ASSESSING THE EFFECTS OF MERGERS AND ACQUISITIONS ON THE PERFORMANCE OF A COMPANY:

A CASE STUDY OF GUINNESS GHANA BREWERIES LIMITED

By

ADOMA ANNA

A Thesis submitted to the Department Of ACCOUNTING AND FINANCE of the Kwame Nkrumah University of Science and Technology in Partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION (FINANCE)

School of Business, KNUST

College of Art and Social Sciences

JULY, 2015

DECLARATION

I hereby declare that this submission is my own work towards the Master of Business Administration 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 my other degree of the University, except where due acknowledgment has been made in the text.

ADOMA ANNA	………………..	……………..
(PG 9629513)	Signature	Date
MR.KWASI POKU	…………………	………………
(SUPERVISOR)	Signature	Date
DR. K.O. APPIAH	………………….	………………
(HEAD OF DEPARTMENT)	Signature	Date

ABSTRACT

The study investigated mergers and its effect on performance using Guinness Ghana Breweries Limited (GGBL) as a case study. The study was descriptive using both primary and secondary sources. Data was collected using questionnaires. The study period involved five year before merger of the two companies GGL and GBL; and five years post-merger performance of GGBL. The study found that the financial performance of GGBL has been improving over the years as a result of the merger. Factors contributing to this performance include frequent supply of raw materials, high commitment of employees, proper allocation and strategic management of finance, and effective marketing approach and improved sales. In addition, joint expertise, increased shares, increase assets/equipment and increased labour has affected the current performance of GGBL positively after the merger (GBL and GGL). The study revealed that the merger process faced challenges ranging from cost of acquisition, regulatory compliance, IT integration, rebranding to HR integration. It was however established that the most significant challenge appeared to be compliance to regulatory procedure that accompanied the process of merger and acquisition. Various motives were identified to include: increasing shareholder value, improving efficiency, increasing market power, and as an entry strategy. The strongest motivation was however found to be the increase in shareholder value. Key recommendations included the need for the sales and marketing departments to focus on brands, which are high in demand and also adopt aggressive marketing strategies to grow the market as competition increases.

DEDICATION

This research work is dedicated to Almighty God who has protected, guided and sustained my life in making it possible for me to reach this height on the educational ladder. Also to my children Jason, Admire, Lemuel and Caleb for enduring my absence when they needed me most.

ACKNOWLEDGEMENT

To God be the Glory, who gave me strength and wisdom to accomplish this thesis.

I highly acknowledged my supervisor Mr. Kwasi Poku for his suggestions and encouragement which shaped the outcome of this dissertation.

Not forgetting the support of my siblings Naa Afriyie, Nana Poku, Nana Sarfo, my mum, Margaret Attim and to my fellow course mates Isaac Jojo Essuman, Alfred Gyaabin, George Sarpong, Amed Mohammed, Monaliza Armah and Nana Osei Kofi Benedict.

I wish to express my heartfelt gratitude and appreciation to Prof. Joseph Magnus Frimpong (Dean KSB), Dr. Amed Agyapong, Mr. Yaw Akomeah and Lawyer Chris Adomako lecturers at Kwame Nkrumah University of Science and Technology Business School (K S B) for their guidance during critical moments in my studies.

To the management and Staff of Guinness Ghana Breweries Limited, I say bravo for helping me to complete my course successfully.

To Mr. Daniel Opoku Asante and any other persons who assisted me in diverse ways, I say thank you.

TABLE OF CONTENT

CHAPTER ONE

INTRODUCTION

1.1 Background

A number of factors have combined to create new opportunities and threats for business firms. Notable among these factors are the changing economic, technological, social and political environment and new forms of competition, fueled by advances in Information Technology and Communication as well as Globalization. The phenomenon of globalization has created the situation where a company no longer competes with only other companies within the same country, but also with companies in other countries around the world. Thus, to be able to survive, business organisations are required to adjust to forces of competition from all directions.

Generally, two main growth prospects are available for every business organisation: either internally or externally. Internal growth strategies may involve investing internally through the introduction of new products or services and expanding existing operations to other regions. External growth may be in the acquisition of a similar entity doing same business. Several motives combine to cause an entity to acquire another. A major motive may be the desire to take advantage of the strength of the acquired entity, while another may be to avoid the difficulties of starting a new business from scratch at a new geographical area.

According to Hoyle et al (2001), there is a shift by the business community towards business combination as a strategy for growth and competitiveness. This has led to one of the currently most pursued strategies in the business world-mergers and acquisitions. Mergers and acquisition is one form of external business expansion. In the global economy, some firms operate tightly integrated partnership; while others have become their own global enterprises through mergers and acquisitions (Mcshane & Von Glinow, 2001). Mergers and acquisitions are forms of business combination, which involve events or transactions in which two or more businesses pool their resources to form a single entity.

Hoyle et al (2001) indicate that a merger is generally a business blend including two or more firms who, in the past were autonomous and generally equal on generally equivalent terms under the joint ownership of the past owners. Weston and Copeland (1989) consider a merger as any transaction that forms one economic unit from two or more past ones. On the other hand, Van Horne (1998) consider a merger as a mix of two organizations in which only one survives. An acquisition, on the other hand, happens when one entity buys another entity, with responsibility for consolidated entities staying with the owners of the purchaser.

The advanced economies have witnessed a number of corporate growth and restructuring through mergers and acquisitions. Hoyle et al (2001) (cited in Seidu,2008) refer to a 2001 data provided by the organisation "Mergerstart"; which revealed that the number of Mergers and Acquisitions in 2000 totaled 9,602 with a total market value of $1.4trillion (Hoyle et al, 2001).

Although this data on Ghana is not readily available to the researcher, there is evidence that the country is witnessing an increasing number of mergers and acquisitions. Whereas in the brewery industry, the most common and known reference is the GGL GBL, a major sector recording this activity is the banking sector which has recorded a number of mergers and acquisitions in the last five years. Reference can be made to National Savings and Credit Bank Limited and Social Security Bank Limited and subsequently the merged Social Security Bank Limited and Banc Societé Genérel to form S.G. - SSB Limited., Access Bank acquisition of Intercontinental Bank Ghana, Bank of Africa Acquisition of Amal Bank and recently the acquisition of Trust Bank by Ecobank Ghana.

This has been facilitated by an improving business environment and increasing presence of foreign competitors on the local scene. A major reason for mergers and acquisitions is to impact positively on the performance of the entities involved. There is the need for such assumptions to be subjected to studies to validate or reject such positions over time. This study thus seeks to examine the effect of mergers and acquisitions on organisational performance using Guinness Ghana Limited as a case study.

1.2 Problem Statement

The impact of mergers and acquisitions on corporate financial performance is not well understood in this country. In the western developed countries, especially the U.S and U.K., several researches have shown conflicting conclusions about the effects of mergers and acquisitions on corporate financial performance. Some of these studies include the works of Agrawal, Jaffe and Mandelker (1992) in U.S. and Limmack (1991) and Higson and Elliot (1993) in the U.K. However, these studies were done in environments that are quite different from that of Ghana. This study will therefore examine the effect of mergers and acquisitions on organisational performance using Guinness Ghana Limited as a case study. .

1.3 Objectives

The general objective of the study is to examine the effect of mergers and acquisitions on the performance of organisations, with Guinness Ghana Limited as a case study. The specific objectives include:

1. To assess the performance of Guinness Ghana Limited before and after merger.
2. To identify the company's motives for its involvement in merger and acquisition in Ghana.
3. To examine the challenges the company faced in its merger process

1.4 Research Questions

To address the stated objectives, the following research questions were set:

1. What is the performance of Guinness Ghana Limited before and after merger?
2. What were the company's motives for its involvement in merger and acquisition in Ghana?
3. What were the challenges the company faced in its merger process?

1.5 Significance of the Study

This study will be of immense significance to policy makers, investors, managers in various industries of the economy, and stakeholders. The findings will also be of significance in the academic field as findings may be used as secondary material for further research. The findings will enable policy makers know at first hand the motives for mergers and need to enact policies in this respect. Practitioners and the academia will also get to know the motives for mergers in Ghana, its impact on organisations, and the various challenges inherent in such an undertaking.

1.6 Scope of the Study

The study is a single case study involving Guinness Ghana Limited. The study focused on the company's performance pre and post-merger (2000-2013).

1.7 Limitations of the Study

The following constitute the imitations of the study:

1. The unwillingness of some respondents created an initiall challenge in the data collection process. This was however effectively managed.
2. The study was also challenges by inadequate funding to carry out extended investigation into other relevant areas.
3. The researcher likewise had to combine the study with her normal family life which created a lot of difficulty in the process of collecting data.

1.8 Organization of the study

This study embodies five chapters presented as follows: Chapter one contains the introduction, background, articulation of the problem, objectives, research questions, significance, scope, limitations and organisation of the study. Chapter two contains review of literature on mergers. Chapter three of the study describes the research methodology for the study, which consists of the research design, target population, data collection method, and analytical techniques. Chapter four comprises the results of the study and the discussion of findings. The final chapter, chapter five, presents the summary of findings, conclusions drawn from the study, recommendations, and areas for further research.

CHAPTER TWO LITERATURE REVIEW

2.0 Introduction

This chapter contains a review of literature on mergers and acquisitions. The chapter begins with theories on mergers and acquisitions, the determinants of post-merger performance and some empirical literature on mergers and acquisition.

2.1 The Concept and Definition of Mergers and Acquisitions

Mergers & acquisitions (M&A) has been thoroughly investigated in the literature in the last two decades (Appelbaum et al., 2007) in response to the rise in M&A activities as well as the increasing complexity of such transactions themselves (Gaughan, 2002). With the purpose of setting an M&A context for the thesis topic, we will explore M&A activities in terms of its definition and classification, motives, process, and later moving on to highlight the development of M&A over time.

Mergers & acquisitions (M&A), in the broad sense, may imply a number of different transactions ranging from the purchase and sales of undertakings, concentration between undertakings, alliances, cooperation and joint ventures to the formation of companies, corporate succession/ ensuring the independence of businesses, management buy-out and buy-in, change of legal form, initial public offerings and even restructuring (Picot, 2002). However, Nakamura (2005) explains that using a broad definition of M&A could lead to confusion and misunderstanding as it entails everything from pure mergers to strategic alliance. Therefore, this thesis adopts the definition of M&A in a narrower sense as clarified below.

Merger is the combination of two or more companies in creation of a new entity or formation of a holding company (European Central Bank, 2000, Gaughan, 2002, Jagersma, 2005). Acquisition is the purchase of shares or assets on another company to achieve a managerial influence (European Central Bank, 2000, Chunlai Chen and Findlay, 2003), not necessarily by mutual agreement (Jagersma, 2005).

Mergers are commonly referred to as either 'merger by absorption' or 'merger by establishment' (Chunlai Chen and Findlay, 2003, Nakamura, 2005). Merger by absorption is the situation in which one company buys all stocks of one or more companies (i.e., absorbing) and the absorbed companies cease to exist whereas merger by establishment refers to the case where two or more firms are merged into a newly created one and the combining firms in the merger are dissolved (Chunlai Chen and Findlay, 2003). According to Nakamura (2005) merger by absorption could be considered as a de facto acquisition. Besides, the term 'consolidation' could be used to imply a merger by establishment (Gaughan, 2002).

In acquisition, the acquiring company may seek to acquire a significant share of stocks or assets of the target company. Consequently, there are two forms of acquisitions: assets acquisitions and share acquisitions (Chunlai Chen and Findlay, 2003). An asset acquisition occurs when a company purchases all or part of the target company's assets and the target remains as a legal entity after the transaction whereas in a share acquisition a company buys a certain share of stocks in the target company in order to influence the management of the target company. Depending on the significance of the share of stocks acquired by the acquiring company, acquisitions are then classified into three types: (1) complete take over (100% of target's issued shares), (2) majority (50-99%), and (3) minority (less than 50%) (Nakamura, 2005).

According to Marren (1993), merger and acquisition are the two distinct types of transactions with different consequences regarding legal obligations, acquisition procedures, and tax liabilities (Marren, 1993). However, taking the general view of M&A transactions the final outcome of which is two or more companies combining their business efforts, we do not attempt to separate merger transactions from acquisition ones. Rather, M&A will be treated as one type of corporate finance service that is provided by M&A advisory firms.

2.2 Classification of Mergers & Acquisitions

Mergers and Acquisitions can be classified as horizontal, vertical or conglomerate (Gaughan, 2002, Chunlai Chen and Findlay, 2003). In horizontal M&A, the acquiring and the target companies are competing firms in the same industry. According to Chunlai Chen and Findlay (2003), horizontal M&A has grown rapidly over recent years due to global restructuring of many industries in response to technological change and liberalization.

Vertical M&A are combinations of firms in client-supplier or buyer-seller relationships. The firms involved seek to reduce uncertainty and transaction costs by upstream and downstream linkages in the value chain and to benefit from economies of scope (Chunlai Chen and Findlay, 2003). Lastly, a company may attempt to diversify risks and attain economies of scope by engaging in conglomerate M&A transactions where involving companies operate in unrelated businesses.

An example of conglomerate M&A is Philip Morris, a tobacco company, which acquired General Foods in 1985 for US$5.6 billion (Gaughan, 2002). In addition,

M&A could also be classified as 'friendly' or 'hostile' (Chunlai Chen and Findlay, 2003). When an M&A transaction is undertaken in a friendly manner, the board of the target company agrees to the transaction. On the contrary, a hostile deal is one that pits the offer against the wishes of the target, since the board of the target refuses the offer.

