10.5281/zenodo.6870329 e-ISSN 2795-3257 p-ISSN 2795-3236 Volume:04 Issue 03 March-2020

Business Management
Gph-International Journal
www.gphjournal.org

Original Research Paper | Open Access | Manuscript ID: #0386

MERGERS AND ACQUISITION: CONCEPTUALISATION, MOTIVES, AND IMPLICATIONS FOR HUMAN RESOURCE MANAGEMENT

Rachael Konyefa Dickson

Depart. of Management, Faculty of Management Sciences, Niger Delta University, Wilberforce Island, Bayelsa State, Nigeria.

Corresponding author: *Prof. James Ofuan ILABOYA
Tel.:+234 Email: ofuanwhyte@gmail.com

A B S T R A C T

Mergers and acquisitions have consistently remained stable as a management fad that has transcended several decades. This paper is desk research designed to explore extant literature to gain an insight into the meaning, motives, and human resource implications of the twin concepts that have often been used interchangeably. The outcome of the review revealed that even though the concepts of mergers and acquisition have been interchangeably used in the extant literature, there is a sharp difference between them. In addition, it was observed that the human resource function has often been relegated in cases of business takeovers globally. And the relegation may have been responsible for the several cases of takeover failures. It is recommended that top-level management should be proactive in developing an all-inclusive plan from conception to the actual decision on any business takeover since the outcome of the process is a function of what managers and employees make out of the whole process. In addition, it is also recommended that the dynamics of the takeover-human resource should be rescued from the domain of theorizing by instituting hardcore empirical consideration of the human resource implications of mergers and acquisitions.

K E Y W O R D S

Mergers, acquisitions, takeovers employee bailout, dinosaur dynamics.

JEL CODE: M5

INTRODUCTION

Mergers and acquisitions have been identified as one potential vehicle for external corporate growth in extant literature (Pritchett, 1985). Even though the free cash flow theory of takeover did identify other driving forces behind takeover activities such as diversification, managerial incompetence, economies of scale, companies income tax, increasing market penetration occasioned by globalisation, and the agency cost associated with the conflict between fund owners and fund managers over the payout of free cash flow. In modern business, the understanding of the concepts of mergers and acquisition has become increasingly essential as cases of mergers have become ubiquitous in newspaper headlines and on the internet space.

Even though mergers activities have relatively slowed down as a result of the global pandemic occasioned by the COVID 19. According to Anders (2020), despite the general lull, deals are still been done and it is envisaged that the current crisis will advance opportunities for companies to acquire distressed businesses and assets at discounted values.

Managers of organisations are in an agency relationship with the shareholders or owners of the business. The self-interest of both managers and shareholders has fueled an unending conflict between the two parties over the choice of the right strategy for the organisation. The costs arising from such cooperative arrangement between the principal and the agents, in the form of cost of monitoring managerial behaviour; and the cost of the conflict are collectively referred to as the agency cost.

Mergers and acquisition are substantially different from arrangements put in place for internal expansion of the business such as the acquisition of operating assets designed to improve the productive capacity of the organisation; through selling off some assets to improve returns for investors and avoid capacity underutilisation, and through a management buy-out.

The paper is motivated by the increasing cases of mergers and acquisition in the global corporate setting. For example, in the year 2014, Facebook acquired WhatsApp for $19.3billion. In the year 2000, Vodafone merged with Mannesmann in a deal worth about $180billion. In the same year, American Online (AOL) acquired Time Warner for about $164billion even though nine years later in 2009, the company (Time Warner) became independent as a result of some unresolved cultural and other related issues. Back home in Nigeria, the issue of mergers and acquisition has been trendy after the A.G. Leventis acquisition of Leventis stores and Leventis technical, and the United Bank of Africa acquisition of the then Standard Trust Bank. Very recently, we have the Polaris bank acquisition of

Skye bank plc, Access bank acquisition of Diamond Bank Plc, and Nigeria breweries acquisition of Consolidated breweries. Against the above background, it has become imperative to give a brief insight into the dynamics of the twin concepts of mergers and acquisition with emphasis on conceptualisation, the motivation, and the human resource implications.

