The role of HR managers in facilitating the acquisition of Public enterprises of developing countries by MNCs

James Abugre  
University of Ghana Business School

Godfred Gasor  
University of Ghana Business School

Shagufta Sarwar  
College of Business, Economics, Law and Criminology  
Swansea University, Wales, UK

Key words  
HRM, public sector, mergers and acquisition, HR managers, Ghana.

Abstract  
This study aims at establishing the major roles played by HR managers in mergers and acquisition (M&As) of public sector companies in Ghana. The research examined the mergers and acquisitions of ten Ghanaian companies where ten HR managers gave a detailed narratives of their roles and the part they played in the M&A process. The qualitative method used to solicit the narratives of the HR managers resulted in the following findings: those HR managers in Ghana have a limited role in the planning process of the M&A. The HR managers in Ghana engage in various roles in making sure that the M&A is successful. That, indigenous HR managers perform several tasks in the course of the M&A in order to get employees stable before and after the process. The paper makes a modest input of the significance of indigenous HR role in international mergers and acquisitions as a panacea to solving the global crises by advocating the empowerment of HR managers in developing context to be partners in the initial commencement of M&As.

Background of the study  
From the 90s to date, Ghana has witnessed a surge in mergers and acquisitions (M&As) of many of her public companies. According to the Divestiture Implementation Committee of Ghana (DIC 2004), the government of Ghana in 1988 took a decision to diversify its interest in 350 state owned companies. This decision was informed by institutional reforms from the Breton woods, and the need to make these state owned companies self-reliant and viable. It is also during this period that the government transformed the country from a socialist-orientated economy to a free market economy which has remained till date (Debrah 2002). This privatization effort resulted in the merging and acquisition of state-owned enterprises of a total of 351 as at 31st December 2005 (DIC 2004).

Moreover, Ghana’s Investment Code of 1985 is one of the liberalization policies that encouraged more foreign companies to invest in Ghana by lowering the required initial investment capital for foreign investors especially in the case of joint ventures from $60,000 to $10,000 (Boateng and Glaister 1999). Policy change in Ghana has since shown a progressive shift in favor of foreign direct investment (FDI) (Boateng 2004). For example from 1985 to 1994, Ghana’s investment legislation made it easier for prospective foreign investors to invest in the country by placing a lower equity capital requirement on them. To further maximize Ghana’s
competitive position with regards to FDI inflow, the Ghana Investment Promotion Centre developed a five-year (2003-2008) strategic plan to improve the investment climate and to achieve enhanced levels of FDI through partnerships as well as targeting overseas investment promotion initiatives (GOG 2003). In 2003, the government of Ghana again attempted to increase FDI inflows in the form of more M&As by formulating the Coordinated Programme for Economic and Social Development (CPESD), the Ghana Poverty Reduction Strategy (GPRS), and the National Medium Term Private Sector Development Strategy (NMTPSDS) (GoG 2003). Consequently, the World Bank (2008) ranked Ghana the third best reforming country in the world behind Egypt and Croatia highlighting five major areas of reforms in 2007 alone.

However, in most cases, these M&As have either failed or not worked well as expected. According to Panford (2001), most of these M&As have impacted negatively on Ghana’s labor relations and image in the global world. For example, in 2009 alone, over 1500 Ghanaian workers have lost their jobs as a result of the takeover of Ghana Telecom by Vodafone International in 2008 (Daily Graphic 2009). The recent Vodafone deal is one of many joint venture/merger deals that have been fraught with human resources problems. This led to serious industrial unrest and litigations against the government and the acquiring company (Vodafone- UK) (Ghanaian Times 2009).