Last but not least, M&A transactions could be either domestic or cross-border with regards to where the companies involved base and operate. A cross-border M&A transaction involves two firms located in different economies, or two firms operating within one economy but belonging to two different countries (Chunlai Chen and Findlay, 2003). Accordingly, in domestic M&A transactions, the firms involved originate from one country and operate in that economy-country.

2.3 The Merger and Acquisition Process

According to Picot (2002), a typical M&A transaction goes through three phases: planning, implementation and integration. In the planning phase, the overall plan for the transaction is developed "in the most interdisciplinary and comprehensive manner possible" (Picot, 2002). Planning covers the operational, managerial and legal techniques and optimization with special regards to the two following phases. The implementation phase covers a range of activities starting from the issuance of confidentiality or non-disclosure agreements, letter of intent and ending with the conclusion of the M&A contract and deal closure. The last phase is concerned with post-deal integration.

Of a similar manner is the Watson Wyatt Deal Flow Model introduced by Galpin and Herndon (2000), the two practitioners at Watson Wyatt Worldwide. However, their model breaks down the process into five smaller stages namely Formulate, Locate, Investigate, Negotiate and Integrate. The most significant milestone is when the two transacting firms sign the agreement, finishing the deal and entering the integration stage.

The first three stages then belong to the pre-deal phase while 'Negotiate' represents the deal phase which ends when the above milestone is achieved, and the post-deal phase only contains the last stage termed 'Integrate'. The Watson Wyatt model includes in the first stage 'Formulate' for the setting of business strategy as well as growth strategy; however, this step is missing in the planning phase of Picot's model. This addition could be considered as an attempt to give a more strategic insight into the Merger and acqusition deal.

Besides, Aiello and Watkins (2000, in Harvard Business Review 2001) suggest another model describing the M&A process. However, their model outlines only phases within the negotiation process of the deal, which in turn is covered by the activities under the pre-deal and deal stages in the Watson Wyatt Deal Flow Model. In our opinion, out of the three representative models, the Watson Wyatt Deal Flow Model is deemed to capture the most comprehensive picture of how the M&A process is organized. Moreover, it is worth mentioning that the Watson Wyatt model takes into account the pre-acquisition analysis of strategic fit and organizational fit, the importance of which to the M&A process itself and M&A outcomes has been highlighted in literature as according to Jemison and Sitkin (1986).

2.4 Motives of Mergers and Acquisitions

There are various motives for acquisitions and mergers. These extend from economies of scale to managerial motives. Here an attempt is made to evaluate some of these reasons.

Differential Efficiency: This theory stresses on differential efficiencies of different management of different companies. Manne (1965) highlights the existence of a positive correlation between corporate managerial efficiency and the market price of shares of that company. If a company is poorly managed the market price of the shares of that company falls as compared to the market price of the shares of other companies in the same industry. This difference in share price of companies, indicates the potential capital gain that can accrue if the management of the company passed into the hands of a more efficient management. The company in question becomes an attractive takeover target for those who believe that they can manage the company more efficiently. Firms operating in similar business are more likely to be acquirers since they would better possess the ability to detect under-performance and will have the know-how to turnaround the company.

Inefficient Management: This theory is related to the differential efficiency theory. Takeover is seen as an effort by the shareholders of the acquired company to discipline the management of the company. Managers often have problem in abandoning their old strategies, even when these strategies do not contribute to the growth of the company. When the need to restructure is overlooked by the management, the capital markets through the market for corporate control come to rescue. The shareholders of the target company through the takeover market pass on the control to the more efficient management. The price paid to the shareholders has to be at a premium over current market price (Jensen and Ruback, 1983) to solicit them to sell their shares.

Operating Synergy: can be achieved trough horizontal, vertical and conglomerate mergers. This theory assumes that economies of scale exist in the industry and prior to a merger, the firms are operating at levels of activity that fall short of achieving the potentials for economies of scale. There are four kinds of synergies: cost, revenue and market power and intangibles. Cost synergies are again broken down into fixed cost and variable cost synergies. Fixed cost synergies like sharing central services such as accounting and finance, the office, executive and higher management, legal, sales promotion and advertisement etc can substantially reduce overhead costs. Variable cost reduction is associated with increased purchasing power and productivity. Revenues synergies are associated with cross-selling products or services through complementary sales organizations or distribution channels that sell different geographic regions, customer groups or technologies. Intangibles include brand name extensions and sharing of know how. This kind of synergy is realized by transferring of these intangible capabilities from one firm to another.

Pure Diversification: Unlike the stakeholders of a company who reduce their diversifiable risk by holding a portfolio of well-diversified scrips, managers income from employment constitutes a major portion of their total income. Hence risk attached with a manager's income is to a large extent a function of firm's performance. Managers invest heavily in organization capital during their tenure with the firm. A major part of this capital may be firm specific, increasing the employment risk of the managers. Managers can thus be expected to diversify their risk by engaging in conglomerate mergers (Amihud and Lev, 1981). Similarly a firm engaged in manufacturing/marketing of a single product, which is in the maturity or decline phase of its life cycle, might like to invest the cash flows into growing businesses.

The learning by employees has been developed over time. This learning may also be firm specific. It makes sense to employ this organization capital in growth businesses instead of letting them get destroyed with the withered business. Market synergies are discussed in the section on market power.

Agency Problems: On one hand literature on mergers and acquisitions points out that corporate takeovers are used as disciplining mechanism by the shareholders of the acquired firm, on the other hand authors also consider takeovers as manifestation of the agency problem. Ignoring the welfare of its shareholders, the management of acquiring company makes value-eroding acquisitions to increase the size of their company and thereby increasing their compensation. The relationship between size and compensation has been signaled by Murphy (1985).

Roll (1986) points out that the payment of excess bid premia in a takeover by the management may be the result of hubris. Bids are made when valuation of the target firm by the acquiring firm exceeds the market price of the firm. The bids are abandoned when the valuation is lower than that of the market price of the firm. If however there are no gains in the acquisition, then the theory of hubris says that managers do not abandon these bids because of positive errors in valuation i.e. the overbearing presumption of the acquiring managers is that their valuation is right (Martynova and Renneboog, 2006).

Jensen (1986) uses the free cash flow hypothesis to explain takeover activity in certain cases. When a firm generates cash flows and does not have enough projects with a positive net present value, it is prudent to pay the additional cash to the shareholders. This payout of cash is detrimental to the interests of managers, because it reduces the resources under the manager's control and thereby diminishes their power (Heron and Lie, 2002). The management will also have to go through monitoring of the capital requirements when for future need of funds they have to go back to capital markets to raise new resources. Managers have incentives to grow their firm beyond an optimal size (as pointed above). The reward to middle managers through promotions also generates a bias towards growth to supply the new positions that such promotion based rewards system may require.

Acquisitions are one way for the manager to spend excess cash instead of paying it to the shareholders. Therefore managers of firms with free cash are more likely to undertake low benefit or value destroying acquisitions.

Market Power: Acquisitions, especially horizontal mergers may also be undertaken to destroy competition and establish a critical mass. This might increase the bargaining power of the company with its suppliers and customers. Economies of scale may also be generated in the process. Example of this could be VIP's takeover of Universal Luggage and its thereafter putting an end to Universal's massive price discounting, which was eating their profits. The HP and Compaq merger also created the largest personal computers company in India. Internationally, as well this move was supposed to put IBM under immense pressure (Martynova and Renneboog, 2006).

Market Expansion: Organic route of growth takes time. Organizations need place, people, regulatory approval and other resources to expand into newer product categories or geographical territories. Acquisition of another organization with complementary products or geographic spread provides all these resources in a much shorter time, enabling faster growth.

Tax Benefits: If a healthy company acquires a sick one, it can avail of income tax benefits under section 72-A of Income Tax Act. This stipulates that subject to the merger fulfilling certain conditions, the healthy company's profit can be set off against the accumulated losses of the sick unit. The money saved must be used for the revival of the sick unit. The healthy company, besides saving on tax, acquires additional manufacturing capacities and strength. Tax advantage was one of the reasons that prompted the takeover of Allwyn by Voltas (Linn and Switzer, 2001).

Reasons for mergers as enumerated above are all economic in nature and the most commonly quoted ones across various industries. Mergers and acquisitions are a very old phenomenon and have occurred due to these different reasons for over a century now. Renewed interest in mergers and acquisitions in the present context is due to two reasons: first because of increase in number of cross- national mergers and second due to increase in financial stakes involved and the corresponding realization that majority of mergers and acquisitions fail to create value or meet their objectives.

2.5 Determinants of Post-Merger Performance

The literature identifies a number of determinants of post-acquisition performance. This section discusses a number of them.

2.5.1 Method of payment: cash versus stock

Empirical evidence suggests that the means of payment is an important determinant of the long-term post-acquisition performance: cash offers are associated with stronger improvements than takeovers involving other forms of payment (Ghosh, 2001; Moeller and Schlingemann, 2004).

A possible explanation is that cash deals are more likely to lead to the replacement of (underperforming) target management, which could result into performance improvement (Denis and Denis, 1995; Parrino and Harris, 1999). An alternative explanation is that a cash payment is frequently financed with debt (Ghosh and Jain, 2000; Martynova and Renneboog, 2006). Debt financing restricts the availability of corporate funds at the managers' disposal and hence minimizes the scope for free cash flow problems (Jensen and Meckling, 1976).

As such, takeovers paid with cash are more likely to bring about more managerial discipline. However, the empirical literature does not finds a significant relationship between the method of payment and post-merger operating performance (Powell and Stark, 2005; Sharma and Ho, 2002).

2.5.2 Deal Atmosphere: Friendly vs. Hostile

Hostility in corporate takeovers may be associated with better long-term operating performance of the merged company. The reason is that hostile bids are more expensive for the bidding firms, such that only takeovers that have high synergy potential are likely to succeed (Burkart and Panunzi, 2006 cited in Martynova, Oosting and Reneboog, 2006). However, the empirical literature finds no evidence in support of this conjecture (Ghosh, 2001; Powell and Stark, 2005). The acquisition method (a tender offer or a negotiated deal) may also be an important determinant of the post-merger performance.

Likewise, the empirical evidence does not unveil any such relation (Linn and Switzer, 2001; Heron and Lie, 2002; Moeller and Schlingemann, 2003 cited in Martynova, Oosting and Reneboog, 2006).

2.6.3 The Acquirer's Leverage And Cash Reserves

The activities of highly leveraged acquirers may be subject to severe monitoring such that unprofitable M&As would be effectively prevented ex-ante. Empirical evidence on this relationship is mixed: whereas Ghosh and Jain (2000), Kang, Shivdasani and Yamada (2000), and Harford (1999) provide evidence in line with the conjecture1, Linn and Switzer (2001), Switzer (1996), and Clark and Ofek (1994) find no significant relation between acquirer's leverage and post-merger operating performance.

As follows from Jensen's (1986) free cash flow theory, acquirers with excessive cash holdings are more likely to make poor acquisitions and hence experience significant post-merger underperformance relative to their peers who had more limited cash holdings. Empirical evidence by Harford (1999) confirms this conjecture.

2.5.4 Industry Relatedness: Focused Versus Diversifying Acquisitions

Although diversifying (or conglomerate) acquisitions are expected to create operational and/or financial synergies, the creation of diversified firms is associated with a number of disadvantages such as rent-seeking behavior by divisional managers (Scharfstein and Stein, 2000 cited in Martynova, Oosting and Reneboog, 2006), bargaining problems within the firm (Rajan et al., 2000), or bureaucratic rigidity (Shin and Stulz, 1998 cited in Martynova, Oosting and Reneboog, 2006).

These disadvantages of diversification may outweigh the alleged synergies and result in poor post-merger performance of the combined firm. Furthermore, diversifying M&As may be an outgrowth of the agency problems between managers and shareholders (Shleifer and Vishny, 1989 cited in Martynova, Oosting and Reneboog, 2006), which is also likely to result in the deterioration of corporate performance after the takeover.

While earlier studies confirm these conjectures (Healy et al., 1992; Heron and Lie, 2002), later studies find the relationship between diversifying takeovers and poor post-merger performance insignificant (Powell and Stark, 2005; Linn and Switzer, 2001; Sharma and Ho, 2002). Furthermore, Kruse et al. (2002) and Ghosh (2001) document that diversifying acquisitions significantly outperform their industry-related peers.

2.5.5 Relative Size of the Target

Takeovers of relatively large targets are more likely to achieve sizeable operating and financial synergies and economies of scale than small acquisitions, therefore leading to stronger postacquisition operating performance. However, the acquirer of a relatively large target may face difficulties in integrating the target firm, which could lead to a deterioration of performance.

There is empirical evidence in support of both conjectures. Linn and Switzer (2001) and Switzer (1996) provide evidence that acquisitions of relatively large targets outperform those of small targets. Clark and Ofek (1994) document that difficulties with managing a large combined firm outweigh the operating and financial synergies in large acquisitions and result in the deterioration of operating performance. However, most of empirical evidence reports no significant relation between the relative target size and post-merger performance (Powell and Stark, 2005; Moeller and Schlingemann, 2003; Heron and Lie, 2002; Sharma and Ho, 2002; Kruse et al., 2002).

