KWAME NKRUMAH UNIVERSITY OF SCIENCE AND TECHNOLOGY,

KUMASI

TOPIC: THE IMPACT OF ACQUISITION ON EMPLOYEES SATISFACTION

(Case study of Ecobank Ghana Limited)

By

Amanda Obeng Kyeraa (B.A Integrated Rural Art and Industry)

A thesis submitted to the Department Of Marketing And Corporate Strategy, School of Business KNUST in partial fulfillment of the requirements for the award of

MASTER BUSINESS ADMINISTRATION

(Strategic Management and Consulting)

School of Business, KNUST

College of Humanities and Social Science

SEPTEMBER, 2016

CERTIFICATION

I, AMANDA OBENG KYERAA the author of this study, hereby declare that except for the references of other people's work, which I duly acknowledged, the work presented herein titled "Impact of acquisition on employee satisfaction". Under the supervision of Dr. Wilberforce Owusu Ansah in partial fulfillment of the requirements for the award of Masters in Business Administration (Strategic Management and consulting). I also declare that this work has never been submitted partially or wholly to any institution for award of certificate.

Amanda Obeng Kyeraa (PG2144314) …………..………….. ……………….….
(Student) Signature Date

Certified by:

Dr. Wilberforce Owusu Ansah …………..………….. ……………….….
(Supervisor) Signature Date

Certified by:

Dr. Wilberforce Owusu Ansah …………..………….. ……………….….
Head of department Signature Date

DEDICATION

This work is dedicated to my mother, MISS. HILDA AGYARE whose encouragement has brought me this far. I also wish to dedicate it to my friends. For their love and support during the pursuance of my academic work.

Special dedications to GOD ALMIGHTY for the Wisdom, Strength and Grace bestowed to me throughout these challenging periods.

ACKNOWLEDGEMENT

I am grateful to God Almighty for his mercies and support through the writing of this research report.

I am also grateful to the management, staff and clients of ECOBANK Limited for their unconditional support in completing this work.

I would also like to extend my profound gratitude to my supervisor Dr. Wilberforce Owusu Ansah whose support, interest, encouragement and stimulating suggestions helped me during the research and writing process of this thesis.

Also, my most profound gratitude goes to my family and friends for their unconditional love and steadfast support always.

To all my Lecturers, I say a big thank you for your motivating effort in transferring knowledge.

ABSTRACT

Merger and acquisition in a competitive banking environment can be a vital success factor for competitive advantage. The study examines the impact of acquisition on employee satisfaction within the Ghanaian banking industry with specific focus on the acquisition of The Trust Bank (TTB) by Ecobank Transnational Incorporated (ETI). The study used descriptive research design. The research population comprised management and staff of the new Ecobank Transnational Incorporated (ETI) who were present before the acquisition within the year 2016 and was 505 according to new ETI human resource archive (2016) out of which a sample size of 150 was chosen. The sources of data included primary and secondary data. The researcher adopted purposive sampling techniques in soliciting information for the study. Statistical package for Social Science (SPSS) and Microsoft excel was used in analyzing the data. The study established that, nature of acquisition had a significant positive impact on the employee satisfaction and that the nature of acquisition had a 59.8 % chance of explaining the satisfaction of employees. Thus if the acquisition process is not well managed, staff and management might leave the company and also at extreme cases might decrease their rate of work output (performance) no matter how hard the bank try to retain them. The study finally and mainly recommended that, during post acquisition period, management of new ETI must align organizational culture and management vision so as to enable employee behaviour results in the achievement of organizational goals. Again, given that organizational culture to a large extent determines the performance and satisfaction of the employees. Therefore, it is in the interest of the new ETI to eliminate negative factors that slow down employee performance and satisfaction during post acquisition period in order to foster a positive workplace environment.

TABLE OF CONTENTS

LIST OF TABLES

LIST OF FIGURES

CHAPTER ONE INTRODUCTION

1.1 Background of the study

A merger is the combination of businesses which occurs when two companies, more or less on equal footing, decide to join forces. On the other hand, acquisitions are business combinations which occur when one company takes over another company. For the entire Mergers and acquisition (M&A) process to be a success, there must be a transfer of the capabilities and knowledge for cost effective synergies to become a reality. There are certain objectives and reasons for mergers and acquisitions that propel the increase in mergers and acquisitions (Hensmans, Van den and Berda, 2001).

Mergers and acquisitions as an external growth strategy has gained surge because of increased deregulation, privatization, globalization and liberalization adopted by several countries. Mergers and acquisitions have become an important medium to expand product portfolios, enter new markets and acquire technology, gain access to research and development and gain access to resources which would enable the company to compete on a global scale (Azhagaiah and Kumar 2011). There are many reasons to merge with or to acquire another company: greater market share, diversification into a related group of products or services, expansion up or down the supply chain, gaining cutting edge expertise for new product development. Change has a direct and profound impact on people, organizational systems, and business operations. Failure to understand and to develop strategies to manage the impact of such change poses a direct threat to profitability and the preservation of equity value.

Increased competition arising from the fast changing global market has resulted in a situation where firms are finding it increasingly difficult to remain competitive. More than ever before many skills, capacities and resources that are essential to a firm's current and future prosperity are being found outside existing boundaries and outside management's direct control. Accordingly, managers must think outside these boundaries in order to ensure that their firms remain competitive and enter into relationships that will avail tangible and intangible benefits. The changing environments and the new forms of competition have created new opportunities and threats for firms. This has forced many of them to adopt many forms of restructuring activity. It has therefore become common phenomenon for firms to come together in pursuit of a common strategy which avails gains to both firms (Gupta, 2012). Acquisitions are one of the routes that firms are using to achieve required capacities and resources in an effort to increase their earning capacity. According to Piaskoki and Finkelstein (2004), acquisitions bring operational efficiencies which may arise from economies of scale, production economies of scope, consumption economies of scope, improved resource allocation like moving to an alternatively less costly production technology, improved use of information and expertise, a more effective combination of assets and improvements in the use of brand name capital.

Acquisitions create corporate synergies which may result in more efficient management, improved production techniques and exploitation of increased market power. The target company shareholders will be willing to sell their stock to the acquiring company when there are high prospects of higher than normal gains from the sale or when they know their company may not survive alone (Koller at el, 2010). The shareholders of the acquiring company would be willing to pay a price even if high to acquire a target company when they expect that such a purchase would be beneficial to them in the long run. However, various studies done by different researchers have failed to agree as to who acquisitions actually benefit. Maditinos et al (2004) suggest that at least in the short run it can never be a win-win situation for the shareholders of the target and acquiring companies. They assert that if the shareholders of the target company gain then this can only be at the expense of the acquiring company shareholders. Recent corporate merger and acquisition activity witnessed in the Kenyan economy is a sign that companies are increasingly accepting this takeover option as a means towards developing their corporate strategies either in the country or in the industry. Besides, the move towards regional integration has indeed sparked a flurry of cross regional expansion which has seen various company's not only use cross-listing across various markets as a means of increasing regional presence but also as a way marked to increase regional acquisitions and buyouts. This has made several Kenyan companies to venture out of the country in cross border acquisitions.

The firms that merge or undergone acquisitions are deemed to expand their financial structure which can work to their advantage in many ways such as increase in branch network and customer base for Equatorial Commercial bank. However, due to the presence of various chains of command, different organizational structures and cultures, the employees in the firms that have undergone either a mergers or acquisitions usually experience challenges that affect their satisfaction. This study therefore aims to look at the project planning aspect of this mergers and acquisitions by investigating their influence on employee performance where the focus will be on

Equatorial Commercial Bank.

1.2 Problem statement

Globally, despite the vital role played by acquisition among corporate players within the banking industry, numerous studies have failed to agree on whether acquisitions improve the acquiring firm's performance (Azhagaiah and Kuperformancemar 2011).

Additionally, a press release by Ecobank Ghana in 2012 evidenced that on the 7th of

January, 2011 Ecobank Transnational Incorporated (ETI) announced the acquisition of The Trust Bank Ghana Limited (TTB). The acquisition was based on the reason that, TTB was good in SME banking industry that was necessary enough to enable ETI break into the SMEs market (Ecobank Press Release, 2012). Thus, the reason for the acquisition was focused on the benefits that can be generated out the deal whiles the implication on staff satisfaction was given less attention.

Furthermore, anecdotal evidence proved that, Ecobank Transnational Incorporated over the past three years has been experiencing unattractive performance and lack of satisfaction in-terms of employees' output and retention rate. An interview conducted on one branch manager of the bank signalled that some of the employees of the bank were not comfortable and satisfied with the nature of the acquisition in the area of culture integration and motivation packages thereby laying down their tools to seek for greener pastures from competitors. Moreover, Amegah (2012) stressed that, it was common for new challenges to arise when a company reorganizes itself as superior over the other in terms of acquisition. Thus, there is no gainsaying that acquisition of companies has a smooth impact on employee satisfaction. To justify this assertion, there is the need to carry out research in the area of acquisition and employees satisfaction.

1.3 Research objectives

The general objective of the study is

To find out how acquisition influence employees satisfaction with special focus on Ecobank Ghana Ltd

Specifically the study wishes to address the following objectives:

1. To determine the effect of acquisition on employee motivational process at Ecobank Ghana Ltd

2. To determine the effect of acquisition on the organizational culture of Ecobank Ghana Ltd
3. To examine the nature and extent of the effect acquisition on employees satisfaction at Ecobank Ghana Limited

1.4 Research questions

The following questions will serve as a guide to the research.

Specifically the study wishes to address the following questions:

1. What is the effect of acquisition on employee motivational process Ecobank Ghana Ltd
2. What is the effect of acquisition on the organizational culture of EGL
3. What is the nature and extent of the effect acquisition on employees satisfaction at Ecobank Ghana Limited

1.5 Significance of study

Proper understanding of mergers and acquisition should lead towards improvement of corporate and management satisfaction both the acquirer and the target company. As per organizational development is concerned, employees satisfaction is considered as a back bone for the banking industry. The complete knowledge and awareness of acquisition should help to improve the ability to examine the behavior of organization and employees which assists to manage and lead (Brooks, 2006). The study will enable management of the acquiring to identify the norms and values of the target organization's management and staff. Again the study will enable organizations realize the prospects and challenges of acquisition so as to boost acquisition in the Ghanaian capital market.

1.6 Scope

The study encompasses investigation of mergers and acquisition and corporate satisfaction within the Ghanaian banking industry. The research was conducted on Ecobank Transnational Incorporated (ETI) and The Trust Bank (TTB) both has their subsidiary in Ghana. The target population included the management (CEO, and four General Managers), and non-management (staff) of the banks. Again, given that, the data collected on the banks used judgmental sampling, it was quite impossible to reflect the analysis on the whole industry in Ghana.

1.7 Limitation of the study

However, this is not to say that the data collected pertaining to the specific banks is inaccurate, but merely to pinpoint the problems that potential research workers and other stake holders should consider in the area of acquisition. Furthermore, of all the companies undergoing acquisition in Ghana, only Ecobank Transnational Incorporated (ETI) and The Trust Bank (TTB) were chosen for the study. The result and the analysis cannot be generalized or applied to other companies.

1.8 Organization of the study

The research will be organized into five chapters. Chapter One presents the introduction into the topic. It covers the background of the study, problem statement, research objectives and questions, justification of the study, scope of the study, and limitation of the study Chapter Two presents the literature review of previous studies conducted in the area of mergers and acquisition and corporate satisfaction. The methodology and company profile are presented in the third chapter. The fourth chapter presents the research findings and discussions of data. Finally, Chapter Five presents a summary of research findings, conclusions, recommendations and suggestions for the future research.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This chapter presents the literatures in terms of acquisition and it implication on corporate satisfaction. Additionally the overview of mergers and acquisition in the developing countries, factors that Influences on the development of mergers and acquisition, the post implication of acquisition and the state of the banking industry in Ghana are also presented.

2.1 Acquisitions overview

Ross et al. (2007) describes an acquisition as the complete absorption of one firm by another, the acquiring firm retains its name and its identity and it acquires all the assets and liabilities of the acquired firm. Consequently, the acquired firm ceases to exist as a separate business entity. They suggest that business firms find mergers and acquisitions a faster way to enter new markets, eliminate competition and to comply with legislation. According to Hunt (2004), a merger occurs when two relatively equal sized companies come together to form a new company.

