ASSESSING THE EFFECTS OF ACQUISITIONS ON THE PERFORMANCE OF BANKS IN GHANA: A CASE STUDY OF ECOBANK GHANA AND THE TRUST BANK, (TTB)

By

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DECLARATION

I hereby declare that this submission is my own original work towards the award of the degree of Master of Business Administration, (MBA) and that, to the best of my knowledge, it contains no material previously published by another person nor material which has been accepted for the award of any other degree of the University, except where due acknowledgement has been made in the text.

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DEDICATION

I dedicate this thesis to God Almighty and to my father and mother whom without their support and guidance, this wouldn‟t have been possible.

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ABSTRACT

Acquisitions as evidenced by their increased activity seem to be very popular to the corporate players involved. However, they appear to provide at best, a mixed performance to the broad range of stakeholders involved. The study sought to investigate the effects of acquisitions on performance at Ecobank. Research design employed was descriptive design. The data gathered were analyzed using (SPSS). The research instruments used were closed ended questionnaires and Ghana Banking survey report. A sample size of 100 respondents were selected using the purposive and simple random sampling techniques. The population included all workers and customers of Ecobank Kumasi main branch as well as those in management positions. The findings revealed that, the share of industry advances, share of industry deposits and the Share of industry total assets of Ecobank increased after the Acquisitions. Ecobank‟s rankings in share of industry deposits, share of industry advances and share of industry total assets among banks in Ghana increased. Majority of the employees agreed that it would be very hard for them to leave their present organization right now, even if they wanted to and would not leave their present organization right now because they have a sense of obligation to the people in it. Management disagreed on the statement that Employees would likely search for a position with another employer and agreed that it would be very hard for some employees to leave present organization right now, even if they wanted to. Customers agreed that the location of the bank‟s branches are near homes or workplaces although there is Limited parking places now, the Bank is now internationally oriented and the number of branches has increased. Employees disagreed that Customer friendliness of the personnel has increased and Management agreed that the Availability of Automatic Teller Machines (ATM) has increased, the Bank has several branches than before and the Bank offers more loans and overdrafts than before. Ecobank Ghana should put measures in place to ensure that they benefit from acquisition.

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CHAPTER ONE

INTRODUCTION

1.0 Introduction

The study begins with a background introduction of acquisitions. The chapter also looks at the Problem statement, justification, objectives, research questions as well as organization of the chapter.

1.1 Background to the Study

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.

Acquisitions have been rather unpopular in Ghana due to the unique entrepreneurial culture and the business and political environment. People prefer to work for themselves in Ghana and many Ghanaian companies are controlled by their founders or families who are usually the top largest shareholders. Political and economic instability, in the past, hindered the growth of businesses in Ghana. However, in the last two decades, Ghana has embarked on political democracy, economic liberalization and financial deregulation and therefore corporate Ghana has come to face more intense competition and now seeks acquisitions as alternative strategy to internal growth.

This has led to more frequent occurrences of mergers and acquisition activities in Ghana in recent times.

This study therefore seeks to investigate the effects of Acquisitions on performance of Banks in Ghana using Ecobank Ghana.

1.2 Problem Statement

Acquisitions as evidenced by their increased activity seem to be very popular to the corporate players involved. However, they appear to provide at best, a mixed performance to the broad range of stakeholders involved (Korir, 2006).

Numerous studies from around the world have failed to agree on whether acquisitions improve the acquiring firm‟s financial performance. Some studies show that there is improved post acquisition financial performance for acquiring firms (Azhagaiah and Kumar 2011: Ramaswany and Waegelein, 2003: Kithinji, 2007: Korir, 2006). Many studies have looked at it from different angles. Acquisitions are increasingly seen by companies as an efficient and fast way to expand onto new markets to gain new competences including brand. But, the success is by no means assured (Baldwin, 1995). From 50 to 75 percent of Acquisitions fail to achieve the anticipated purpose. Apart from the failure to achieve its purpose, Mergers and Acquisitions has affected companies and employees in several ways (Baldwin, 1995).

The effects of acquisitions on productivity can be significant if the reorganization of the business is not handled effectively. During any acquisition efforts, there are at least two groups of employees involved, often coming from organizations with distinctly different cultures and styles. Learning a new culture can be challenging, but is especially so when employees are faced with uncertainty about what the future may hold and whose job is on the line. Employees may also fear losing their jobs or losing opportunities that they formerly had. This fear can negatively impact productivity and may even result in employees leaving the company to seek jobs elsewhere (Harford, 2005).

In one way, Acquisitions can lead to customer‟s dissatisfaction if not handled effectively. Again, there have been instances where organizations have lost revenues and profits.

Ghana is still a developing country where many companies have engaged in Acquisitions. Many of these companies have faced challenges in one way or the other and it is in view of this that the study is being conducted to investigate the effects of Acquisitions on performance of Banks in Ghana using Ecobank as a case study.

1.3 Objectives of the Study

The main aim of this thesis is to investigate the effects of acquisitions on performance at Ecobank.

The specific objectives are to:

1. To determine the effects of acquisitions on market share value of Ecobank.
2. To examine the effects of acquisitions on employee turnover at Ecobank Ghana.
3. To assess the effects of acquisitions on accessibility of the Bank to customers of Ecobank.

1.4 Research Questions

1. What are the effects of acquisitions on market share value of Ecobank?
2. What are the effects of acquisitions on employee turnover at Ecobank Ghana?
3. What are the effects of acquisitions on accessibility of the Bank to customers of Ecobank?

1.5 Justification of the Study

There have been research findings that have shown how mergers and acquisitions provide benefits to a company. By assessing the effects of mergers and acquisitions on Ecobank Ghana, interested parties such as investors, workers, speculators, analysts and the company itself may find this study useful. The analysis in the study will therefore provide a basis for them to make informed decisions. Additionally, the study will augment other research works on Mergers and Acquisitions and thus contribute to knowledge on the topic of Mergers and Acquisitions which would be beneficial to students.

1.6 Scope

This study was limited to Ecobank Ghana and The Trust Bank (TTB), thus findings in this study may not be applicable to all other Banks in Ghana. A complete coverage of all Banks in Ghana is not possible due to time and financial constraints. The study participants included employees, customers, shareholders and management of Ecobank Ghana and The Trust Bank (TTB).

1.7 Limitation of the Study

Another limitation was the difficulty to acquire data for the study since most organisations are not willing to disclose certain relevant information needed for the study. The fear is that once such relevant information is released, it might fall in the hands of their competitors. Other limitations were time and finance.

1.8 Organisation of the Study

This study has been grouped into five chapters. Chapter one highlights on the background of the study, problem statement, scope and limitations of the study, significance, objectives as well as the organisation, the next chapter focuses on the theoretical and empirical review of relevant literature concerning the study. Chapter three is devoted to the methodology, that is, how data is collected and analysed using the various statistical tools and chapter four presents the data. Finally, chapter five covers the discussion of the findings, summary of the study as well as the conclusions and recommendations on the effects of Mergers and Acquisitions on Ecobank Ghana.

1.9 Definition of Terms

Effects: How mergers and acquisitions affect Ecobank

Mergers: Corporate event in which two companies consolidate to form a new company

Acquisitions: Corporate action in which the acquiring company buys all of the target company‟s existing ownership shares in order to assume all the control and decision rights of the target company

CHAPTER TWO

LITERATURE REVIEW

2.0 Introduction

This chapter reviews related literature on Acquisitions. The chapter begins with an overview of Acquisitions then further look at the causes, effects, types and advantages and disadvantages of Acquisitions.

2.1 Overview of Acquisitions

According to Bahtiyar (2012) an acquisition refers to a corporate action in which the acquiring company buys all of the target company‟s existing ownership shares in order to assume all the control and decision rights of the target company. Once the acquisition is complete, the target company becomes a part of the acquiring company. The literature classifies acquisitions as friendly and hostile depending on whether the target company is willing to accept the acquiring company‟s bid and whether the acquiring company makes an offer to the target company‟s incumbent board of directors and management before announcing its intentions publicly.

The acquisition is considered hostile if the target firm‟s incumbent management is against the acquisition or the acquirer circumvents the incumbent management of the target firm and bids directly for the shares of the target firm.

There are various ways the acquiring company can remove the incumbent managers. First, it can buy the requisite number of shares by offering a fixed price per share that is above the current market price, and this method is called tender offer. The tender offer is basically a cash offer for the current shareholders. However, the incumbent managers have developed creative tools to protect themselves from hostile takeovers or at least to negotiate lucrative deals for themselves at the expense of their shareholders (Wulf, 2004). Shleifer and Vishny (1988) point out that "takeover defences employed by target management range from the relatively innocuous fair price amendment to the practically insurmountable poison pill." The term "poison pill" refers to managers‟ set of defensive tools that impose significant and discouraging costs on the acquirers upon "triggering" the pill. The typical types of costs include dilution of acquirers‟ equity holdings and revocation of their voting rights, and the pill is triggered if the acquirer accumulates a certain percentage of the target company‟s shares that exceeds a certain pre-specified threshold. Walkling and Long (1984) suggest that the managerial resistance to a takeover bid is directly related to the target management's personal wealth changes due to the acquisition.

Also, the potential acquirer can persuade a number of shareholders that is necessary to replace the incumbent board of directors and management who are against the acquisition. This method is called a proxy fight because the individual shareholders of a corporation do not participate in every meeting and do not vote for every matter.

Instead, they delegate their voting rights to an individual who is called proxy. The proxy votes on behalf of the principal shareholder and the potential acquirers try to persuade the proxies to vote in their favour to replace the incumbents.

It must be noted that not all the acquisitions occur in a hostile manner. In "friendly" acquisitions, the acquiring firm can conduct the takeover either through an auction or a negotiation process (Boone and Mulherin, 2007).

The method of acquisition process varies depending on the negotiation procedure. The invariant outcome that occurs under any method of takeover process is that the acquirers typically overpay for the target firm shares (Bahtiyar, 2012).