With these assertions in mind, this study aims to assess the extent to which current HR managers in developing economies engage the management practices that are needed for effective implementation of peaceful and successful mergers and post-mergers integration. Using the case of Ghana as context of a developing country, this paper attempts to fill the gap and weakness of the public sector HR literature that has been dominated by Anglo-Saxon perspective in much of the research (Clark et al. 1999). It is believed that HR has always played multiple roles in employee advocacy and management conscience, but the last decade has witnessed the advocacy of new roles – the most popular of which promotes HR as a business partner (Ulrich 1994). Although the business partner role is important, it carries potentially problematic implications because it focuses HR on being part of the team supporting the business strategy (Ulrich 1996). This study seeks to find out the exact role HR in developing economies advocates during international mergers and acquisitions of public enterprises since many of the M&As particularly in Ghana have been confronted with industrial unrest (Panford 2001).

**Literature Review**

**Mergers and Acquisition**

Over the past few decades, organizational Mergers and Acquisitions (M&As) have been extensively studied by scholars because of their past performance of consistent failure to live up to expectations, and these failures have among other things been largely attributed to human resources and human relations problems (Cartwright and Cooper 1996; Marks and Mirvis 2001). Evidence from research show that numerous problems of cultural clashes, confusion, and internal disruptions occur when two organizations are merged (Epstein 2005), leading to a decline in employee and customer satisfaction and a significant decline in profitability.
Similarly, Boxall and Purcell (2003) confirm that difficulties in achieving organizational fit during M&As begin at the implementation stages of the coming together of the two firms.

**HR Managers and the M&A Process**

A research survey revealed that most HR managers felt they did not have enough knowledge of M&As processes to be able to contribute value to discussions about M&As (Antila and Kakkonen 2008). This has created a vicious cycle in which HR managers do not take part in the due diligence processes. Barros (2003) adds that even in situations where HR is involved in the due process, it is occasional. The absence of HR in the process means they cannot effectively exercise one of the crucial roles of HRM area, namely to help the transfer of strategic capabilities, organizational learning and organizational change processes. This behavior would definitely not help in the value-creation process, that is, to the performance of the acquiring company (Tanure and Gonzalez-Duarte 2007).

Value creation in M&As depends on the successful management of people-related issues, and this creates an avenue for HRM to effectively become a strategic partner (Haspeslagh and Jemison 1991). However, there are two conditions that are necessary for this to happen. First, HR managers should take part in the process from its earliest phase (i.e. from the due diligence period). Secondly, HR Managers should play a more prominent role only if they formulate people management policies that are intrinsically consistent with the determining reason for the acquisition and integration strategy chosen (Bjo¨rkman and Soderberg 2003). It has been argued that the challenge of M&As is the management of people and the human resource (HR) function and HR managers are constantly encouraged to play a more ‘strategic’ role in organizational change processes. (Bjo¨rkman and Soderberg 2003; Antila 2005).

Faulkner et al. (2002) posit that HRM policies have significant effect on acquiring a firm’s ability to get the best results in mergers and acquisitions. Though, the importance of HR issues in M&As is widely recognized, only few studies have actually looked at the roles played by HR in these processes. Tanure and Gonzalez-Duarte (2007) contend that during processes of radical change, such as acquisitions, top management of the acquiring company has a critical role of establishing an understanding that people constitute, in fact, a key asset of the company thereby opening avenues for HR Managers to assume a strategic role within companies. The practical implications are that even though the HR managers should seek to undertake a more active and strategic role in M&As by contributing effectively to the performance of the organization, their actions are shaped by the consistency between discourse and practice of chief executive officers regarding the importance of people within organizations (Tanure and Gonzalez-Duarte 2007). Any disparity between this discourse and practice is likely to affect the role played by HR Managers within organizations.

Jeris et al. (2002) observe that HR is not involved in the initial decision-making of M&A, although post-deal HR initiatives are identified as crucial success factors. This assertion is supported by Bjo¨rkman and Soderberg (2003)’work which reveals typical problems in organizing and managing HR issues and illustrates how the HR function is not easily given an important role in these processes. Similarly, a study by Antila (2006) describes how the HR Manager plays a strong administrative and employee related role within the M&A process and
if the HR manager is involved from the beginning and pre-combination stage of the process he or she also plays a strategic role throughout.