2.6 Domestic Versus Cross-Border Deals

In cross-border acquisitions, bidding and target firms are likely to benefit by taking advantage of imperfections in international capital, factor, and product markets (Hymer, 1976 cited in Martynova, Oosting and Reneboog, 2006), by internalizing the Research and Development capabilities of target companies (Eun et al., 1996), and by expanding their businesses into new markets (as a response to globalization trends).

As such, cross-border acquisitions are expected to outperform their domestic peers. However, regulatory and cultural differences between the bidder and target countries may lead to complications in managing the post-merger process and hence the failure to achieve the anticipated merger synergies.

As a result of such difficulties in cross-border bids, the post-merger performance of the combined firm may deteriorate (Schoenberg, 1999). Moeller and Schlingemann (2003), Goergen and Renneboog (2004), Martynova and Renneboog (2006b) show that that firms acquiring foreign targets experience significantly lower takeover announcement returns than their counterparts acquiring domestic targets. Gugler et al. (2003) report a significant effect of cross-border deals on post-acquisition operating performance.

Martynova, Oosting and Rennehoog (2008) investigate the long-term profitability of corporate takeovers of which both the acquiring and target companies are from Continental Europe or the UK.

The authors employ four different measures of operating performance that allow us to overcome a number of measurement limitations of the previous literature, which yielded inconsistent conclusions. Both acquiring and target companies significantly outperform the median peers in their industry prior to the takeovers, but the raw profitability of the combined firm decreases significantly following the takeover.

However, this decrease becomes insignificant after we control for the performance of the peer companies which are chosen in order to control for industry, size and preevent performance. None of the takeover characteristics (such as means of payment, geographical scope, and industry-relatedness) explain the post-acquisition operating performance.

Still, we find an economically significant difference in the long-term performance of hostile versus friendly takeovers, and of tender offers versus negotiated deals: the performance deteriorates following hostile bids and tender offers. The acquirer's leverage prior takeover seems to have no impact on the post-merger performance of the combined firm, whereas the acquirer's cash holdings are negatively related to performance. This suggests that companies with excessive cash holdings suffer from free cash flow problems and are more likely to make poor acquisitions. Acquisitions of relatively large targets result in better profitability of the combined firm subsequent to the takeover, whereas acquisitions of a small target lead to a profitability decline.

Mandelker (1974) is generally considered the first modern treatment of the financial onsequences of mergers, with merger completion dates being precisely determined and abnormal returns (or residuals, as they were then called) being calculated relative to a benchmark. The paper analyzes 241 mergers that took place during 1941-1962. Both the acquiring and the acquired firms were listed on the New York Stock Exchange (NYSE).

Mandelker's major focus is on returns around the time of the merger, with perhaps his most important finding being (p. 303): "stockholders of acquiring firms seem to earn normal returns from mergers as from other investment-production activities with commensurate risk levels. Stockholders of acquired firms earn abnormal returns of approximately 14%, on the average, in the seven months preceding the merger."

Dodd and Ruback (1977) examine stock return performance both before and after tender offers. They compile a sample of 124 NYSE firms making successful tender offers and 48 NYSE firms making unsuccessful tender offers over the period from 1958 to 1976. Abnormal returns are calculated from the market model.

The study measures the post-acquisition performance of acquirers over two periods, months (+1, +12) and (+13, +60), relative to the first public announcement of the bid. The Cumulative Abnormal Return (CAR) for the successful acquirers over this entire 60-month period is –0.0591. While this performance may be economically important, the t-statistics reported for the two periods are both insignificant.

Langetieg (1978) examines 149 mergers between NYSE firms over the period from 1929 to 1969. He begins by adjusting returns for both market and industry factors. He abstracts from market returns by using either the Capital Asset Pricing Model (CAPM) or the Black (1972) two-factor model, and employs two industry indices, yielding four measures of abnormal performance. Regardless of the measure, the results show large negative returns over three intervals (months (+1, +12), (+13, +24), and (+25, +70) after the merger.

Firth (1980) examines bidders in 434 successful bids and 129 unsuccessful bids in the United Kingdom over the period from 1969 to 1975. Takeover bids where the bidder holds at least 30% of the target stock six months prior to the bid announcement are excluded from the sample. Both bidders and targets are exchange-listed firms.

Abnormal performance is measured via the market model, with a moving average method used forbeta estimation. Specifically, the parameters of the model for a given month t are estimated over months (t-48, t-1), excluding months (-12, +12) around the takeover bid month. His results shows CARs for successful bidders of only 0.001 over the 36 months following the bid announcement.

Asquith (1983) cited in Martynova, Oosting and Reneboog, (2006) provides a comprehensive study of mergers, with particular attention given to announcement dates. As opposed to the monthly returns in the Mandelker and Langetieg studies, Asquith uses daily data, allowing him to measure returns relative to both the "press day" and "outcome day." The press day is the day that The Wall Street Journal (WSJ) reports news of the merger bid and the outcome day is the day that the WSJ publishes the outcome.

The study examines 196 NYSE or American Stock Exchange (AMEX) acquirers in successful mergers involving NYSE targets over the 1962-1976 period. Daily abnormal returns are calculated as the difference between the return on the merging firm and the return on a control portfolio with a similar beta. To form this control, all securities on the NYSE and AMEX are ranked once a year according to their betas and placed into one of 10 decile portfolios.

Barnes (1984) examines all mergers between companies listed on the London Stock Exchange over the period from June 1974 to February 1976. Post-merger performance of the resulting 39 acquiring firms was assessed using the market model with an added industry factor. The author's analysis indicates that the CAR over the 60 months following the month of announcement is –0.063. No statistical tests are reported.

Dodds and Quek (1985) examine 70 mergers during 1974-1976 where the acquirer is listed on the Industrial Sector of the London Stock Exchange. Post-merger performance is computed using the market model. The Industrial Group Index of the Financial Times Actuarial Share Index is used as a proxy for the market. Their results shows a CAR of –0.068 over the 60 months following the month of merger announcement. No statistical tests are reported for this interval.

Magenheim and Mueller (1988) examine 78 NYSE/AMEX acquiring firms that completed takeovers worth at least $15 million over the period 1976-1981. The authors classify 51 of the acquisitions as mergers and 26 as tender offers. They calculate abnormal returns from the market model, estimating the parameters β over one of three periods: months (-60, -4), (-36, -4) or (+13, +36) relative to the initial announcement month.

Bradley and Jarrell (1988) criticize Magenheim and Mueller's methodology stating (p. 255), "It is well known that market model parameter estimates based on monthly data are inefficient and nonstationary." And, indeed, financial economists have long pointed out that if the true abnormal performance is non-zero during the estimation period, measurement of abnormal performance in the forecast period will be biased. Bradley and Jarrell (1988) estimate abnormal returns using a method similar, if not, identical to that of Asquith (1983).

Here, a daily abnormal return is the difference between the return on the acquirer's stock and the return on a portfolio of securities of similar beta. The authors find a statistically insignificant CAR of –0.16 over the first three post-acquisition years.

2.7 Challenges to the Realization of Gains in Mergers and Acquisitions

Many researchers have tried to explore reasons for failure of mergers/acquisitions. According to Allred, Boal, and Holstein (2005) roughly half of all mergers and acquisitions fail. Homburg and Bucerius (2006) citing work by other authors claim that between sixty to eighty percent mergers fail. The reasons for failure are many. Earlier researchers, for a considerable period of time blamed, mainly economic rationale or reasons like non realization of anticipated synergies and cost savings, incompatible facilities and technologies for dismal success rate of mergers and acquisitions. Of late, however researchers identified integration related issues as major value destroyers. Elucidating reasons for merger failures, Allred, Boal, and

Holstein (2005:24) say, 'but a simpler explanation is perhaps closer to the real issue — the merged entities did not fit together or the integration could not be made to work effectively'. Jemison and Sitkin (1986) in their seminal work have tried to answer this question. According to them, success of integration is determined by the importance paid to both organization fit and strategic fit in the pre-acquisition phase.

However, it is observed that strategic fit is given more importance at the expense of organizational fit in the pre combination phase of merger, thus resulting in unsatisfactory integration and merger performance. Strategic fit is defined as the degree to which the target firm augments or complements the acquirer's strategy and thus makes identifiable contributions to the financial and non -financial goals of the acquirer.

Organizational fit is defined as the match between administrative practices, cultural practices and personnel practices of the acquiring and target firm. Since acquisitions, especially related, require the integration of a variety of organizational activities, issues of organizational fit must also be considered. If during the process of acquisition, organizational fit factors are ignored, the acquisition outcomes are less likely to be desirable.

Integration has been highlighted as a crucial factor in ensuring success of merger. In the following paragraphs an effort is made to understand its meaning and what is it that makes integration (and HR integration) so important.

2.7.1 Integration

Integration of two organizations can range from complete absorption to partial assimilation or complete autonomy of the target organization. Thus, the definition is determined by the level of integration and directly relates to the acquiring organization's objectives. In the most general terms, integration occurs when two distinct organizations become a single new entity on every level. In addition, integration can be divided into subcategories and defined on specific levels (www. corporateleadershipcouncil.com).

People Integration — Occurs when acquired employees and existing employees have the same corporate culture, and all employees feel part of a single organization.

Systems Integration — Occurs when all employees are connected to a single corporate system, and the system operates smoothly without disruption.

Production Integration — Occurs when production processes are assimilated to create a single production method.

According to the *Corporate Leadership Council (CLC), (2003), "*Integration" is when everyone is connected to the organization, and the organization is achieving maximum productivity without disruptions. Integration is defined according to the integration production plan and depends on the organization's objectives for the acquisition. Depending on the acquisition, objectives can include product creation or process improvement.

Again, Integration is when the acquired organization is incorporated into all aspects of the business. It includes the integration of systems, people, and structure. Further, Integration is when the acquired employees can walk, talk, and use the tools and processes of the acquiring organization without conflict or disruption. Integration of cultures is when acquired employees feel part of the new organization. From a systems stand point, it is when acquired employees are connected and involved in processes. Integration is when resistance fades away, processes and systems are smooth, two different cultures become one, and objectives have been met.

2.8 Central Managerial Issues in Mergers and Acquisitions

There are a number of central managerial issues in mergers and acquisitions that can affect the intended synergy effect. This section analyses these managerial issues.

2.8.1 Flawed Intentions

A key managerial challenge in mergers and acquisitions is the lack of proper strategy. In most instances, there is over elaboration of the stock market which sometimes can spell trouble. In some mergers, history has shown that the strategic thinking behind them have been anything but strategic, usually more about glory-seeking than business strategy. In such situations intentions are even flawed before they materialize (Chunlai Chen and Findlay, 2003).

This is aptly described by as "the executive ego, which is boosted by buying the competition, playing a major force in M&A, especially when combined with the influences from the bankers, lawyers and other assorted advisers who can earn big fees from clients engaged in mergers". The point therefore is that some executives have other motives such as being the "biggest and the best," getting a big bonus for merger deals, no matter what happens to the share price later.

There are other instances where mergers are driven by generalized fear, where management team feels they have no choice and must acquire a rival before being acquired. This arises from the arrival of new technological developments or a fastchanging economic landscape that makes the outlook uncertain are all factors that can create a strong incentive for defensive mergers.

The suggestion being established here therefore is that, management teams should guard against having a flawed intention in going into a merger or acquisition borne out of fear of emerging completions (Chunlai Chen and Findlay, 2003).

.

2.8.2 Alertness to Detail

The temptation for top managers to neglect their core business can cause serious problems. Emerging challenges are usually neglected or are considered trivial usually because of the thrill of becoming bigger

2.8.3 Aligning the different Cultures and Achieving Integration

The chances for success are further hampered if the corporate cultures of the companies are very different. When a company is acquired, the decision is typically based on product or market synergies, but cultural differences are often ignored. It's a mistake to assume that personnel issues are easily overcome. For example, employees at a target company might be accustomed to easy access to top management, flexible work schedules or even a relaxed dress code. These aspects of a working environment may not seem significant, but if new management removes them, the result can be resentment and shrinking productivity (Chunlai Chen and Findlay, 2003).

The temptation to focus too intently on cutting costs usually follows mergers, which is usually associated with revenues and ultimately profits suffering. Merging companies can focus on integration and cost-cutting so much that they neglect day-to-day business, thereby prompting nervous customers to flee. This loss of revenue momentum is one reason so many mergers fail to create value for shareholders.

2.8.4 Managing the Cultural Dynamics

Cultural influences have the potential to be broad and far reaching, for which it is considered a central managerial issue in mergers and acquisitions. Areas of considerable concern should include:

1. **Decision-making Style**: There is every possibility that decision making style may differ between the two organisations. Therefore, effective integration requires rapid decision-making. The challenge again is that different decision-making styles can lead to slow decision-making, failure to make decisions, or failure to implement decisions.

This makes this aspect an important or central managerial issue.

2. **Leadership Style**: To achieve effective integration, leadership style will also matter. A shift in leadership style (for example: dictatorial or consultative, clear or diffuse) can generate turnover among employees who object to the change. This is especially true for top talent, who are usually the most mobile employees. The consequence is that loss of top talent can quickly undermine value in integration by draining intellectual capital and market contacts.

3. **Ability to Change:** Achieving the desired change is another important managerial issue of significant concern. This should reflect in willingness to risk new things, compared with focus on maintaining current state and meeting current goals. Ability to change should reflect in willingness to implement new strategies. Again, there should be the willingness to work through the inevitable difficulties in creating a new company.