CONCEPTUALISATION

Mergers

The concept of mergers and acquisition has been used interchangeably in extant literature even though there is a sharp difference between the two concepts. Section 590 of the Companies and Allied Matters Act, 2004 defined mergers as the amalgamation of the undertakings or interest of two or more companies, or the undertakings or part of the undertakings of one or more companies and one or more bodies corporate. Section 120 of the Investment and Securities Act 2007 defines merger as the amalgamation of the undertakings (assets) or any part of the undertakings of or interest of two or more companies.

Osaze and Anao (1990) defined mergers as the arrangement by which all the assets and resources of two or more entities are brought together under the control of one company which is owned jointly by the shareholders of the original companies. Mergers involve a business combination that results in the creation of a new reporting entity, that is completely divested from the identity of the two or more merging entities. The creation of a separate entity with identity utterly distinct from the merging companies is in line with the analogy of Singh (1971) which state that company A + company B is = company C which is completely different from companies A and B. This position is only possible where the power of dominance is absent, and both companies are equal in status. In Nigeria, the merger of Stanbic bank and IBTC Chartered bank in 2007 to form the current Stanbic IBTC bank plc is an example of a merger where the identity of the merging entities is dissolved. This is more of a confederation where the historical identities (names, legal independence) of the confederating entities are preserved.

However, the position of Singh (1971) is at variance with the definition of Hampton (1989), who defined merger as the combination of two or more businesses in which one of the merging companies relinquishes its identity to the other less powerful company. In the Hampton (1989) case, company A + company B is = company A or company B depending on which is dominant. The best example of the Hampton description of a merger is the Access Bank and Diamond bank merger of December 2018, in which Diamond bank was absorbed into the operations of Access bank, and Diamond bank ceases to exist under the Nigerian law (Babalola, 2020).

The history of mergers has revealed that the concept occurs in waves and since the end of the nineteenth century, five different waves of mergers have been identified from the railroad wave of 1895 to 1905, the automobile wave of 1918 to 1930, the conglomerate wave of 1955 to 1970, the mega-merger wave of 1980 to 1990, and the current globalisation wave from 1994 to the present date (Roberts, Wallace, and Moles, 2016).

Acquisition

Acquisition occurs when the ownership and management of an independent company or companies are brought under the control of single management. It involves the purchase of the shares or assets of another company to achieve a managerial influence. The purchase of assets approach helps to eliminate the problem of non-controlling interest as explicitly stated in the International Financial Reporting Standard (IFRS) 3. In addition to assets, the acquiring company can acquire a majority shares (controlling interest) in the acquiree company either through a tender offer or public offer.

Whether assets or shares are purchased in the acquiree company, the process may assume one of three types of vertical acquisition or integration, horizontal acquisition or integration, and conglomerate acquisition and integration. Horizontal acquisition or integration involves the purchase of a firm in the same industry. It is mainly motivated by economies of scale, reduction in competition, and market penetration. The acquisition of Schweppes and consolidated breweries by Nigerian breweries; the acquisition Chi Nigeria Limited by Cocacola in Nigeria, and the acquisition of Chrysler by Daimler Benz are all examples of horizontal acquisition. In the Nigerian banking sector, the acquisition of the intercontinental bank and Diamond bank by Access bank, and the acquisition of Compaq by Hewlett Packard (HP) also qualified as horizontal acquisition.

Vertical integration involves the acquisition of companies in the same industry but at a different level of operation. It involves a situation where manufacturing companies integrates with suppliers of raw materials or with retailers of their finished product. Where a company integrates with another company responsible for the supply of raw materials, it is called backward integration. In a situation where a manufacturing company acquires a company retailing entity, it is called forward integration whether backward or forward integration, the driving force behind vertical integration is motivated basically by the need for quality management and intellectual property protection (Roberts et al., 2016).

