

UGSM-Monarch Business School

Doctoral Research Plan

Change Management In Bank Mergers:
A Study of Ecobank and The Trust Bank of Ghana

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INTRODUCTION

Change for organizations in the private, public and non-for-profit sectors has become inevitable in the past decades due to increased competition and the need to innovate (Eaton, 2010). Further, this trend has continued without any sign of abatement (Chaiburu, 2006). According to Fronda & Moriceau (2008) the ethos for change is driven by the need to become more effective and efficient in an increasingly turbulent marketplace. Stanleigh (2008) has mentioned that successful organizational change requires that organizations anticipate the changes required in systems, processes and procedures in an ever-changing and unstable market.

Crow (2010) has argued that successful navigation of change can bring out the best in businesses because with change comes opportunity. Kotter (2011) also indicated that when business leaders adopt healthy mindsets towards change they have the potential to take their organizations to new heights. It is argued that through change management much of the new transformed organization manifests itself in increased profitability and increased productivity thereby increasing shareholder wealth.

Ramakrishnan (2008) found that mergers and acquisitions presented greater platforms from which organizations could achieve change management outcomes through improved operating performance. This is considered an important area to explore given that the impact of a merger on shareholder value could be significant according to estimates reported by Kumar & Rajib (2007), Kukalis (2007), and Vanitha & Murugesan (2007).

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Opposite to the idea that mergers may assist in increasing shareholder value, Ooghe, Laere & Langhe (2006) found that combined profitability, liquidity and solvency of companies could decline. Similarly Pazarskis et al. (2006) found that the profitability of a firm could decrease after a merger. Kumar (2007) also showed that on average, post-merger profitability, assets turnover and solvency of the acquiring companies could be impacted negatively resulting in diminished financial performance in the short term.

Moreover, the negative impact of a merger and acquisition may not reside in the financial domain alone but could also extent to the lives of employees within reorganization efforts and lay-offs. Anitila & Kakkonen (2008) assert that such negative outcomes from mergers could lead to increased job insecurity, poor morale and inability of firms to retain employees. The dynamics that spin out of these situations could be exacerbated by emotional and behavioural responses due to cultural pre-dispositions of the employees (Kotter 2011).

From the salient literature it would appear that one of the main problems with mergers and acquisitions is the assumption that the transition will go smoothly and become viable strategically (Kay & Shelton, 2000). While a merger may appear good on the balance sheet a merger involving companies with two completely different corporate cultures is much more difficult (Buono & Bowditch, 2003).

According to Thierry & Johan (2005) the financial systems within the Ghanaian banking sector are seeking to achieve economies of scale. To that extent it would

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appear that in Ghana mergers and acquisitions are becoming a favoured strategy used by firms to achieve rapid penetration of new markets while lowering entry risks and costs. The financial industry in Ghana provides recent mergers and acquisition examples as shown by Access Bank and Intercontinental Bank in 2012, and Amalgamated Bank (Amal Bank) Limited by Mali based Bank of Africa Group in 2011.

For the purpose of the contemplated research the involvement of functional and branch managers in the merger process of Ecobank and The Trust Bank will be examined as to their ability to enhance potential gains from the merger while minimizing negative impacts due to culture that may have resulted from the resistance to change by employees. Thus, the significance of the contemplated research is to determine the following objectives:

1. To identify the salient change management models that are presently being used within the banking industry;
2. To identify the critical characteristics of the change management process within the Ghanaian banking sector and to better understand the pivotal role played by functional and branch managers;
3. To assess any gaps existing between the salient literature and the actual implementation of change management policies within mergers and acquisitions in Ghana as exemplified through the case study of Ecobank and The Trust Bank;
4. To generate a new conceptual change management model for the Ghanaian banking industry that assists in understanding the relationship between

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shareholder value, negative impacts and employee resistance within the mergers and acquisition process.

PROVISIONAL RESEARCH QUESTION

The study will be guided by a provisional research question being:

“What are the characteristics of a new change management model or framework for mergers and acquisitions within the Ghanaian banking industry that better identifies the relationship between shareholder value, employee resistance, and potential negative impacts with a primary focus on the pivotal roles played by functional and branch managers?”