Therefore, an acquisition occurs when a larger company buys a smaller one. Johnson and Scholes (2002) argue that acquisitions are typically a result of organizations coming together voluntarily or otherwise to actively seek synergistic benefits, perhaps as a result of the common impact of a changing environment in terms of either opportunities or threats or of the excessive costs of innovation.

2.2. Theories of Acquisitions

2.2.1. Differential Efficiency Theory

Weston et al. (2001) suggest that there are firms with below average efficiency or that are not operating up to their potential. Firms in similar kinds of business activity would most likely be the potential acquirers. They would have the background for detecting below average or less than full potential performance and have the management know-how for the improvement of the performance of the acquired firm. Therefore, this theory suggests that more efficient firms will acquire less efficient firms and realize gains by improving their efficiency.

2.2.2. Inefficient Management Theory

Mergers and acquisitions can also be viewed as a response to inefficient management. This scenario is seen where investors in a response to a situation where the incumbent management has pursued inefficient policies and consequently the firm becomes an acquisition target by other firms (Asquith et al, 1983). Sugiarto (2000) observes that inefficient management can be identified from several indicators for example poor earnings undervalued shares and low price earnings ratio. These indicators signify inefficient management and demonstrate that the resources in the target firms are not utilized efficiently which motivates the bidding firm to take over the target firm.

2.2.3. Hubris Theory

In acquisitions, the bidding firm identifies a potential target firm and values its assets. When the valuation turns below the market price (of the stock) then no offer is made. Only when the valuation exceeds the market value, a bid is made. Roll (1986) hypothesizes that managers commit errors of over-optimism in evaluating acquisition opportunities due to excessive pride or hubris. The author argues that a particular bidder may not learn from past mistakes in valuation of target firm and may be convinced that the valuation is correct. Therefore, the takeover phenomenon is as a result of hubris on the part of bidders, the overbearing presumption that their valuation is correct and can never be wrong. Nevertheless, this theory assumes a strong form of market efficiency.

2.3 Types of merger and acquisition and probable outcomes

2.3.1 Vertical Mergers and acquisition

In a vertical merger a firm purchases one of its suppliers (a backward merger) or merges with one of its customers (a forward merger). Because an acquired firm generally falls under the acquiring firm's corporate umbrella, most of the interaction between the two firms is at the corporate level. The level of complexity at the corporate level increases, as do the rules governing the acquired corporation, which faces a reduction in self-determination. This leads to the demotion of subsidiary executives to middle management (Walter 1985, 311), which often leads, in turn, to a higher level of executive turnover, especially if 'the executives of the acquired firm are treated as if they have been conquered, causing them to feel inferior and experience a loss of social standing' (Nord, 1994).

2.3.2 Horizontal Mergers

In horizontal mergers one corporation acquires another corporation whose product or service is closely related or of the same type (Nahavandi & Malekzadeh 1993). An example would be the takeover of one printing firm by another. From a human resources perspective, these are the most difficult mergers to implement, since the acquiring firm already has expertise in the business operations and will act to consolidate the two firms to avoid redundancy and become more cost-effective.

Downsizing and voluntary quits usually precede or immediately follow the merger.

The intense interactions between the employees of both corporations may result in conflict and the ‘compatibility of styles and values between management and staff becomes central in personnel decisions. Since most mergers involve one party being more than equal, it is reasonable to speak of the acquiring organization as having the majority of control over these matters. Often the entire culture of the acquiring firm is forced upon the target (Walter 1985, 312).

In the interests of equity the acquiring organization usually tries to ensure that all employees of the merged corporation are guided by the same rules and procedures. However, the employees of the acquired firm may resist any changes that are imposed. Hence, it is of utmost importance that the acquiring firm communicates clearly the reasons for the procedures, to allow the acquired firm’s employees to prepare for and respond to any proposed changes. If the organizational cultures of the two companies are significantly different, productivity gains may not be realized for several years (Nahavandi and Malekzadeh 1993, 29), and in the worst case, the merger may fail.

2.3.3 Concentric Mergers

Concentric mergers occur between two firms with highly similar production or distributional technologies (Walter 1985). A merger between a motorcycle manufacturer and an automobile manufacturer would be an example (Nahavandi & Malekzadeh 1993). Both kinds of corporations service transportation needs, but they are unique structurally. In concentric mergers there is a tendency to combine some operations, especially departments focused on technology and marketing. This will result in the sharing of expertise between the two firms, which may be resisted by the employees of both firms. The best way to overcome this resistance is by obtaining the consent of the acquired firm’s human resources management before the merger.

2.3.4 Conglomerate Mergers

A conglomerate merger involves the acquisition of an unrelated business. The acquired firm is usually one of many under the corporate umbrella of the acquiring firm and is perceived as providing profitable diversification. Since the two firms are unrelated in product or service, internal changes to the acquired firm, which will remain relatively autonomous, are likely to be minimal, and there will be few cultural consequences. Occasionally the acquiring firm will send a new team from headquarters to manage the unit (Nahavandi & Malekzadeh 1993), which will cause conflict among the senior executives of the acquired firm and may result in a higher quit rate among its employees and feelings of insecurity and instability. Despite these difficulties, ‘conglomerate takeovers tend to be the most benign of all the sources of cultural change’ (Walter 1985).

2.4 Reward Systems

Every organization’s reward system should focus on these major areas; compensation, benefits, recognition and appreciation. Benefits such as car loans, medical covers, club membership, ample office space, parking slots and company cars are ways of rewarding and employees do note the types of benefit that their organization offers. Recognition and appreciation are another integral component of a winning strategic reward system. Recognition is to acknowledge someone before their peers for desired behavior or even for accomplishments achieved, actions taken or having a positive attitude. Appreciation on the other hand centres on showing gratitude to an employee for his or her action.

Such rewards help employees to gauge their performance and know whether they are doing good or bad (Block and Hirt, 1999).

2.4.1 Cash Bonus

Cash bonus is another form of reward that organizations use to reward employees for exemplary performance that is if they have performed higher or exceed their set targets, this hence makes them eligible and satisfied. The amount of cash is determined by how high the employee has over exceeded the set targets or they can also be based on ranks or job groups. Nowadays, companies are rewarding performance bonuses to junior employees to increase output, unlike the past where they used to be a privilege of top executives. Performance bonuses are now on the rise in many organizations because managers want to link performance to reward (Block and Hirt, 1999).

Companies use cash bonuses to reward their employees' performance during the year under appraisal. But there is also the unspoken expectation that these bonuses will be a factor in motivating employees' performance next year as well. Employees who receive a large bonus will likely want to get it next year too. On the other hand, employees who receive a miserly bonus and it reflects how thep

2.5 Theoretical Foundation of reward and performance

Rewards have been shown to motivate performance when certain conditions exist. Individuals are best motivated when they believe that the behaviour will lead to certain outcomes that are attractive and that performance at a desired level is possible. Motivation therefore best explains element of reward and the effect it has on performance. This study will be based on the following motivational theory.

2.5.1 Vroom's Expectancy Theory

Vroom suggested that individuals will choose behaviours they believe will result in the achievement of specific outcomes they value. In deciding how much effort to put into work behaviour, individual are likely to consider three things; valence, instrumentality and expectancy.

All these factors are often referred to as 'VIE' and they are considered to influence motivation in a combined manner. Managers should therefore attempt to ensure their employees that increased effort will lead to higher performance which will hence lead to valued rewards (Ryan & Pointon, 2005). The relevance of this theory to the study is that KPLC has put up rewards (cash bonuses) that are supposed to be attractive so as to achieve a desired outcome which is employee performance. Thus employees have to exert effort in their work that will lead to a certain level of performance that is desirable by management, which will then result to a reward.

2.6 Employee satisfaction

Measuring satisfaction is of great importance to an incentive plan because it communicates the importance of established organizational goals. "What gets measured and rewarded gets attention" (Bohlander et al, 2001). In discipline of human resource management, different writers suggest the following indicators for measuring employee satisfaction and they include: quality that can be measured by percentage of work output that must be redone or is rejected; Customer satisfaction that can be measured by the number of royal customers and customer feedback. Also, timeliness, measured in terms of how fast work is performed by the employee when given a certain task; absenteeism/tardiness observed when employees absent themselves from work; and achievement of objectives measured when an employee has surpassed his/her set targets, he/she is then considered to have performed well to achieve objectives (Hakala, 2008; Armstrong, 2006). The management of individual performance within organizations has traditionally centered on assessing performance and allocating reward, with effective performance seen as the result of the interaction between individual ability and motivation. It is increasingly being recognized that planning and an enabling environment have a critical effect on individual performance, with performance goals and standards, appropriate resources, guidance and support from the managers all being central (Torrington, Hall & Stephen, 2008).

Human resource policies and practices indeed do affect organizational as well as individual performance. Job satisfaction for example, has for a long time been seen as key to affecting business performance as well as commitment. In addition researchers have also identified motivation as the mediating mechanism and some identify trust and morale. In spite of more recent attention to commitment, motivation is still considered to be an important influence to performance (Torrington et al, 2008).

2.7 Relationship between rewards and satisfaction

Rewards can be used to improve satisfaction by setting targets in relation to the work given e.g. surpassing some sales targets and commissions. When the employee surpasses their target, he or she can be given an additional amount to their salary; this will make them strive to achieve more (Maund, 2001).

Research has proven that when human being are appreciated and praised they tend to improve their performance and they get more satisfied. This is another way an organization can apply as a reward so as to improve employee satisfaction. Praise could be shown in the organization newsletter or in meetings. When managers take time to meet and recognize employees who have performed well, it plays a big role in enhancing employees' performance (Torrington & Hall, 2006).

Organizations should reward employees more often. This greatly improves performance and satisfaction compared to having the rewards maybe only once a year. This is because frequent rewards are easily linked to the performance. (Thomson & Rampton, 2003). Another way through which organizations can use reward systems to increase output is by personalizing the reward. When rewards tend to be so general, employees do not value them. Organizations can use rewards to improve employee satisfaction by incorporating appraisal or promotion for employees who have a good record of performance. Managers should be on the lookout for employees who perform well.

2.8 Concept of employee motivation

Just like any other word, there are variations of definitions to describe a concept. Motivation too has many different definitions, but it is important to focus on those that are related to the workplace. Understanding exactly what motivation is will help managers decide what actions to take to encourage their employees. The definition of motivation starts with the root word, motive. Webster's Dictionary defines motive as, something that causes a person to act. Therefore, motivation can be defined as, the act of providing motive that causes someone to act (Shanks, 24). In other words, according to Nancy Shanks, motivation causes someone to act and someone else cannot make someone motivated. It is the discretion of the person to decide if they are going to be motivated or not. Motivated and unmotivated are not opposites, but instead, there are determining factors that could cause someone to be unmotivated, such as life events and attitudes towards a specific job.

With relation to the workplace, Ray Williams, who writes for Psychology Today, defines motivation as, “predisposition to behave in a purposeful manner to achieve specific, unmet needs and the will to achieve, and the inner force that drives individuals to accomplish personal organizational goals” (Williams). A person becomes motivated in order to achieve their own personal goals as well as the organizational goals. The more motivated an employee is, the more likely they are to have organizational commitment and identify themselves with the organization.

This will meet some of the unmet needs, and connect them with the organization. If willing, the manager is able to give the employee incentives to meet their own goals and the goals set by the organization. Richard Ryan and Edward Deci, from the University of Rochester, agree that motivated means that the person is moved to do a particular act (Ryan and Edward, 54). The authors describe motivation as, the “orientation of motivation concerns the underlying attitudes and goals that give rise to action” (Ryan and Edward, 54).

Although the words of the definitions might be different, they all are describing the same concepts. Motivation is the act of getting someone to act on a situation. This definition will be important throughout the rest of the paper due to the constant use of the word. When referring to the word motivation, the above definition will be used. Now that there is an understanding of what the word means, it is important to understand the studies that have been conducted and the findings that have come about because of the studies.