Roll (1986) attributes this to the acquiring-firms‟ managers‟ hubris. Roll suggests that a manager‟s hubris leads him to believe that his valuation of a target firm is better than the overall market‟s valuation which results in overvaluation since no shareholder would sell his shares less than the market price. Shleifer and Vishny (1988) offer different reasoning and conjecture that managers deliberately overpay because acquisition brings them benefits such as increased firm size, a new line of business which may provide an opportunity to diversify, or an acquisition that makes the manager less replaceable.

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 Distinction between Mergers and Acquisitions

Although they are often uttered in the same breath and used as though they were synonymous, the terms mergers and acquisition mean slightly different things. When one company takes over another and clearly established itself as the new owner, the purchase is called an acquisition (Amegah, 2012).

From a legal point of view, the target company ceases to exist, the buyer "swallows" the business and the buyer's stock continues to be traded. In the pure sense of the term, a mergers happens when two firms, often of about the same size, agree to go forward as a single new company rather than remain separately owned and operated. This kind of action is more precisely referred to as a "mergers of equals." Both companies' stocks are surrendered and new company stock is issued in its place. For example, both Daimler-Benz and Chrysler ceased to exist when the two firms merged, and a new company, DaimlerChrysler, was created. In practice, however, actual mergers of equals don't happen very often. Usually, one company will buy another and, as part of the deal's terms, simply allow the acquired firm to proclaim that the action is a merger of equals, even if it‟s technically an acquisition. Being bought out often carries negative connotations, therefore, by describing the deal as a merger, deal makers and top managers try to make the takeover more palatable (Investopedia.com, 2013).

A purchase deal will also be called a merger when both CEOs agree that joining together is in the best interest of both of their companies. But when the deal is unfriendly that is, when the target company does not want to be purchased it is always regarded as an acquisition. Whether a purchase is considered a mergers or an acquisition really depends on whether the purchase is friendly or hostile and how it is announced. In other words, the real difference lies in how the purchase is communicated to and received by the target company's board of directors, employees and shareholders.

Garbage (2007) in his thesis paper on International Mergers & Acquisitions, Cooperation and Networks in the e-business defines a mergers as the combination of two or more companies in which the assets and liabilities of the selling firms are absorbed by the buying firm.

According to Gaughan (2002) a mergers is a combination of two companies in which only one company survives and the merged company ceases to exist, whereby the acquiring company assumes the assets and liabilities of the merged company. An acquisition also known as a takeover is the buying of a company, the target by another or the purchase of an asset such as plant or a division of a company. In the case of Vodafone acquisition of GT the acquired company Ghana Telecommunication Company limited still remains the legal name and Vodafone Ghana (VFGH) as the brand name (Amegah, 2012).

Rosenbaum and Pearl (2009) describe another form of acquisition known as a consolidation. According to them the terms mergers and consolidation are sometimes used interchangeably. As a general rule of thumb, a merger describes the acquisition of a smaller company by a larger one. If the union is between two corporations of more or less equal size, then the term consolidation is probably applicable.

2.3 The Concept of Performance

Organizational performance comprises the actual output or results of an organization as measured against its intended outputs (or goals and objectives). According to Cascio (2006), performance is the degree of achievement of the mission at work place. Different researchers have different thoughts about performance. Mostly researcher‟s used the term performance to express the range of measurements of transactional efficiency and input & output efficiency (Stannack, 1996). In his contribution, Chenhall (2005) opined that performance of an organization can be measured either by financial or non-financial or both. 19

As Richardo and Wade (2001) suggested, organizations success shows high return on equity and this become possible due to establishment of good employees performance management system.

Nevertheless, Garg (2007) indicated that firm performance based on finance and accounting literature is measured by return on asset and ratio of sales to assets. Hossan and Habib (2010) indicated that profitability ratios designate a company's overall efficiency and performance. It measures the company how to use of its assets and control of its expenses to generate an acceptable rate of return. In his contribution to profitability ratios, Thachappilly (2009**)** stated in his article the Financial Ratio Analysis for Performance evaluation that profitability ratio help to evaluate the performance of a company, so that investors can decide whether to invest in that company.

2.4 Theories of Acquisitions

2.4.1. 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.

2.4.2. 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.

2.4.3. 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.

2.5 Effects of Acquisition on Performance

According to the formulated motives to merge, it can be expected that the execution of a merger or acquisition is a well-considered decision, with expected benefits accruing to the firms involved as a result. The results of Healy et al.(1992) confirm this expectation and show positive effects on the profitability of the merged companies. The hypothesis is also underlined by Gugler et al. (2002), who conclude that mergers in general result in significant profit increases for the combined company. Nevertheless, there are also studies, such as the study of Ravenscraft and Scherer (1989), who found a decline in the profitability of acquired firms. The reason for this decline is losing the control due to more complex organizational structures and lessened managerial competence and/or motivation. With this explanation Ravenscraft and Scherer (1989) show considerable skepticism towards the claim that mergers are on an average efficiency-enhancing. The effect of a merger or acquisition could have a negative influence on the firms" industry and facilitate industry contraction. Own-industry M&As had a negative relation to capacity utilization in the 1980s and therefore induced exits in industries with excess capacity (Andrade & Stafford, 2004). Then again, Andrade et al. (2001) add to this conclusion that mergers can play two different roles and therefore show positive effects on capacity utilization in the 1990s (which is also confirmed by Jensen, 1993). It therefore can be concluded that mergers do not automatically result in better firm performance. M&As could negatively affect the merged companies or the entire industry.

Based upon the numerous studies that deal with M&A activity and its effects, it is not possible to give a decisive answer on the question whether mergers have a negative or positive effect on the profitability of firms.

Besides the post-merger effect it is also important, in case of determining the effects of M&As on firm performance, to take into account the stock market reaction around the M&A announcement dates. This reaction reflects the changes in expected future cash-flows that will accrue to the shareholders of the firms involved and can be seen as a proxy of the expected value arising from the merger (Campa & Hernando, 2004). Looking at the separate effects for the bidder and target firms around the M&A announcement date, a trend can be found in the literature. Dodd and Ruback (1977) conclude that in the month of the M&A announcement, the stockholders of the target firm earn large and significant abnormal returns of 20.58%. For the stockholders of the acquiring firm, they found a lower, but also positive, return of 2.83 %. Also Franks and Harris (1989) conclude in their study that target firms benefit from a merger or acquisition around the announcement date, but regarding the acquiring companies they conclude that those companies earn zero return or generate just a modest gain. Andrade et al. (2001) move even further and found, besides the positive effect for the combined firm, negative abnormal returns for the acquiring firms around the announcement date. In a more recent study of Netter, Stegemoller and Wintoki (2011) the trend in returns was underlined. They conclude that the acquiring firms gain an abnormal return of 1.1%, while the target firms gain an abnormal return of 20.4%. To explain this trend, different causes can be found. Netter et al. (2011)

conclude in their study that there is not an obvious reason to explain the trend. This is confirmed by other studies which conclude that several factors play a role. Andrade et al. (2001) suggest that M&As are not always undertaken for the good reasons. For example empire-building by managers can favour a merger, which is not always beneficial for the acquirer‟s shareholders. Another reason can be the presence of competing bidders, which results in higher takeover prices. Other possible explanations, found by Moeller and Schlingemann (2004), are deal atmosphere (friendly takeovers result in better results for acquiring firms than hostile takeovers) and the size of the acquirer (the larger the acquiring firm, the better the acquirer‟s results).

A slightly deviating trend is found by Moeller et al. (2005). They found that the profitability of M&As depends on its timing. Acquisition announcements in the 990s were profitable until 1997, but in the subsequent years until 2001 there were losses, which wiped out all the gains made earlier. However, in this study, the negative outcomes are caused by a relative small number of acquisitions with a negative effect which are weighted more heavily than the positive effects of thousands of other acquisitions. Therefore, regarding the effect of M&A announcements a clear trend, where the target‟s abnormal returns are higher than the acquirer‟s abnormal returns, is observable. However, regarding the abnormal returns of the acquiring firms, there is no clear answer whether these returns are positive or negative.

Regarding the returns of the target firms, it can be concluded from several studies that those abnormal returns are in general positive, especially due to the improvement in efficiency, control, economies of scale, synergies and the advantage of certain deal characteristics (for example deal attitude and payment method).

The effects of M&As can also be studied per industry. This is meaningful because M&As could have different effects in different industries. For example the study of DeYoung et al. (2009) who tracked the evolution of M&A literature concerning financial institutions in the post-2000 period. In the pre-2000 literature most studies concluded that bank mergers were efficiency improving, while eventstudy literature found no convincing evidence for positive stockholder wealth effects.

This result motivated researchers to find other explanations for the efficiency improvement. DeYoung et al. (2009) reviewed more than 150 studies in the post-2000 period and concluded that U.S. bank mergers are in general efficiency improving, although there is still no convincing evidence for positive stockholder wealth effects in the financial sector. In contradiction with this result, in European bank deals they found a clear consensus, which shows both efficiency gains and enhanced stockholder value. Regarding the U.S. deals, most studies found a positive relationship between CEO compensation and merger activity. The overall findings in the study of DeYoung et al. (2009) indicate that M&As in the financial sector have a positive effect on firm performance, but they also warn for the potential negative impact on prices for consumers, credit availability, too big to fail issues and market power effects.

Danzon et al (2007) found that mergers in this industry are mostly undertaken as a solution to solve disappointing profits. However, they found no evidence that mergers create positive long term values, which suggests that M&As do not result in cost savings and economics of scale in this industry. Fowler and Schmidt (1988) studied the influence of M&As in the manufacturing industry. They conclude in their study that M&As do not affect financial performance in a favourable manner. Their results indicate that accounting and investor returns decrease significantly in the four years after the M&A compared with the four years before the M&A. A study on M&As in different Indian industries y Martynova and Renneboog (2008) illustrates the influence that an industry could have on the M&A effect. This study found a positive impact on profitability for firms in the banking and finance industry, but a negative impact for firms in the pharmaceutical, textile, chemical and agribusiness industry.

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 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 short-term 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 long-term 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 Kenya. He used a sample derived from the period between 1994 and 2001. Comparative analysis of the bank‟s 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.