In a study by Barros (2003), almost 63 percent of M&As were said to have failed due to problems related to the management of people. HRM is not normally included in the due diligence process because, in general, companies focus on the analysis of quantitative, hard aspects of the business (Barros 2003). The involvement of the HR department in the due diligence process only occurred occasionally. Thus, even though one of the most important roles of HRM is to support organizational change processes, whether radical, such as M&As, or evolutionary, HR managers rarely take part in these processes. One reason that could explain the low participation of HRM in the M&As processes is the perception of this function within companies. A study by Tanure (2005) revealed that, although HR managers self-assessed themselves as a strategic partner, their fellow executives, mainly from the finance and accounting areas, do not share this view. This difference is due to the fact that some functional areas do not perceive the true contribution of the HRM to the performance of the organization.

Ulrich (1997) says HR professionals play a strategic partner role when they have the ability to translate business strategy into action. This facilitating role allows the HR manager to become part of the business team. To achieve this, the HR managers must be able to ask appropriate questions and contribute to business decisions. Consequently, the HR manager must develop business acumen, a customer orientation and an awareness of the competition to be able to link business strategy to HR policies and practices.

Research Questions

1. What role do indigenous HR managers play when public companies are being acquired by international companies?
2. To what extent do HR managers get involved in the process of mergers and acquisitions of public companies in Ghana?

Research Methodology and Procedure

This study is exploratory and attempts to bring out the development of HR role in the complex issues of Mergers and Acquisitions in a developing context. To achieve this, qualitative examination and analysis of evidences gathered from HR managers in each of the study organization was considered to be the most appropriate research approach. By this, we adopted a purposive sampling approach to enable us do a more thorough investigation by focusing on the key HR managers in the affected M&A companies (Babbie 1995).

With the help and direction from the Ghana Investment Promotion Centre (GIPC), we selected the key organizations that were in a better position to provide data for the study. As our study focus on HR role, we contacted only the HR managers of the sample organizations. Even though this approach may be opened to biases, but in this particular study, we felt that only the HR managers could offer us the necessary information since the focus of the study is on them. We used semi-structured interview questions following a review of the literature. The semi-structured interview approach was selected because it works well in research projects dealing with managers, bureaucrats and elite members of a community who have little time to spare (Bernard 2000). All our interviews were conducted in a face-to-face manner with each of the managers at different times. The face-to-face interview enabled the interviewers the flexibility...
and opportunity to probe or ask questions of clarification and follow new leads (Burns 2000). In all, 10 HR managers from 10 different companies that had undergone M&A processes were interviewed. Each interview lasted approximately 35-51 minutes which was handwritten (In fact the initial plan was to use a recording machine, but almost all the managers refused their voices to be tape-recorded, and we had no option but to agree to their terms). Therefore, both researchers wrote the narratives of each HR and re-transcribed later by comparing notes in our free time. All interviews took place in the respective offices of the HR managers based on appointment.

Interviewees’ views and experiences on the subject matter were used to determine the nature and composition of relevant categories (Locke 2001). The data was systematically and intensively analysed by constantly comparing the notes, and then sorting them according to themes (Gillham 2000). In line with social science research, we have assigned numbers from 1-10 to the sampled companies while we refer to respondents as interviewees or respondents. This is to provide anonymity to both companies and people interviewed.

**Results of Findings**

Analysis of the data began with carefully reading through the transcripts. The responses yielded seven interrelated categories and were organized based on the literature review. These are presented in Table 2.