2.9 Empirical Evidence on the Effect of Acquisitions on Financial Performance

Selcuk and Yilmaz (2011) conducted a study on the impact of acquisitions on acquirer performance in Turkey using the stock market approach and the accounting method. Under the stock market approach, they concluded that stock returns for Turkish companies during the event window period were higher than the industry average.

Under the accounting approach they used three profitability ratios; Return on Assets (ROA), Return on Equity (ROE) and Return on Sales (ROS) to measure performance. According to their results, post-acquisition ROA and ROS were significantly lower than the pre acquisition's. However, the results revealed that ROE does not decline significantly as a result of acquisitions. They concluded that on overall using the accounting approach, acquisitions negatively affect financial performance of the acquiring companies. A review by Pilloff and Santomero (1997) of various studies studies on the value effects of bank acquisitions in the studies revealed that on the average there was no statistically significant gain in value or performance from acquisition activity. Their study indicated that the acquired firm shareholders gain at the expense of the acquiring firm. They assert that this is documented over the course of many studies covering different time periods and different locations.

Furthermore, Yeh and Hoshino (2002) examined the effects of acquisitions on the firm's operating performance using a sample of 86 Japanese corporate acquisitions between 1970 and 1994. The successfulness of acquisitions was tested based on efficiency, profitability and growth. The study used total productivity as an indicator of the firm's efficiency or productivity, ROA and ROE as indicators of the firm's profitability and sales and growth in employment to indicate the firm's growth. The results of their study indicated a significant downward trend on profitability and sales growth. Additionally, their study results showed an insignificant downward trend in productivity. According to their conclusions, acquisitions have a negative impact on firm performance in Japan. Azhagaiah and Kumar (2011) did a study on the shortterm post-acquisition performance of corporate firms in India. They used a sample of 20 acquiring firms listed on the Bombay Stock Exchange for one year. According to their conclusions, acquiring firms in India tend to perform better after an acquisition in the short run as compared to the pre-acquisition period. They attributed this to enhanced efficiency in utilization of their assets which lead to generation of higher operating cash flows. Likewise, Ramaswamy and Waegelein (2003) studied the longterm post-acquisition performance of companies involved in mergers and acquisitions activity in Hong Kong. The study comprised of 162 firms for a period of 15 years

(1975 – 1990) and the analysis covered a five years pre and post-acquisition period. According to their conclusions, there is a significant positive improvement of the post-acquisition performance as compared to the pre-acquisition. However, they observed that the post-acquisition performance was significantly tied to the relative sizes of the firms coming together; firms acquiring relatively bigger firms took longer times to digest them. They also found out that conglomerate acquisitions tended to bring in better post-acquisition results than acquisitions of firms in the same industry. Kithinji (2007) carried out a study on the effects of acquisitions on financial performance of non- listed banks in performance for 5 years pre and post-merger and acquisition was carried out using profitability, return on assets, shareholder equity and total assets ratios. The findings of the study indicated that there was a significant improvement in the performance of non-listed banks which merged as compared with the non-listed ones that didn’t merge. Similarly, Korir (2006) examined the effects of mergers and acquisitions on the performance of companies listed at the NSE. A sample of 10 listed companies that were involved in mergers and acquisitions during the period and another of 10 listed companies that were not involved in mergers and acquisitions over the same period were used. He used share turnover, volume of shares traded, market capitalization and profits to measure financial performance. The results of the study indicated that there was a positive improvement in the performance of the companies involved in acquisitions.

2.10 Human Resource implications of acquisitions

Mergers and acquisitions can be threatening for employees and produce anxiety and stress. Hunsaker and Coombs (1988, 58) found identifiable patterns of emotional reactions experienced by employees during a merger or acquisition; they have labelled this phenomenon the 'merger-emotions syndrome

2.10.1 Communication

During mergers and acquisitions, employees are often kept in the dark about the sale of the corporation. They often hear about the acquisition on a less than timely basis, through the press or through the corporate grapevine. This can lead to a distorted or misrepresented picture of the acquisition's ramifications and to counterproductive activities by employees, who may be anxious about possible job losses. Therefore, wherever possible, corporations should 'aim to inform all employees at the same time, concurrently [with] or in advance of any press release or radio announcement' (Cartwright and Cooper 1992, 103).

As mentioned, upon notification of the acquisition, employees will likely experience 'shock, disbelief and grief. Followed by resentment, anger or depression' (Sinetar (1981). During this period, management must continue to listen to and communicate with employees and relay accurate and comprehensive information as expeditiously as possible. However, 'information should not exceed the information actually known by management. It is far safer for management to acknowledge the lack of information than to give responses that may later prove to be incorrect. Management should also indicate that when more information is available, it will be passed on to the employees' (Davy et al. 1989, 88). Any layoffs or downsizing should be conducted as soon as possible to alleviate anxiety and reduce rumors and to allow employees to return to business as usual.

2.10.2 Employee/Management Turnover

Walsh's (1988) research on the employment status of top managers for five years from the date of an acquisition indicates that following an acquisition or merger, top management turnover is 'significantly higher than normal turnover rates, and that visible, very senior executives are likely to turn over sooner than their less visible colleagues.' Walsh discovered that management turnover in acquired corporations 'increased from 25 percent in the first year after the merger, to 59 percent (inclusive) in the fifth year. The turnover rate in control group of non-merged companies also increased steadily through time, but at a lower rate. The turnover rate ranged from 2 percent to 33 percent. Because managers' positions following an acquisition may be unclear for some time, they may seek better-defined positions with other organizations in the industry (Napier 1989).

Another reason for the high turnover may be that 'the executives of the acquired firm are treated as if they had been conquered, causing them to feel inferior and experience a loss of social standing' (Nord 1994, 81). Cartwright and Cooper (1992, 101-2) see the acquisition announcement as symbolizing the death of a company as its employees knew it: 'It is hardly surprising that the social gatherings between the two managerial groups which tend to accompany such announcement are so often uncomfortable, with one group treating the event as something of a birthday party and breaking open the champagne and the other participating more in the spirit of a wake and taking solace in a few stiff drinks.'

Managers' feelings of insecurity and loss may cascade downward through the organization. Anxiety and insecurity will divert the employee's attention away from business needs and focus on negative aspects, such as why the merger won't work. Thus, it is imperative to conduct a 'talent audit' before the acquisition, to ascertain the managerial and personnel talent which the acquiring organization wants to or must retain for future success.

2.10.3 Job Satisfaction

Robino and Demeuse (1985) surveyed personnel managers who had been involved in a corporate merger or acquisition. They measured employee job satisfaction before and after the combination on the following criteria: pay levels, employee benefits, job security, communication levels, participation in the decision-making process, opportunity for professional growth, development of personal job skills, promotion potential, and overall job satisfaction.

All eight facets of satisfaction measured in the study decreased in the acquired companies during the course of the combination. Job security, communications and participation in the decision-making process were particularly affected. Likewise, in the acquiring companie's managers felt that job satisfaction decreased in most instances, but not to the extent as in the acquired companies. Satisfaction was reported to have increased in the acquiring companies in two areas: opportunity for professional growth and promotion potential.

Thus, job satisfaction decreased for both the acquired and the acquiring organization after an acquisition, perhaps because of the ambiguity and uncertainty of job retention felt both by employees and by managers.

2.10.4 Pay/Remuneration of staff

Financial remuneration in the form of retention incentives has long been considered an antidote for potential employee attrition during a merger or acquisition. Most M&A financial models include a retention plan line item, and the amount of money that is added for employee retention is often considered part of the cost of the deal. Companies want to believe that providing retention incentives to stay with the combined organization is sufficient to cause employees to stay. However, the retention incentives can only begin to build a bridge to restoring employee trust by buying time. Shleifer and Summers (1988) conjectured that mergers and acquisitions constitute a transfer of wealth from workers to shareholders. According to the authors, this occurs because acquirers do not honor implicit contracts with employees concerning wages and benefits. The abrogation/abolition of these commitments enables the new owners of the company to use the deal as a mechanism for enhancing the profitability of the firm, and ultimately, shareholder wealth, at the expense of workers. Several authors have examined the employment and wage effects of mergers and acquisitions (McGuckin and Nguyen (2001), Conyon et al. (2004), and Gugler and Yurtoglu (2004). However, the unit of observation in such studies is typically the plant or firm. In contrast, the unit of analysis in this study is the individual worker, which allows us to provide direct, systematic empirical evidence on the effects of ownership change on worker outcomes. The use of data on individual workers is quite useful, since an ability to track workers who are involved in a merger or acquisition might allow us to discriminate between the alternative theories mentioned earlier.

2.10.5 Sense of Ownership and Belonging

There are contrasting views on the impact of mergers and acquisitions on employees. Mergers and acquisitions constitute a transfer of wealth from workers to shareholders. This occurs because acquirers do not honor implicit contracts with employees concerning wages and benefits (Jovanovic and Rousseau, 2002). Thus, in their view, the abolition of these commitments enables the new owners of the company to use the deal as a mechanism for enhancing the profitability of the firm, and ultimately, shareholder wealth, at the expense of workers. Others have alleged that mergers and acquisitions lead to substantial downsizing or even mass layoffs, usually basing their conclusions on data from a small number of large, publicly-traded corporations. Such layoffs have been alleged to have a traumatic, lasting negative impact on workers who are fired and also on survivors, or those who remain with the firm in the aftermath of the layoff. Jovanovic and Rousseau (2004) conjecture that high quality managers and high quality projects are complements. Moreover, they assert that takeovers result in the diffusion of new technologies and the reallocation of capital to more efficient uses and to better managers. An empirical implication of their model is that technological change and ownership change are complements, which implies that these transactions should lead to some job reduction but also skill upgrading and wage increases for employees that remain with the firm.

During mergers and acquisitions activity rumor mills are overly active, leading to more anxiety and counterproductive behaviors (Buono and Bowditch, 1989). Often based on fears rather than reality, these rumors can significantly exacerbate employee anxiety, tension and stress. Further, the repetitive nature of rumors tends to strengthen people's belief in them and therefore, subsequent management attempts to deny welldeveloped rumors that possess even a grain of truth can easily compromise employees' faith in management's honesty. Thus, it seems the only way for management to deal with the anxiety that follows a merger or acquisition announcement is to communicate with employees as soon as possible about all the anticipated effects of the change. If not dealt with, the uncertainty and anxiety can lead to such dysfunctional outcomes as stress, job dissatisfaction, low trust in the organization and commitment to it, and increased intentions to leave the organization. These dysfunctions can, in turn, diminish productivity and increase turnover and absenteeism which turn my lead to company loss and increased operating cost. It is well accepted that mergers and acquisitions often create significant trauma for the employees and managers of both acquiring and acquired firms that result in attitudinal and productivity problems as well as turnover of valued personnel. Buono and Bowditch (1989) note that negative reactions may lead to significantly lower levels of job satisfaction and job security and less favorable attitudes toward management. Employees often cope with the uncertainty surrounding a merger by reducing levels of commitment and instead use energy either to cope with anxiety and confusion or to try to find new employment opportunities (Gilkey, 1991).

2.10.6 Job Security

Employees who work at pre and post-mergers and acquisitions environment feel a strong threat to their job security while working in such environment. Workers may have skills and traits that are well suited to other jobs and or/firms, but not to their present job or employer. Empirically the greater the number of changes in an organization, the greater the perceived job insecurity by the employees and in turn, this perceived job insecurity is negatively related to organizational commitment, trust in organization, job satisfaction and ultimately, job performance. A merger or acquisition provides an impetus for employees whose matches are poor to seek out (by their own volition or after being laid off) appropriate work elsewhere. The opportunity to find a better match leads to a rise in the average quality of the match among departing employees. In a competitive labour market, the quality of the match is reflected in the worker's earnings.

Negative reactions may lead to significantly lower levels of job satisfaction and job security and less favorable attitudes toward management. Employees often cope with the uncertainty surrounding a merger by reducing levels of commitment and instead use energy either to cope with anxiety and confusion or to try to find new employment opportunities. Another noticeable analysis by Davy et al. (1988) involves a field study in a large firm aiming to determine the direct impact on employee's attitudes, performance and behavioral intentions over time. Their participants (216 employees) completed survey questionnaires on 2 separate occasions: less than a month after the completion of the sale and the second one three months later. Their findings suggest that employee's attitudes and intentions to leave or be absent deteriorate between the first and the second survey. The feelings of job insecurity significantly increase, which is consistent with the fact that layoffs indeed did occur during the three-month period between the surveys.