4. **How People Work Together:** Another central managerial issue to effective integration is whether getting people to work together should be based on for example:

formal structure and role definitions or based on informal relationships. This will eliminate potential role conflicts

The tendency is that merged companies will create interfaces between functions that come from each legacy company, or new functions that integrate people from both legacy companies. If the cultural assumptions of the legacy companies are inconsistent, then processes and handoffs may break down with each company's employees becoming frustrated by their colleagues' failure to understand or even recognize how work should be done (Chunlai Chen and Findlay, 2003).

.

2.9 Review of Mergers and Acquisitions in Ghana

The growing size, depth and sophistication of Ghana's economy is creating more opportunities for M&As. In April, 2014, Merchant Bank Ghana was taken over by Fortis Equity Fund Ghana, thus creating the entity Universal Merchant Bank (UMB). Some mergers and acquisitions have also taken place over the same period. Notable among them are the takeover of Provident Life and Express Life by Old Mutual and Prudential Plc respectively, in the insurance sector. Again, in the diary industry, the acquisition of FanMilk International, producers of dairy products and fruit drinks, by Abraaj (the middle-east based private equity firm with a strong presence in sub-Saha ran Africa) through its prior acquisition of Aureos Private Equity Fund, and Danone (French global leader in the dairy, baby food and water products), was also recorded.

The Wilmar Group also acquired Benso Oil Palm Plantation while the merger of Keegan Resources and PMI Gold in the mining sector have also vividly illustrated the growing M&A activity in Ghana (Source:

http://www.myjoyonline.com/business/2015/may-8th/report-mergers-andacquisitions-on-the-rise-in-ghana.php#sthash.XTaf7qOS.dpuf)

Aggressive growth in the financial sector over the past decade has spurred meaningful M&A activity with Ecobank Transnational acquiring The Trust Bank and Access Bank merging with Intercontinental Bank. Bank of Africa, a francophone West African banking group, a few years ago bought out the 49% equity stake in the erstwhile Amalgamated Bank held at the time by Nigerian investment holding company Meeky Investments.

There are other major deals recorded as part of the M&A incursions into the Ghanaian market. Reference can be made to the deal between UK- based DPI's recent investment and CAL Bank* Duet Private Equity's investments in agriculture processing and beverage production operations in Ghana and South Africa-based Vantage Capital's investment in Genser Energy, an independent power producer.

The telecom sector has also recorded some mergers and acquisitions. MTN took over Areeba after the latter had taken over Spacefon. Airtel also took over Zain and Vodafone, Ghana Telecom and its One-touch mobile network. Similarly, Hong Kong headquartered Hutchinson Whampoa took over die only privately owned Ghanaian mobile network, Celtel in the late 1990's and re-named it Kasapa before selling it to a Middle East based firm which has since rebranded it as Expresso (Source:

http://www.myjoyonline.com)

CHAPTER THREE RESEARCH METHODOLOGY AND ORGANISATIONAL PROFILE

3.1 Introduction

This chapter describes how the study was conducted. It outlines the choice of study approach and strategy that have been used in undertaking the study. The chapter also defines the participants that were used, including the statistical techniques used to analyze the data.

3.2 Research Approach

There are for the most part two methodologies that can be used in a study. These are the qualitative and quantitative methodologies. The study utilized both methodologies, given that some objectives required the utilization of quantitative procedures whilst others required the qualitative system.

3.3 Research Design

Research design is considered as "the outline of a study, that concerns four issues: which inquiries to think about, which information are important, what information to gather, and how to break down the outcomes" (Robson, 1993). It is also described as a structure for undertaking research. It can in this manner be considered as the essential plan for conducting the entire study (Malhotra, 2007).

Studies by and large fall into the following three groups: Descriptive, Explanatory (causal), and Exploratory (Saunders, Lewis, & Thornhill, 2000). This study embraces the descriptive method. This method was used outline in light of the fact that it has the flexibility to use components of both qualitative and quantitative methodologies.

3.4 Study Population

Bryman et al (2003) depict a study population as "the entire gathering that the study concentrates on". The study's population involves management and staff of Guinness Ghana Breweries Limited.

3.4.1 Sample Size

The study includes a sample size of 40 staff purposively chosen; and 10 management staff likewise chosen purposively. As indicated, these were drawn from the number of population constituting staff and management of the case organisation

3.4.2 Sampling Method

The study utilized the purposive ampling technique. A purposive sampling technique, also called a judgmental sampling technique, is one that is chosen in light of the knowledge of a group in the population and the reason for the study. The subjects are chosen as a result of some characteristics. In light of the focus of the study, an attempt was made to include staff and management with the specialized knowledge of the issue under study.

3.5 Sources of Data

To understand the study more profoundly, two sources of data were utilized. These included the primary source and the secondary source.

3.5.1 Primary Data

Primary data is unique data gathered by the analyst for the study issue under consideration. The study utilized Primary information gathered through the utilization of the questionnaire.

3.5.2 Secondary Data

Secondary ata alludes to data gathered by others for purposes which may not quite the same as the researcher's motivation. Secondary data raises the legitimacy and dependability of the study. For this study, secondary ata utilized were from financial statements and reports of the organization's performance pre-merger and post-merger (2000-2013).

3.6 Data Collection Instruments

The researcher utilized questionnaires as the tool for acquiring the important data for the study. The questionnaire was comprised of open-ended and close ended items. This tool was utilised to permit the respondents the chance to answer the questions whenever the timing is ideal. It was additionally utilized on the grounds that they are generally simple to dissect.

3.7 Analysis Method

The study utilized some analysis techniques to be able to address the objectives of the study. Some of the key objectives were analysed using the weighted average technique while others were analysed using frequency distribution tables. This was done with the help of the Statistical Package for the Social Sciences (SPSS.). Essentially, data generated by the study were tallied and tried for consistency and unwavering quality. The information were analyzed, classified, arranged and coded to address the research questions.

3.8 Profile of the Case Organization

Guinness Ghana Breweries is a Ghanaian distillery based at the Kaasi Industrial Area in Kumasi. The company is listed on the Ghana Stock Exchange, the GSE All-Share Index. It started in 1991.When production began, the organization delivered just FES (Foreign Extra Stout), famously known as Guinness. In 1998/99 another brand, this time non-alcoholic drink, Malta Guinness was presented and that turned into a moment hit catching just about 70% of that market.

Market Overview

Guinness Ghana Breweries Limited (GGBL) is a main blue chip organization of Ghanaian industry. After the merger with Ghana Breweries Limited (GBL), Guinness Ghana Limited (GGL) changed its name to Guinness Ghana Breweries Limited.

Since 2005, management has worked eagerly at coordinating the new business, and the positive results are now plainly apparent. Diageo claims 50.44% of GGBL, and the rest of held by a mix of offshore funds and individual shareholders. It is a star performing stock and in 2007 was among the main five best performing stocks on the Ghana Stock Exchange. GGBL keeps on investing into the key areas of clean water provision, health, environment, education and agriculture.

GGBL's dedication to alcohol education and responsible drinking is a key need. More than 2,000 bartenders were prepared in the most recent year, and GGBL has actualized the Diageo Alcohol Brand Information Policy (DABIP) on every one of its brands. The organization keeps on coming out on top in the range of Responsible drinking instruction Ghana.

In Ghana's Fiftieth Anniversary Year, GGBL commisioned a best in class, world class Waste Water Treatment Plant (WWTP) at the Kaasi Brewery, furthermore initiated admission to its Institute of Advanced ICT Studies at Ahensan. There are third party imports of the Diageo spirits portfolio, key brands being: Johnnie Walker Red and Black label, Smirnoff, Gordon's Gin, Baileys and J &B.

Production

GGBL works three Breweries: Kaasi and Ahensan in Kumasi and the Achimota Brewery in Accra. In F07, the Kaasi Brewery created more or less 700khl's, Achimota, 500khls, and Ahensan, 250khl's.

Brands

The GGBL brand portfolio compasses an extensive variety of both alcoholic and also non-mixed refreshments. The greater part of the items are made in accordance with the most noteworthy ISO quality principles to ensure the loyal consumers the same rewarding taste each time they celebrate life with the company’s products. The company’s brands include:

Beer

Guinness Foreign Extra Stout

Star

Gulder

Prepared to-drink (RTDs) Guinness

- Gordon's Spark
- Smirnoff Ice

Non-Alcoholic

- Malta Guinness
- Malta Guinness Quench
- Amstel Malta

Facts and Figures

- GGBL was perceived as the "Most Celebrated Market" in the Diageo International.
- Ghana is the 6th biggest Guinness market on the planet
- GGBL employs more or less 600 individuals
- GGBL is the third biggest organization cited on the GSE by business sector capitalization.
- GGBL has been granted third place in the most recent Ghana Club 100 corporate posting.
- GGBL has been perceived by the Ghana Investment Promotion Council as 'The pioneer in the assembling Sector' in Ghana
- GGBL is the business pioneer in the lager class with an offer of more than 74% in December 2006. GGBL is likewise the business pioneer by quali

CHAPTER FOUR DATA ANALYSIS, FINDINGS AND DISCUSSION

Introduction

This chapter presents the findings to the study. Findings are presented under each of the stated objectives of the study which includes: an assessment of the performance of Guinness Ghana Limited before and after acquisition, identifying the company's motives for its involvement in mergers and acquisitions in Ghana, and examining the challenges the company faced in its merger and acquisition process.

4.2.1 Gender of Respondents

Table 4.1 below depicts the gender of the respondents sampled. From the table we find a significant dominance of the male respondents. Specifically, the male respondents constituted about 70% of the respondents. Generally, it shows that the organisation is dominated by male employees. Based on this finding, it can be concluded that without any policy shift, in the foreseeable future, male employees will most likely be 2.3 time the fame employees.

Table 4.1 Gender of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	35	70.0	70.0	70.0
	female	15	30.0	30.0	100.0
	Total	50	100.0	100.0	

Source: Field Data (2015)

4.2.2 Age of Respondents

Respondents' age was also investigated into. Age is a variable that is arguably associated with the level of experience with a particular subject in an organisational context. It was considered important to know the average age of the respondents. Findings are depicted on table 4.3 below:

Table 4.2 Age of Respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	21-30 years	10	20.0	20.0	20.0
	31-40 years	35	70.0	70.0	90.0
	above 50 years	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Source: Field Data (2015)

From the table we find that about 70% of the respondents were aged between 31 and 40 years. The two remaining age groups (21-30 and 50 and above), also recorded rates of 20% and 10% respectively. It suggests that more than 2/3 of the employees with GGBL are in their productive years. This implies that the organisation has significant productive workforce at its disposal that should be effectively utilised.

4.2.3 Number of Years of Employment

Another important variable investigated was the number of years respondents had worked with GGBL. This was considered important because the number of years an employee has worked is likely to have a bearing on his assessment of current policy implementations. Findings obtained in respect of this objective are shown on table 4.4 below:

Table 4.4 how long have you been a staff?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 3 years 3-6 years 7-10 years more than 10 years Total	20 10	40.0 20.0	40.0 20.0	40.0 60.0
		10	20.0	20.0	80.0
		10	20.0	20.0	100.0
		50	100.0	100.0	

Source: Field Data (2015)

From the table we find that slightly more than 1/3 of the respondents (40%) had worked with the organisation under three (3) years. 20% each had worked for 3-6 years, 7-10 years and more than 10 years (see table 4.4 above). It suggests two possibilities, either there is a high labour turnover in the organisation or there has been a significant recruitment in recent years. The implication to the study however is that, about 60% of the respondents had a minimum experience of 3 years in the organisation.

4.2.4 Level of Education

Investigation carried into respondents' level of education is also depicted on table 4.5 below. The table reveals that about 90% of the respondents had obtained their First

Degree whilst the remaining 10% were Second Degree holders. It can be inferred from this that the organisation has manpower that is significantly high in quality.

Table 4.5 Level Of Education

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	first degree	45	90.0	90.0	90.0
	second degree	5	10.0	10.0	100.0
	Total	50	100.0	100.0	

Source: Field Data (2015)

4.3 The Performance of the separate Entities before the Merger

The figure 4.2 below depicts the performance of the entity before and after merger. Generally, we find form the figure that GGBL has posted a stronger performance post-merger compared to pre-merger. This is based on the finding depicted by the figure 4.1 that about 39% more of the respondents described the company's postmerger performance as very good compared to pre-merger. The implication is that merger has led to an increase in the performance of GGBL.

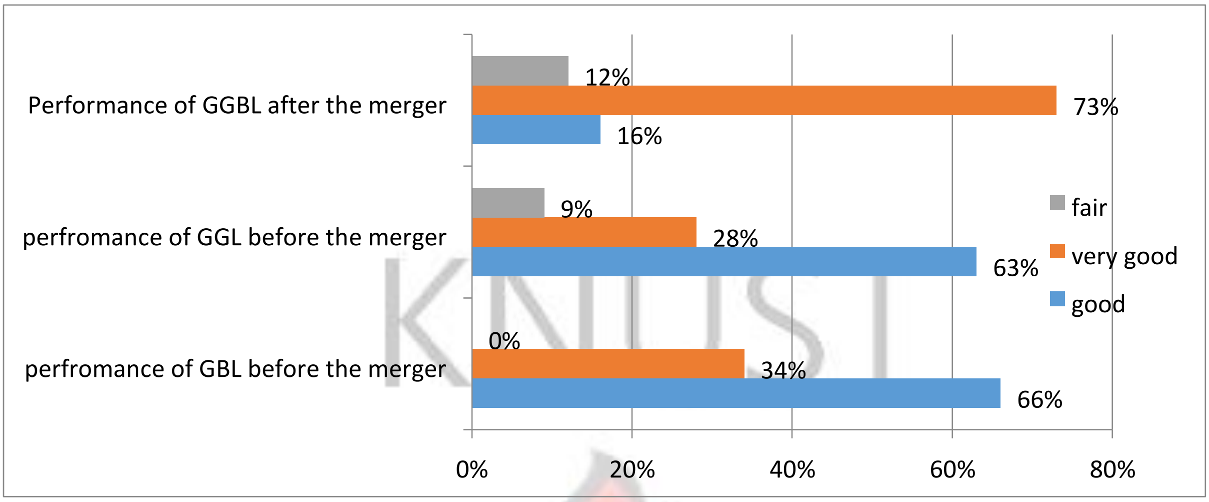

Figure 4.1 Performances before and after the Merger

4.4 factors that have frequently improved the performance of GGBL

Table 4.6 shows the factors that frequently improve financial performance of GGBL 4years after the merger. Frequent supply of raw materials/products accounting for 96% and effective marketing approach representing 96% frequently improves financial performance of GGBL. However the high commitment of employees (100%) and proper allocation and strategic management of finance (100%) most frequently improves performance of GGBL.