**Table 1. Companies used in the study**

<table>
<thead>
<tr>
<th>Name</th>
<th>Sector</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company 1</td>
<td>Food</td>
<td>Formerly owned fully by the Government of Ghana, now Ghana government has 25% with a Swiss company having 75% stake.</td>
</tr>
<tr>
<td>Company 2</td>
<td>Telecoms</td>
<td>Formerly owned fully by Government of Ghana, now Ghana government has 30% with UK firm having 70% stake.</td>
</tr>
<tr>
<td>Company 3</td>
<td>Finance</td>
<td>A private Holdings Ltd that has acquired majority shareholding in a Ghanaian public non-Bank financial provider.</td>
</tr>
<tr>
<td>Company 5</td>
<td>Beverage</td>
<td>Formed owned by the Ghana National Trading Company (GNTC), now wholly owned by a company based in Spain, a subsidiary of Cobega, S.A.</td>
</tr>
<tr>
<td>Company 6</td>
<td>Telecoms</td>
<td>Formerly owned by Ghana government and a private investor, but now wholly acquired by a company from the Middle East.</td>
</tr>
<tr>
<td>Company 7</td>
<td>Telecoms</td>
<td>Formerly Investcom Ghana Ltd., now wholly owned by a South Africa telecom company.</td>
</tr>
<tr>
<td>Company 8</td>
<td>Manufacturing</td>
<td>Formerly owned by Ghana Government, now wholly owned by an Indian company Holdings Inc.</td>
</tr>
<tr>
<td>Company 9</td>
<td>Finance</td>
<td>Formerly a public financial institution, now a subsidiary of a Nigerian global African bank.</td>
</tr>
<tr>
<td>Company 10</td>
<td>Finance</td>
<td>Formerly owned fully by the Government of Ghana, now acquired by a French company with a 51% controlling interest.</td>
</tr>
</tbody>
</table>
Table 2. Themes emanating from the study

<table>
<thead>
<tr>
<th>Categories/themes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Tenure and experience of the HR Managers with the firm</td>
</tr>
<tr>
<td>2. HR Manager’s involvement in the planning and preparation of the M&amp;As</td>
</tr>
<tr>
<td>3. Communications role of the HR manager</td>
</tr>
<tr>
<td>4. Challenges of integration and how they were dealt with</td>
</tr>
<tr>
<td>5. Changes brought on by the M&amp;A</td>
</tr>
<tr>
<td>6. Interventions for terminated and surviving staff</td>
</tr>
<tr>
<td>7. Compensation</td>
</tr>
</tbody>
</table>

Tenure of Service

The respondents were the respective HR managers of the companies before and after the M&A process. Their working experiences varied from between 5 to 16 years with their relevant companies. All HR managers were native Ghanaians, and were still acting as HR managers even after the M&A processes.

HR Manager’s Involvement in the M&A

Respondents were asked on the extent to which they were involved in the M&A processes, and to describe the specific roles they played during the entire process of the M&A. From the responses, there were mixed feelings about the lack of involvement of the HR manager in the process. The views of the managers expressed depended on whether the M&A was International or local. The interviewees believed that when the M&A was in greater proportion acquired by a large international company, the local HR manager had little role to perform in the process. They asserted that there were few opportunities for some HR managers to play a role in the process; however, most of them though had been informed about the planned M&A, they were not invited to play a major role. Concerning this a respondent remarked that:

The bigger company acquiring the smaller company does all the due diligence using its own consultants or transaction advisors. The local HR manager has little to say. When they need the local HR to give advice on staff, you are then called, but this is after the deal.

Another observed that:

In fact, this deal was done by the government of Ghana through its own consultants and the acquiring firms. HR’s role was in the implementation and getting employees psyched up to accept the deal. The only individuals from the acquired company involved in the merger negotiations were the Board members and the Chief Executive Officer.

Communication

On the role of communication, the HR managers had a lot to do in the process of the M&A. though the responses were varied based on the efficiency of the communication role, they all seem to have been involved in communicating the M&A process to employees. In sum, all
HR managers played an effective role as communicators. The respondents affirmed that they did a lot of communication before and after the M&A process. All their responses ranged from ‘sensitizing workers about the coming change’, ‘letting employees know how the benefits of the merger outweighs its disadvantages and defusing any form of fear among employees’ and letting employees know that the end result is to improve productivity, efficiency and a better service to the customer. One respondent testified that:

I held branch meetings with our staff to let them know the implications of this M&A, the opportunities and threats it posed and how they could maximize this opportunity. I visited each branch twice prior to the exercise.

The HR Manager of a Manufacturing company said:

HR was tasked to communicate the M&A process especially what was to be done to affected staff as well as the need for the merger. Communication was initially through e-mails, then staff durbars and then the use of the company bulletin. The durbars were held every two weeks and after two months, affected staff were written to as part of the communication process.