In addition to the vertical and horizontal acquisition or integration, there is the conglomerate acquisition which Mueller (1969) described as non- value-creating transactions. He further stressed that conglomerate mergers or acquisition are mainly driven by the personal interest of the managers in a quest for empire-building. However, other studies have identified different motives for conglomerate acquisition, such as diversification and multi-market contract (Scott, 1982). The conglomerate acquisition involves companies in unrelated lines of business. In Nigeria, the Dangote group which specialises in so many unrelated businesses is best described as a conglomerate. At a point, the Chairman of the Dangote group wanted to buy 14% stake in Arsenal football club, a line of business which has no semblance of relation to the existing chains of business in the Dangote group.

DRIVING FORCES BEHIND MERGERS AND ACQUISITIONS

The global corporate environment is experiencing a fundamental change because of the market for corporate control. According to the Global Transaction Forecast (2019), mergers and acquisition transactions amounted to about $469.8million in 2017, $2.7billion in 2018, $2.9billion in 2019, and an estimated value of $2.5billion by the end of 2020. There is no clear consensus on the direction of these control transactions. While some are of the view that mergers and acquisition represent productive entrepreneurial activity that enhances the control and management of assets, others believe that the negative implications of the business combination on human resource management can dampen the morale of the workforce and demotivate employees. Against the background of the lack of consensus, it has become imperative to address the motivation for mergers and acquisition, which has accounted for its ever-increasing popularity in the global corporate setting.

The complexity of the motives of business combination has accounted for the divergent theories for a business combination, some of which have attracted our attention in this contribution to extant literature on mergers and acquisition.

The Free Cash Flow Theory of Mergers and Acquisition

According to Jensen (1986), free cash flow is cash flow more than that required to fund all projects that have positive net present values when discount at the relevant cost of capital. To effectively maximise the wealth of shareholders and operate efficiently, the free cash flow must be paid to shareholders in an ideal situation. Where free cash flows are paid to shareholders, it tends to reduce the value of cash available to the management of the organisation, thereby dwindling the controlling power of management over the resources of the organisation. To circumvent the possibility of reducing the powers of management to control the resources of the organisation through disbursement of free cash flows to shareholders, management would instead pursue external growth since the expansion of the firm tends to increase management compensation and increase resources under the control of management even though such external growth through business combination may result in negative returns and organisational inefficiencies.

The Agency Theory of Mergers and Acquisition

The agency theory was propounded by Jensen and Meckling (1976). According to Piesse, Lee, Lin and Kuo (2013), the central assumption of the agency theory is that both the managers and the owners of the business are wealth-seeking and rational beings saddled with the choice of maximising their utility functions. The self-interest of both the managers presupposes that they will be more concern with controlling the resources of the organisation, accruing higher compensation, and providing better working condition instead of the core objective of profit maximisation. These divergent objectives between managers and owners of the business create a conflict which attracts agency costs in the form of the cost of monitoring managerial behaviour and the inherent cost of the conflict of interest between the principal (owners of the business) and the agents (the managers of the business). To circumvent or mitigate the agency cost, business takeover has been advocated in extant literature (Jensen, 1976). According to Samuelson (1970: 505), cited in Piesse et al. (2013), "takeovers, like bankruptcy, represents one of nature' methods of eliminating deadwood in the struggle for survival".

The Efficiency Theory of Mergers and Acquisition

According to Jensen (1992), takeovers generally occur because the revolution in technology and changing market conditions require a significant restructuring of the business entities to get rid of obsolete strategies occasioned by the traditional concept of business as usual. There is a general saying that the only that is constant in life is change, but organisations are often trapped in the concept of dinosaur dynamics where it becomes impossible to change strategy even when it becomes glaring that the status quo can no longer deliver on the expected numbers. There are always companies with unexploited opportunities to deliver on the required earnings such companies are likely candidates for takeover by organisations with better management and potentials to realign the operations of the business, which is the basis of the time-tested managerial efficiency hypothesis as espoused in Leepsa and Mishra (2016). While this motive for acquisition may not confer immediate economic benefit, the essence is simply to replace inept management (Brealey & Meyers, 1996). While a merger may not be the only way to get rid of inept management, it thus appears to be the most pragmatic approach. According to Martin and McConnell (1991), the chief executive is four times more likely to be replaced one year after takeover than during earlier years.