Also, organizational commitment significantly decrease, while intentions to leave and be absent increase. As organizational commitment declines, workers tend to look for new jobs, which distracts them from their current work, thus, there seems to be a direct connection between changes in attitudes and intentions. Moreover, employee's evaluations of their performance changed, as respondents reported that their performance over the last three months was lower than in all their years of service.

2.10.7 Chain of Command

Depending on the size of a company, merging segments may take months or even years. Proper planning is required for a merger to go smoothly. The key to a successful integration is allowing time to make adjustments to your merger plans, including contingencies. In general, merging company segments involve a high level of coordination, communication amongst all involved parties, and making tough choices such as reduction of staff. The issue of cultural compatibility between merging firms has long been proposed as an important determinant of the realization of potential synergies. Majority of the merging firms do not develop a chain of command required to communicate merger details, including regular updates regarding the progress and completion of various tasks along the flow chart. It is important to note that conglomerate and companies executing roll-up strategies sometimes take a different approach and delegate merger integration issues down the chain of command. One unfortunate consequence of mergers and acquisitions is that employees are often required to take on additional workloads. Accordingly, organizations should require managers to have conversations with employees about their potential new roles subsequent to the merger or acquisition and support them, as much as possible, in developing/ acquiring/ learning the knowledge, skills, and tools necessary to be effective in that new role. Further, due to the merger low level employees find themselves reporting to several managers or supervisors creating some sort of conflict where the staff is caught between the two. Schweiger and Denisi (1991) designed a longitudinal field experiment that evaluates the effects of a communication program that they called a realistic merger preview. Their study was intended to answer the question of whether such a program could mitigate the expected negative effects of mergers and acquisitions on employees.

The results of Schweiger and Denisi (1991) suggest that realistic communication during a merger process in the form of a realistic merger preview can help the employees get through the process, as illustrated by the significantly lower measures on global stress and perceived uncertainty and significantly higher on job satisfaction, commitment and self-reported performance for the experimental group, exposed to the communication program. Task conflict can prove to be productive and augments the team performance. It tends to come up with better decisions. Simons & Peterson (2000) argue that task conflict promotes team members' ability and perceptions about decision-making effectiveness. But there is no perfect relation between task conflict and performance; however task conflict tends to reduce members' satisfaction and commitment. It persuades superior cognitive understanding of the issue being discussed. Task conflict and performance form the positive aspect of relationship. It is a likelihood that in task conflict team members would have the prospect to voice their own perspective on issues being decided by the group. The transfer of duties is one of the most important developments not only within the banking sector but also in the economy as a whole. Transfer of services in the banking sector initially involved noncore functions, such as cleaning, catering, maintenance and IT services. In the latest years, however, it is also used for providing core functions, such as customer service.

Customer service and various sales functions are performed today by call centres, where a great number of tasks are carried out by low skilled and poorly remunerated personnel and with almost no trade union activity. The job of call centres is characterized worldwide by unskilled work and duties that do not require particular training, loose chain of command, Short-term contracts that create work insecurity, Staff mostly consisting of young people and women. While employees in the banking sector consider these changes to be extremely negative, the contrary view also needs to be stated.

According to this view, the new technologies as well as the M&A wave will not reduce the number of jobs in the financial services sector; they will redistribute these jobs among the new duties (Uni-Europa Finance, 2001). Indeed, a decrease in staff employed in bank central offices has been observed, however this decrease is accompanied by employment increase as far as jobs involving executive duties are concerned. With the introduction of new technologies former duties have been dispensed and, at the same time, new jobs are created, requiring high-skilled and qualified people. Internet banking provides new jobs to computer engineers, a skill that was not traditionally needed in this sector. The increasing importance of strategic decisions made in today's economic environment of continuous M&A leads to the transfer of highly specialized tasks, such as legal and financial services, system design, publicity, consultation, asset management (e.g. bricks and mortar) (ILO, 2000).

2.10.8 Downsizing and Its Impact

Depending on the type of merger or acquisition and the amount of integration between the two organizations, some duplication of functions is likely to occur, resulting in the termi-nation of some employees and managers. Other employees are often forced to pick up the slack and do this obediently for fear of being the next to receive the pink slip. The increased workload and the potential threat of layoff causes considerable stress for employees, particularly in the acquired organization. To alleviate the ill effects of downsizing and the resultant stress, Hunsaker and Coombs

(1988, 63) and Nahavandi and Malekzadeh (1993) recommend that personnel decisions regarding job loss or changes in responsibilities should be communicated openly and as soon as possible. ‘The longer the fear of the unknown exists, the more damage will be done as the most qualified people look for more secure positions, and the other employees scurry to ensure security for themselves’ (Hunsaker and Coombs 1988, 63).

To dispel or correct misinformation, employees should be apprised of any downsizing strategies. Sheehy (1988, 40) recommends that ‘If some downsizing and rationalizing is necessary, be honest about it. Tell people what’s going to happen. Don’t drag it out. Get the bad news behind you.’ If downsizing strategies are conducted in this manner, at worst management’s integrity will remain intact, and any future communications to employees by management will seem credible. If they are not, employee commitment to the organization may be thwarted and may not be regained for some time if at all.

2.11 Acquisition and organizational culture

Most of the acquisitions suffer due to the culture clashes. The literature has explained culture in the form of “value” having both similarities and differences Riseberg 1997. According to Jemison and Sitkin indicated that, to make the acquisitions work, it is very important to find fits between the combining companies. e.g. similarities in corporate culture and management styles Nahavandi and Malekzadeh, 1988. The most fundamental hypothesis is that to make the acquisition work. The two organisations must be integrated in such away that they become as similar as possible in order to attain a mutual corporate culture Nguyen and Kleiner 2003. According to Haspeslagh and Jemison 1991 indicated that these hypothesis do not fully describe integration in all acquisitions. So, it indicates that, various degrees of integration should be used according to the nature of acquisition. However, researchers such as Napier et al 1989 argues that, the acquired company mostly forced to adapt to the acquiring company's culture and routines which may lead to complications in their adjustment to the parent company. The other way round should also be implemented, it is just a question that which of the two organisations have a better organizational culture.

According to Martin and Meyerson 1991, a culture viewed from an ambiguity perspective cannot be characterized as being either in harmony or conflict. Instead, individuals share some viewpoints, disagree about some and are ignorant of or indifferent to others." According to Fines 1991 that still in existing organizational theories, the acquired company should be integrated into the acquiring company's culture which does not account for cultural differences within the organisation. Inside the organisation many different cultures exist due to people's belonging to different ethnic group gender or nationality. Martin and Meyerson 1991 elucidate that according to these organisational theories culture is viewed as something which can homogenises both the organisation and its members. Thus, when the two cultures are merge together, the existing theories which often assume that one of the two should integrate into the other existing organisational culture to make the new organisation work Berry, 1980, Nahavandhi and Malekzadeh, 1988. However, an organisational culture rarely has values, norms, expectations and assumptions which unite all organisational members. According to Schein 1993 organisation may consist of different subcultures that may have quite conflicting assumptions about reality.

Cultural differences, which is considered as to be the most prominent issue for the lack of predicted performance, loss of key employees, and time consuming conflicts in merging of business Bijilsma-Frankema, 2002. According to Bijilsma-Frankema

Mohibullah (2002) the term 'Culture clash' could be used to describe the conflict between the merged organisations; which may include differences in their styles, norms, sanctions, philosophies, and objectives. This may, in fact, be the most dangerous factors when two companies decide to combine. Covin et al 1997 argues that even, if the conditions for M&A are favourable, still mergers can so change the nature; orientation and character of one or both of the merged partners; which means it will require five to seven years where employees can feel whether they have truly understood one another's culture. Many adjustment problems have been witnessed during the post-merger period Mirvis and Marks, 1992. According to Mirvis and Marks 1992, these problems arise due to employee's fear of losing the job and financial debt due to job loss. Also, fears that arise due to the loss of close team members, appointment of new team members and new supervisors can lead the organizations into an ambiguous situation.

By forcing employees to deal with new supervisors and new team members, they could build up worries of taking certain risks and raising sensitive issues. This can lead to develop 'us versus them' scenario, where trust for new members will be nominal Mirvis and Marks, 1992. Organizations, having this kind of situation may find themselves in dilemma due to loss of collaboration and interest among the employees of the new business amalgamation. It will be difficult to achieve the synergies that were initially sought; it will also be difficult to resolve conflicts and sensitive issues, if at all, this resistance arises often. Post-merger can be the most difficult time for the new team to move forward as a whole.

CHAPTER THREE RESEARCH METHODOLOGY

3.0 Introduction

This chapter presents the steps that were used in conducting the research. The chapter discusses the research design, the target population, sample size and sample selection technique and data analysis procedures.

3.1 Research Design

A research design is a framework for conducting business research. Studies generally fall into the following three categories: Descriptive, Explanatory (causal), and Exploratory. The primary purpose of exploratory research is to shed light on the nature of a situation and identify any specific objectives or data needs to be addressed through additional research. Exploratory research is most useful when a decision maker wishes to better understand a situation and/or identify decision alternatives (Saunders, Lewis, & Thornhill, 2000).

Exploration is particularly useful when researchers lack a clear idea of the problems they will meet during the study. The objective of a descriptive study is to describe market characteristics or functions (Malhotra, 2007). Descriptive research could be in direct connection to exploratory research, since researchers might have started off by wanting to gain insight to a problem, and after having stated it their research becomes descriptive. Explanatory studies establish causal relationship between variables. In these studies the emphasis is on studying a situation or a problem in order to explain the relationships between variables (Saunders, Lewis, & Thornhill, 2012). This study therefore employed descriptive designs. Descriptive data are usually collected through questionnaires, interviews or observations. Descriptive survey helps in describing, observing and documenting aspects of a situation as it is naturally. Information gathered from descriptive design would be used in diagnosing a situation.

3.2 Population

The study's population comprises management (Chief executive Officer and 4 general managers) and non-management (staff) of ETI and TTB. The population of management and non-management according to the new ETI human resource archive 2016 was 505.

Table 1: Research population

	Category of respondents	**Population**
Management	Chief executive Officer	1
	General managers	4
Non-management	staff	500
Total population		505

3.3 Sampling technique and sample size

A sample size of one hundred and twenty (150) respondents was selected through purposive sampling technique. The sampled size comprised management (3) and nonmanagement (147). This is presented in the table 2 above. A sample is a portion of the population selected for analysis. For the purposes of this study, purposive or judgmental non- probability sampling technique was mainly used. Two purposive sampling techniques that the researcher used were expert sampling and snowball sampling. Judgmental sampling was used to select the samples used for this research because the researcher needed to ensure that respondents in the sample have the required knowledge or expertise, as such, would be appropriate for the study and also would ensure a fair representation of the population of interest.

Expert sampling involves the assembling of a sample of persons with known or demonstrable experience and expertise in a specific area. The researcher adopted this technique because it was the best way to elicit the views of persons who have specific expertise in the topic area and also to provide evidence for the validity of the report. Snowball sampling relies on referrals from initial subjects to generate additional subjects. This technique was used in order to reduce search cost and also to ensure that sample includes respondents who are knowledgeable or are experts in the research area. Management and non-management were selected through the purposive sampling technique. This technique allowed the researcher to select respondents who had the capacity to handle the issue being studied. It was therefore impossible for the sample size to reflect on the whole population.

Table 2: Research sample size

	Category of respondents	Sample
Management	Chief executive Officer	1
	General managers	2
Non-management	staff	147
Total sample		150

3.4 Data collection

Data collection sources for the study comprised both primary and secondary sources. Primary data for the study was collected through questionnaires whiles secondary data was collected from the various institution's archives, books, and documentations on management and customers.

