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Effect of Pre-Merger and Acquisition Capability Strategies on Value-Based Financial Performance of Banks in Ghana

Paul Kwasi Apreku-Djan, Francis Ameyaw, Francis Kuma, Frank Ahiale, Maxwell Owusu
Lecturer, Department of Accountancy, Koforidua Technical University, Ghana
Correspondence Email: paulaprekudjan78@gmail.com

Abstract
Purpose – The purpose of this paper is to examine the effect of pre-merger and acquisition capability strategies on value-based corporate financial performance of banks in Ghana.
Design/Methodology/Approach: A cross-sectional survey was employed comprising four (4) acquirer banks listed on Ghana Stock Exchange (hereafter GSE) and four hundred and eighty-two (482) respondents purposively selected for this study. Data were analyzed using descriptive statistics, principal component analysis (PCA) and regression analyses. All the analyses were performed using SPSS v21.
Findings: The findings reinforce the important position pre-merger and acquisition capability strategies on value-based corporate financial performance of acquirer banks. Amongst the pre-M&A success capability strategies that maximise shareholder value are: strategic intent; clear criteria; choice and evaluation of strategic partner and size mismatch; financial, legal and operational due diligence; integrative approach that strengthens the core business, expands the core business and unlocks new business areas; and effective communication before acquisition).
Research Limitations/Implications: The study employed only a single research methodological approach, therefore future research could be undertaken using a mixed approach and triangulate to compare findings. Furthermore, the findings from the present study are cross-sectional, considering the limitations there in, a longitudinal approach should be explored.
Practical Implications: Emphasis should be place on pre-merger and acquisition capability strategies that maximise shareholder value. This will help practitioners make legitimate decisions and conclusions that can foster business growth.
Originality/Value: the effect of pre-merger and acquisition capability strategies on value-based financial performance was tested; previous studies have tended to test the direct effects.
Keywords: Value-based Corporate Financial Performance, Ghana Stock Exchange, Pre-Merger and Acquisition Capability Strategies (PreMACS), Economic Value Added (EVA), Market Value Added (MVA), Cash Value Added (CVA).

Introduction

In the last decade, Ghana's banking sector has witnessed many mergers and acquisitions that had changed banks' ownership structure in Ghana, especially Ghanaian banks, from local to expatriate banks. There is a freeze on licensing of new banks and other financial institutions in a bid to strengthen supervision of the existing financial institutions and ensure efficiency in the banking system in Ghana (Ghana Banking Survey, 2018). As can be noticed, most of these banks' immense change of ownership structure was motivated by the Bank of Ghana's regulations concerning the change in banks' operating in Ghana's minimum capital requirement. The first significant increment in banks' minimum capital requirement came in the year 2008, where the Bank of Ghana set the minimum capital of banks in Ghana at GH¢60 million, which further increased GH¢120 million in 2013. There is a further increase in the minimum capital requirement of existing banks and new entrants from GHS120 million to GHS400 million to develop, strengthen and modernise the financial sector and to protect depositor's funds (Ghana Banking Survey, 2018). The licenses of the following banks were revoked due to their inability to improve their capital adequacy and address insolvency challenges: UT Bank Ghana Limited, Capital Bank Limited, UniBank Ghana Limited, Royal Bank Limited, Beige Bank Limited, Sovereign Bank Limited, and Construction Bank Limited (Ghana Banking Survey, 2018). Ghana capital market experience bearish conditions and banks which struggled to raise the capital needed to meet the regulator’s requirements resorted to business combination (M&As) since they could not inject fresh capital or capitalise their reserves (Ghana Banking Survey, 2018).

Recounting from 1988, Ghana's successive governments brought financial sector reforms with an ulterior motive of improving the financial system's efficiency. The benefits of these reforms could be traced to a surge in mergers and acquisitions amongst Ghanaian commercial banks, particularly during the post-regulatory capital directive of 2008. Investor confidence in the Ghanaian market has been fuelling a rise in M&A activity from 2004 to 2017. The reason is that companies were to accelerate earnings by focusing on growth.

M&As do not necessarily create value but often destroy value, leading to catastrophic results (Economist, 2013). According to the helpful literature of Mirvis (2004) and Finkelstein (2010), M&As destroy, rather than create value. The creation of shareholder value is a key justification for any mergers or acquisition. According to Bruner (2004), this occurs when the returns on investment exceed the returns required, and the returns bear a positive value; the investor’s wealth grows higher than was required. Economists' opinions are very discordant concerning the real benefits that M&As bring to the economy. M&As could be beneficial to both companies' shareholders but, concurrently, damage the market by creating a deleterious monopoly.