Table 4.6: factors that have frequently improved the performance of GGBL

Factors contributing to improved financial performance	Frequently applies		Not frequently applies	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Frequent supply of raw materials/products	48	96	2	4
High commitment of employees	50	100		
Proper allocation and strategic management of finance	50	100		
Effective marketing approach and improved sales	48	96	2	4

Source: Fieldwork (July, 2015)

4.5 Factors that affected the Performance of GGBL as a result of the Merger

Table 4.7 shows the factors that have affected the financial performance of GGBL for the past 4years as a result of the merger. Increased asset/equipment for production accounting for 80% and increased shares representing 72% have affected the financial performance of GGBL as a result of the merger. However joint expertise (92%) and increased labour force (82%) have also affected the financial performance of GGBL as result of the merger.

Table 4.7: Factors that affected the Performance of GGBL as a result of the Merger

Factors affecting the financial performance	Factor		Not a factor	
	Frequency	Percentage (%)	Frequency	Percentage (%)
Increased labour force	41	82	9	18
Increased asset/equipment for production	40	80	10	20
Joint expertise	46	92	4	8
Increased shares	36	72	14	28

Source: Fieldwork (July, 2015)

4.6: Effect on Performance

The figure below also depicts respondents' perception of the effect of GGBL's performance as a result of the merger. Evidently, it is seen that majority identify all three variables (accelerated growth, reduction in cost of operation and risk reduction) as the effect of the merger on GGBL's performance. The implication is that through the merger, GBBL is seeing an increased in growth rate, reduction in cost of operations and reduction in operational risk.

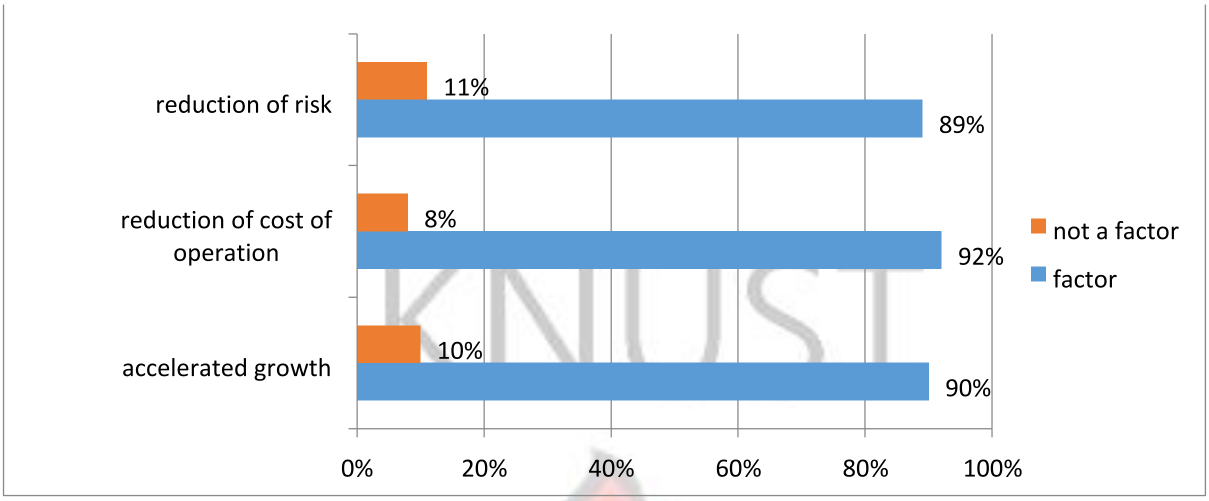

Figure 4.2 Effect of the merger on current Performance

Evidence of the company's performance is indicated in the tables depicting the financial statements for the periods pre-dating and post-dating the merger.

Table 4.8 GUINNES GHANA LIMITED FINANCIAL STATEMENTS (2001-2004)

ITEM	**2004**	**2003**	**2002**	**2001**	**2000**
Turnover	52,721	36,208	25,692	19,064	125,361
Cost of Sales	- 30,304	- 21,481	- 14,348	- 10,427	- 58,544
Gross Profit	22,417	14,726	11,344	8,636	66,817
General Admi & Selling Expenses	- 13,352	- 8,568	- 6,633	- 4,940	- 62,284
Operating/Trading profit	9,064	6,157	4,710	3,696	4,533
Other Income	268	363	132	24	6,617
Exceptional Items	-	-	-	-	-
Net interest charges	-	-	-	-	-
Profit before Tax	7,731	6,518	4,817	**2,638**	11,149

Taxation	- 1,382	- 1,455	- 1,298	- 803	- 705
Profit After Tax	**6,349**	**5,063**	**3,519**	**1,835**	**10,444**
Dividends	- 2,843	- 2,183	- 1,527	- 876	- 11,084
Amount due to Related companies	1,081	4,701	982	1,081	48,800
Issued shares	16	11	11	11	117.48

Source: Field Data (2015)

Table 4.9: GHANA BREWEIES LTD FINANCIAL STATEMENTS (2001 -2004)

ITEM	**2004**	**2003**	**2002**	**2001**	**2000**
Turnover	22,741	20,667	13,610	10,946	89,334
Cost of Sales	- 12,246	- 11,947	- 7,851	- 6,411	- 53,029
Gross Profit	10,494 5	8,720	5,759	4,535	36,305
General Admi & Selling Expenses	- 7,739	- 5,747	- 5,836	- 4,863	- 35,429
Operating/Trading profit	2,756	2,973	- 77	- 328	876
Other Income	178	678	55	48	313
Exceptional Items	- 1,538	- 714	- 301	- 355	
Net financial charges/income	- ***8.***	- 178	- 942	- 1,138	- ***4,619***
Profit before Tax	1,388	2,759	- 1,265	- 1,773	- 3,430

Taxation	- 637	- 689	-	-	- 108
Profit After Tax	**751**	**2,070**	- 1,265	- 1,773	**- 3,538**
Dividends	- 668	-	-	-	-
Issued shares	28.92	28.92	28.92	28.92	28.92

Table 4.7

Source: Field Data (2015)

Table 4.10 GUINNESS GHANA BREWERIES LTD FINANCIAL STATEMENT (2005-20013)

ITEM	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
Turnover						164,441	124,848	104,760	799,452
Cost of Sales	119,682	164,441	124,848	104,760	799,452	- 100,043	- 80,115	- 60,225	- 46,987
Gross Profit	**49,663**	- 100,043	- 80,115	- 60,225	- 46,987	**64,398**	**44,733**	**44,534**	**32,957**
General & Admi Selling Expenses	17,887	**64,398**	**44,733**	**44,534**	**32,957**	- 36,824	- 23,059	- 22,651	- 17,396
Operating/Trading profit	20,505	- 36,824	- 23,059	- 22,651	- 17,396	27,574	21,674	21,883	15,561
Other Incomes	3,379	27,574	21,674	21,883	15,561	805	1,138	769	178
Exceptional Items		805	1,138	769	178	-	- 2,494	-	-
Net financial charges		-	- 2,494	-	-	- 5,297	- 5,119	- 3,599	- 2,160
Profit before Tax	**16,526**	- 5,297	- 5,119	- 3,599	- 2,160	**23,082**	**15,199**	**19,053**	**13,579**
Taxation		**23,082**	**15,199**	**19,053**	**13,579**	- 6,412	- 1,105	- 4,043	- 2,771

Profit After Tax	-6,412	-1,105	-4,043	-2,771	**16,670**	**14,094**	**15,009**	**10,808**
Profit after tax and Minority Interest	**16,670**	**14,094**	**15,009**	**10,808**	**16,662**	**14,092**	**15,006**	**10,802**
Dividends Paid	**16,662**	**14,092**	**15,006**	**10,802**	**-6,111**	**-6,059**	**-6,883**	**-5,944**
Retained Profit	**-6,111**	**-6,059**	**-6,883**	**-5,944**	**10,551**	**8,033**	**8,123**	**4,858**

Source: Field Data (2015)

Table 4.11 MARKET STATISTICS for GGL

	2004	2003	2002	2001	2000
EPS(Cedis)	0.054	0.043	0.029	0.015	88.9
Dividend per share (Cedis)	0.030	0.025	0.017	0.009	70
Net asset per share (Cedis)	0.114	0.090	0.072	0.60	534.7
Current ratio	0.60:1	0.78:1	1.16:1	1.2:1	01:01
Return on shareholders' fund (%)	47.12	47.54	41.26	26	16.6
Return on net sales value (%)	12.04	13.98	13.69	9.6	8.3

Source: Field Data (2015)

Table 4.12 MARKET STATISTICS for GGBL

MARKET STATISTICS for GGBL	**2013**	**2012**	**2011**	**2010**	**2009**	**2008**	**2007**	**2006**	**2005**
EPS (Cedi)	0.10	0.10	0.09	0.09	0.065	0.10	0.09	0.09	0.065
Dividend per share (Cedis)	0.04	0.04	0.04	0.41	0.36	0.0	0.04	0.41	0.36

				8	1	4		8	1
Net asset per share (Cedis)	-	-	0.39	0.31	0.265	-	0.39	0.31	0.265
Current ratio	-	-	1.02:1	0.60:1	0.67:1	-	1.02:1	0.60:1	0.67:1
Return on shareholders' fund (%)	-	-	21.99	28.89	25	-	21.99	28.89	25
Return on net sales value (%)	15..13	15.11	14.29	14.32	14.22	10.13	11.29	14.32	14.22

Source: Field Data (2015)

Table 4.13 MARKET STATISTICS for GBL

	2004	2003	2002	2001	2000
EPS (Cedi)	0.025	0.092	- 0.043	- 0.036	- 122.35
Dividend per share (Cedis)	0	0	0	0	0
Net asset per share (Cedis)	0.116		0.201	-527.70	-374.26
Current ratio	1.36:1		2.7:1	0.83:1	0.86:1
Return on shareholders' fund (%)	3.9		-7.92	-15.48	-4.2
Return on net sales value (%)	3.30	13.01	-9.29	-9.71	-3.96

Source: Field Data (2015)

4.6.1 Turnover of GGL and GBL

From the financial data summary compilation and the figure1, GGL turnover grew steadily from 12,536 Cedi in 2000 to 52,721 Cedis, in 2004 representing annual growth rate of 43.20%. The turnover of GBL on the other hand increased from 8,933 Cedi in 2000 to 22,741 Cedi in 2004 representing an average annual growth rate of 26.31%.

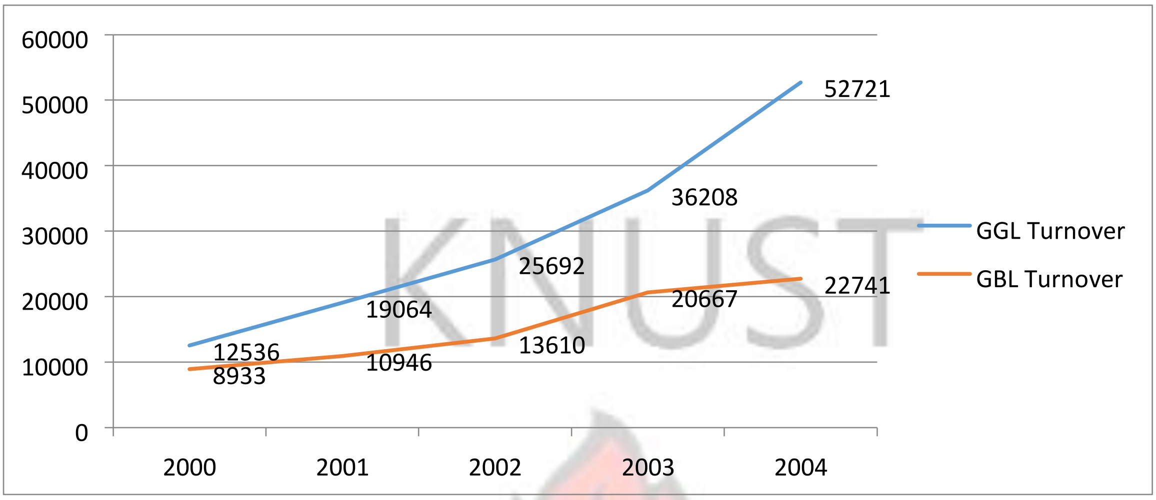

Figure 4.3 Turnover Trends of GGL and GBL (2000-2004)

The turnover of GGBL form 2005 to 2008 is also depicted in the figure below. The figure shows that despite the merger, the synergy effect is not all that significant as far as turnover is concerned. The turnover for the group for instance has not increased at an expected rate. In 2005 the group recorded 79,941 Cedis, representing a growth rate of 5.94% over the aggregate sum of the separate entities previous year's turnover. The growth rate of turnover for the merged company reduced considerably during the first year and even fell below the least between the two companies.