2.6 The Occurrence of Mergers and Acquisitions

There are various theories for the occurrence of these M&As waves. According to Gorts´ Economic Disturbance Theory of Mergers, waves always emerge in periods of strong growing economy and a rise in the stock market in the US and Western Europe. To a greater extent, a rising economic activity creates an imbalance in the product markets. Investors have different estimations for the future demand and therefore some of them evaluate the target companies higher than the others. M&As are the result of the effort to benefit from these value dissimilarities. If then leading companies make the first M&A movement, the competitors will follow them for fear of being left behind and in this way the impulse for a wave is created (Gort, 1969; Sudarsanam, 2003).

Political, Economic, Social and Technological issues are taken into account in another theory, the so-called PEST model, which is used to describe the external environment of a company and its constraints. Technological breakthroughs, such as railway system, electricity grid or evolution of the Internet had a tremendous influence on the development of these M&A waves. Also political influences like changes in the tax regime or in pension policy of the government are stimulators for the occurrence of a wave. In Germany, for instance, announced capital gains tax reliefs for big banks and insurance companies such as Deutsche Bank or Allianz, to react against the slowdown of its acquisition activities. The pension policy was influenced by social issues such as the ageing profile of the population. Hence, social issues as well as economic issues, such as interest rate or inflation rate, often influence the emergence of a wave indirectly through governmental regulations (Sudarsanam, 2003).

2.7 Motives for Mergers and Acquisitions

There are several theories related to acquisition motives. Most of these theories are closely related to each other and give most of the time similar motives for acquisitions. Ojanen, Salmi and Torkkeli (2008) have classified the motives of M&A with the perspective of an acquirer company:

i. Expansion and development which involve geographic and/or product expansion, client following and redeployment of resources to or/and from target.
ii. Increase internal efficiency includes economies of scale.
iii. Improved competitive environment encompasses increase market share and power, gain size to face global competition, defence mechanism, acquire a

competitor, create a barrier to market entry, decrease industry overcapacity, and benefit from cost disparities (for instance, labour).

iv. Financial motives comprises diversify risk; invest in fast-growth markets, and turnaround of a failing target.

v. Personal motives include increased sales and asset growth, gain personal power and prestige, cashing in on short-term stock market reactions (incentive system).

vi. Others include benefit from exchange rate differentials, and bypass protective tariffs, quotas among others.

Obviously, M&A may be motivated by more than one of those motives. Those motives may also vary depending on the industry and the firm objectives (Ojanen et al., 2008).

Other factors affecting M&A change with changing political, economic, sociocultural, technological and legal environments (Kaushal, 1995). Business organisation literature has identifies two main reasons associated with M&A that is efficiency and strategic rationale (Neary, 2004). Efficiency gain means the merger will result into benefits in the form of economies of scale and scope. Economies of scale and scope are achieved due to the integration of the volumes and efficiency of both firms forming the combined entity. Next, strategic rationale is derived from the point that M&A activities would lead to change in the structure of the combined entity which would have an affirmative impact on the performance of the firm.

2.8 Outline of the Ghanaian Banking Industry

The economy of Ghana can be described largely as a developing economy with several sectors of which the banking sector plays an important role in the development of the economy. The banking sector in Ghana has seen tremendous growth and development from the colonial era through to independence in 1957 to date. Banks were established to mobilise financial resources from savers and make these resources available to borrowers for investment. In general, the evolution of the banking system in Ghana may be seen as a response to certain perceived credit needs of some sectors in the economy at different point in time (Gockel, 1995). Banking emerged in the colonial era with the aim of providing banking services for the British trading enterprises and the British colonial administration. The British Bank of British West Africa, which later became known as Standard Chartered Bank, was established in 1896 followed by Barclays Bank DCO, now Barclays Bank Ghana Limited (BBG) in 1917. In spite of their objectives of providing banking and currency services to expatriate companies and the colonial administration, the bank attracted the patronage of some indigenous Africans. This therefore led to the establishment of an indigenous bank called the Bank of the Gold Coast in 1953, to operate for the benefit of the indigenous private sector. After independence, however, Ghana left the West African

Currency Board (WACB) and split the bank of the Gold Coast into two, that is, the

Bank of Ghana (BOG), taking on central banking activities and the Ghana Commercial Bank (GCB) now Ghana Commercial Bank Limited taking commercial banking activities. For financing the purchases of cocoa, the co-operative bank was established in 1935 by the farmers‟ co-operatives and the colonial government. To cater for medium and long-term financing needs of the manufacturing and agrobusiness sectors, the National Investment Bank (NIB) was established in 1963 to provide long-term credit facilities. In 1965, the Agricultural Credit and Co-operative Bank now Agricultural Development Bank (ADB) was established to provide finance for the development of the agriculture sector. The Bank for Housing and Construction (BHC) was also established by government decree in 1972 to undertake mortgagefinancing activities, facilitate the participation of domestic or foreign private capital in the construction sector and enter into joint venture projects in this sector. The Security Guarantee Trust Limited (SGT) and after a year it became Social Security Bank (SSB) now SG-SSB Bank limited was established in 1975 to allow salaried workers to acquire consumer goods. It was also tasked with the operation of development finance scheme for small-scale industrial and agriculture projects. Merchant banks emerged to accept deposits and open checking accounts for only corporate bodies and individuals trading under business names with high net worth and with relatively substantial turnovers as well as for individuals (non-traders) who have big deposits or whose incomes are substantial. The individual banks in the merchant banking business in Ghana were the Merchant Bank of Ghana Ltd., Ecobank Ghana Ltd., CAL Merchant Bank Ltd. and First Atlantic Bank Merchant Bank. In addition, specialised banks were established to cater for various credit needs in the rural sectors.

2.9 Empirical Studies

The fact that geographical closeness plays an important role in the M&A discussion is investigated by Böckerman and Lehto (2006). They studied domestic M&As from a regional perspective and found that a great number of M&As occur within defined regions. Their results show that companies prefer to seek partners from their home regions, that larger companies overcome geographical boundaries in general more easily and that domestic M&As are more likely to occur in regions that contain a great number of companies. Regarding the international effects of M&As several papers are written. Mueller (1997) summarized the results from 20 studies drawn from 10 countries regarding the post-World War II period. His first finding shows that the most common way to measure the effects of mergers on profitability is by computing the weighted average profit rate of the merging firms before the merger and compare it to the profit rate of the merging firms after the merger. To control for economic conditions the change in profits of the merged firms should be compared with a control group of similar non-merging firms or industry averages of the merging firms.

According to the study of Mueller (1997), the M&A effects in the United States correspond with the effects in the United Kingdom. In those countries most evidence points toward no increase and probably some decline in the profitability of the merging firms after the merger.

However, the international results are mixed because some other studies found for both countries the opposite effect (Cosh et al., 1980). Mueller (1997) concludes for other countries that mostly no distinct patterns could be found and that most results are statistically insignificant. In some countries mergers seem to result in profit increases, while in other countries they seem to result in profit decreases. Alexandridis et al.(2010) have made also an international comparison and provide evidence that public acquisitions do generate gains, but the distribution of gains between acquiring and target firms depends on the degree of competition in the market. Acquirers in the most competitive takeover markets (U.S., U.K. and Canada) realize higher gains than acquirers in other countries. Regarding abnormal returns they found in most countries the same general view as discussed earlier in this study, where the acquirer"s abnormal return is lower than the target"s abnormal return.

Other international results regarding abnormal returns were found by Park (2004). He found significant greater abnormal returns for US firms than non-US firms, which indicates that the U.S. stock exchange responds more positively on M&A announcements than other stock exchanges. Campa and Hernando (2004) focused in their study on shareholder value in European M&As. The process of economic integration and the deregulation of economic activities in the European Union (E.U.) were important developments in the late 1990s and begin 2000s. Those developments stimulated the restructuring of companies in the E.U. and especially the restructuring of companies located in the euro area. The M&A patterns found in this period are the same for European M&As as for M&As in other countries. This means that target shareholders received in general positive cumulative abnormal returns (9%) and that acquiring firms received no cumulative abnormal return (0%). Looking at the geographical dimension of merger deals in Europe, it is important to take into account institutional and policy barriers. M&As in countries with more regulatory frameworks generate lower cumulative abnormal returns than M&As in less regulated countries. The differences range between 1.3% and 5.2% for target firms and between 1% and 3.5% for acquiring firms.

Gugler et al. (2002) performed an international comparison focused on post-merger effects. They found that globally 56.7% of all M&As result in higher than projected profits and that almost the same fraction of M&As result in lower than projected sales after five years.

Therefore, using profits as a measure for success gives the opposite result than using sales as a measure. From this result Gugler et al. (2002) conclude that M&As on average do result in significant increases in profits, but on the other hand reduce the sales of the merging firms. In the international comparison, Gugler et al. (2002) found that post-merger patterns of profits and sales changes look similar across countries. Though they found mixed results in significance levels, in the U.S., U.K. and Europe patterns which indicate a positive effect on profit and a negative effect on sales were found. M&As in Japan, Australia, New Zealand and Canada seem to have the opposite effect on profit, but this outcome is probably affected by their small sample sizes.

Looking at some country specific studies, significant patterns of profit increases can be seen in Canada (Baldwin, 1995) and Japan (Doi and Ikeda, 1983) and profit decreases in the Netherlands (Peer, 1980) and Sweden (Edberg and Ryden, 1980).

A study of M&As in the Indian Oil and Gas sector (Desai et al., 2013), finds evidence that M&As do not create immediate shareholder wealth and profit margins for the acquiring firm. However, in the long term a merged company would be able to better cope with competition, decrease costs and realize grow in continuously changing business environments.