The differences in the strength and weaknesses of the acquirer and the acquiree (differential efficiency theory) can be leveraged to reposition the emerging company to be more competitive and well-positioned to deliver on the accounting numbers.

Strategic Realignment Theory of Mergers and Acquisition

The dynamics of the business environment may lead to a breakdown of the internal control mechanism of the company provided by the board directors. Where there is a collapse of the internal control mechanism of the business, the only option available becomes mergers and acquisition which will afford other management teams to reorganise and realign the strategic pursuit of the failing business. Where mergers are motivated by strategic realignment, the bid must be at a premium to the acquirer to be to leverage on the reorganisation and redeployment of assets. Some of the strategic gains are economies of scale and managerial competence. In the case of the merger between United Bank for Africa and the Standard Trust Bank in Nigeria, the former had a more conservative strategy to the business of banking unlike the later that had a more aggressive and technology-driven approach to the business of banking. The merger, no doubt helped to reposition the emergent "new UBA" to be more competitive not only in Nigeria but the global banking business, with operations in twenty African countries, United Kingdom, United States of America, and Paris, France.

The Tax Shied Hypothesis of Mergers and Acquisition

Tax consideration may also be a basis for a business combination in which case; a loss-making company may be acquired by a profit-making company with too high tax liability. The loss-making company is not liable to income tax expense, and loss may be used to reduce the tax liability of the emerging company. Tax consideration may also be used to penetrate low-corporate-tax region for a cross-border takeover. In Nigeria, it is essential to seek the attention of the Federal Inland Revenue Service. Section 29(2) of Companies Income Tax Act provides that: " No merger, takeover, transfer, or restructuring of the trade or business carried out by a company shall take place without having obtained the Board' direction under subsection (9) of this section…" Below is an illustration of tax consideration in mergers and acquisition.

	Coy A(#)	Coy B (#)	Coy AB (#)
Profit/ (loss)	80,000	(50,000)	30,000
Tax expense (30%)	24,000	-	9,000
Profit after tax	56,000	-	21,000

The income tax liability of company A as a single entity is #24,000. The tax liability is reduced considerably to #9000 after merging with company B.

Synergy Theory of Mergers and Acquisition

Synergy is simply described as the interaction of assets such that the combined earnings of a collection of assets will be more than the sum of their potential separate earnings. Synergy is hinged on the principle of one plus one is equal three. The principle of synergy defies the mathematical principle of one plus one equal to two. According to Leepsa and Mishra (2016), synergy means that when two firms combine to form a separate entity, the gains arise from the economies of scale of the operations of the business. Economies of scale can be achieved in the form of sharing central services, such as office management and accounting, financial control, top-level management and executive development (Brealey & Meyer, 1996). In Nigeria, the merger between UBA and STB may also have been driven by the synergy theory. As at the point of merging, UBA had a customer base of about five million and STB had a customer base of about two million, which will combine to result in a customer base of about seven million spread all over Nigeria. The facilities of UBA, one of the old generation banks till date, cut across the thirty-six states of the federation, which will result in effective office management for the emerging UBA (Proshare, 2005).

The Hubris Hypothesis of Mergers and Acquisition

The Hubris Hypothesis of a corporate takeover was propounded by Roll (1986). According to Roll (1986), if there are no gains accruable from corporate takeovers, the hubris hypothesis implies that the average increase in the acquiree' market value should be more than offset by the average reduction in the market value of the acquirer. According to Firth (1980), target firms gain in a takeover and bidding firms lose in a statistically significant manner. In the same vein, Varaiya (1985) finds a statistically significant negative return for the bidding firms on the day of the bid announcement. He stressed further that the magnitude of loss is higher when there are rival bidders. Roll stressed that decision-makers in acquiring firms pay above market price for the target companies. What then is responsible for paying so much for so little? Kumar and Rajib (2007) ascribe the reason to overconfidence gained from past successful takeover deals

