultures. Cultural integration was the most significant attribute.

Given the different operating models, culture and even allowing parties, it is rare that the two parties have the same objectives, metrics and definite success.

Lucent and Bay Networks offer a case in point. The scope of this alliance, formed to combine voice and data capabilities in one switch, was defined by the business objectives of both companies. Yet the business objectives ultimately ended up supporting competing strategies.

While both companies initially had a major strategic need that the other could fill, the industry was converging and Lucent and Bay were first becoming competitors as Lucent was entering the data area. Bay was willing to share its current technology but not future technology developments. As a result, the alliance was established as a technology license instead of as a joint venture to develop a combined product. The parties tried to work together, but because they did not have the same objectives, they were unwilling to commit themselves together in the future. After 18 months, the alliance was dissolved and Bay Networks was eventually bought by Lucent's chief competitor, Nortel Networks.

(Journal of Business Strategy Vol.25 No. 2 2004 Page 19).

7) Flexibility to growth

KLSA-PKF should be flexible to growth. it should focus on achieving specific objectives as well as identifying and capturing the synergies of alliance in a deliberate fashion. These synergies include costs and capital utilization.

8) Management of KLSA-PKF should establish clear objectives to determine and measure success.

5.4 Areas of further study

The findings of study indicate that there is need to research in all four areas.

The relationship between cultural fit organization and members.

- The impact of alliances on corporate alliance.
- The relationship between organization fit and public service morals.
- The relationship between organization fit and financial performance measured by earning per share, return on capital employed (RCE), liquidity.
- Alliances strategic-organization fit and outcomes.
- Exploring the relationship among organization culture, customer satisfaction and performance.

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MAKERERE UNIVERSITY BUSINESS SCHOOL

Dear respondent,

This questionnaire is intended to facilitate the study on "The relationship between organizational fit and financial performance of merged firms" The study is for academic purposes and is carried out as partial requirement of the award of Masters of Business Administration of Makerere University. Your response will also be treated with utmost confidentiality. In order to accomplish the study, you are requested to complete this questionnaire. Thank you very much for your valuable time.

Section A: Background Information

1. What accounting firm were you formerly with?

   Kassim – Lakha Samvir Abdulla Certified Public Accountants ☐

   Pannell Kerr Forster ☐

2 For how long has the alliance been operating?

   1- 3 years ☐ 4 – 6years ☐ Over 7 years ☐

3. How would you rank your position in the Firm?

   Top Management ☐ Middle Management ☐ Lower Management ☐

4. Gender: Male ☐ Female ☐

5. What is your age category? (Please tick under only one of them).

Age	20-25yrs	26 -30 yrs	31 -35yrs	36-40yrs	Above 40 yrs

6. Highest education level attained (Please tick under only one of them).

Qualification	Tertiary	Degree	Post Graduate	Accounting Cert.	Other (Please specify)

7. Marital status

   Single ☐ Married ☐

		KLSA					KLSA - PKF				
		Before					After				
	ORGANIZATIONAL FIT	1. Strongly Disagree	2. Disagree	3. Uncertain	4. Agree	5. Strongly Agree	1. Strongly Disagree	2. Disagree	3. Uncertain	4. Agree	5. Strongly
	Organizational culture and integration										
1	I believe that the firms' policies and guidelines are clear										
2	The scope of my job is clear										
3	My responsibilities are well defined										
4	There is room for advancing my skills in the firm										
5	The rules and policies of my firm are performance oriented										
6	The policies of my firm are made with regard to the client expectations										
7	I feel certain about how much authority I have										
8	I feel certain about how much authority I have										
9	There is a good relationship between myself, supervisors and management										
10	My conduct is focused towards maintaining the company's culture										