The subsequent years recorded turnover growth rates of 31% and 16.85% respectively. However there was an increase from 124,848 in 2007 to 164,441 in

2008. This represents 32% increase. The merged company's cost of sales was reduced from 58.8 % of the turnover, in 2005 to 57.5% in 2006. However in 2007 this value aggravated to 65.45% and 55% in 2008. It also increased from 80,115 in 2007 to 100,043 in 2008. GGBL however, reduced her administration and selling costs consistently from 21.76% of the turnover in 2005 through 21.62% to 16.9% in 2007 but increased from 23,059 in 2007 to 36,824 in 2008. Between 2009 and 2011, the growth rate in turnover remained a little flat, increasing from 164,441 to 167,896. The growth rate from 2012 to 2013 was however significant, increasing from 169,346 to 217,169, representing a percentage growth rate of 28.2% This is quite a remarkable achievement. The company may be enjoying operational synergy and has been enhancing the benefits year after year. The trend suggests that the available resources have been efficiently used to reduce the administration and selling cost or some components have been overcut and may have adverse effect on the future operations.

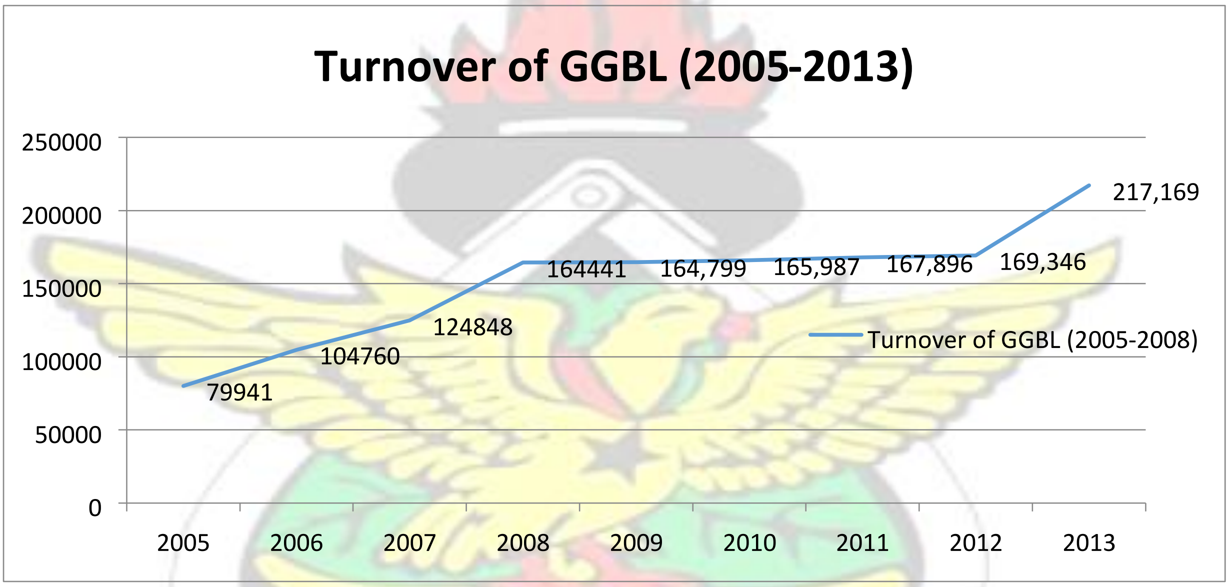

Figure 4.4 Turnover of GGBL and GBL (2005-2013)

4.6.2 Profitability of GGL and GBL

The figure below depicts the profitability trend of the two entities for the period 2000-2004.

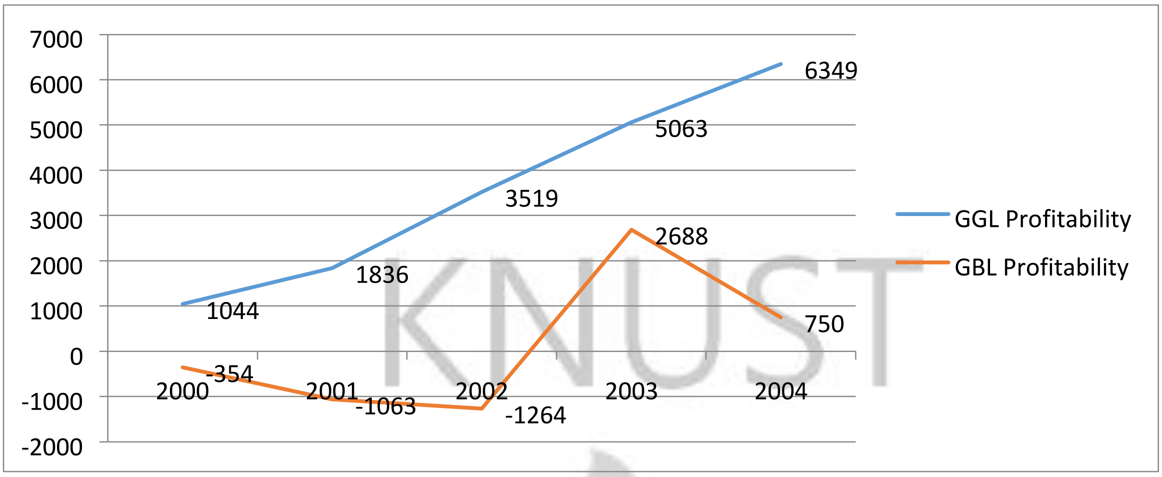

Figure 4.5 Profitability Trends of GGL and GBL (2000-2004)

From the figure above GGL's profitability within the same period grew from 1,044 Cedis to 6,349 Cedis representing an average annual profitability growth rate of 57.02%. These growth rates were quite substantial and thus propelled the GGL as a company to offer appreciable dividends.

However, GBL's profitability was not encouraging during the period of 2000 to 2004. The company recorded losses of 354, 1,063 and 1,264 Cedis respectively in the first three years but picked up in 2003 to record a profit of 2,688 Cedis and later dropped to 750 Cedis in 2004.The losses recorded therefore yielded no dividends to the shareholders during the first three years.

From the financial summary, the losses incurred could be attributed to high administration and selling cost and cost of production within 2000 to 2002. The administration and selling costs were higher than normal. For instance the company recorded administration and selling costs of 39.65%, 44.4% and 42.88% of the turnover respectively for 2000 to 2002. The company's costs of production from 2000 to 2002 were 59.56%, 58.6% and 57.7% of the turnover respectively. These two major expenditures outweighed the turnover to result in the losses.

The trend in profitability from 2005 to 2013 is also depicted in the figure below. T\he figure reveals that the company recorded profit after tax of 10,808 and improved to 15,009 Cedis the following year but declined to14, 094 Cedis in 2007 and increased to 16,670 in 2008. The profit growth rate of 38.86% recorded between the first and second years of amalgamation could not be sustained in the following year but a negative growth rate of 6.6 % was recorded. Again, in 2008 profitability rose to 16,670 and dipped again to 15,210. It suggests that between 2007 and 2009 GGBL recorded a growth rate I profitability that was that lacked consistency. This could be the results of several factors, including operating cost. The growth rate from 2010 to

2013 however shows a consistent rising trend, increasing form 16,910 in 2010 to 17,200 in 2011, 18,500 in 2012 and 20,505 in 2013.

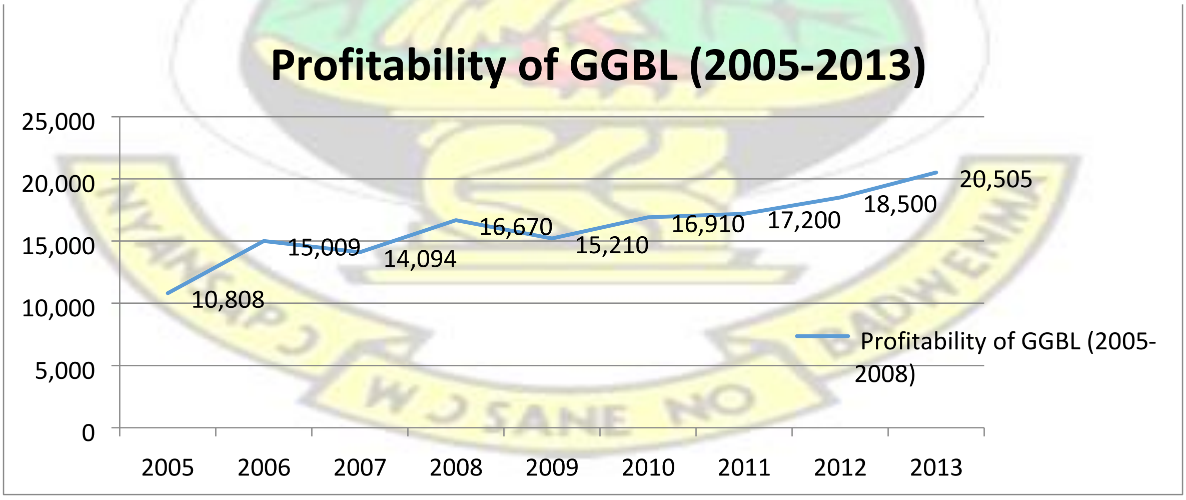

Figure 4.6 Profitability Trends of GGBL (20205-2013)

4.6.3 Dividend Payouts of GGL and GBL

Depicted in the figure below is the dividend paid by GBL and GGL before the merger. Since listing on the Ghana Stock Exchange, GGL has maintained a consistent dividend track record. From a figure of ¢0.0025 in 1997, the company's dividend rose consistently over the years to ¢0.007 in year 2000. This represented a 272% increase. For the years ending in June 30 2001 and 2002, GGL declared a dividend of ¢0.009 and ¢0.0175 per share respectively. The company's strong performance had been reflected in the 2003 dividend of ¢0.025per share. This represented a 43% increase over that of the previous year. GGL's dividend per share for the 2004 financial year increased further by 20% from the previous year's figure of ¢0.025 to ¢0.03 per share. The company has handsomely rewarded its shareholders over the years. GGL Company paid dividends to her shareholders throughout the five-year period translates to steady increase of 1,108 Cedis from year 2000, to 2,843 Cedis, in 2004 representing a dividend growth rate of 26.55%. GBL however could not pay dividend during the first three years due to frequent losses. GGL offers about half of her annual profit to shareholders as dividend and retains the rest as income surplus to boost the capital.

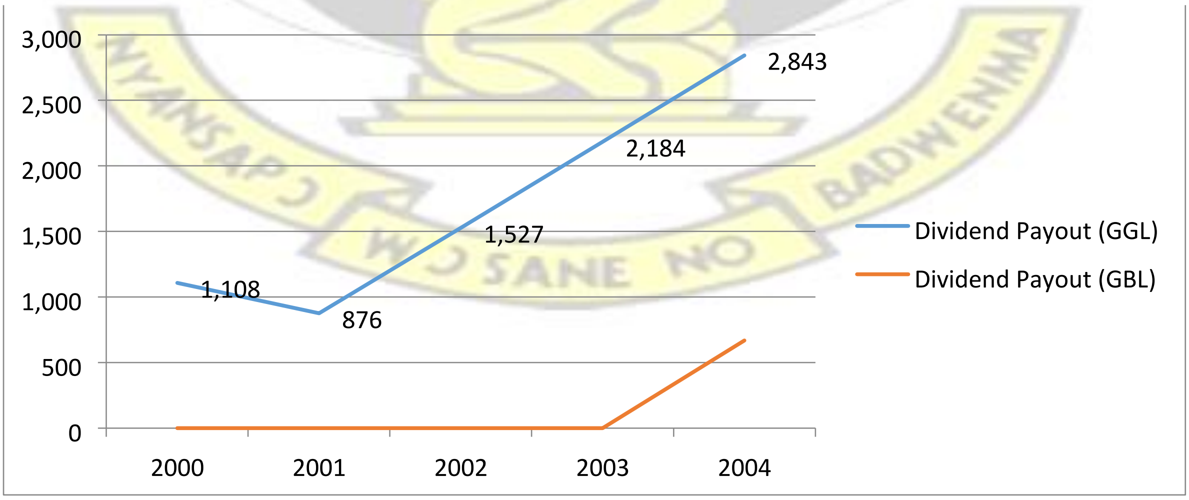

Figure 4.7 Dividend Pay-out of GGL and GBL (2000-2004)

4.6.4 Sustainable Growth rate of GGL and GBL

This section also examines the sustainable growth rate of GBL and GGL the period pre-merger. Data obtained in respect of this indicator is shown in figure below:

Figure 4.6 Sustainable growth rates of GGL and GBL graph

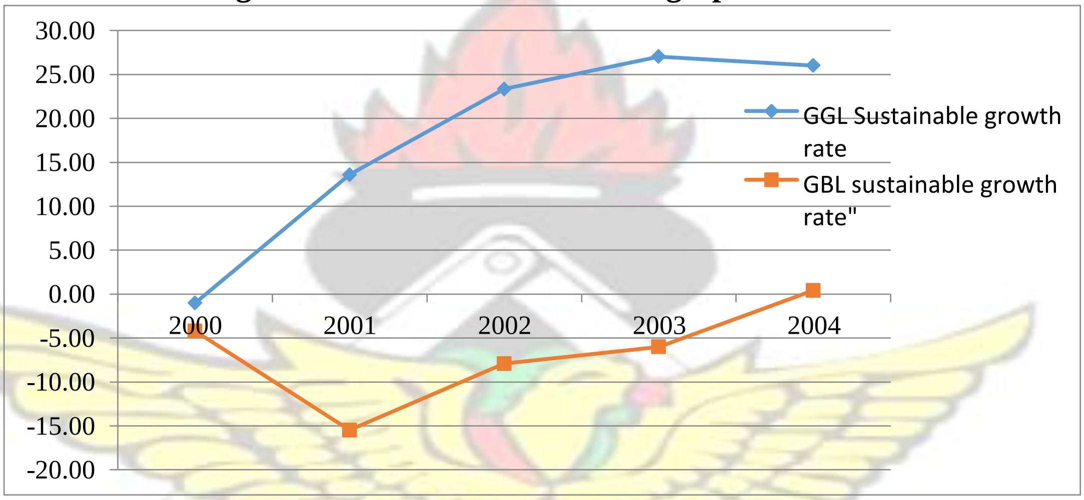

Figure 4.8 Sustainable Growth Rate of GBL and GGL (2000-2004)

From the statistical data it could be deduced that GGL's sustainable growth rate started poorly in 2000. This is due to the fact that the dividend paid was more than the accrued profit for the year. This is generally unacceptable and must not be encouraged. The company therefore registered a negative sustainable growth rate of 1% in 2000. It however picked up considerably in 2001 by recording 13.59%. The trend has continuously increased steadily to 27% in 2003 but dropped marginally to 26% in 2004. As shown from figure 4, GBL however registered negative sustainable growth rates of 4.2%, 15.48% and 7.92% respectively from 2000 to 2002 and 0.42% in 2004.