The literature shows also that country features play a role as determinants of M&As. Rossi et al (2004) studied firms in 49 different countries and showed that laws and enforcement are important determinants. Differences in laws and enforcement over countries explain the intensity and the patterns of M&As around the world. This finding confirms the conclusion of La Porta et al. (1997) who argued that legal environments differ across countries and that these differences are important for financial markets. In countries with better accounting standards and strong shareholder protection the M&A market therefore is more active. In line with this conclusion, Rossi et al. (2004) showed that firms in countries with weak investor protection are often sold to buyers from countries with strong investor protection. Another result that has been found in this study is that in countries with better shareholder protection hostile takeovers are relatively more likely. A one-point increase in shareholder protection, results in 0.8 percentage point more hostile takeovers. This is primarily due to the fact that shareholder protection makes control more debatable by reducing the private benefits of control. Other results found in the study of Rossi et al. (2004) are higher takeover premiums in countries with higher shareholder protection and less all-cash bids in countries with more shareholder protection for the acquirer. This last statement indicates that M&As paid with shares need an environment with more shareholder protection.

Thus, the results from international studies regarding M&A effects are mixed. It can be concluded that economic integration, deregulation of economic activities and country features play a role in the M&A process. Regarding the effects of M&As on firm performance, the literature shows that country specific results are less significant than results from studies with broader samples. Already been exposed in this literature review (by the conflicting conclusions regarding post-merger effects found in previous studies), was the difficulty of finding a decisive answer on the question whether M&As have a positive or negative influence on firm performance. For example the conclusions of Gugler et al. (2002), who showed a positive effect on firm performance and Ravenscraft and Scherer (1989), who showed a negative effect on firm performance. It can be concluded that finding an international link and exposing clear effects of M&As across countries is even more challenging.

CHAPTER THREE

METHODOLOGY

3.0 Introduction

This chapter describes the general approach and specific techniques adopted to address the objectives for the research. The chapter also discusses the study area, the research design, the population, the sample and sampling techniques as well as research instruments. Also, the procedure used for the administration of instruments for the study and the data analysis employed are also discussed.

3.1 Research Design

A research design is a comprehensive master plan of the research study to be undertaken, giving a general statement of the methods to be used. The function of a research design is to ensure that requisite data in accordance with the problem at hand is collected accurately and economically. Simply stated, it is the framework, a blueprint for the research study which guides the collection and analysis of data. The research design, depending upon the needs of the researcher may be a very detailed statement or only furnish the minimum information required for planning the research project (Punch, 2006). Trochim (2006) indicated that research design provides the glue that holds the research project together. A design is used to structure the research, to show how all of the major parts of the research project, that is, the samples or groups, measures, treatments or programmes, and methods of assignment, work together to try to address the central research questions.

The research design adopted for this study is a descriptive research design using a quantitative approach. This research method is used: to describe variables; to examine relationships among variables; to determine cause-and-effect interactions between variables.' (Burns & Grove 2005).

3.2 Population

The population is the group of individuals from whom the researcher wants to generalise his/her results. Before data collection takes place, it is important to be clear about the study population (Muijs, 2004). The population for this research included all workers and customers of Ecobank Kumasi main branch as well as those in management positions.

3.3 Sample and Sampling Techniques

In most cases, the major purpose of a research undertaking is to discover principles that have a universal application, but studying the whole population to arrive at a generalisation would be impractical. Therefore, the researcher needs to take a sample from the population. Sampling is the process of taking smaller portions from a population for observation and analysis (Johnson & Christensen, 2004; Best & Kahn, 2005; Cohen & Manion, 1994; Muijs, 2004).Creswell (2002) stated that, in purposive sampling, researchers intentionally select individuals and sites to learn or understand a phenomenon. Cohen et al. (2003) also assert that purposive sampling enables researchers to handpick the cases to be included in the sample on the basis of their judgment and typicality. In this way, the researcher builds up a sample that is satisfactory to specific needs. The study therefore used a purposive sampling technique in selecting five (5) management members. Management members who were in the position to answer various questions were selected and used for the study.

A simple random sampling technique was used to select fourty (40) employees and (55) customers for the study. A sample size of 100 respondents were selected for the study.

3.4 Sources of Data

The distinction between primary and secondary sources is the degree to which the researcher is removed from the event described. This indicates to the reader whether the researcher is reporting impressions first-hand or recounting something secondhand. The study made use of secondary data. The data was obtained 0 (Cohen et al., 2005).

3.7.4 Confidentiality

According to Scott (1997), confidentiality is mostly dealt with in relation to data collection and storage systems in which it is not possible to identify the research respondents. For Bailey (2007), confidentiality refers to informing the respondents whether the research is anonymous and confidential. With regard to this study, the researcher would emphasize that all information would be treated as strictly confidential and that respondents could choose to share personal information only to the extent that they wished.

3.8 Study Area

Ecobank Ghana is a commercial bank in Ghana. It is one of the commercial banks licensed by the Bank of Ghana, the national banking regulator. Ecobank is a member of the Pan-African Ecobank chain, which operates in thirty-two (32) countries. The stock of Ecobank Ghana is listed on the Ghana Stock Exchange, where its shares are traded under the symbol: EBG.

The Bank is fully networked commercial bank in Ghana with branches in almost all regions of the nation.

The bank was formed in 1990.In December 2011, Bank of Ghana, the central bank of the country, which also functions as the national banking regulator, gave approval for Ecobank Transnational to acquire 100% interest in The Trust Bank (TTB), another licensed commercial bank. At the time, the total asset valuation was approximately US $ 119 million (GHC: 220 million). Ecobank has successfully merged TTB and EBG. The new bank is known as Ecobank Ghana.

CHAPTER FOUR

DATA ANALYSIS AND DISCUSSION OF FINDINGS

4.0 Introduction

This chapter presents data analysis and discussion of the findings. Results gathered from the study using the various data collection tools are presented using simple descriptive and statistical tools. The presentation of the results are in line with the specific objectives that guided this study.

4.1 Demographic Characteristics of Respondents

The demographic information considered in this study included gender of the respondents,

Age in years, Educational background and length of continuous procurement practice with the organization.

4.1.1 Analysis of the Background information of Respondents

Background information of respondents are analyzed in this section.

Table 4.1: Age Distribution of Respondents

Age Group	Frequency	%
20-29 years	25	25
30-39 years	33	33
40-49 years	23	23
50 years and above	20	20
Total	**100**	**100**

Source: Field Survey, 2016

From the Table 4.1 above, 25 respondents representing 25% fell in the age group of 20 - 29 years. Also 33 respondents representing 33% fell within the age group of 30 -

39 years. Also 23 respondents representing 23 % fell within 40 – 49 years and 20 respondents constituting 20% also fell within the age group of 50years and above. The results showed that, majority of the respondents fell within 30-39 years.

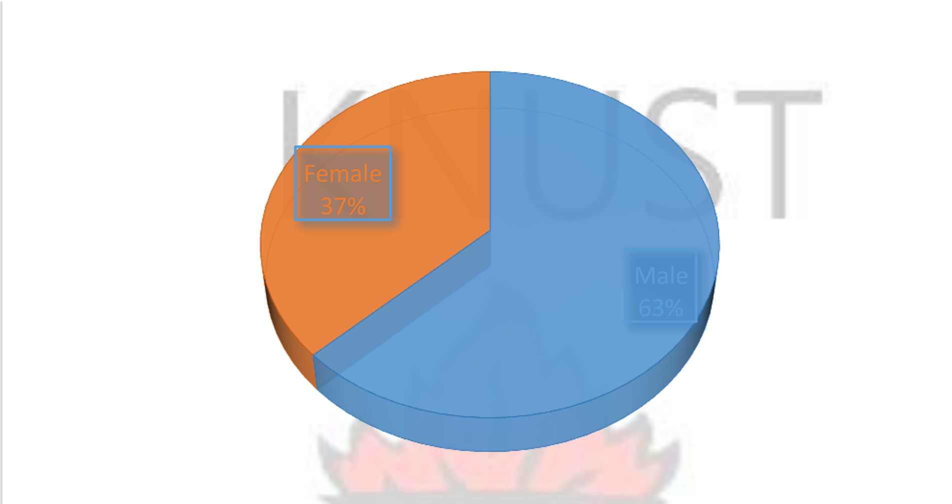

Figure 4.1: Gender of Respondents

Source: Field survey, 2016

From the figure 4.1 above, it could be seen that (37) of the respondents constituting 37% were females and the remaining (63) constituting 63% were males. This implies that males dominate the respondent"s selection for the study and also each and every individual was allowed to participate in the study irrespective of the gender.

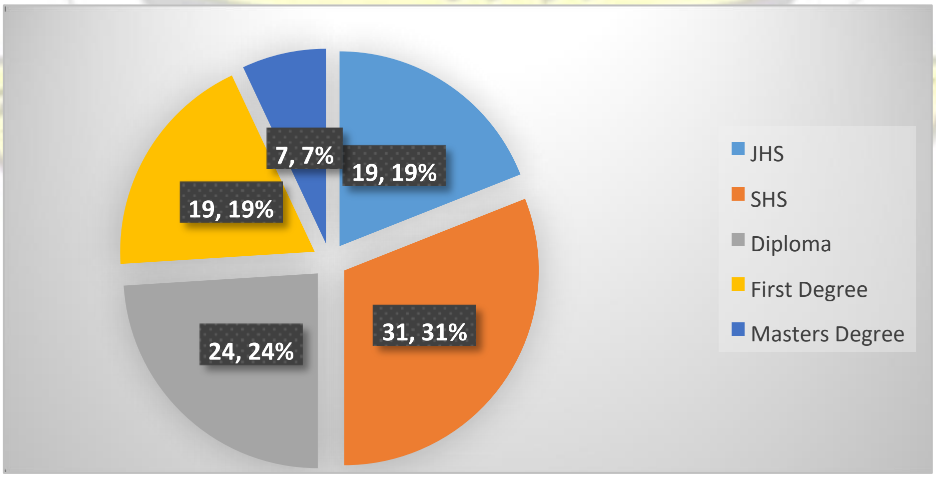

Figure 4.2 Educational Levels of Respondents

Source: Field Survey, 2016

The figure 4.2 shows that majority of the respondents (31%) had competed SHS education while a smaller proportion of them (7%) with master"s degree. For the rest of the respondents (24%) had Diploma, 19% had completed JHS while 19% had first Degrees. This implies that majority of the respondents were literate and qualified to make informed decisions.