Another interviewee explained that:

Sufficient information is passed to the trade union on the modalities of M&A process since employees rather believe what the union heads say. Then durbars are held to dispel any negative rumor.

With regard to the frequency of information given to employees, one HR manager stated that:

One needs to be tactful in passing information about the process to the employees, because the information already is considered a bad news. Therefore frequency of it can create despair in the workers, and this will affect productivity. Some may be looking for the next job; others may even begin to steal company property. So the HR manager has to be up to the task.

**Challenges of Integration**

All the interviewees responded in the affirmative that they did encounter challenges in their efforts to integrate the two companies. The challenges identified included culture incompatibility, performance management systems, adopting an entirely new work process, the problem of power play with the dominant company strategically putting its personnel in key positions of influence in the new company.

As the HR Manager of one of the Banks succinctly puts it:

Yes, there are obvious challenges – staff fears, concerns and resistance. However, through systematic and periodic education we are addressing these fears and concerns. It is very difficult as you can see from the faces and attitudes of the both affected and unaffected workers. At times you sympathize yourself because most of the affected staff believe that you the HR manager cause their removal.

A manufacturing company’s experience was expressed in the words of the HR manager as:

yes, challenges such as retaining and motivating remaining staff; problems in the integration of culture, designing an acceptable compensation/severance package for those who were leaving which we dealt with through reorientation, active participation in rebranding exercise and training.

The issue of cultural differences apparently becomes the overriding challenge faced by most of the HR managers following the merger or acquisition of their companies. The HR
manager of a Bank who is still working hard to deal with the problem of organizational culture puts it this way:

Yes, there is the problem of different organizational cultures that must be merged. This is not achieved easily. It is really difficult, in fact, currently we are still working hard in training our staff to work with the new culture we have to adopt. I guess this may take a while to achieve.

A second problem of integration is the difference in organizational structure. Discussion from the interviewees showed that it is HR’s role now since the merger inevitably demands a restructuring to suite the acquiring company’s strategies. They all emphasized that series of training programmes were organized to educate employees on the acquiring company’s ways of doing things, their values, and dealing with the problems posed by the need to reconfigure the structure on the new company. One stressed that:

HR has to reassign people into new jobs, from one department to another, they have to be retrained in the new skills required to do the job. The acquiring firm wants its staff mostly expatriates to take key positions and to protect their investment, but the local staff feel differently, and in some cases antagonistic. HR at this point is helpless. What do we do? The only thing to do is to ensure people are treated fairly.

A follow up question was how were the challenges dealt with? The views of the managers demonstrated that training was the sure way of dealing with the challenges of integration. They also mentioned communication strategies to explain to employees and other stakeholders why there was the need for the merger. A manager said:

We organized orientation and reorientation for both local and expatriate staff to appreciate the need for a shift in culture and also realign behaviors and attitudes to meet the new corporate strategy. As regards the acquiring company getting its people into key positions, it was management decision for which HR has nothing much to do.

Changes Brought On by the M&A

This theme sought to find out some of the key changes the M&A brought on board. The specific objective is to glean the specific changes introduced and subsequently what the HR managers did to ensure that people were prepared to work for the new company formed as a result of the M&A. The data indicates the following types of change were obvious; technological change, structural, and cultural changes, a change in strategy as well as people focused changes that seek to change attitudes, behaviors and the approach to work. Some of the managers explained that these changes were necessary to accommodate the new organizational strategic direction, and that some of the changes were very drastic along all facets of the organization. One of the managers said:

There was an introduction of new technology, new policies and systems, work procedures, the structure of the organization also changed, hence certain positions and layers were eliminated. In fact, there was change in technology, structure and culture. So you as the HR must ensure that both old and new staff adjusts to these changes.