RESEARCH METHODOLOGY

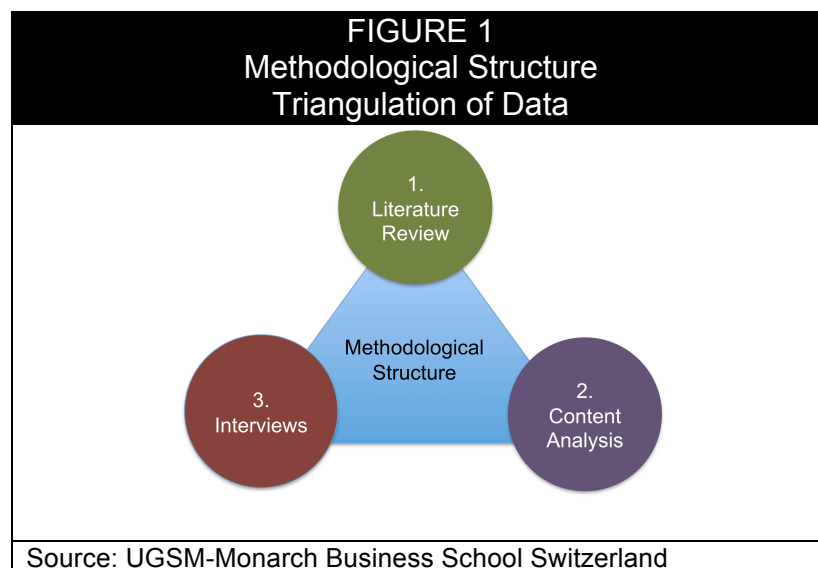


Figure 1 shows that the aim of the contemplated research is to respond to the provisional research question by way of a triangulation of research data, being: 1.

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literature review of existing seminal academic authors (desk research); 2. content analysis of existing corporate data (desk research), and; 3. interviews with primary stake holders in industry (field research).