3.4.1 Design of the questionnaires

The questionnaire was designed in order to enable the researcher accomplish the research objectives. The information that was needed but could not be obtained from secondary source was translated into a set of questions. In order to improve the response rate and ensure that respondents feel very comfortable when answering the questions, the questionnaire did not require respondents to reveal their identity. A draft questionnaire was presented to the thesis supervisor so that any shortcoming or weakness in the questionnaire was corrected before the final version administered. It was designed to solicit the expert opinions of management non-management and customers who are primarily involved in matters of organizational cultures and it impact on employee satisfaction.

3.5 Data analysis procedure

Data was analyzed with SPSS 16.0 version and Microsoft Office Excel 2007 to obtain frequencies, percentages of closed end responses and graphs. This was to identify trends that appeared from responses. Descriptive statistics and other regression concepts were employed to justify the responses of management and nonmanagement.

The higher the value of the mean, the higher the disagreement with the statement:

The key is as follows: One = Strongly agree, Two = Agree, Three = Neutral, Four = Disagree, Five = Strongly disagree.

3.5.1 Regression equation

In analyzing the impact of acquisition on employee satisfaction the following analysis was employed in generating and explaining the regression equation obtained from the coefficient table.

Coding: post-acquisition implications 1 = Yes 2 = No

Satisfaction of employees: impact 1=Very high 2=High 3 = No impact 4= No impact at all. In the coefficients table, the Un-standardized regression Coefficient in the

Bi-variate regression is simply the slope of the 'best fit' regression line for the correlation (scatter plot) showing an association between the two variables. The Standardized regression Coefficient is equal to the correlation between the two variables.

The Unstandardized Coefficients gives the formula for predicting the y scores (dependent variable) from x scores (independent variable). Thus, if there were no access to the scores, the formula would tell the best way of estimating an individual's y score based on that individual's x score. In predicting the Level of satisfaction the regression equation can be used to estimate the predicted level of satisfaction = A+ Bx (post-acquisition implications). Where B is the regression coefficient and A being the regression constant.

3.6 Company profile

Ecobank Transnational Incorporated (ETI), a public limited liability company, was established as a bank holding company in 1985 under a private sector initiative spearheaded by the Federation of West African Chambers of Commerce and Industry with the support of the Economic Community of West African States (ECOWAS). In the early 1980's foreign and state-owned banks dominated the banking industry in West Africa. Commercial banks in West Africa owned and managed by the African private sector were a rarity. Its founders created ETI with the objective of filling this vacuum.

The Federation of West African Chambers of Commerce promoted and initiated a project to create a private, regional banking institution in West Africa. In 1984, Ecopromotions S.A. was incorporated. Its founding shareholders raised seed capital for feasibility studies and the promotional activities leading to the creation of ETI. In October 1985, ETI was incorporated with authorised capital of US$100 million. The initial paid up capital of US$32 million was raised from over 1,500 individuals and institutions from West African countries. The largest shareholder was the ECOWAS Fund for Cooperation, Compensation and Development (ECOWAS Fund), the development finance arm of ECOWAS.

Ecobank signed a Headquarters' Agreement with the Government of Togo in 1985, which granted it the status of an international organisation. This status came with the rights and privileges necessary for ETI to operate as a regional institution, including the status of a non-resident financial institution. ETI commenced operations with its first subsidiary in Togo in March 1988.

3.6.1 Mission and Vision

The dual objective of Ecobank Transnational Incorporated is to consolidate a modern pan-African bank and to contribute to the economic development and financial integration of the continent. Ecobank offers a natural advantage with its unmatched pan-African banking competencies, built up over the last 25 years. Marshalling its impressively broad presence, its proficiency and its performance, the bank is intent on delivering sustainable returns and playing a catalytic role in the transformation of Africa. It continues to play a pivotal role as a recognised pioneer in financial integration and inclusive banking.

3.6.2 Ethics and transparency

The Ecobank Group has codified policies on corporate ethics, which apply to directors and employees across the group. These policies are regularly reviewed to ensure that they are in line with international practice and standards.

3.6.3 Code of conduct for directors

Subject to any applicable local laws and regulations, this Code of Conduct shall apply to all Group and subsidiary board and board committee members.

3.6.4 Services and products

The bank's focus is on providing solutions-oriented, high quality products and services to its customers, comprising of individuals, small and medium scale companies, large local corporates, parastatals, non-governmental organizations and multi-national companies. State-of-the-art technology, excellent customer service and a reliable telecommunication system constitute the backbone of the Group's product delivery strategy. In addition to the traditional products and services, Ecobank offers innovative products and services including Mobile Banking, Remittance, Internet Banking, and the Pan-African Card payment gateway. The aim is to consistently offer customers efficient, reliable and excellent service, and the Group operates a ''One Bank" construct, which aims at standardising the Group's processes and procedures irrespective of geographical location or language differences

3.6.5 Ecobank brand

Ecobank's pan-African presence allows us to deliver the very best value to stakeholders. Because we create a standard level of customer service, we're able to develop synergies and economies of scale across the network. This in turn enables the bank to drive the most efficient and largest platform in Africa, with the aim of delivering transformation. With uniform world-class practices and proprietary technologies, the bank can reach and impact across the continent, and ensure customers can transact and unlock opportunities with ease. While Ecobank plays a leading role in the continued growth of the private sector and increasing intra-Africa trade and investment, we're able to offer innovative solutions to all of our customers.

3.6.6 Acquisition of the Trust Bank by ETI

It has now been confirmed that Ecobank Ghana is in the process of taking over The Trust Bank (TTB) as transactional advisers have been appointed to oversee the acquisition. BUSINESS GUIDE , a sister paper to DAILY GUIDE was the first to report that Ecobank Ghana, one of the top four banks in the country was going to acquire majority stake in TTB about four weeks ago. The majority shareholder of TTB, the Social Security and National Insurance Trust (SSNIT), is bent on selling its 61 percent shares in TTB to the pan-African bank. Investigations earlier conducted by the paper revealed that the deal had been signed and sealed and preparations were underway for the formal acquisition to take place during the year.

The latest information indicates that SSNIT and Ecobank Ghana have appointed Strategic African Securities (SAS) owned by Togbe Afede XIV and Ecobank Development Corporation (EDC) to serve as transactional advisers. While SSNIT has indicated that it would rationalize its participation in investments it considers unworthy, Ecobank Group or Ecobank Transnational Incorporated Group, Chief Executive Officer (CEO), Arnold Ekpe has stated that it was going to welcome any merger or acquisition in a friendly manner.

The two advisers are expected to help fine tune the due legal, corporate and financial diligence, which is expected to be concluded by the end of September 2011. Media reports have suggested the interest of Ecobank, which has a presence in 32 countries, was motivated primarily by TTB's approach to SME banking as well as its strategic branch network. Already, the Bank of Ghana has approved the deal after the resolution was passed by TTB's shareholders last month.

A statement issued by the two banks and signed by their respective managing directors, Samuel Adjei and Larry Yirenkyi-Boafo yesterday expressed excitement about the proposed merger, noting that it has the potential to better serve customers. The statement said the decision was supported by SSNIT, chaired by Kwame Peprah, which shares in the strategic logic of the proposed merger, mainly to create a stronger bank capable of meeting the challenges of the fast growing economy. Accordingly, it said the transaction will create a bank better able to provide world-class banking services and products to customers including individuals, small and medium scale enterprises, local companies, multinationals, government and government related businesses 'Together, we would emerge market leaders in the retail, corporate and investment banking space.'

The two banks assured costumers that the merger process will not affect business with them during the transition period. 'Each step of the process will be carefully managed to minimize disruption. Once all regulatory and other relevant approvals are received to consummate the transaction, we believe our customers will be the ultimate beneficiaries as together we would be able to serve you better with a broader range of banking solutions.' While Ecobank has over 25 branches, TTB has 20 networked branches across the country.

According to PriceWaterHouse Coopers, only Ghana Commercial Bank (GCB), Merchant Bank and the Agricultural Development Bank (ADB) have so far meet the Bank of Ghana's mining capital requirement of GH¢60 million with less than 18 months left for local banks to recapitalize. According to reports, some of the local banks including CAL, First Atlantic Merchant, Prudential and National Investment Bank (NIB), a state-owned bank, will have to recapitalize before the deadline.

3.6.7 Motive of acquisition of TTB by ETI

Group Chief Executive of ECOBANK Arnold Epke has denied that the bank's acquisition of The Trust Bank (TTB) was just to become a big bank to undertake huge transactions. Analysts had argued that ECOBANK's takeover of TTB was just to have a strong balance sheet for its operations. There were also fears that ECOBANK might neglect some special areas been catered for by TTB. But the brain behind the Group's14 acquisitions in Africa, Arnold Epke tells Joy Business they rather wanted to contribute more to the Ghanaian economy. Mr. Epke reiterated the bank's commitment not to neglect small businesses as well as lay off any worker of The Trust Bank. ECOBANK Transnational Incorporated, the parent company of ECOBANK, last year acquired TTB for 220 million Ghana cedis and merged it with ECOBANK Ghana. The bank is projecting to be the biggest bank in Ghana in terms of profits and assets (Joyonline, 2012)

CHAPTER FOUR DATA ANALYSIS AND FINDINGS

4.0 Introduction

The chapter presents the analyses of data in relation to the assessment of the impact of acquisition on employee satisfaction with particular focus on new ET Bank after the acquisition of TTB within the Ashanti region of Ghana. Using SPSS statistical tool and Microsoft Excel, the results of the data analysis are represented in tables and graphs. One hundred and fifty-five (155) questionnaires were administered to the respondents and 150 retrieved after a week of administering. Items that were not answered on the questionnaires were treated as missing. The chapter begins with the demographic analysis of respondents.

4.1 Background information on respondents

This section presents the background information analysis of respondents. The background information discussed includes age, gender, number of years of respondents' relationship with the bank and educational qualification of respondents. Background information analysis was very critical in assisting the researcher identify the characteristics of the respondents that constitute the sample size in order to make valid inferences for effective conclusion. The results are represented in graphs below

4.1.1 Age of respondent

From figure 1 below, 22.8% of the respondents at the bank had their ages below 3140 years whereas only 10% had their ages below 45 years. The most dominant age ranges was below 25 years with 23.8% of the respondents indicating the target group of respondents of the sample size who were expert in credit risk management. The study's target respondents were on the youth. The last group in the age distribution

table was between 36-40 years who recorded 16.8%.