HUMAN RESOURCE IMPLICATIONS OF MERGERS AND ACQUISITION

According to Manea and Ali (2017), from the perspective of human resources, mergers and acquisitions are corporate transactions with the power or potential to create severe personal trauma and stress which can culminate in psychological, behavioural, health and performance problems for the employees. It has often been observed that despite the usual expectation of a successful takeover, there is about 5% to 10% or even higher probability of failure after every merger (Manea & Ali, 2017). Pre-merger analysis and preliminary investigation of the whole takeover process has been highly handicap in addressing such failures; this is because of the inability of dues process and pre-merger review to detect the hidden costs in business takeovers. The hidden costs, which Shippee (2014) referred to the X-factor, is attributable to the relegation of the human factor in business takeovers. While serious consideration is given to tax, legal, and financing issues, the human element, which has been adjudged as the most critical asset of the organisation, is not given any consideration in the takeover process.

According to Pritchett (1985), the announcement of takeovers in the organisational jungle unsettles the workforce and immediately changes the work climate. The change is a constant (bound to happen) and not what the management of the acquirer can change even though the magnitude can be managed to a reasonable extent depending on the approach. Effective management of the human resource implication of takeovers demands that the workforce be carried along in the entire process this is because the announcement of any takeover has a considerable impact on the attitude, feelings, and behaviour of the employee. The human resource implication of mergers can manifest in the form of breakdown in communication, parochialism and deterioration of team play, organisational politics, loss of organisational commitment, and employee bailout.

In the context of a business takeover, a bailout is conceptualised as the process of exiting or abandoning a difficult situation different from the bailout of companies which means the injection of money or other resources into a business that would otherwise face imminent collapse. According to Perchstone and Graeys (2015), in any takeover, employees are left to deal with a significant level of uncertainty and uneasiness because of the scruples associated with the takeover with emphasis on the acquiree company. Since takeovers may help in streamlining some costs, there is the tendency for a high level of job insecurity from the top management level to the ordinary worker. The imperative of job insecurity will likely see people leaving the organisation before the axe falls. Different reasons may be adduced for employee bail out: Some may leave because of the increasing ambiguity and anxiety. For this group of people, according to Pritchett (1985:52), the certainty of misery is better than the misery of uncertainty". Some may think that the takeover may be injurious to their future career interest, having to adapt to a different organisational culture and are likely to bail out. Even at the level of top executives and professional staff, the bailout may be contemplated because of the fear of downgrade in the new organisation. While in other climes there are laws protecting the right of employees in a business takeover, such as the Protection of Employment Act 1981 in the United Kingdom, the same cannot be said for Nigeria where there is an obvious statutory gap in issues relating to employment protection in takeover transactions (Perchstone & Graeys, 2015).

Organisational commitment is the psychology of the employee towards his attachment to the organisation. The commitment of the employee determines the length of time to stay in the organisation and the extent to which to work towards achieving the set goals of the company. The Meyer and Allen (1997) three-component theory of commitment (TCM) classified commitment into affective commitment (emotional attachment to the company), continuance commitment (attachment to the company), and normative commitment (obligation to remain in the company). Business takeover tends to weaken these levels of commitment because employees tend to lose the drive and desire to achieve the set goals of the organisation where the company is a takeover target. There is a diffusion of energy arising from lack of coordinated effort of the employees, things begin to fall apart, and the centre can no longer hold borrowing from the words of Achebe (1958). The organisation begin to drift. In an ideal situation, according to Pritchett (1985), resources gravitate toward the goals of the organisation. With the loss of commitment, where there is no sense of direction, there will be resources underutilisation which will ultimately lead to suboptimal productivity.