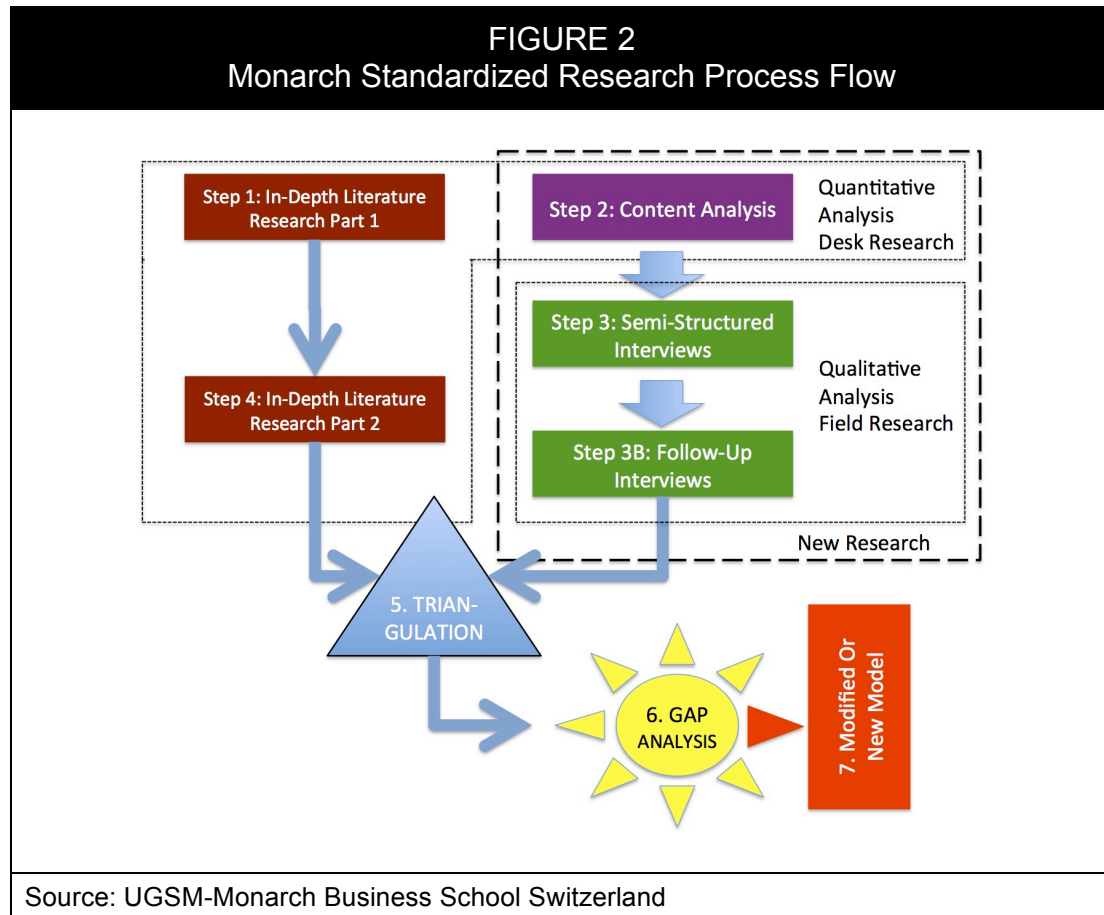


Figure 2 illustrates the steps within the Monarch Standardized Research Process Flow that will be followed within the contemplated research, as:

1. **In-Depth Literature Review-Part 1:** In-depth review of the seminal authors within the domain of Intellectual Capital will be the first step completed in order to provide a solid academic foundation to the research.
2. **Content Analysis:** An analysis based on data obtained from annual reports, white papers, supporting commercial documents and other commercial data sources will be examined.

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3. Two-Step Semi-Structured Interview Process:

Step 1. **Preliminary Interviews:** The development of preliminary interview questions will be informed by and synthesized from the review of the literature and content analysis. Stakeholders to be interviewed will be industry participants considered knowledgeable with respect to the research at hand. A minimum sample of thirty (30) unique participants will be interviewed. Interviews will be held in person at a location amenable to the subjects and are expected to be approximately thirty (30) minutes in length. Telephone interviews will be used in the case that physical interviewing is impossible due to resource or time constraints. Interviews will be tape recorded unless objected to by the participant in which case manual notes will be taken.

Step 2. **Follow-Up Interviews:** of a more specific and narrow view informed by the first round of interviews, content analysis and literature review will be concluded with a smaller sub-set of 15 respondents obtained from the first round sample. These interviews will seek to uncover deeply held personal beliefs and understandings on the research subject that will further uncover important aspects in responding to the provisional research question.

4. Step 4-In-Depth Literature Review-Part 2: A second more in-depth literature research review will be completed to further refine the scope and

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consideration of the existing knowledge within the academic field to add more expertise and specificity to the research analysis.

5. Step 5 & 6 - Triangulation of the Data & Gap Analysis: A triangulation of the data will be considered and analyzed in order to determine whether or not the existing academic knowledge is congruent with the practical application of the field on a commercial basis. The result of this analysis should dictate whether or not a “Knowledge Gap” exists between the academic (theoretical) and the practical (applied) domains.

6. Step 7: Development of New Model: Building on the Gap Analysis a thorough analysis of the existing frameworks within the academic domain will be made. This analysis will inform whether or not the existing frameworks sufficiently address the requirement for practical application within the industry and whether or not they may be further improved or modified.

RESEARCH TIMELINE AND BUDGET

The contemplated research is expected to conclude over a 36 month period. A breakdown of the time allocation by the different phases of the research is outlined in Table 3 below:

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TABLE 3 Provisional Research Timeline													
		Year 1				Year 2				Year 3			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
PART A	Pre-Literature Review												
	Literature Review Part 1												
	Research Plan												
	Chapter 1												
	Chapter 2 & 3												
	Content Analysis												
		Official Submission of Chapters 1, 2, 3 and Slide Presentation To Obtain Authorization To Continue On To Field Research											
PART B	Interviews Part 1												
	Literature Review Part 2												
	Interviews Part 2												
	Data Analysis												
	Chapter 4, 5, 6												
	Manuscript Perfecting												
	Submission												
Source: UGSM-Monarch Business School Switzerland													

The research will be privately funded. No requests for supplementary grants, assistantships or scholarships will be made. The total budget of the project is approximately 12,700 Euros. No additional resources or funding will be requested of UGSM-Monarch Business School Switzerland. The budget is presently funded and research may begin immediately upon approval.

TABLE 4 Research Budget	
	In Euros
Literature Research & Book Purchase	3,500
Laptop Computer, Digital Recorder	2,000
Atlast-Ti software	600
Production / Duplication of Interview Guide	400
Manuscript Editing & Printing	700
Traveling Expenses	2,000
Hotel Accommodation	2,500
Miscellaneous Expenses	1,000
TOTAL	12,700

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