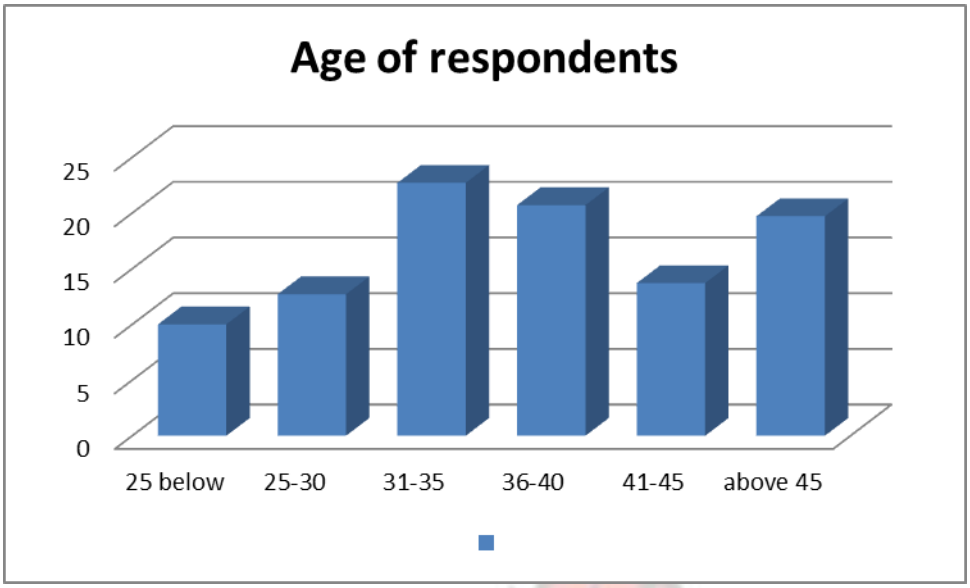

Figure 1: Age of respondent

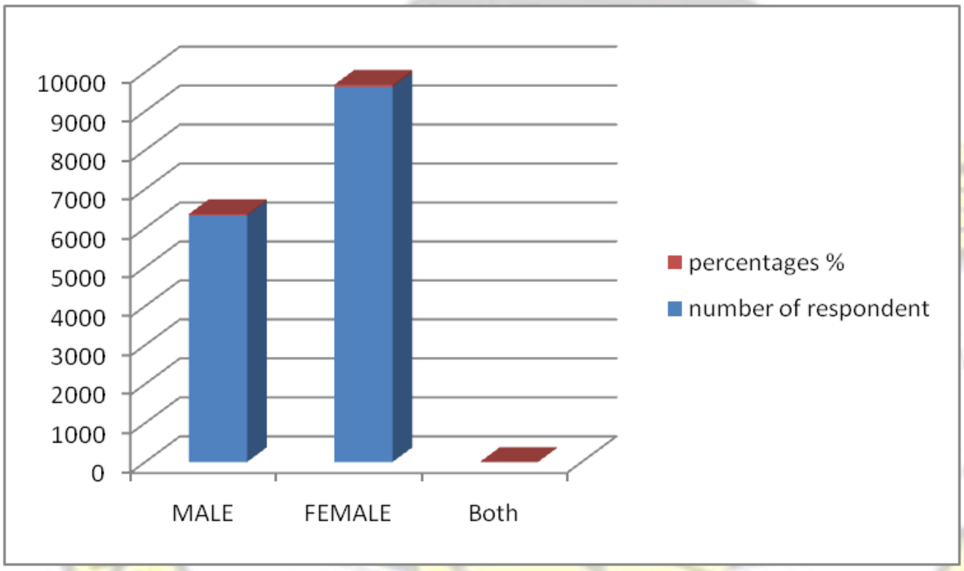

Figure 2: Gender of respondent

4.1.2 Gender of respondent

Figure 4.1.2 above shows that 60.3% of the respondents are female with males covering about 39.7% of the respondents. However the dominant nature of high female participant reflects the target respondents of the study. Thus the study's respondents were female dominated.

4.1.3 Number of years of respondent relationship with the bank

As indicative of figure 4.1.3 below, the result indicated that, out of 150 respondents who have a 3-4 years relationship with the bank formed about 20.5% of the total respondents' whiles about 20.3% had a 2-3years relationship with the bank. This indicates that Stanbic Bank has a high customer and management retention rate. This may be attributed to it effective and quality of service design for it respondents, corporate image and proper management respondents. Alternatively it can be established that the retention rate of respondents is relatively high.

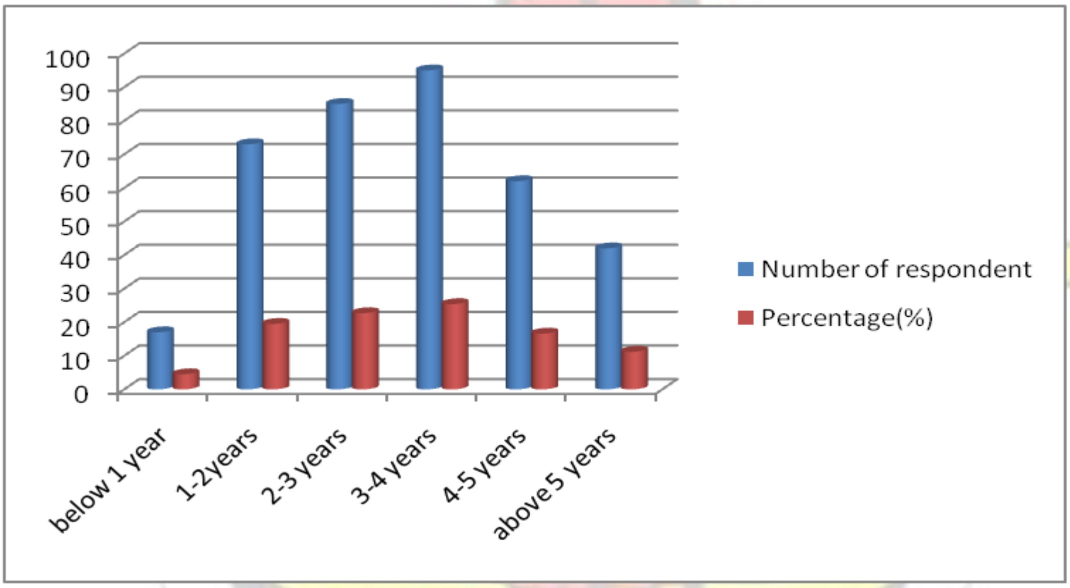

Figure 3: Number of years of respondent with the bank

4.1.4 Educational background of respondent

The educational background of the respondent represented in fig 4 above indicates that 59% of the respondents are HND leavers with first degree following with 30% of the respondent. The least in this category are those with second degree and above. This group covers only 4% of the respondent. The dominant nature of HND leavers reveals the target market of the company's staff. The outcome also indicates that the respondents of the bank were mainly HND holders who were involved in the acquisition process.

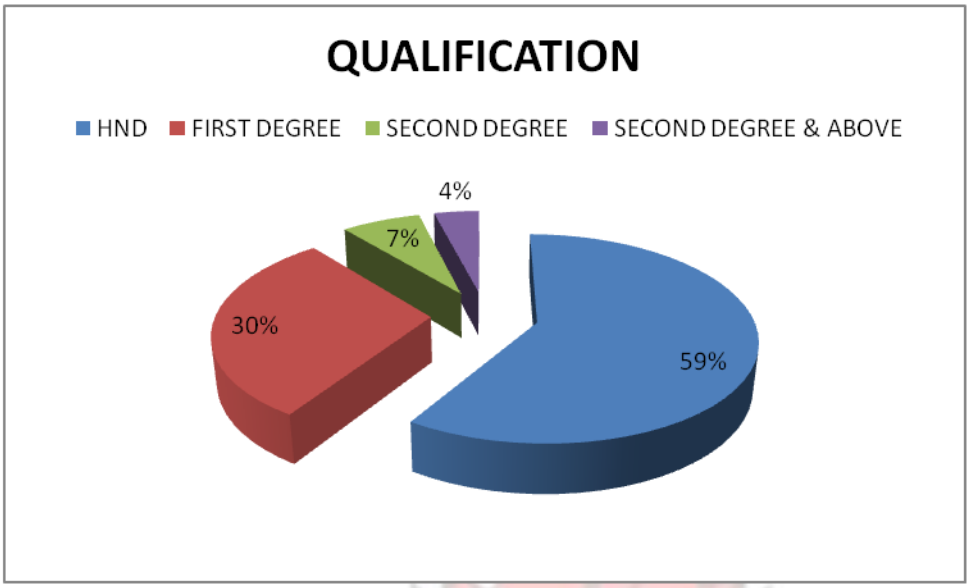

Figure 4: Educational background of respondent

4.3 Data reliability Test

The study used Cronbach's alpha to test the reliability of the data collected. The Cronbach's alpha that is the most common measure of internal consistency (reliability) is most commonly used when a researcher have multiple Likert questions in a survey or questionnaire that form a scale and wish to determine if the scale is reliable. It can be inferred from table 3 that Cronbach's alpha is 0.67, which indicates 67% degree of internal consistency and reliability for the scale. Again, the KMO and Bartlett's Test which is also used to test reliability of data in factor analysis was also appreciative with 66% accuracy. Thus when the test form between 1 and 0.6 it is considered appropriate.

Table 3 : Data reliability test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.656
Bartlett's Test of	Approx. Chi-Square	173.648

Sphericity	Df	10
	Sig.	.000
Cronbach's alpha		0.67

4.4 Regression analysis of the effect of post-acquisition on employee motivational process

Table 4 Regression Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.915[a]	.837	.818	.10087

a. Predictors: (Constants) acquisition activities

Table 4 above provides the R^2 (coefficient of determination or predictive power) value. The R^2 value is 0.837 representing a good correlation. The value indicates a strong degree of determination. When the R^2 value falls between .70 and .90 it is considered a strong correlation. The R^2 value indicates how much of the variations in the dependent variable motivational process can be explained by the independent acquisition activities. In this case, 83.7% can be explained, which is strong. Thus motivation of the employees does not occur by chance but rather based on the

acquisition activities at the bank.

Table 5 ANOVA of regression

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	5.398	15	.360	35.363	.000[a]
	Residual	1.007	99	.010		
	Total	6.405	114			

a. Predictors: (Constant), acquisition activities

b. Dependent Variable: motivational process

Table 5 above indicates ANOVA of regression. The ANOVA indicates how well the independent variables significantly predict the outcome variable which is motivational process. The Sig. value on the regression row indicated 0.00 which is less than the pvalue of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (motivational process).

4.4.1 Interpretation of regression equation

From the coefficients table above, the impact of acquisition on employees' motivational process can be established using the specified variables of acquisition highlighted in the coefficient table. For instance in estimating the impact of acquisition activities on employees motivational process: predicted Level motivational process = 0.937-0.242x (acquisition activities). Thus, if the acquisition activity is changed by a margin, motivational process will decrease by a margin of

0.242. According to the regression model, acquisition has a negative effect on the employees' motivational process given that the regression coefficient was negative.

Table 6 coefficient of regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.937	.209		4.480	.000
	Acquisition activities	-.242	.021	.409	11.277	.000

a. Dependent Variable: employee satisfaction

4.5 Regression analysis of the effect of acquisition on the organizational culture of ETI

Table 7: Model Summary of regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.989[a]	.978	.977	6.42529

a. Predictors: (Constant): acquisition activities

Table 7 above provides the R^2 (coefficient of determination or predictive power) value. The R^2 value is 0.978 representing a good correlation. The value indicates a strong degree of determination. When the R^2 value falls between .70 and .90 it is considered a strong correlation. The R^2 value indicates how much of the variations in the dependent variable organizational culture can be explained by the independent acquisition activities. In this case, 97% can be explained, which is strong. Thus changes in organizational culture of the new ETI do not occur by chance but rather based on the acquisition activities at the bank.

Table 8: ANOVA of regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	43544.011	1	43544.011	1.055E3	.000[a]
	Residual	990.825	24	41.284		
	Total	44534.836	25			

a. Predictors: (Constant): acquisition

b. Dependent Variable: Organizational culture

Table 8 above indicates ANOVA of regression. The ANOVA indicates how well the independent variables significantly predict the outcome variable which is organizational culture change. The Sig. value on the regression row indicated 0.00 which is less than the p-value of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (organizational culture change).

4.5.1 Regression equation

From the coefficients table above, the impact of acquisition on organizational culture can be established using the specified variables of acquisition highlighted in the coefficient table. For instance in estimating the impact of acquisition activities on organizational culture: predicted Level organizational culture = 0.937-0.242x (acquisition activities). Thus, if the acquisition activity is changed by a margin, organizational culture will negatively change by a margin of 0.142. According to the regression model, acquisition has a positive effect on the organizational culture given that the regression coefficient was positive.

Table 9: Coefficient of regression

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.937	.211		4.480	.000
	Organizational culture change	.142	.022	.418	11.266	.000

a. Dependent Variable: organizational performance

4.6 Regression analysis on the impact of the nature and extent to which acquisition influence employees' satisfaction

Table 10: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.773[a]	.598	.540	.47109

a. Predictors: nature of acquisition

Table 10 above provides the R^2 (coefficient of determination) value. The R^2 value is 0.666 representing a moderate correlation. The value indicates a good degree of determination of the dependent variable (employee's satisfaction) by the independents variables (predictors). When the R^2 value falls between 0.5 and .70 it is considered a good correlation. The R^2 value indicates how much of the dependent variable employees satisfaction can be explained by the independent variables (predictors). In this case, 67.0% can be explained, which is good. Thus the degree of how employees are satisfied does not occur by chance but rather based on the nature of the acquisition adopted by the company.