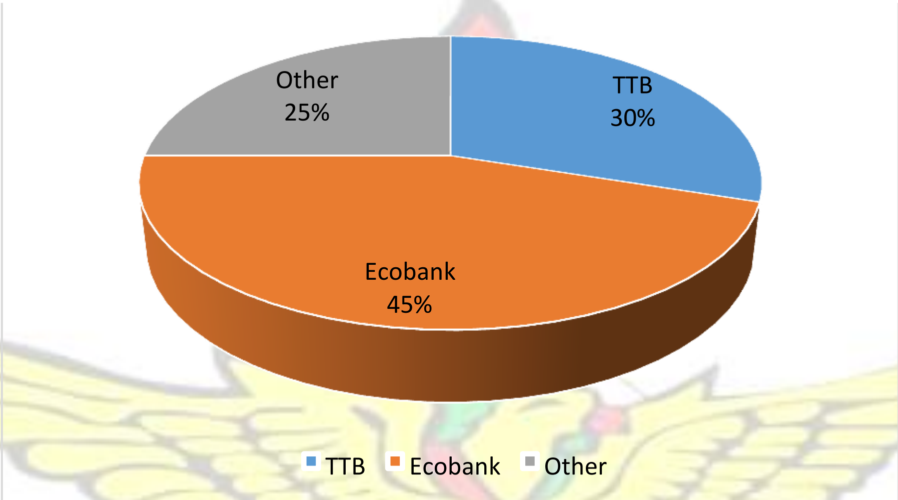

Figure 4.3 Previous Employer

Source: Field Survey, 2016

Employees were to indicate their previous employer. From the figure, 18(45%) indicated that they were working with Ecobank while 12(30%) were working with TTB and 10 (25%) were with other organizations before the Acquisitions.

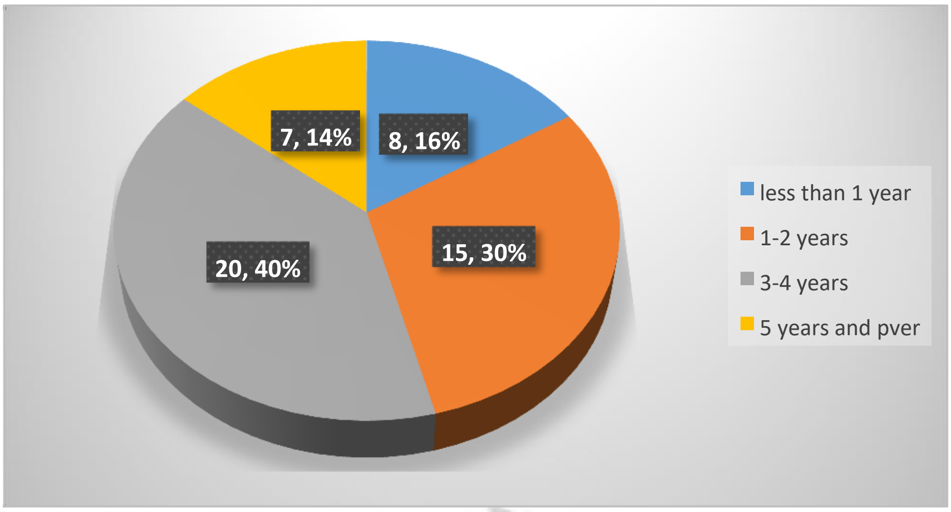

Figure 4.4 Years of Work with Previous Company before the Acquisitions

Source: Field Survey, 2016

Figure 4.4 shows years of work experience with previous company before the Acquisitions. From the figure, 20(40%) indicated that they had worked for 3 to 4 years; 15(30%) indicated that they had worked for 1 to 2 years while 8(16%) indicated that they had worked for less than 1 year and 7(14%) indicated that they had worked for 5 years and above.

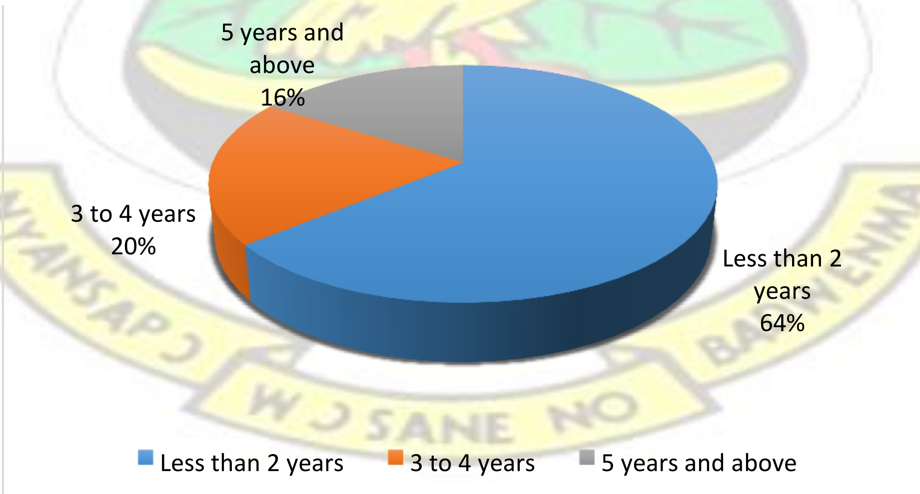

Figure 4.5 Years of doing Business with the Bank

Source: Field Survey, 2016

Figure 4.5 shows customers response on the years of doing business with the bank. From the figure, 32(64%) indicated that they have been doing business with the bank for less than 2 years; 8 (16%) indicated that they have been doing business with the bank for 5 years and above while 10(20%) indicated that they have been doing business with the bank for 3 to 4 years.

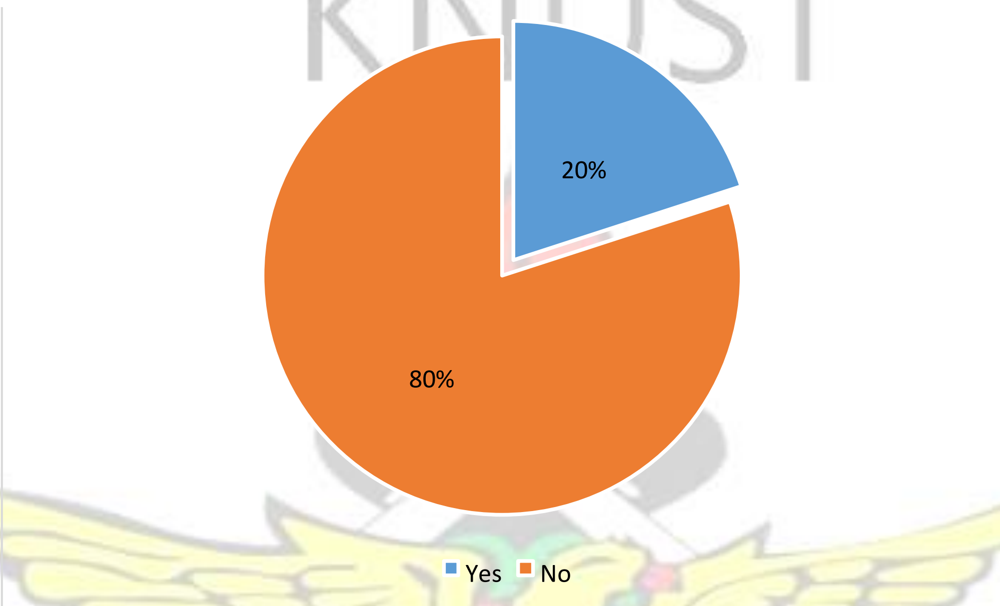

Figure 4.6 Being a Supervisor

Source: Field Survey, 2016

Figure 4.6 shows whether respondents have been operating as supervisors or not. From the figure, 32 of the respondents representing 80% indicated they are not supervisors while 8(20%) indicated that they supervisors.

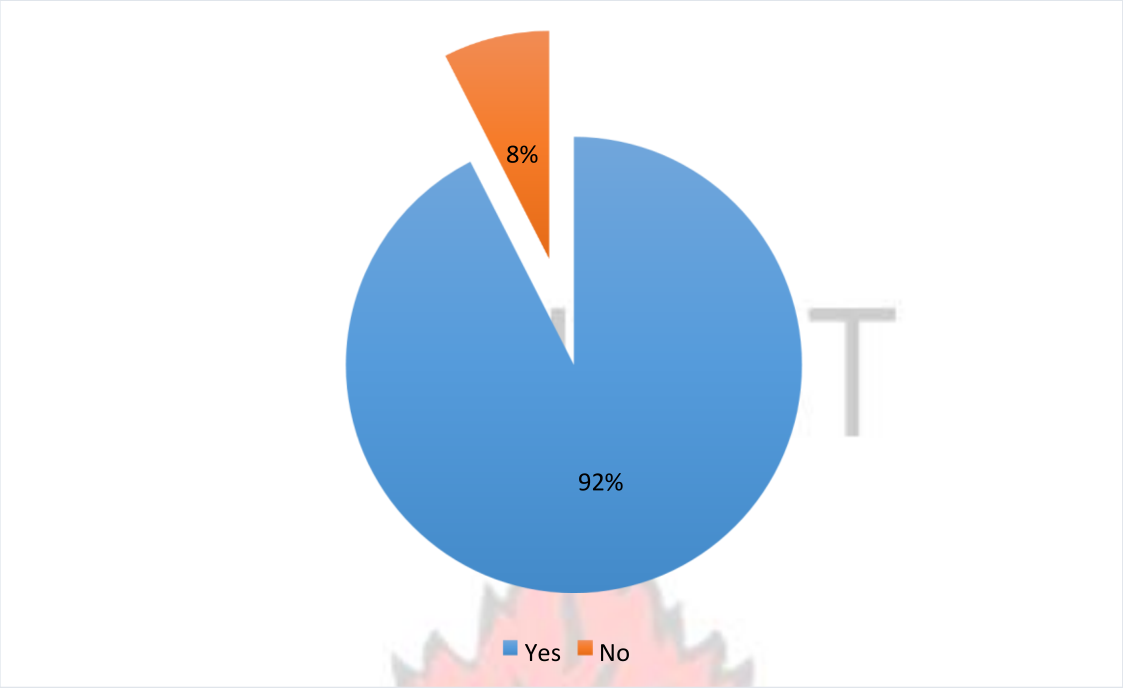

Figure 4.7 Promotion as a result of the Acquisitions

Source: Field Survey, 2016

Figure 4.7 shows responses on whether employees have been promoted as a result of the Acquisitions. From the figure, 37 (92%) indicated that, they have not been promoted after the Acquisitions while 3 (8%) indicated that they have been promoted after the Acquisitions. This implies that majority of employees have not been promoted after the Acquisitions.