4.26.5 GGBL Sustainable Growth Rate

The figure 4.9 below depicts GGBL's sustainable growth rate. The figure shows a consistent increase in the sustainable growth rate of GGBL. At 11.24% in 2005, the sustainable growth rate increased to 13.53% in 2006 and further to 14.38% in 2007. There was a sharp increase to 16.5% in 2008, representing the highest sustainable growth rate over the period 2005-2008. In 2009, the rate recorded was 16.50, increasing slightly to 16.80 in 2010. Between 2011 and 2013, the minimum growth rate recorded was 17.9% in respect of 2011.

The evidence suggests that GGBL has seen a significant increase in its sustainable growth rate since 2008.

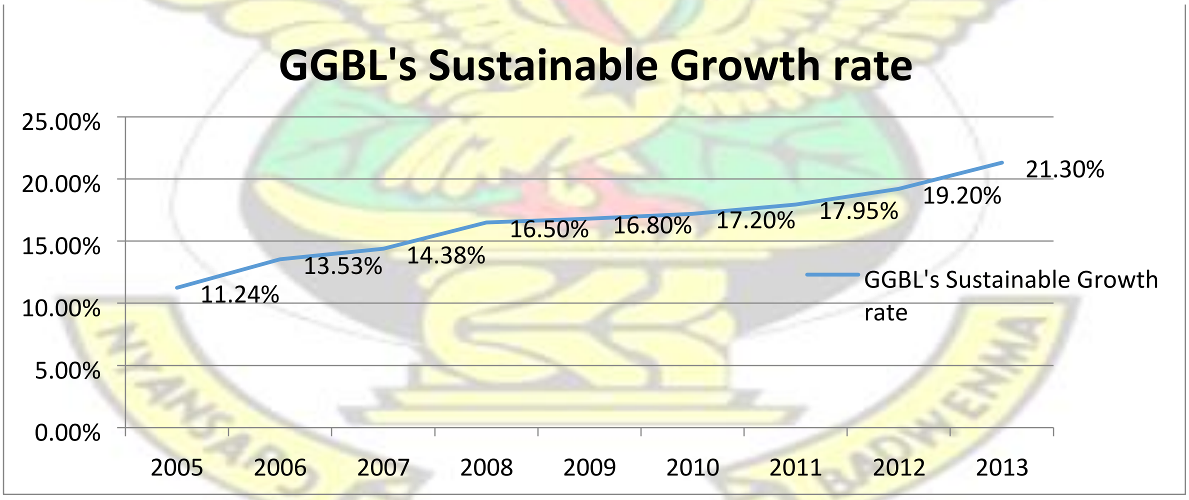

Figure 4.9 GGBL's Sustainable Growth Rate (2005-2008)

4.7 Challenges faced in the Merger Process

Another key objective of the study was to examine the challenges faced by the companies in the merger process. To achieve this objective, the views of 50 respondents were sought. The researcher used likert scale questions in soliciting information on this item. A technique called weighted average was adopted to analyse the various statements for this objective.

Weighted average is normally used when there is a likert or rating scale on the questionnaire administered to respondents for data collection. The response categories ranged between ‘Strongly Agree’ to ‘Strongly Disagree’ which is subsequently divided into five point verbal-numerical scale. The verbal-numerical scale are strongly agree=5, agree=4, neutral=3, disagree = 2 and strongly disagree = 1. The weighted average is calculated for each statement as the average of their mean scores. Analysis integrates data from staff as well as customers.

Table 4.15 below presents the various responses to the items captured under this objective in respect of the effect of the challenges encountered in the process of merger:

Table 4.15 Responses to Challenges Faced

key: SA-strongly agree, A-agree, NS-not sure, D-disagree, SD-strongly disagree

statement	Frequency					W/Avg.
	SA =5	A =4	NS= 3	D = 2	SD = 1	
Cost of acquisition	35	7	5	2	1	4.46
Regulatory compliance	15	21	2	7	5	3.68
IT integration	12	19	11	5	3	3.64
Rebranding	17	31	2	-	-	4.3
HR Integration	7	19	13	4	7	3.3

Source: Survey data, 2015

From the table, it is seen that varied response were recorded. The weighted averages of the responses indicate the strength of the various items. Specifically, 'Cost of acquisition' recorded a weighted average of 4.46, 'Regulatory compliance' recorded a weighted average of 3.68, 'IT integration t' also recorded a weighted average of 3.64, 'Rebranding' recorded a weighted average of 4.3', 'whilst 'HR Integration' also recorded a weighted average of 3.3.

It can be seen form the table that respondents generally acknowledged all the items in the table as challenges that confronted the firms in their merger process. However we also find based on the weighted averages that the most significant challenge appeared to be compliance to regulatory procedure that accompanied the process. This suggests therefore that one of the most serious challenge that an organisation may face in a merger process may relate to satisfying the regulatory requirements for the takeover or acquisition

4.8 Motives for the Merger by the Two Companies

The study further attempted to identify the various motives that culminated in the merger by the two companies. This objective also employed the weighted average in measuring responses on the various items captured under this study. The response categories ranged between 'Strongly Agree' to 'Strongly Disagree' which was divided into five point verbal-numerical scale. The various responses obtained are depicted on the table below:

Table 4.16 Responses to Motives for the Merger

key: SA-strongly agree, A-agree, NS-not sure, D-disagree, SD-strongly disagree

statement	Frequency					W/Avg.
	SA =5	A =4	NS= 3	D = 2	SD = 1	
Increase shareholders wealth	40	2	4	1	3	4.5
Benefit management	2	5	11	20	12	2.3
Compete better	9	28	6	3	4	3.7
As an entry strategy	23	10	8	4	5	3.84
Improve efficiency	21	14	6	4	5	3.3
Increase market power	12	28	2	4	4	3.1

Source: Survey data, 2015

The respondents gave various indications or perceived motives for the merger between the two companies. From the table above we find that most of the motives indicated in the table generally applied in this particular case. From the table, it is seen that 'Increase shareholders wealth' recorded a weighted average of 4.5, 'Benefit management' recorded a weighted average of 2.3, 'Benefit management' also recorded a weighted average of 3.7, whilst 'As an entry strategy' also recorded a weighted average of 3.84. We find therefore that the strongest motivation was increase shareholders wealth. This is established by the strength of the weighted average it recorded (see table above).

This finding is consistent with what Brigham and Ehrhardt (2005) identified as some of the key motives for mergers and acquisitions. Ogilvie (2007) had also argued that the main reason for mergers and acquisitions is to increase shareholder value.

Ogilvie's suggestion implies that an acquisition or merger will take place only if the value of the new entity after the acquisition will be more than the value prior to the acquisition.

CHAPTER FIVE

SUMMARY, RECOMMENDATIONS AND CONCLUSION

5.0 Introduction

This Research sought to assess the Impact of merger on the performance of GGBL. This chapter is all about the summary, recommendations gathered for the study and the conclusion of the study.

5.1 Summary of Findings

The study analysed the performance of GGBL post-merger and compared it to the performance of the two entities that merged to form GGBL-GGL and GBL. The study noted that GGBL has recorded some improvement in its performance after the merger. Some of the strong performance it has posted are the results of the synergy effect of the merger.

For example, it was found that the financial as a results of the merger, GGBL has has recorded adequate supply of raw materials and has been strategic in its allocation of resources including finance. The company has also witnessed effective marketing and branding resulting in improved sales..

In addition joint expertise, increased shares, increase assets/equipment and increased labour has affected the current performance of GGBL positively after the merger (GBL and GGL). The findings also revealed that acceleration of growth and reduction of risks and cost are indicators proving the success of GGBL as a result of the merger.

Moreover the challenges that GGBL has been facing over the years are on utilities (Supply of water and electricity) and cost management.

It also came to light that labour turnover was very low. Thus the employees have gained a lot of experiences since they have worked for a very long time in the company. Most of the employees have worked in the company for than 7years and are therefore highly skillful.

The expansion of their operations has also contributed to growth of the company. Not all, turnover increased because the company as a result of the merger has a lot of brands that will satisfy a wide variety of consumers. The company engaged in a lot of branding activities. They implemented the Guinness football greatness campaign, a National Consumer Promotion and the CAN 2008 sponsorship as " official Beer" and ultimately the renewal of the Black Stars contract for the next three years starting from August 2008.

Challenges Faced in the process of Acquisition

The study revealed that the merger process faced challenges ranging from cost of acquisition, regulatory compliance, IT integration, rebranding to HR integration. It was however established that the most significant challenge appeared to be compliance to regulatory procedure that accompanied the process of acquisition.

Motives for the Merger

Various motives were identified to include: increasing shareholder value, improving efficiency, increasing market power, and as an entry strategy. The strongest motivation was however found to be the increase in shareholder value.

5.2 Conclusion

The study has examined mergers and acquisitions and effect on performance. Several findings and discussions have been made based on the objectives of the study.

Notable among the findings is the fact that GGBL's performance has improved significantly post-merger. Among other key indicators, the profit has seen some significant improvement. It was also observed new measures had led to improvement in the profitability and efficiency ratios of GBL. Generally it shows that the merger has yielded positive impact on the organisation.

Mergers and acquisitions (M&A) in the corporate world are achieving increasing importance and attention especially in the advent of intense globalization. This is evident from the magnitude and growth of deal values and resultant 'mega-mergers' transacted in recent times. From the study, it is evident therefore that with right strategy and effort, the desired results for making acquisitions will be realized.

5.2 Recommendations of The Study

Based on the various findings and discussions, the following are recommended:

In recognition of the challenge of cost reported, it is recommended that the right cost measures are adopted to minimmise the potential cost that may come with acquisitions and measures.

Secondly, in order not to create integration problems, there is the need to adopt the right framework that will address all relevant components on board.

Further, efficiency will be achieved if the right cost reduction strategies are adopted. Management should critically assess the operations of all the departments and get rid of any unproductive activities, which can affect production and also the profit of the company.

Finally, Management should collaborate effectively with the Human Resource department to motivate workers. Through motivation the company will win the commitment of workers in order for the workers to give out their best. Motivation is very crucial as significant growth in production and profit margin is as a result of motivated workforce. However the company should rely more on local expert so as to reduce labour cost.

REFERENCES

Agrawal, A., Jaffe, J. F., & Mandelker, G. N. (1992). The post‐merger performance of acquiring firms: a re‐examination of an anomaly. *The Journal of Finance*, *47*(4), 1605-1621.

Aiello, R. J., & Watkins, M. D. (1999). The fine art of friendly acquisition. *Harvard business review*, *78*(6), 100-107.

Allred, B. B., Boal, K. B., & Holstein, W. K. (2005). Corporations as stepfamilies: A new metaphor for explaining the fate of merged and acquired companies. *The Academy of Management Executive*, *19*(3), 23-37.

Amihud, Y., & Lev, B. (1981). Risk reduction as a managerial motive for conglomerate mergers. *The bell journal of economics*, 605-617.

Appelbaum, S. H., Lefrancois, F., Tonna, R., & Shapiro, B. T. (2007). Mergers 101 (part two): training managers for culture, stress, and change challenges. *Industrial and Commercial Training*, *39*(4), 191-200.

Asquith, P. (1983). Merger bids, uncertainty, and stockholder returns. *Journal of Financial Economics*, *11*(1), 51-83.

Barnes, P. (1984). Predicting UK takeover targets: some methodological issues and an empirical study. *Review of Quantitative Finance and Accounting*, *12*(3), 283-302.