Table 11: ANOVA[b]

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	57.465	25	2.299	10.358	.000[a]
	Residual	38.615	174	.222		
	Total	96.080	199			

a. Predictors: (Constant), nature of acquisition
b. Dependent Variable: employee satisfaction

Table 7 above indicates ANOVA of regression. The ANOVA indicates how well the independent variables significantly predict the outcome variable which is the employees' satisfaction. The Sig. value on the regression row indicated 0.00 which is less than the p-value of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (employees' satisfaction). Thus there is 95% confidence that nature of acquisition determine how an employee will perform.

Furthermore, from the coefficients table 8 below, the impact of acquisition on employees' performance can be established using the specified variables of acquisition highlighted in the coefficient table. For instance in estimating the impact of acquisition activities on employees motivational process: predicted Level employees performance = 0.937-0.120x (acquisition nature). Thus, if the nature of acquisition changes employees performance will negatively change by 0.142. According to the regression model, horizontal acquisition has a negative effect on the organizational culture given that the regression coefficient was negative.

Table 12: Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	.453	.468		.969	.334
	Horizontal Vertical conglomerate	-.120	.052	-.161	-2.308	.022
		.258	.083	.300	3.116	.002
		.544	.055	.569	9.880	.000

a. Dependent Variable: employees satisfaction

CHAPTER FIVE SUMMARY OF FINDINGS, RECOMMENDATIONS AND CONCLUSIONS

5.0 Introduction

The chapter presents the summary of the main findings of the study with special focus on the four objectives. The chapter ends with the alternative action plans needed to implement, conclusion and recommendations which have been made base on the findings of the study.

5.1 Summary of findings

5.1.1 Summary of demographic characteristics of Management

5.1.1.1 Management age group

The analysis revealed that, the most dominant age of management of ETI and TTB was below 25years indicating that, the two bank's management group possibly is on the youth. This is very encouraging because fresh and modern ideas are likely to spring up when policies and strategies concerning organizational culture are being initiated and implemented by the management board. Management workforces are also likely to be vibrant and energetic so as to facilitate the operations of the bank. On the contrary management staff is likely to shift in between jobs since they are young and vibrant which can put pressure on the board of Directors.

5.1.1.2 Management and staff retention rate

Additionally, the analysis indicated that, management and staff respondents who had 3-4 years relationship with their bank formed about 90% of the total whiles those above 5 years is about 40%. There is an indication that banks have a high management retention rate. This possibly might well be attributed to the bank's effective, quality and proper management of staff. Thus if management are well enumerated they tend to be loyal to company.

5.1.1.3 Management education background

Lastly, according to the analysis the management of ETI and TTB are HND leavers'. The dominant nature of HND leavers reveals the banks management target. The outcome also indicates that the workforces' culture of the two banks is mainly HND. The result indicates that, the bank adopts cost cutting strategy in terms of its management recruitment program. Thus management is prepared to offer cheap labor than to seek management with higher education.

5.1.2 Summary of objective analysis

5.1.2.1 Effect of acquisition on employee motivational process

The study revealed that coefficient of determination or predictive power explained about 83 percent of the variations in the bank's which is strong. Thus performance of the employees does not occur by chance but rather based on the acquisition activities at the bank. Also from the coefficients of regression, if the acquisition activities changes by 1 percent motivational process will decrease According to the regression model, acquisition has a negative effect on the employees' motivational process given that the regression coefficient was negative. Again the ANOVA of regression indicated how well the independent variables significantly predict the outcome variable which is motivational process. The Sig. value on the regression row indicated 0.00 which is less than the p-value of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (motivational process).

5.1.2.2 Effect of acquisition on the organizational culture

The study revealed that coefficient of determination or predictive power explained about 97 percent of the variations in the bank's organizational culture which is strong. Thus a change in organizational culture does not occur by chance but rather based on the acquisition activities at the bank. Also from the coefficients of regression, if the acquisition activities changes by 1 percent organizational culture will change proportionately. According to the regression model, acquisition has a positive effect on the organizational culture given that the regression coefficient was positive. Again the ANOVA of regression indicated how well the independent variables significantly predict the outcome variable which is organizational culture. The Sig. value on the regression row indicated 0.00 which is less than the p-value of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (organizational culture).

5.1.2.3 Effect of the nature of acquisition on employee satisfaction

The study revealed that coefficient of determination or predictive power explained about 59.8 percent of the variations in the bank's employee performance which is strong. Thus a change in employee performance does not occur by chance but rather based on the nature of acquisition activities of the bank. Also from the coefficients of regression, indicates that, if the acquisition activities changes by 1 percent organizational culture will change proportionately. According to the regression model, nature of acquisition has a positive effect on the employee satisfaction given that the regression coefficient was positive. Again the ANOVA of regression indicated how well the independent variables significantly predict the outcome variable which is employee satisfaction. The Sig. value on the regression row indicated 0.00 which is less than the p-value of 0.05 and indicates that, the model applied is significantly good enough in predicting the outcome variable (employee satisfaction).

5.2 Conclusion

The study concludes that an effective acquisition process can be the key differentiator for companies in highly competitive industries. As products become commodities, companies attract and retain customers on the basis of organizational culture. Furthermore, the study established that the nature of acquisition has a 59.8 % chance of explaining the performance of employees. However, if the acquisition process is not well managed, staff and management might leave the company and also at extreme cases might decrease their rate of work output (performance) no matter how hard the bank try to retain them.

5.3 Recommendations

1. During post acquisition period, new ETI should implement management practices that foster job security and internal career development in order to keep employee turnover low, and maintain those social phenomena that comprise organizational culture (values, beliefs, norms, assumptions) within the organization, and therefore forming a strong organizational culture.

2. During post acquisition period, new ETI must structure their recruitment processes to attract and engage incumbents with the same beliefs and values that constitute the organization's culture. This ensures the new employee's assimilation to the company and further strengthens corporate culture. Companies should also ensure that they align corporate culture with performance management systems.

3. When culture and management systems are not aligned, management must redirect them so that employee behaviour results in the achievement of organizational goals.

4. Organizational culture to a large extent determines the performance of the employees. Therefore, it is in the interest of organizations to eliminate negative factors that slow down employee performance during post acquisition period in order to foster a positive workplace environment or a positive organizational culture.

5.4 Recommendation for further research

Researchers who consider the importance of Internal integration of cultures or can be described as the societal interaction of new members with the existing ones, creating boundaries of the organization feelings of identity among personals and commitment to the organization. Shared system which forms the basis of communication and mutual understanding in organization is due to its culture and if the organizational culture fails to fulfil these functions at satisfactory level, the culture may have significant negative influence on the efficiency of the employees.

REFERENCES

Amegah. W (2012). Mergers and Acquisition: Vodafone GT Case. KNUST LIBRARY

Asquith, P., Bruner R., & Mullins, D. (1983). The Gains to bidding firms from Acquisitions. *Journal of Financial Economics,* 11, 121-140.

Azhagaiah, R., & Kumar T. (2011). Mergers & Acquisitions: An empirical study on the Short- term Post–Acquisition Performance of Corporate Firms in India. *International Journal of Research in Commerce, Economics & Management*, 1, 80-104.

Azhagaiah, R., & Kumar T. (2011). Mergers & Acquisitions: An empirical study on the Short- term Post–Acquisition Performance of Corporate Firms in India. *International Journal of Research in Commerce, Economics & Management*, 1, 80-104.

Bijilsma-Frankema, K. (2002). "On managing cultural integration and cultural change processes in mergers and acquisitions," Journal of European Industrial Training, Vol. 25, April, pp. 192-207

Buono, Anthony F., James L. Bowditch, and John L. Lewis. (1985). When cultures collide: The anatomy of a merger. *Human Relations* 38(5):477-500.

Cartwright, Susan, and Cary L. Cooper. (1992). *Mergers and acquisitions: The human factor.* Oxford: Butterworth-Heineman.

Conyon, Martin, Sourafel Girma, Steve Thompson, and Peter W. Wright (2004). Do Wages Rise or Fall After Merger?, Oxford Bulletin of Economics and

Statistics, Vol. 66, No. 5, pp. 847-862.

Covin, T.J., Kolendo, T.A., Sighter, J.W. and Tudor, R.K. (1997). "Leadership styleand Post-merger satisfaction," Journal of management development

Davy, Jeanette A., Angelo Kinicki, Christine Scheck, and John Kilroy. (1989). Acquisitions make employees worry. *Personnel Administrator* 34(August):8490.

Fine, M. (1991). "New voices in the workplace: research directions in multicultural communications," The Journal of business communication, 28,3 259-75.

Gilkey, R. (1991). "The psychodynamics of upheaval: intervening in merger and acquisitions transactions." San Francisco: Jossey-Bass.

Gugler, Klaus and B. Burcin Yurtoglu (2004). The Effect of Mergers on Company Employment in the USA and Europe, International Journal of Industrial Organization, Vol. 22, pp. 481-502.

Gupta, K.,(2012). Mergers and Acquisitions: The Strategic Concepts for the Nuptials of Corporate Sector. *Innovative Journal of Business and Management*. 1, 6068.

Haspeslagh, P., & Jemison, D. (1991). *Managing acquisitions*. New York: Free Press.

Hensmans, M., Van den B., F.A.J., and Berda, H.W. (2001). "*Clicks vs bricks in the emerging online financial services industry*", Long Range Planning, 34, 23147.

Hirt, G. A., & Block, S.B. (1999) *Fundamentals of investment management*, 6th ed. McGraw Hill Co. Inc.

Hunsaker, Philip L., and Michael W. Coombs. 1988. Mergers and acquisitions: Managing the emo-tional issues. *Personnel* 67(March):56-63

Hunsaker, Philip L., and Michael W. Coombs. 1988. Mergers and acquisitions: Managing the emo-tional issues. *Personnel* 67 (March):56-63.

Hunt, P. (2004). *Structuring Mergers and Acquisitions: A guide to creating shareholder value*. (2nd ed). New York: Aspen Publishers.

Jemison, D. & Sitkin, S. (1986). Corporate acquisitions: A process perspective", Academy of Management Review, 11, pp. 145-163.

Johnson, G. & Scholes, K. (2002). *Exploring Corporate Strategy*. New York: Prentice hall.

Jovanovic, Boyan and Peter Rousseau (2002). Mergers as Reallocation, NBER Working Paper #9279.

Kithinji, M. (2007). Effects of Acquisitions on Financial Performance of Non Listed Banks in Kenya. *Unpublished MBA Thesis*. University of Nairobi.

Koller, T., Goedhart, M., & Wessels, D.(2010). *Valuation: Measuring and Managing the Value of Companies*. Hoboken, John Wiley & Sons.

Korir, E. (2006). Effects of Acquisitions on Financial Performance of Companies listed at the NSE. *Unpublished MBA Thesis*. University of Nairobi.

Krishna Nand Yudav and Kumar Thakur (2005), governance, democracy and development (India Pancchayat) Delhi: deep & deep publications, 2009.

Maditinos, D., Theriou, N. & Demtriades, E. (2008). The Effect of Mergers & Acquisitions on Performance of Companies- the Greek case of Ioniki – Laiki Bank and pisteos Bank. *Journal of European research Studies*, 11, 111-130.

Martin and Meryson.D J. (1991). "Organizational cultures and the denial, channeling and acknowledgement of ambiguity", in Ponday L.R.Boland, R.J. and Thomas. H.

McGuckin, Robert H. and Sang V. Nguyen (2001). The Impact of Ownership Change: A View from Labor Markets, International Journal of Industrial Organization, Vol. 19, No. 5, pp. 739-762.

Mirvis, P.H. and Marks, M.L. 1992, "Rebuilding after the merger: Dealing with survivor sickness," Organizational Dynamics, Vol. 21. No.2, pp. 18-23

Nahavandi, Afsaneh, and Ali R. Malekzadeh. 1993. *Organizational culture in the management of mergers*. Westport, CT: Quorum Books.

Napier, N. K. (1989). "Mergers and acquisitions, human resource issues and outcomes: a review and suggested typology", Journal of Management Studies, 26, pp. 271-289.

Nord, Walter R. (1994). Do mergers make acquired executives feel inferior? You bet! *Academy of Management Executive* 8(2):81-2.

Nord, Walter R. (1994). Do mergers make acquired executives feel inferior? You bet! *Academy of Management Executive* 8(2):81-2.

Noresh K. Malhotra (2007), Redefining marketing research, an applied orientation.