4.2 Effects of Acquisitions on Market Share Value of Ecobank

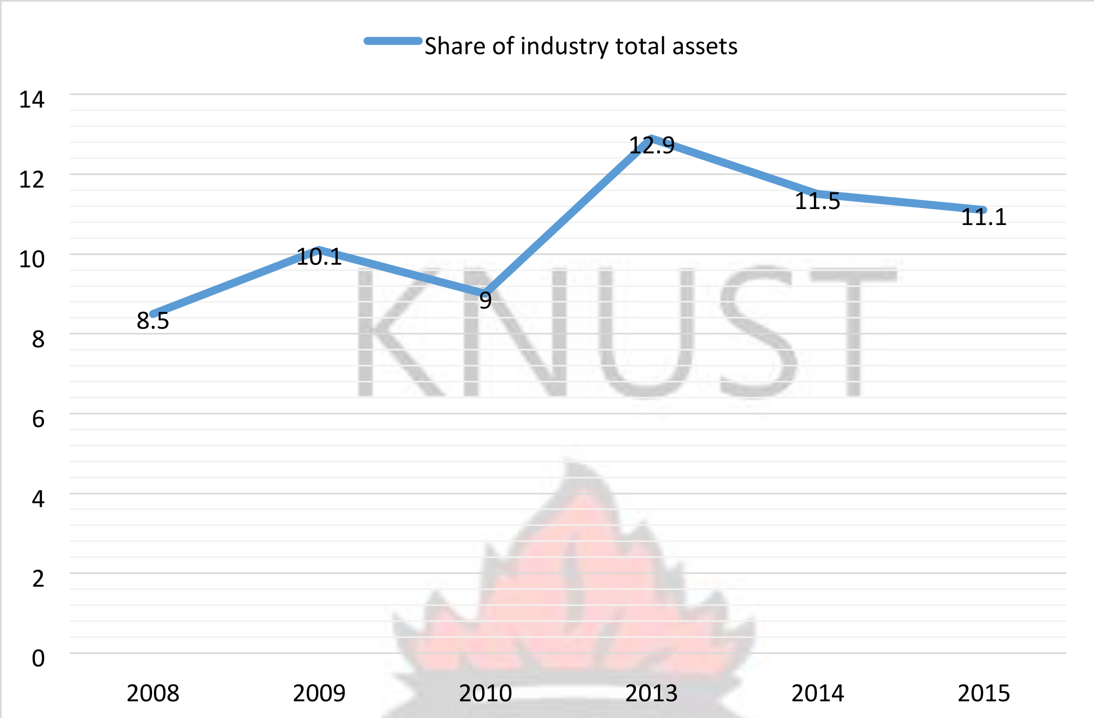

Figure 4.8 Share of Industry Total Assets

Source: Ghana Banking Survey, 2016

Figure 4.8 shows Share of industry total assets before Acquisitions (2008 to 2010) and after Acquisitions (2013 to 2015).From the figure, in 2008 the company recorded 8.5% of Share of industry total assets in Ghana; 10.1% in 2009 and 9% in 2010 before the Acquisitions. The share of industry total assets in Ghana rose to 12.9% after the Acquisitions in 2013, 11.5% in 2014 and 11.1% in 2015.This implies that the Share of industry total assets increased after the Acquisitions. 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.

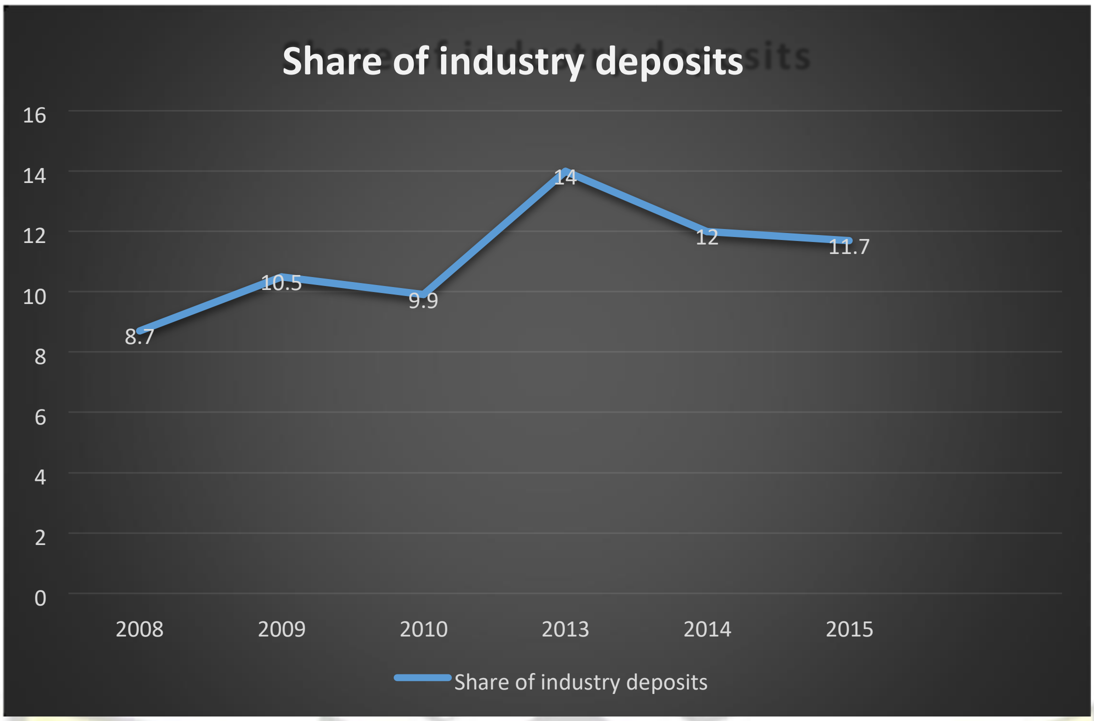

Figure 4.9 Share of Industry Deposits

Source: Ghana Banking Survey, 2016

Figure 4.9 shows the share of industry deposits, from the figure, Share of industry deposits was 8.7% in 2008, 10.5 % in 2009 and 9.9% in 2010 before the Acquisitions. The share of industry deposits rose to 14% in 2013, 12% in 2014 and 11.7% in 2015 after the Acquisitions. This implies that the Acquisitions had an effect on Share of industry deposits at Ecobank Ghana. Fowler and Schmidt (1988) studied the influence of M&As in the manufacturing industry. They conclude in their study that M&As do not affect financial performance in a favourable manner. Their results indicate that accounting and investor returns decrease significantly in the four years after the M&A compared with the four years before the M&A.

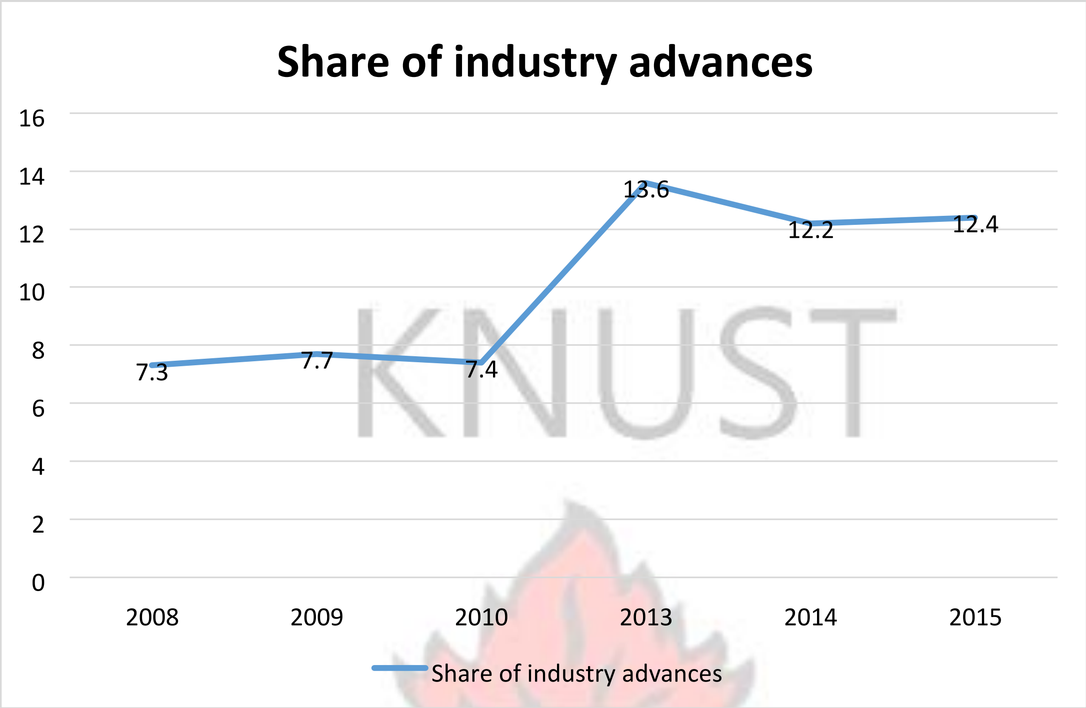

Figure 4.10 Share of Industry Advances

Source: Ghana Banking Survey, 2016

Figure 4.10 shows the share of industry advances before and after the merging. From the figure, in 2008 of industry share advance of Ecobank was 7.3% while it was 7.7% in 2009 and 7.4% in 2010 before the Acquisitions. After the Acquisitions 13.6% was recorded in 2013, 12.2% in 2014 and 12.4% in 2015.This implies that the share of industry advances of Ecobank increased after the Acquisitions. Healy et al. (1992) confirm positive effects on the profitability of the merged companies.