Politics has profound negative implications for the advancement of the goals of the business. Organisational politics take centre stage during business takeovers. McShane and Von Glinow (2005) define organisational politics as the pursuit of personal agenda and self-interest in an organisation without regard to their effect on the organisations' effort to achieve its goals. Business takeovers result in the realignment, reexamination, and renegotiation of power networks. The breakdown of existing structures may ultimately erode the existing ways of getting things done. The loss of initial grip of power, autonomy, and control may lead to sabotage with implication for severe economic loss to the organisation. Extant literature is replete with the negative consequences of organisational politics. Andrews and Kacmar (2001) reported a negative relationship between organisational politics and employee perception of fairness and justice in the organisation. In the same vein, Gotsis and Kortezi (2010) found a negative relationship between organisational politics and performance of the business.

Parochialism, as a direct consequence of business takeover, is described as the state of mind where employees focus on small sections of an issue, thereby relegating the broader perspective to the issue. Parochialism is the outcome of the desire for self-preservation where there is an absolute breakdown of team spirit in the organisation. Companies are populated with individual working independently or collectively in teams, and the collection of teams makes the departments and consequently, the organisation. To effectively achieve the goals set for the organisation, there must be effective coordination of the departmental activities. With takeovers, people tend to chart their individual course, and the team spirit is substituted for the "me" syndrome. IsIk, Timoroglu, and Aliyev (2015), focusing on 250 call centres in Erzurum that there is a positive and significant relationship between teamwork and organisational trust. Therefore, where the spirit of parochialism is instituted instead of teamwork, there is bound to be a negative consequence not only for organisational trust but the general performance of the organisation.

Miscommunication

High possibility of a business takeover can lead to a breakdown in communication. Poor communication inhibits a company' ability to achieve optimal performance because of distrust, uncertainty, limited employee engagement, and low customers interaction. According to Kokemuller (2019), poor communication prohibits trust-building and can even lead to the culture of distrust in the organisation. Where the practice of withholding crucial information such as takeover thrives in any organisation, it can degenerate into the 'we' and 'them' syndrome, which may be detrimental to the wellbeing of the organisation. Poor communication can lead limit employee networking and engagement with the negative implication of dwindling employee morale and commitment and by extension, high level of employee turnover. Where there is a gap between the information desired by employees and the information available to employees, there is a tendency for rumour and speculations, which tends to distort quality information.

Even though top management may try as much as they can to effectively communicate top-down, employees tend to perceive or hear only what is pleasant to them selectively. Others can misconstrue the intention of management, however well-meaning.

THE WAY FORWARD

Business takeover as a tool for external expansion is becoming increasingly fashionable in the global corporate space; it is imperative to get the game right as to its implications on the management of human resources. While it may be impossible to propose a one-solution-fit-all, there are a collection of strategies that can be instituted to mitigate the negative consequences of business takeovers on the employees of the organisation. Majority of the strategy is at the instance of the acquirer while the others lie with the dictates of the business environment and the acquiree. According to Rumelt (1979), 80% of the successes recorded in business takeovers are because of the actions of the acquiree while the evolution of the sector explains the balance 20%.

Effective communication is key to the success of any business takeover and will help to minimise the negative perception and mental pictures painted by employees. When there is communication between the employees and the top management of the organisations, unfounded rumour and fear are eliminated and allows top management to discuss the plan of management towards securing jobs of the employees. Communication has been identified as a management function has been identified as a critical element for business success (Bucata & Rizescu, 2017).

Human resource audit is essential in the organisation with or without business takeovers. Personnel audit is defined as the analysis and evaluation of personnel policies, procedures and practices to determine the effectiveness of personnel/human resource management in an organisation (Chand, nd). Unlike the statutory audit provided for in section 334(1) of the Companies and Allied Matters Act 2004, the human resource audit is not a statutory requirement but organisations are now opting for a regular HR audit to be able to evaluate the existing HR practices against the legal standard, strategies, policies and objectives of the organisation.