Piaskoski, M., & Finkelstein, N. (2004). Do Merger Efficiencies Receive Superior Treatment in Canada? Some legal, Policy and Practical Observations Arising from the Canadian Superior Propane Case. *World Competition*, 2, 259-298.

Pilloff, S., & Santomero, A. (1997). The Value Effect of Bank Mergers and Acquisitions, *Working Paper*, No. 97 (7), The Wharton Financial Institutions Centre.

Ramaswamy, K., & Waegelein, J. (2003). Firm Financial performance following acquisitions. *Review of Quantitative Finance and Accounting*, 20, 13-23

Riseberg. A (1997) "Ambiguity and communication in cross-cultural acquisitions: towards a conceptual framework." Leadership and organisational development journal volume 18 issue 5. 257-266.

Robino, David, and Kenneth Demeuse. (1985). Corporate mergers and acquisitions: Their impact on HRM. *Personnel Administrator* 30(November):33-44.

Roll, R. (1986). The Hubris Hypothesis of Corporate Control. *Journal of Business*, 59, 197 – 216.

Ross, S., Westerfield, R., Jaffe, J., & Jordan, B.(2007). *Corporate Finance. Core Principles and Applications*. (*2nd ed)*. New York: McGraw- Hill/Irwin.

Saunders, M., Lewis, P. & Thornhill, A. (2010) "Research Methods for Business Students" 6th edition, Pearson Education Limited

Scweiger, D.M, and DeNisi, A.S (1991). Communication with employees following a merger: a longitudinal field experiment", Academy of Management Journal, Vol.34 No. 1, pp, 110-35

Selcuk, A., & Yilmaz, A. (2011). The Impact of Acquisitions on acquirer performance: Evidence from Turkey. *Business and Economics Journal*, 22,1-7.

Sheehy, B. (1988). Culture clash: Mergers usually fail because the numbers add up but the people don't. *Industrial Management* 12 (March-April).

Shleifer, Andrei. (2001). Inefficient Markets, New York, NY: Oxford University Press.

Walsh, James P. 1988. Top management turnover following mergers and acquisitions. *Strategic Management Journal* 9:177-83.

Walter, G. (1985). Culture collisions in mergers and acquisitions. In: P. Frost, L. Moore, M. Louis, C. Lundberg & J. Martin (Eds), *Organisational Culture*. Beverly Hills, CA: Sage.

Weston, J., & Weaver, S. (2001). *Mergers and Acquisitions.* New York: McGraw-Hill.

Yeh, T., & Hoshino, Y. (2002). Productivity and Operating Performance of Japanese Merging Firms: Keiretsu- related and Independent Acquisitions. *Japanese and the World Economy,* 14, 243-366.

APPENDIX A

QUESTIONNAIRE

(Staff who were with the two banks before and after acquisition)

This questionnaire aims at investigating the impact of merger and acquisition on employee performance with special focus on acquisition of TTB by ETI. Please kindly assist me in this survey process by filling the questionnaire given below. Please indicate your preference among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided. Respondents are assured of confidentiality because it was solely for academic exercise. Thank you for your contribution.

Name of researcher:……………………………………..

A. Background Information of respondent

1. Gender? A. Male [ ] B. Female [ ]
2. Age? 25 years and below [ ] Between 26 and 35 years [ ] Between 36 and

   45years [ ] Between 46 and 55 years [ ] Above 55 years [ ]
3. Educational qualification? A. J.H.S B. S.H.S C. Diploma D. Degree E. Masters

F. Masters and beyond

4. How long have you been a staff of the bank?

A. Less than 1year [ ] B. Between 2 and 5years [ ] C. Between 5 and 10 years [ ] d. More than 10years [ ]

B. Assessment of effects of pre-acquisition on employee performance.

To what extent do you agree with the following statement pertaining to effects of preacquisition on your performance as an employee?

Key: SA-Strongly Agree A-Agree N-Neutral D-Disagree SD-Strongly Disagree

Employee satisfaction before acquisition	SA	A	N	D	SD
1. I liked the kind of work I did					
2. My work gave me a feeling of accomplishment					
3. I had the resources, tools, computers, materials and information I needed to do my job effectively					
4. There were enough people in my department/work group to handle the existing workload					
5. I was generally able to balance my work and personal life.					
6. Within my department/work group, employees are encouraged to exchange job ideas with each other					
7. People who made decisions that affect me seem to know what's going on at my level in the company					
8. Overall, I believed that top leaders of our company are making the right decisions for the success of the company					
9. My supervisor provided a strong commitment to quality excellence and customer service					
10. The people in my department/work group maintain high performance standards.					
11. My department/work group almost always met our deadlines and achieves our goals.					
12. Our company provided products and services that met or exceeded customer expectations.					
13. I would have wanted to be a customer of this organization					

14. I am encouraged to come up with innovative ideas on the job					
15. Our company encourages positive change and new ways of doing things					
16. I received the recognition I deserved for my work contributions.					
17. I am fairly paid for the job I perform.					
18. The benefits programs provided by our company are					
satisfactory and met my expectations					
19. My Supervisor shows a genuine interest in the employees in my department/work group.					
20. My supervisor was actively involved in my development/work group					
21. My supervisor was fair and consistent in applying the rules to all employees					
22. My supervisor keeps me informed about matters that affect me.					
23. My supervisor provided performance feedback that was fair and useful to me.					
24. My supervisor provided performance feedback that was timely and on a consistent basis					
25. Our company was committed to the growth of individual employees.					
26. There was good cooperation in my department/work group to work as a team and get the job done.					
27. In my department/work group, we communicated frequently and effectively					
28. Communication between departments/work groups occurred on a regular and effective basis					
29. Overall communication to employees was effective.					
30. Information provided by the senior leadership team was straightforward and honest					
31. A sincere effort was made to get the opinions and thinking of people in our company.					
32. I am committed to working at our company for the foreseeable future					
33. I was proud to work for this organization.					
34. I am optimistic about the long-term success of our company					
35. I have a clear understanding of our company's business objectives.					

36. People are treated with respect in this company, regardless of level or position.					
37. People with diverse backgrounds are treated with respect in this company.					

C. Assessment of effects of post-acquisition on employee performance.

To what extent do you agree with the following statements pertaining to the effects of acquisition of TTB by ETI on your performance as an employee?

Key: SA-Strongly Agree A-Agree N-Neutral D-Disagree SD-Strongly Disagree

Employee satisfaction before acquisition	SA	A	N	D	SD
1. I liked the kind of work I did					
2. My work gave me a feeling of accomplishment					
3. I had the resources, tools, computers, materials and information I needed to do my job effectively					
4. There were enough people in my department/work group to handle the existing workload					
5. I was generally able to balance my work and personal life.					
6. Within my department/work group, employees are encouraged to exchange job ideas with each other					
7. People who made decisions that affect me seem to know what's going on at my level in the company					
8. Overall, I believed that top leaders of our company are making the right decisions for the success of the company					
9. My supervisor provided a strong commitment to quality excellence and customer service					
10. The people in my department/work group maintain high performance standards.					
11. My department/work group almost always met our deadlines and achieves our goals.					
12. Our company provided products and services that met or exceeded customer expectations.					
13. I would have wanted to be a customer of this organization					

14. I am encouraged to come up with innovative ideas on the job					
15. Our company encourages positive change and new ways of doing things					
16. I received the recognition I deserved for my work contributions.					
17. I am fairly paid for the job I perform.					
18. The benefits programs provided by our company are					
satisfactory and met my expectations					
19. My Supervisor shows a genuine interest in the employees in my department/work group.					
20. My supervisor was actively involved in my development/work group					
21. My supervisor was fair and consistent in applying the rules to all employees					
22. My supervisor keeps me informed about matters that affect me.					
23. My supervisor provided performance feedback that was fair and useful to me.					
24. My supervisor provided performance feedback that was timely and on a consistent basis					
25. Our company was committed to the growth of individual employees.					
26. There was good cooperation in my department/work group to work as a team and get the job done.					
27. In my department/work group, we communicated frequently and effectively					
28. Communication between departments/work groups occurred on a regular and effective basis					
29. Overall communication to employees was effective.					
30. Information provided by the senior leadership team was straightforward and honest					
31. A sincere effort was made to get the opinions and thinking of people in our company.					
32. I am committed to working at our company for the foreseeable future					
33. I was proud to work for this organization.					
34. I am optimistic about the long-term success of our company					
35. I have a clear understanding of our company's business objectives.					

36. People are treated with respect in this company, regardless of level or position.					
37. People with diverse backgrounds are treated with respect in this company.					

1. How many customers are you able to serve in a day after the acquisition? A. 1-20 [ ] B. 20-50 [ ] C. 50-100 [ ] D.100 and above [ ]
2. How many customers were you able to serve in a day before the acquisition? A. 1-20 [ ] B. 20-50 [ ] C. 50-100 [ ] D.100 and above [ ]
3. To what extent has the following motivational packages been improved before the acquisition. Indicate your preference by writing the number associated with the five scale options beside each motivational package.

1=Good 2=Better 3=Best 4=Not good 5=Not good at all

Salary ……………………………………….

Allowances ………………………………………..

Rewards……………………………………………..

Scholarships …………………………………………

4. To what extent has the following motivational packages been improved after the acquisition. Indicate your preference by writing the number associated with the five scale options beside each motivational package.

1=Good 2=Better 3=Best 4=Not good 5=Not good at all

Salary ……………………………………….

Allowances ………………………………………..

Rewards……………………………………………..

Scholarships …………………………………………

APPENDIX B

Questionnaire

(Management who were with the two banks before and after acquisition)

This questionnaire aims at investigating the impact of merger and acquisition on employee performance with special focus on acquisition of TTB by ETI. Please kindly assist me in this survey process by filling the questionnaire given below. Please indicate your preference among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided. Respondents are assured of confidentiality because it was solely for academic exercise. Thank you for your contribution.

A. Background Information

1. Gender? Male [ ] Female [ ]
2. Age? 25 and below [ ] 26-35 [ ] 36-45yrs [ ] 46- 55yrs [ ] above 55 [ ]
3. Department? ……………………………………………………………
4. Nature of your job? ....
5. Which of the two banks did you start with? A. ETI [ ] B. TTB [ ]
6. How long have you been working with the bank before the acquisition?

a. Less than 1yr [ ] b. 2 – 5yrs [ ] c. 5 – 10yrs [ ] d. More than 10yrs [ ]

B. Post mergers and acquisition (M&A) activity

7. What level of management was responsible for the formulation of M&A policy?

Board [ ] Top management [ ] Junior staff [ ] All the above [ ]

8. Were the M&A policies well communicated to all employees?

Yes [ ] No [ ]

If No:

Why?..

....

9. Which of the following challenges confronted the success of the acquisition?

A. Employee retention [ ] B. culture imposition [ ] C. Change of key management [ ].

D. Investors' attitude [ ]. Others specify……………………………..............

10. What do you think are the benefits the bank stands to gain by acquiring TTB?

A. Good corporate image [ ] B. Positive word-of-mouth-advertising [ ]

C. Increase in profit [ ] D. High customer loyalty [ ] E. all of the above [ ]

F. others specify ……………………………………………………………………

11. What are the challenges that confronted the process from your point of view as manager? Kindly write them.

1. ………………………………………………………………………………..
2. ………………………………………………………………………………..
3. ………………………………………………………………………………
4. ………………………………………………………………………………
5. ………………………………………………………………………………

12. To what extent has the following motivational packages been improved before the acquisition. Indicate your preference by writing the number associated with the five scale options beside each motivational package.

1=Good 2=Better 3=Best 4=Not good 5=Not good at all

Salary ………………………………………………………………..

Allowances ……………………………………………………………….

Rewards……………………………………………………………….

Scholarships ……………………………………………………………...

13. To what extent has the following motivational packages been improved after the acquisition. Indicate your preference by writing the number associated with the five scale options beside each motivational package.

    1=Good 2=Better 3=Best 4=Not good 5=Not good at all

Salary ………………………………………………………….

Allowances ……………………………………………………..

Rewards……………………………………………………………..

Scholarships …………………………………………………

THANK YOU