Table 4.2 Share of Industry Operating Assets Ranking

YEAR	**RANK**
2008	**4th**
2009	**4th**
2010	**4th**

2013	**1st**
2014	**1st**
2015	**1st**

Source: Ghana Banking Survey, 2016

Table 4.2 shows the ranking of share of industry operating assets among banks in Ghana. From the table Ecobank was ranked 4th in 2008,4th in 2009 and 4th in 2010 before the Acquisitions. After the Acquisitions, Ecobank was ranked 1st in 2013,1st in 2014 and 1st in 2015.

Table 4.3 Share of Industry Deposits Ranking

YEAR	RANK
2008	**4th**
2009	**3rd**
2010	**3rd**
2013	**1st**
2014	**1st**
2015	**1st**

Source: Ghana Banking Survey, 2016

Table 4.3 shows the rank of share of industry deposits among Banks in Ghana. From the table, Ecobank was ranked 4th in 2008, 3rd in 2009 and 3rd in 2010.After the Acquisitions, the bank was ranked 1st in 2013,1st in 2014 and 1st in 2015. This implies that Ecobank‟s rankings in share of industry deposits among banks in Ghana increased after the Acquisitions.

Table 4.4 Share of Industry Advances Ranking

YEAR	RANK

2008	**4th**
2009	**3rd**
2010	**3rd**
2013	**1st**
2014	**1st**
2015	**1st**

Source: Ghana Banking Survey, 2016

Table 4.4 shows the share of industry advances rankings. From the table, in 2008 Ecobank was ranked 4th ,was ranked 3rd in 2009 and 3rd in 2010.After the Acquisitions, the bank was ranked 1st in 2013,1st in 2014 and 1st in 2015.This implies that the share of industry advances increased after the Acquisitions.

4.3 Effects of Acquisitions on Employee Turnover at Ecobank Ghana

The respondents were to indicate their level of agreement on variables on the Effects of acquisitions on employee turnover at Ecobank Ghana on a Five Point Likert Scale. The range was „Strongly Disagree" (1)" to „Strongly Agree" (5).

The scores of Strongly Disagree and Disagree have been taken to represent a variable which had a mean score of 0 to 2.5 on the continuous Likert scale. The scores of „Undecided" have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale and the score of both Agree and Strongly Agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale. A standard deviation of >1.0 implies a significant difference on the agreement level of the variable among respondents. The results are shown in Table 4.5 and 4.6 below.

Table 4.5 Employees views on Effects of Acquisitions on Employee turnover at Ecobank Ghana

Statement	Mean	Std. Deviation
If I had not already put so much of myself into my present organization, I might consider working elsewhere	2.4	.9384
I often think about quitting this organization	2.4	1.0318
I would likely search for a position with another employer	2.1	.71610
It is likely that I will leave this organization in the next year	2.8	.78436
It would be very hard for me to leave my present organization right now, even if I wanted to	3.5	.90557
I would not leave my present organization right now because I have a sense of obligation to the people in it	3.6	.45345

Source: Field Survey, 2016

Table 4.5 shows Employees views on Effects of acquisitions on employee turnover at Ecobank Ghana. From the table, respondents disagreed that if they had not already put so much of themselves into their present organization, they might have considered working elsewhere (Mean = 2.4) ; They often think about quitting the organization (Mean = 2.4); They would likely search for a position with another employer (Mean = 2.1).They were undecided that it is likely that they will leave this organization in the next year (Mean = 2.8).They however agreed that it would be very hard for them to leave their present organization right now, even if they wanted to (Mean = 3.5) and would not leave their present organization right now because they have a sense of obligation to the people in it.

Table 4.6 Managements views on Effects of Acquisitions on Employee turnover at Ecobank Ghana

Statement	Mean	Std. Deviation
Employees might consider working elsewhere	2.7	.8384
Employees often think about quitting this organization	2.6	1.0318
Employees would likely search for a position with another employer	2.4	.71620
It is likely that some Employees will leave this organization in the next year	3.0	.78441
It would be very hard for some Employees to leave present organization right now, even if they wanted to	4.1	.90356
Some Employees would not leave their present organization right now because they have a sense of obligation to the people in it.	2.8	.71312

Source: Field Survey, 2016

Table 4.6 shows Managements views on Effects of acquisitions on employee turnover at Ecobank Ghana. From the table, management were undecided on whether Employees might consider working elsewhere (Mean = 2.7), Employees often think about quitting this organization (Mean = 2.6), whether it is likely that some

Employees will leave this organization in the next year (Mean 3.0) and that some Employees would not leave their present organization right now because they have a sense of obligation to the people in it (2.8). They disagreed on the statement that Employees would likely search for a position with another employer (Mean=2.4) and agreed that it would be very hard for some Employees to leave present organization right now, even if they wanted to (Mean 4.1).

4.4 Effects of Acquisitions on Accessibility of the Bank to Customers

The respondents were to indicate their level of agreement on variables on Effects of acquisitions on accessibility of the Bank to customers on a Five Point Likert Scale. The range was „Strongly Disagree" (1)" to „Strongly Agree" (5).

The scores of Strongly Disagree and Disagree have been taken to represent a variable, which had a mean score of 0 to 2.5 on the continuous Likert scale. The scores of „Undecided" have been taken to represent a variable with a mean score of 2.5 to 3.4 on the continuous Likert scale and the score of both Agree and Strongly Agree have been taken to represent a variable which had a mean score of 3.5 to 5.0 on a continuous Likert scale. A standard deviation of >1.0 implies a significant difference on the agreement level of the variable among respondents. The results are shown in Table 4.7, 4.8 and 4.9 below.

Table 4.7 Customers views on Effects of Acquisitions on Accessibility of the Bank to Customers

Statement	Mean	Std. Deviation
Bank have money transfer facilities	2.4	.9384
There is presence of diversity of products /services offered by the bank.	2.4	1.0318
Availability of Automatic Teller Machines (ATM)	2.1	.71610
Customer friendliness of the personnel has improved	2.8	.78436
Bank have several branches now	2.2	.90557
I am satisfied with services of the Bank now	1.8	.81111
Bank is international oriented	2.4	.82631
Bank offers loan and overdraft facilities	2.5	.9223
Bank have good image or reputation	2.8	.90557

Source: Field Survey, 2016

Table 4.7 shows customers views on Effects of acquisitions on accessibility of the Bank to customers. From the table, customers disagreed as to statements that Bank have money transfer facilities (Mean = 2.4), There is presence of diversity of products /services offered by the bank (Mean = 2.4) ,there is availability of Automatic Teller Machines (ATM) (Mean = 2.1), Bank have several branches now (Mean = 2.2), they are satisfied with services of the Bank now (Mean=1.8) and Bank is international oriented (Mean=2.4).They were undecided on statements such as Customer friendliness of the personnel has improved (Mean=2.8), Bank offers loan and overdraft facilities (Mean = 2.5) and Bank have good image or reputation (Mean=2.8).

Table 4.8 Employees views on Effects of Acquisitions on Accessibility of the Bank to Customers

Statement	Mean	Std. Deviation
Location of the bank‟s branches are near homes or workplaces now	3.7	.8384
Limited parking places	3.6	1.0318
Bank is now international oriented	4.4	.71620
There is availability of Automatic Teller Machines (ATM)	3.0	.78441
Number of branches has increased	4.1	.90356
Level of interest rate for savings, lending, mortgage is high	2.8	.71312
Customer friendliness of the personnel has increased	2.1	1.4326

Source: Field Survey, 2016

Table 4.8 shows Employees views on Effects of acquisitions on accessibility of the Bank to customers. From the table, respondent‟s agreed that location of the bank‟s branches are near homes or workplaces now (Mean = 3.7), Limited parking places (Mean = 3.6), Bank is now international oriented (Mean =4.4) and Number of branches has increased (Mean = 4.1).Respondents were undecided on whether there is availability of Automatic Teller Machines (ATM) (Mean =3.0) and Level of interest rate for savings, lending, mortgage is high (Mean = 2.8).They disagreed that Customer friendliness of the personnel has increased (Mean = 2.1).

Table 4.9 Managements views on Effects of Acquisitions on Accessibility of the Bank to Customers

Statement	Mean	Std. Deviation
Bank has money transfer facilities now	2.4	.9384
Diversity of products /services offered by the bank has increased.	2.4	1.0318
Availability of Automatic Teller Machines (ATM) has increased	3.7	.71610
Staff are friendly to Customers now than before	2.8	.78436
Bank has several branches than before	3.9	.90557
Customers are satisfied with services of the Bank than before	1.8	.81111
Bank is international oriented than before	2.9	.82631
Bank offers loan and overdraft.	3.5	.9223
Bank has a good image or reputation than before	2.8	.90557
Level of interest rate for savings, lending, mortgage is higher than before	2.4	.81111
Bank supports customers financially than before	2.5	.82631
Bank provides the best of services than before	2.5	.9223

Source: Field Survey, 2016

Table 4.9 shows Managements views on Effects of acquisitions on accessibility of the Bank to customers. From the table, Management disagreed that Bank has money transfer facilities now, Diversity of products /services offered by the bank has increased, Customers are satisfied with services of the Bank than before and Level of interest rate for savings, lending, mortgage is higher than before. They were undecided on statement such as Staff are friendly to Customers now than before, Bank is international oriented than before, Bank has a good image or reputation than before, Bank supports customers financially than before as well as Bank provides the best of services than before. They agreed that Availability of Automatic Teller Machines (ATM) has increased, Bank has several branches than before and Bank offers loan and overdraft.

CHAPTER FIVE

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATIONS

5.0 Introduction

This chapter gives the summary of the findings and analysis of the data collected. The chapter also looks at the conclusions and recommendations which will help the researcher to investigate the effects of acquisitions on performance at Ecobank.

5.1 Summary of Findings

5.1.1 Overview

This research is to investigate the effects of acquisitions on performance at Ecobank.. Respondents included employees, management and staff of Ecobank. The study employed the use of questionnaire as the main instruments for data collection. The data gathered was analyzed using S.P.S.S. and displayed in percentages and frequency including bar charts, pie charts and tables.