In the case of a business takeover, the acquirer should make an effort to institute an HR audit to determine the high-fliers in the target organisation so that exceptional developmental opportunities can be used to key them into the new normal that is expected after the takeover. It will also afford new management to know those who are not willing to remain. Besides, the HR audit will enable management to identify those are willing to stay but are very weak, with little or no competence. Such people may not necessarily be retrenched but could be retrained to fit into other places where they have core competence.
The effective management of human resources is essential to the overall development of the organisation. Incumbent top-level managers should not only be evaluated by the history of their past performance but also by what the future holds for them, in terms of objectives to be achieved and challenges to overcome. Human capital development forms a substantial part of human resource management. The outcome of the human resource audit should be analysed to identify employees that are in serious need of training. The deployment of a need strategy will defeat the competence of the best hands in any organisation. Therefore, training and a continuous one is essential to reposition the employee to be able to cope with the demands of the new employment and avoid the risk of being right-sized or downsized which will ultimately end in loss of employment. Effective human resource management will involve the exposure and development of the technical competence of the workforce to be able to stable competitive and adapt to the new order.

CONCLUSION

The human resource implications of mergers and acquisition is hardly given any iota of consideration in business takeovers even though the issue is fundamental to the overall success of the takeover. The insufficient consideration of the human resource implications of mergers and acquisition was succinctly captured by Hunt (1987) when he opines that in the cases of mergers he studied, the human resource function was involved in only one-third cases. According to him, management often fails to acknowledge that a proactive consideration of culture and issues of human resource by the acquiree can reduce the risk of business takeover failures. Cartwright and Cooper (1990) corroborated the views of Hunt when he asserted that a considerable amount of time and energy is exerted on finance issues to the detriment of human resource planning with implication for frequent merger failure. The positions of Cartwright and Cooper (1990) and Hunt (1987) also resonated in the works of Manea and Ali (2017) and Vijaywargia (2016) when they recommended that the human resource departments should be involved from the conception to the point of decision making on the takeover. Decisions as to takeover should not be the exclusive preserve of the top-level management, legal, and finance experts since the outcome is a function of the views of the managers and the employees of the companies.

The paper is a modest contribution to the evolving literature on mergers and acquisition with emphasis on the human resource implication of business takeovers. No doubt, the business takeover has become fashionable as a strategy for external expansion. The extent to which issues of the effect of business takeovers on human resource management are given robust consideration is what is in doubt. Extant literature on takeover and human resources dynamics is lean. The paucity of extant literature should open a vista of hardcore empirical consideration beyond this current domain of theory which the issue seems to have been rested.

REFERENCES

Achebe, C. (1958). *Things Fall Apart*. Lagos: Heinemann.

Anders, G. (2020). The new-normal of mergers and acquisition.*INTHEBLACK*. December Edition.

Andrews, M.C., & Kacmar, M.K (2010). Discriminating among organisational politics, justice, and support. *Journal of Organisational Behaviour, 22*:343.

Babalola, Z. (2020). Diamond and Access bank merger-Changing financial landscape in Nigeria. *Tnp.com.ng/insight//diamond-and-access-bank-merger-changing-financial-leverage-in-nigeria.*

Brealey, R.A., & Meyer, S.C. (1996). *Principles of Corporate Finance 5th ed*. New York: McGraw-Hill Companies, Inc.

Burcata, G., & Rizescu, M. (2017). The role of communication in enhancing work effectiveness of an organisation. *Land Forces Academy Review, 22*(1): 1-57.

Cartwright, S., & Cooper, C. (1990). The impact of mergers and acquisitions on people at work: Existing research and issues. *British Journal of Management*, *1*:65-76.

Companies and Allied Matters Act (2004). Abuja: Federal Government Printers.

Firth, M. (1980). Takeovers, shareholders return, and the theory of the firm. *Quarterly Journal of Economics, (March)*: 235-260.

Global Transaction Forecast (2019).The federal competition and consumer protection act 2019: Regulatory implications for merger transactions in Nigeria. **https://andersentax.ng/the-federal-competition-and-consumer-protection-act-2019-regulatory-implications-for-merger-transactions-in-nigeria/**

Gotsis, N.G., & Kortezi, Z. (2010). Ethical consideration in organisational politics: Expanding the perspective. *Journal of Business Ethics, 93*: 497-517.

Hampton, J.J. (1989). *Financial Decision Making: Concepts, Problems and Cases, 4th edition.* New Jersey: Prentice-Hall.