In terms of change, it seems all the ten companies have gone through or experienced the same type or similar forms of change.
Dealing with Terminated and Surviving Staff

Under this theme, the interview questions sought to know from the HR Managers if they faced any resistance in their company’s attempt to embark on the M&A, the roles they played in dealing with terminated and surviving workers. Interestingly, most of the HR managers across the companies here in Ghana did not experience any major resistance; those who experienced resistances say they dealt with it earlier enough to prevent it showing up for public discussion. For example the HR manager for one bank had this to say:

I anticipated the resistance and used massive education, communication and information to address it; we provided education on how affected staff could upgrade themselves in order to secure employments elsewhere or to set up small businesses.

Another said:

We faced a lot of resistance but we managed it through dialogue and education and eventually scaled up our compensation package for those made redundant. They were all given different skills training and advice on how to invest their redundancy package.

While some of the managers believed that their M&A process avoided resistance from employees was due to long time negotiations with both national and local unions leaders, some said the peaceful process was as result of some staff just wanted to take their monies and leave for new ventures, because we were already facing financial challenges.

Compensation

The various HR Managers interviewed were virtually on common grounds with regards to the factors they considered in designing a severance package for terminated workers. They all reported that their inputs were sought in designing the severance packages for employees who were to leave. The HR Managers said it was not a difficult task since things were spelt out in the collective agreement. Some of these packages were predetermined, factors such as length of service, the affected worker’s current pay, the company’s financial strength, the number of people leaving etc, were taking into consideration. However, most of the managers said the difficulty regarding compensation was in respect of designing a common compensation scheme for the new company especially when it involves bringing people who were paid on different compensation schemes. The difficulty was on the companies with a number of expatriates staff. - “The challenge of synchronizing pay tunes of expatriate workers and local employees” retorted one of the HR managers of a multinational firm.

A manager explained that:

A new compensation scheme was designed altogether that places each worker on a specific salary range. For instance, a worker cannot be made worse off. If a new job evaluation rates a worker to be worth GH₵ 3,000 instead of GH₵ 5,000 he or she earns previously, the GH₵ 5000 would be made personal to him but new people coming on board will receive the GH₵ 3,000. For expatriates, they are paid back home while here in Ghana, we pay them living allowances and take care of their accommodation and transportation including all other expenses endorsed by the company.

Discussion of Findings

Findings from this work show that HR Managers in Ghana are partly involved in the planning and the preparation of the M&A of their individual companies. However, their role at
this stage is mostly limited to the provision of HR audits of their respective companies when demanded. The HR managers also provide limited counsel on the need for their companies to put in place mechanisms to deal with redundancies, and anticipated resistance or difficulties even before they occur. This finding is however contrary to Bjo’rkman and Søderberg (2003)’ assertion that first, HR managers should take part in the process from its earliest phase (i.e. from the due diligence period). Secondly, HR Managers will play a more prominent role only if they formulate people management policies that are intrinsically consistent with the determining reason for the acquisition and integration strategy chosen. What our findings suggest rather is an HR manager who seems more of a figure head and employees’ consult, and not one that has the clout in the formulation of employee decision at the strategic level. This is consistent with Jeris et al. (2002) observation that HR is not involved in initial decision-making of the M&A process. The implication of this finding supports the numerous HR problems leading to industrial unrest in developing countries during and particularly after M&A. The fact that local HR managers who apparently know the terrain of employees needs are not involved, employees welfare and demands are not adequately catered for hence employee’s agitations during the M&A process.

Also, findings from the study show that HR managers in Ghana during M&A are engaged in the following: communication, compensation, dealing with integration, and taking care of terminated and extant group of staff tasks. Data from the interviews illustrate that HR manager play a preponderant role in the above functions. This means that top executives and partners of the M&A process acknowledge the important role of HR to ordinary employees. Thus, the HR manager during and after these processes is an interface between the company executives and employees, coordinating and implementing all the employee activities but not an originator of these policies he/she implements. The HR managers believe that because in most cases, the acquiring companies come from the west, they (Western companies) have always predesigned what they want to do, and not now want to learn what they can do. After all they (acquiring companies) are investing with their money, and you the HR manager take instructions or may decide to leave along with the terminated employees. This affirmation is contrary to Ulrich (1996)’ claim that HR managers as professionals and strategic partners must be able to ask appropriate questions and contribute to business decisions of the company. This paints a gloomy picture for the HR in developing countries during M&As. If HR is only considered as liaison between workers and company executives, and has no power to formulate tough decisions on people management, then at best he/she can be described as a custodian of personnel data in the company. In such cases, HR is neither an employee champion nor an administrative expert, but a figure head who serves as a liaison between employees and management.