5.1.2 Findings

The following findings emerged from the study. The findings are presented according to the research questions:

Majority of the respondents indicated that they have been doing business with the bank for less than 2 years.

Also, majority of employees have not been promoted after the Acquisitions.

5.1.3 Effects of Acquisitions on Market Share Value of Ecobank

On the effects of acquisitions on market share value of Ecobank, the findings further revealed that the Share of industry total assets increased after the Acquisitions and it implies that the Acquisitions had an effect on Share of industry deposits at Ecobank

Ghana. Also, the share of industry advances of Ecobank increased after the Acquisitions and after the Acquisitions, Ecobank was ranked 1st in 2013,1st in 2014 and 1st in 2015 in the Ghana Banking survey for share of industry advances among banks in Ghana. After the Acquisitions, the bank was ranked 1st in 2013,1st in 2014 and 1st in 2015. This implies that Ecobank‟s rankings in share of industry deposits among banks in Ghana increased after the Acquisitions. Furthermore, after the Acquisitions, the bank was ranked 1st in 2013, 1st in 2014 and 1st in 2015.This implies that the share of industry advances increased after the Acquisitions.

5.1.4 The Effects of Acquisitions on Employee turnover at Ecobank Ghana On the effects of acquisitions on employee turnover at Ecobank Ghana, majority of the Employees disagreed that if they had not already put so much of themselves into their present organization, they might have considered working elsewhere ,they often think about quitting the organization and they would likely search for a position with another employer.

Also, majority were undecided that it is likely that they will leave this organization in the next year. They however agreed that it would be very hard for them to leave their present organization right now, even if they wanted to and would not leave their present organization right now because they have a sense of obligation to the people in it.

Majority of management members were undecided on whether Employees might consider working elsewhere, Employees often think about quitting this organization, whether it is likely that some Employees will leave the organization in the next year and that some Employees would not leave their present organization right now because they have a sense of obligation to the people in it. They disagreed on the statement that

Employees would likely search for a position with another employer and agreed that it would be very hard for some Employees to leave present organization right now, even if they wanted to.

5.1.5 The Effects of Acquisitions on Accessibility of the Bank to Customers of Ecobank

The findings on the effects of acquisitions on accessibility of the Bank to customers of Ecobank revealed that majority of customers disagreed to statements that Bank have money transfer facilities now, there is presence of diversity of products /services offered by the bank now, there is availability of Automatic Teller Machines, Bank have several branches now, they are satisfied with services of the Bank now and Bank is international oriented now. They were undecided on statements such as Customer friendliness of the personnel has improved, Bank offers loan and overdraft facilities and Bank have good image or reputation now. They agreed to statements such as location of the bank"s branches are near homes or workplaces now, Limited parking places, Bank is now international oriented and Number of branches has increased.

Majority of Employees were undecided on whether there is availability of Automatic Teller Machines (ATM) now and Level of interest rate for savings, lending, mortgage is high now. They disagreed that Customer friendliness of the personnel has increased.

Majority of Management disagreed that Bank has money transfer facilities now, Diversity of products /services offered by the bank has increased, Customers are satisfied with services of the Bank than before and Level of interest rate for savings, lending, mortgage is higher than before. They were undecided on statement such as Staff are friendly to Customers now than before, Bank is international oriented than before, Bank has a good image or reputation than before, Bank supports customers financially than before as well as Bank provides the best of services than before. They agreed that Availability of Automatic Teller Machines (ATM) has increased, Bank has several branches than before and Bank offers loan and overdraft.

5.2 Conclusions

Based on the findings, it can be concluded that,

The share of industry advances, share of industry advances and the Share of industry total assets of Ecobank increased after the Acquisitions. Ecobank‟s rankings in share of industry deposits, share of industry advances and share of industry total assets among banks in Ghana increased.

On the effects of acquisitions on employee turnover at Ecobank Ghana, majority of the Employees agreed that it would be very hard for them to leave their present organization right now, even if they wanted to and would not leave their present organization right now because they have a sense of obligation to the people in it. Management disagreed on the statement that Employees would likely search for a position with another employer and agreed that it would be very hard for some Employees to leave present organization right now, even if they wanted to.

On the effects of acquisitions on accessibility of the Bank to customers of Ecobank, Customers agreed to that the location of the bank‟s branches are near homes or workplaces now, Limited parking places now, Bank is now international oriented and Number of branches has increased. Employees disagreed that Customer friendliness of the personnel has increased and Management agreed that the Availability of Automatic Teller Machines (ATM) has increased, Bank has several branches than before and Bank offers loan and overdraft than before.

5.3 Recommendations

Based on the findings,

1. Ecobank Ghana should put certain measures in place to ensure that they benefit as an organization from merging.
2. Stringent measures should be put in place to regulate fiscal policies in order to be able to survive despite the economic challenges.
3. The Ghanaian Government should play an active role in the Ghanaian Banking Industry as it is been done in The United States of America. Soft loans (Bailout loan) should be given to banks in time of distress rather than allowing them to go through the process of liquidation.
4. Management must endeavour to bring on board young energetic and talented youths to complement the operations of the Bank in order to gain competitive edge.
5. The Bank must adopt a more comprehensive approach to integrated marketing communications mix in the promotion of its product so as to gain more market share.
6. There is the need for the introduction of more products and added services to make the Bank more attractive and afford customers a variety in service.
7. There is the need for the Bank to find ways of maintaining and improving in those areas that they are already doing well in order to satisfy customers more.

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APPENDIX

APPENDIX A

Questionnaire for Customers

Please fill in the blanks or check the appropriate response.

Section A: Demographic Information

1. What is your age? _____________

2. What is your gender? ____Female ____Male

3. What is your highest level of education (i.e., degree) obtained?

   a) JHS ( )
   b) SHS ( )
   c) Diploma ( )
   d) First Degree ( )
   e) Higher Degree ( )

4. How long have you been doing business with this bank?

   a) Less than 3 years ( )
   b) 3 to 10 years ( )
   c) More than 10 years ( )

Effects of acquisitions on accessibility of the Bank to customers

SD = Strongly disagree, D = Disagree, Unknown = U, A = Agree, SA = Strongly agree

Statement	1	2	3	4	5
1. Bank have money transfer facilities					
2. There is presence of diversity of products /services offered by the bank.					
3. Availability of Automatic Teller Machines (ATM)					
4. Customer friendliness of the personnel has improved					
5. Bank have several branches now					
6. I am satisfied with services of the Bank now					
7. Bank is international oriented					
8. Bank offers loan and overdraft facilities					
9. Bank have good image or reputation					

Questionnaire for Management

Please fill in the blanks or check the appropriate response.

Section A: Demographic Information

1. What is your age? ______________

2. What is your gender? ____Female ____Male

3. What is your highest level of education (i.e., degree) obtained?

a) Diploma ( )

b) First Degree ( )

c) Higher Degree ( )

4. How long had you worked for the above-mentioned company before the merger? ______________

Section B: Effects of acquisitions on employee turnover at Ecobank Ghana

SD = Strongly disagree, D = Disagree, Unknown = U, A = Agree, SA = Strongly agree

		SD	D	U	A	SA
5.	Employees might consider working elsewhere					
6.	Employees often think about quitting this organization					
7.	Employees would likely search for a position with another employer					
8.	It is likely that some Employees will leave this organization in the next year					
9.	It would be very hard for some Employees to leave present organization right now, even if they wanted to					
10.	Some Employees would not leave their present organization right now because they have a sense of obligation to the people in it.					

Section C: Effects of acquisitions on accessibility of the Bank to customers

Please indicate whether you strongly agree, agree, neutral, disagree or strongly disagree to any of the following statement.

1- Strongly agree, 2- agree, 3- neutral, 4- disagree, 5- strongly disagree

Statement	1	2	3	4	5
11. Bank has money transfer facilities now					

12. Diversity of products /services offered by the bank has increased.					
13. Availability of Automatic Teller Machines (ATM) has increased					
14. Staff are friendly to Customers now than before					
15. Bank has several branches than before					
16. Customers are satisfied with services of the Bank than before					
17. Bank is international oriented than before					
18. Bank offers loan and overdraft.					
19. Bank has a good image or reputation than before					
20.Level of interest rate for savings, lending, mortgage is higher than before					
21. Bank supports customers financially than before					
22. Bank provides the best of services than before					

Questionnaire for Employees

Please fill in the blanks or check the appropriate response.

Section A: Demographic Information

1. What is your age? _____________

2. What is your gender? ____Female ____Male

3. What is your highest level of education (i.e., degree) obtained?

    a) Diploma ( )

    b) First Degree ( )

    c) Higher Degree ( )

4. Who was your previous employer before the merger? _______

5. How long had you worked for the above-mentioned company before the merger?

____

6. Are you a Supervisor? _____Yes _____ No

7. Did you receive a promotion as a result of the merger? ______Yes ______No

Section B: Effects of acquisitions on employee turnover at Ecobank Ghana

SD = Strongly disagree, D = Disagree, Unknown = U, A = Agree, SA = Strongly agree

		SD	D	U	A	SA
8.	If I had not already put so much of myself into my present organization, I might consider working elsewhere					
9.	I often think about quitting this organization					
10.	I would likely search for a position with another employer					
11.	It is likely that I will leave this organization in the next year					
12.	It would be very hard for me to leave my present organization right now, even if I wanted to					
13.	I would not leave my present organization right now because I have a sense of obligation to the people in it					

Section C: Effects of acquisitions on accessibility of the Bank to customers

SD = Strongly disagree, D = Disagree, Unknown = U, A = Agree, SA = Strongly agree

		SD	D	U	A	SA
14.	Location of the bank‟s branches are near homes or workplaces now					
15.	Limited parking places					
16.	Bank is now international oriented					
17.	There is availability of Automatic Teller Machines (ATM)					
18.	Number of branches has increased					
19.	Level of interest rate for savings, lending, mortgage is high					
20.	Customer friendliness of the personnel has increased					