Black, G. (1972). Risk and return: The case of merging firms. *Journal of Financial Economics*, *1*(4), 303-335.

Bradley, M., Jarell, A., (1988). Synergistic gains from corporate acquisitions and their division between the stockholders of target and acquiring firms. *Journal of financial Economics*, *21*(1), 3-40.

Bryman et al (2003)

Burkart, M., & Panunzi, F. (2006). Takeovers. *ECGI-Finance working paper*, (118).

Chen, C., & Findlay, C. (2003). A Review of Cross‐border Mergers and Acquisitions in APEC. *Asian‐Pacific Economic Literature*, *17*(2), 14-38.

Clark, K., & Ofek, E. (1994). Mergers as a means of restructuring distressed firms: An empirical investigation. *Journal of Financial and Quantitative Analysis*, *29*(04), 541-565.

Denis, D. J., & Dennis, J. M. (1996). Active investors and management turnover following unsuccessful control contests. *Journal of Financial Economics*, *40*(2), 239266.

Dodd, P., & Ruback, R. (1977). Tender offers and stockholder returns: An empirical analysis. *Journal of financial economics*, *5*(3), 351-373.

Eun, C. S., Kolodny, R., & Scheraga, C. (1996). Cross-border acquisitions and shareholder wealth: Tests of the synergy and internalization hypotheses. *Journal of Banking & Finance*, *20*(9), 1559-1582.

European Central Bank, 2000

Firth, M. (1980). Takeovers, shareholder returns, and the theory of the firm. *The Quarterly Journal of Economics*, 235-260.

Galpin, T. J., & Herndon, M. (2000). The complete guide to mergers and acquisitions. *San Francisco*.

Gaughan, P. A. (2002). Mergers. *Acquisitions, and Corporate Restructurings, New York*.

Ghosh, A., & Jain, P. C. (2000). Financial leverage changes associated with corporate mergers. *Journal of Corporate Finance*, *6*(4), 377-402.

Ghosh, A. (2001). Does operating performance really improve following corporate acquisitions?. *Journal of corporate finance*, *7*(2), 151-178.

Goergen, M., & Renneboog, L. (2004). Shareholder wealth effects of European domestic and cross-border takeover bids. *European Financial Management*, *10*, 9-45.

Gugler, K., Mueller, D. C., Yurtoglu, B. B., & Zulehner, C. (2003). The effects of mergers: an international comparison. *International journal of industrial organization*, *21*(5), 625-653.

Harford, J. (1999). Corporate cash reserves and acquisitions. *The Journal of Finance*, *54*(6), 1969-1997.

Healy, P. M., Palepu, K. G., & Ruback, R. S. (1992). Does corporate performance improve after mergers?. *Journal of financial economics*, *31*(2), 135-175.

Heron, R., & Lie, E. (2002). Operating performance and the method of payment in takeovers. *Journal of Financial and Quantitative Analysis*, *37*(01), 137-155.

Holstein, W. K. (2005). Corporations as stepfamilies: A new metaphor for explaining the fate of merged and acquired companies. *The Academy of Management Executive*, *19*(3), 23-37.

Homburg, C., & Bucerius, M. (2006). Is speed of integration really a success factor of mergers and acquisitions? An analysis of the role of internal and external relatedness. *Strategic management journal*, *27*(4), 347-367.

Hoyle, C. E., Terry, D. J., Jimmieson, N. L., & Callan, V. J. (2006). A longitudinal investigation of coping processes during a merger: Implications for job satisfaction and organizational identification. *Journal of Management*, *32*(4), 552-574.

Hymer, J. K. (1993). The international market for corporate control: Mergers and acquisitions of US firms by Japanese firms. *Journal of Financial Economics*, *34*(3), 345-371.

Klaas Jagersma, P. (2005). Cross-border alliances: advice from the executive suite. *Journal of Business Strategy*, *26*(1), 41-50.

Jensen, M. C. (1986). Agency cost of free cash flow, corporate finance, and takeovers. *Corporate Finance, and Takeovers. American Economic Review*, *76*(2).

Jensen, MC, **Meckling**, W.H (1976).Theory of the firm: Managerial behavior, agency costs and ownership structure. Journal of Financial Economics, 3 (**1976**), pp. 305–360.
Jensen, M. C., & Ruback, R. S. (1983). The market for corporate control: The scientific evidence. *Journal of Financial economics*, *11*(1), 5-50.

Kang, J. K., Shivdasani, A., & Yamada, T. (2000). The effect of bank relations on investment decisions: An investigation of Japanese takeover bids. *Journal of Finance*, 2197-2218.

Kruse, T. A., Park, H. Y., Park, K., & Suzuki, K. (2002). Long-term performance following mergers of Japanese companies: The effect of diversification and affiliation. *Pacific-Basin Finance Journal*, *15*(2), 154-172.

Langetieg Malatesta, P. H. (1978). The wealth effect of merger activity and the objective functions of merging firms. *Journal of financial economics*, *11*(1), 155-181.

Limmack, R. J. (1991). Corporate mergers and shareholder wealth effects: 1977-1986. *Accounting and Business Research*, *21*(83), 239-252.

Higson, C., & Elliott, J. (1998). Post-takeover returns: The UK evidence. *Journal of Empirical Finance*, *5*(1), 27-46.

Linn, S. C., & Switzer, J. A. (2001). Are cash acquisitions associated with better postcombination operating performance than stock acquisitions?. *Journal of Banking & Finance*, *25*(6), 1113-1138.

Magenheim, E. B., & Mueller, D. C. (1988). Are acquiring firm shareholders better off after an acquisition. *Knights, raiders and targets*, 171-193.

Mandelker, G. (1974). Risk and return: The case of merging firms. *Journal of Financial Economics*, *1*(4), 303-335.

Manne, H. G. (1965). Mergers and the market for corporate control. *The Journal of Political Economy*, 110-120.

Marren, J. H. (1993). *Mergers & Acquisitions: A valuation handbook*. Business One Irwin.

Martynova, M., & Renneboog, L. (2006). Mergers and acquisitions in Europe. *ECGIFinance Working Paper*, (114).

McShane, SL, & **Von Glinow**, MA (2003). Organizational behavior and management: Emerging realities for the workplace revolution. (2 nd Ed.)

Moeller, S. B., Schlingemann, F. P., & Stulz, R. M. (2005). Wealth destruction on a massive scale? A study of acquiring firm returns in the recent merger wave. *The Journal of Finance*, *60*(2), 757-782.

Moeller, S. B., Schlingemann, F. P., & Stulz, R. M. (2004). Firm size and the gains from acquisitions. *Journal of Financial Economics*, *73*(2), 201-228.

Moeller, S. B., Schlingemann, F. P., & Stulz, R. M. (2003). *Do shareholders of acquiring firms gain from acquisitions?* (No. w9523). National Bureau of Economic Research.

Murphy, R. W. (1985). Management ownership and market valuation: An empirical analysis. *Journal of financial economics*, *20*, 293-315.

Nakamura, H. R. (2005). Motives, partner selection and productivity effects of M& As: the pattern of Japanese mergers and acquisitions.

Parrino, J. D., & Harris, R. S. (1999). Takeovers, Management Replacement, And Post_Acquisition Operating Performance: SOME EVIDENCE FROM THE 1980s. *Journal of Applied Corporate Finance*, *11*(4), 88-96.

Picot, G. (2002). *Handbook of international mergers and acquisitions*. Macmillan.

Powell, R. G., & Stark, A. W. (2005). Does operating performance increase posttakeover for UK takeovers? A comparison of performance measures and benchmarks.
Journal of Corporate Finance, *11*(1), 293-317.

Rajan, Y., & Marqués, D. (2000). Mergers and acquisitions and bank performance in Europe: The role of strategic similarities. *Journal of Economics and Business*, *60*(3), 204-222.

Saunders, M. L., & Lewis, P. (2000). P. and Thornhill, A.(2009). Research Methods for Business Students. *Financial Times Prentice Hall Inc., London*.

Scharfstein, G. and Stein, J. C. (2000). *Information production and capital allocation: Decentralized vs. hierarchical firms* (No. w7705). National Bureau of Economic Research.

Seidu, S. S. B. (2008). *The Impact Of Mergers And Acquisitions On The Corporate Financial Performance Of Guinness Ghana Breweries Limited* (Doctoral Dissertation, University Of Cape Coast).

Sharma, D., & Ho, J. (2002). The impact of acquisitions on operating performance: Some Australian evidence. *Journal of Business Finance & Accounting*, *29*, 155-200.

Shleifer and Vishny, 1989

Sitkin, S. B. (1986). Corporate acquisitions: A process perspective. *Academy of Management Review*, *11*(1), 145-163.

Switzer, J. A. (1996). Evidence on real gains in corporate acquisitions. *Journal of Economics and Business*, *48*(5), 443-460.

Van Horne James, C. (2002). *Financial Management & Policy*, *12/E*. Pearson Education India.

Weston, J. F. Copeland, K. (1989). Divestitures: Mistakes or learning. *Journal of Applied Corporate Finance*, *2*(2), 68-76.

KWAME NKRUMAH UNIVERSTY OF SCIENCE AND TECHNOLOGY
QUESTIONNAIRE (staff)

TOPIC: ASSESSING THE EFFECTS OF MERGERS AND ACQUISITIONS ON THE PERFORMANCE OF A COMPANY: A CASE STUDY OF GUINNESS GHANA BREWERY LIMITED

Introduction

This questionnaire is to assist in assessing the effects of mergers and acquisitions on the performance of a company. This is an academic exercise; respondents are therefore assured that information provided would be kept confidential. Kindly answer the various questions based on the instructions provided. Thank you for cooperating.

Section A: Background Information

Gender	Tick
Male	
Female	

Age	Tick
Less than 20 years	
21-30 years	
31-40 years	
41-50 years	
Above 50 years	

How long have you been a staff of GGBL?	Tick
Less than 3 years	
3-6 years	
7-10 years	
More than 10 years	

Level of education	Tick
Secondary	
First degree	
Second degree	
other	

Section B: Knowledge Level of Mergers and Acquisition

how will you describe your knowledge of mergers and acquisitions	Tick
excellent	
very good	
good	
poor	

what is your knowledge level of the merger that led to the creation of GGBL	Tick
excellent	
very good	
good	
poor	

Section C: Perception of the Merger

To what extent do you agree with the following concerning the merger?

Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree

Statement	1	2	3	4	5
the process was well-timed					
the process was transparent					
employees largely supported the process					
employees were involved in the decision					
management acted fairly					

What is your general opinion on the acquisition of the merger that led to the creation of GGBL

……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………
………………

Section D: Motives for the acquisition

Which of the following do you believe were motives for the acquisition and merger?

Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree

Statement	1	2	3	4	5
Increase shareholders wealth					
Benefit management					
Compete better					
Improve efficiency					
Increase market power					

Section E: Challenges

Which of the following do you believe were challenges encountered in the acquisition and merger process?

Statement	1	2	3	4	5
Cost of acquisition					
Regulatory compliance					
IT integration					
Rebranding					
HR Integration					

Any other comment

…………………………………………………………………………………………
…………………………………………………………………………………………
…………………………………………………………………………………………
………………

Thank you

KWAME NKRUMAH UNIVERSTY OF SCIENCE AND TECHNOLOGY
QUESTIONNAIRE (Management)

TOPIC: ASSESSING THE EFFECTS OF MERGERS AND ACQUISITIONS ON THE PERFORMANCE OF A COMPANY: A CASE STUDY OF GUINNESS GHANA BREWERY LIMITED

Introduction

This questionnaire is to assist in assessing the effects of mergers and acquisitions on the performance of a company. This is an academic exercise; respondents are therefore assured that information provided would be kept confidential. Kindly answer the various questions based on the instructions provided. Thank you for cooperating.

Section A: Background Information

Gender	Tick
Male	
Female	

Age	Tick
Less than 20 years	
21-30 years	
31-40 years	
41-50 years	
Above 50 years	

How long have you been a staff of GGBL?	Tick
Less than 3 years	
3-6 years	
7-10 years	
More than 10 years	

Level of education	Tick
Secondary	
First degree	
Second degree	
other	

Section B: Knowledge Level of Mergers and Acquisition

how will you describe your knowledge of mergers and acquisitions	Tick
excellent	
very good	
good	
poor	

what is your knowledge level of the merger that led to the creation of GGBL	Tick
excellent	
very good	
good	
poor	

Section C: Perception of the Merger

To what extent do you agree with the following concerning the merger?

Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree

Statement	1	2	3	4	5
the process was well-timed					
the process was transparent					
employees largely supported the process					
employees were involved in the decision					
management acted fairly					

What is your general opinion on the acquisition of the merger that led to the creation of GGBL
……………………………………………………………………………………………
……………………………………………………………………………………………
……………………………………………………………………………………………
………………

Section D: Motives for the acquisition

Which of the following do you believe were motives for the acquisition and merger?
Key: 1-Strongly Agree 2-Agree 3-Neutral 4-Disagree 5-Strongly Disagree

Statement	1	2	3	4	5
Increase shareholders wealth					
Benefit management					
Compete better					
Improve efficiency					
Increase market power					

Section E: Challenges

Which of the following do you believe were challenges encountered in the acquisition and merger process?

Statement	1	2	3	4	5
Cost of acquisition					
Regulatory compliance					
IT integration					
Rebranding					
HR Integration					

Any other comment
……………………………………………………………………………………………
……………………………………………………………………………………………

…………………………………………………………………………………………………
………………

Thank you