The narratives of the HR managers also show a critical place communication plays in the M&A process. All HR managers interviewed clearly recounted how communication became a key route to the success of the M&A process they went through. Their narratives demonstrate how they used effective communication to assuage the bad side of the M&A process especially on redundancy of employees, compensation, and treating the differences in cultures of the organization and people. Hence, the place of effective communication in an organizational setting is indispensable (Abugre, 2012), as HR managers need to equip themselves with the ability to effectively interact with employees during the M&A process.
An important aspect of the findings of this study is the challenges of integration and cultural incompatibility of the initial encounter of employees in the new company. The HR managers all see culture incompatibility as the most critical challenge they have to deal with. Other challenges faced include performance management systems, adopting an entirely new work process, the problem of power play with the dominant company strategically putting its personnel in key positions of influence in practices, managerial styles and structures to a large extent are determined by the organizational culture. Each organization has a different set of beliefs and value systems, which may clash owing to the M&A activity. The exposure to a new culture during the M&A process is definitely a major setback to the employees. The employees not only need to abandon their previous culture, values and beliefs but also have to accept an entirely different culture. This exposure challenges the old organizational value system and practices and can lead to stress among the employees (Pande and Krishnan, 2009). Thus, this research advocates the empowerment of HR managers in developing context to be partners in the initial commencement of M&As in order that issues affecting marginalized groups can be addressed properly.

Conclusion

Our aim in this study was to find out the precise role HR managers play during the merging and acquiring of public companies in Ghana. The results indicated that Ghanaian HR managers engage in various roles in making sure that the M&A is successful. The varying tasks of these HR managers in the course of the M&A are based on getting employees stable before and after the process. However, our study shows that almost all the HR managers have a very limited role in the planning of the M&A. The results indicate that the HR managers are rather very effective during the implementation stage, as they have to make sure all employees are satisfied with the deal. Thus, we believe that HR acts more as an implementer than a planner or a strategic partner whose input should be central to the M&A process (Ulrich (1997). Two major reasons for this is that almost all the acquiring companies are foreign, and mainly from the west. The companies come in with a pre-designed arrangements where the local HR inputs are not deemed required. Secondly, some of the M&A deals are affected and planned at the governmental level where the government of Ghana has its own transaction partners who deal directly with the acquiring partners, and sometimes with the participation of only the Board members. This undeniably disregards the importance of the HR manager relegating him/her to only an effective implementer. Notwithstanding the HR’s restricted role, HR managers in Ghana are very effective in functioning as communicators, helping to successfully integrate personnel, dealing with compensation and severance packages, helping terminated or affected employees to readjust, and dealing with cultural incompatibilities.

The findings above have both theoretical and practical significance to public administration and organizational studies. Theoretically, the study underscores some significant findings with regards to the role of HR managers in developing countries, and particularly during mergers and acquisitions in Africa. Governments in developing countries must take a critical look at the capabilities of their human resources in order to solve the constant problems and failures of M&As resulting from ill-planning. The paper also contributes significantly to the overall M&A literature and HR issues of Africa.

Limitations and future research of the study
This work certainly has a limitation. Even though the main aim of the study is to find out the role of the HR managers in M&As, a mixture of data collected from the affected staffs who are not HR managers of the various companies could throw more light on the work of HR managers. Nevertheless, as an exploratory work, we believe the study has contributed greatly to theory. Particularly, the use of a qualitative approach provided rich and detailed information about the role of HR managers in M&As in developing countries. Future research could triangulate data from both employees and HR managers.

References