Hunt, J.W. (1987). Hidden extras: How people get overlooked in takeovers. *Personnel Management, 19(*July):24.

Investment and Securities Act (2007). Abuja: Federal Government Printers.

Isik, M., Timuroglu, K., & Aliyev, Y. (2015). The relationship between teamwork and organisational trust: Relation between cognitive, affective, and action loyalty. *International Journal of Research in Business and Social sciences (2147-4478), 4*(1): 113-132

Jensen, M.C. (1986). Agency costs of free cash flow, corporate finance, and takeovers. *American Economic Review*, *76*:323-329.

Jensen, M.C. (1992). The takeover controversy: Analysis and evidence, in Stern, J.M., & Chew, D.H (eds). *The Revolution in Corporate Finance. Cambridge.* Massachusetts: Blackwell Publishers.

Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: Managerial behaviour, agency costs, and ownership structure. *Journal of Financial Economics, 3*(4): 305-360.

Kokemuller, N. (2019). How does poor communication affect an organisation? *Management.* https://bizfluent.com/list-6640408-disadvantages-team-communication.html

Kumar, B.R., & Rajib, P. (2007). An analytical study on multiple mergers in India. *Management Review, 9*(1): 1-31.

Leepsa, N.M., & Mishra, C.S. (2016). Theory and practice of mergers and acquisition: Empirical evidence from Indian cases. *IIMS Journal of Management Sciences, 7*(2):179-194

Manea, L., & Ali, S.S.M. (2017). Mergers and their human side: Key factors for an effective acquisition and for surviving one. Conference Proceedings.

Martin, K.J., & McConnell, J.J. (1991). Corporate performance, corporate takeovers, and management turnover. *Journal of Finance, 46*:671-687.

McShane, S., & Von Glinow, M. (2005). *Organisational Behaviour 3rd Edition*. New York: McGraw-Hill.

Meyer, J.P., & Allen, N.J. (1997). *Commitment in the Workplace: Theory, Research, and Application*. Thousand Oaks, California: Sage.

Mueller, D.C. (1969). A theory of conglomerate mergers. *The Quarterly Journal of Economics, MIT Press, 83*(4):1229-1257.

Osaze, B.E., & Anao, A.R. (1990). *Managerial Finance*. University of Benin, Benin City: Uniben Press.

Perchstone & Graeys Solicitors Advocate Arbitrators. (2015). Employment issues in mergers & acquisition. *Mergers & Acquisition, 2*(2): 1-2.

Pritchett, P. (1985). *After the Merger: Managing the Shockwaves*. United State of America: Dow Jones-IRWIN.

Proshare (2005). Elumelu is the MD of UBA-Merger of UBA/STB. *Proshareng.com/news.*

Rolls, R. (1986). The hubris hypothesis of corporate takeovers. *The Journal Business, 59*(2), 197-216.

Roberts, A., Wallace, W., & Moles, P. (2016). *Mergers and Acquisition*. Edinburgh Business School Heriot-Watt University Course Module.

Rumelt, R.P. (1987). *Evaluation of Strategy: Theory and Models in Strategic Management: A new view of Business, Policy, and Planning*, edited by Schendel, D., & Hofer, C. Boston: Little Brown and Co.

Scott, J.T. (1982). Multi-market contact and economic performance. *The Review of Economics and Statistics, 64*(3): 368-375.

Singh, A. (1971). *Take-overs: Their Relevance to the Stock Market and the Theory of the Firm.* Cambridge: Cambridge University Press.

Shippee, S.W. (2014). The X-factors in successful acquisitions: Getting the human side right. *MWorld, 13*(2014): 14-16.

Varaiya, N. (1985). A test of Roll' Hubris Hypothesis of corporate takeovers. *Working paper, Dallars, Texas: Southern Methodist University, School of Business.*

Vijaywargia, T. (2016). Analysing the consequences of mergers and acquisition on human resources. *Global Journal of Business and Management Perspective, 5(*1): 32-34.