		KLSA					KLSA - PKF				
		Before					*After*				
	ORGANIZATIONAL FIT	*1. Strongly Disagree*	*2. Disagree*	*3. Uncertain*	*4. Agree*	*5. Strongly Agree*	*1. Strongly Disagree*	*2. Disagree*	*3. Uncertain*	*4. Agree*	*5. Strongly*
	Job satisfaction										
1	I seek and accept responsibilities at all times										
2	I readily accept extra work										
3	I perform competently under pressure										
4	I feel the firm's problems are my problems										
5	My career path is clear										
6	I relate well with my co-workers										
7	The organization has a great deal of meaning to me										
8	I feel a sense of belonging to this organization										
9	I would be happy to spend the rest of my career with this firm										
10	With a great sense of independence, I can determine how to do my job										
11.	I make innovative suggestions to improve the firm's performance										
12.	If I am offered a job in another firm with a better pay, I would definitely not quit this firm										
13.	I have a spirit of real teamwork										
14.	I am enthusiastic to display a better performance of my job										
15.	I feel recognized for my work										
16.	I am so concerned about the firm's performance that I even participate in activities without being asked to										
17.	I trust any member of staff in the firm										
18.	The firm treats me fairly										
19.	I have job security in the firm										
20.	I am well informed of management decisions										
21.	The management's conduct motivates me										
22.	I feel that my skills are valuable to the firm.										

		KLSA					KLSA - PKF				
		Before					After				
	ORGANIZATIONAL FIT	*1. Strongly Disagree*	*2. Disagree*	*3. Uncertain*	*4. Agree*	*5. Strongly Agree*	*1. Strongly Disagree*	*2. Disagree*	*3. Uncertain*	*4. Agree*	*5. Strongly*
	Company size										
1	The customer base is broad										
2	I easily access top management										
3	My firm offers variety of services										
4	The network size of the firm is wide										
5	There are formal communication procedures										
6	There is efficiency in service delivery										
7	I understand the organizational structure setting of the firm										
8	The level of information technology application is high										
9	The number of associates per partner is big										
10	I understand the vision of the firm										
11.	Our firm is widely known										
12.	I am pleased with the organizational structure										
13.	I understand the chain of command										
14.	The internal competition among staff is high										
15.	There stability in labour force										
16.	The organizational structure is clear and simple										

MAKERERE UNIVERSITY BUSINESS SCHOOL

P. O. Box 29828
Kampala

7th January 2009

The Director School of
Post Graduate Studies
Makerere University
P. O. Box 7068
Kampala

Thru: My Supervisors
Makerere University Business School

………………………………………
Prof. Dr. Thomas Walter

……………………………………..
Mr. Freddie Semukono

SUBMISSION OF MY DISSERTATION REG. NO. 2000/HD10/1209/U

I hereby submit three copies (3) of my thesis for examination by Makerere University after approval by the supervisors.

The Topic is: The Relationship Between Organizational Fit and Financial Performance of Allied Firms.

I will be grateful for your timely action.

Yours faithfully,

……………………………………
Thomas Mwanje

Copy to: The Principal
Makerere University Business School
Kampala.

DECLARATION

I, Mwanje Thomas declare that this Research Dissertation Work is my original work.

It has not been submitted to anywhere institution of higher learning for any award.

Signed: …………………………..……

MWANJE THOMAS

2000/HD10/1209/U

Date: ………………………….……

APPROVAL

This Research Dissertation Work has been under our supervision as University Supervisors. We approve its submission for examination to Makerere University as a partial fulfillment for the requirements of the award of Master of Business Administration.

Signed: …………………………………

Prof. Dr. Thomas Walter

Date: …………………….…………..

Signed: ………………….………………

Mr. Freddie Semukono

Date: ……………………….…………..

DEDICATION

This dissertation is dedicated to those who always search for the fountain of knowledge, and to my dear parents, wife and children.

ACKNOWLEDGEMENT

With most gratitude, I would like to convey my heartfelt thanks to my supervisors Prof. Dr. Thomas Walter and Mr. Freddie Semukono who tirelessly encouraged me in this research. This is the reason for the success of this dissertation.

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ABSTRACT

This research was taken against the background that though mergers are intended to increase the shareholder's value through increased efficiency, economies of scale, widened markets, greater purchasing power and profitability, the after merger performance of KLSA PKF is not satisfactory.

Mergers combine the divergent cultures, strategic orientations and practices into a new configuration creating intra firm variations. Friction between existing factions is prone to occur (Philips, 1994) which influences the organizational performance.

The study examined the relationship between organizational fit and financial performance of the merger. The independent variable, organization fit was measured by organizational culture and integration, job satisfaction and company size. The dependent variable was performance, was measured revenue, costs and profitability.

The results of the research indicate that job satisfaction, organizational culture and company size are associated with financial performance. The results further indicate that though mergers result in increased revenue, the associate costs are more in the early years of the merger.

The research report argues government, ICPAU to take assertive policies to ensure that mergers do not cause psychological stress on employees.