Although the Ghanaian Banking Sector has had its fair share of the M&A cake, few of the studies focused on the value-based corporate financial performance of these M&As. Most of the studies examined the post-acquisition performance of banks proxied by traditional accounting measures such as Return on Equity (ROE) of the acquiring bank (Barnor and Twumwaah, 2015; Buadee 2015; Agyapong (2015).

The role of pre-M&A success capability strategies in the implementation phase's success has not been the subject of extensive research (Schweiger and Goulet, 2000). The effect of pre-

M&A success capability strategies on the value-based financial performance (Economic Value Added, Market Value Added, and Cash Value Added) is novel in the Ghanaian context. Calls have been made for more research into its effect on the acquisition process. The process perspective on acquisitions introduced the need to consider the importance of pre-acquisition issues in M&A such as Purpose (Putting Strategy to Work), Partner (Search and Selection), Parameters (Defining the Combination) and People (Managing the Dealings). This study seeks to address the effect of these pre-M&A success capability strategies on M&A success regarding improvement in shareholder value. The study investigates the effect of pre-merger and acquisition success capability strategies on value-based financial performance of acquirer banks listed on the Ghana Stock Exchange. Specifically, the study examines the pre-merger and acquisition success capability strategies observed by the acquirer banks. The study also examined the acquirer banks' value-based financial performance relying chiefly on Economic Value Added, Market Value Added and Cash Value Added. The main theoretical framework of the study hinged on three different schools of thought: strategic management school, the process perspective school and the capital market school, also called financial economics theory.

Hypothesis

1. **H_0**: Pre-merger and acquisition capability strategies have a significant positive effect on economic value added (EVA) of acquirer banks in Ghana
2. **H_0**: Pre-merger and acquisition capability strategies has a significant positive effect on market value added (MVA) of listed banks in Ghana
3. **H_0**: Pre-merger and acquisition capability strategies has a significant positive effect on cash value added (CVA) of listed banks in Ghana
4. **H_0**: Pre-merger and acquisition capability strategies has a significant positive effect on value-based financial performance (EVA, MVA and CVA) of acquirer banks in Ghana

Literature Review

Process Perspective Theory

This school's central proposition is that the management actions and the post-acquisition integration process determine how the acquisition's potential benefits manifest. The process perspective school is built on strategic management schools of thought (i.e., management school of view) and Organizational behaviour school of thought. It combines the ideas developed within those areas (Haspeslagh and Jemison, 1991, p. 306). The main argument in this school is that strategic and organizational fit offer potential synergies, but their realization is entirely dependent on management's ability to manage the post-acquisition process effectively (Greenwood et al., 1994). This school's uniqueness is that it perceives that the acquisition process itself is a potentially important determinant of acquisition outcomes. This perspective recognizes the vital role of strategic fit and organizational fit, which are pre-acquisition considerations for the potential for value creation in acquisitions. It adds the consideration of how aspects of the acquisition decision-making and integration process can affect the outcome.

Pre-Merger and Acquisition Success Capability Strategies

According to Marks and Mirvis (2001), steering a merger or acquiring the successful path begins in the pre-M&A phase. Business organizations should be proactive in the pre-M&A phase: planning and preparation are integral to success when companies decide to merge or acquire others. According to Marks and Mirvis (2001), the pre-M&A phase consists of four success factors: purpose, partner, parameters, and people.

Purpose: Putting Strategy to Work
In a combination, the strategic synergies should lead to a set of decisions in the pre-M&A phase on the deal's intentions, rationale, and criteria. They guide eventual action for excavating sources of effective combination.

Strategic Intent
By having clear and precise vision before the deal is done, here will be less problems encountered in the post-merger integration process and it is good for both companies that will undergo M&A process to know which direction they are going to go after the M&A is completed which avoids ambiguity (Habeck et al., 2000; Jemison and Sitkin, 1986). Strategy setting begins with scrutinizing an organization's own competitive and market status, strengths and weaknesses, and top management's aspirations and goals. The results define a direction for increased growth, profitability, or market penetration in existing businesses, diversification into new areas, or only for cash investment - which may or may not involve combination activity. The acquiring firm should review its purpose of M&A in the context of its strengths and weaknesses and corporate goals. This will help in indicating the product market strategies that are appropriate for the company. It will also force the acquiring firm to identify business units that should be abandoned and those that should be continued.

Clear Criteria
Before sealing a merger or an acquisition deal, it is imperative to make the business case. Mergers and acquisitions are expensive, time-consuming, and loaded with potential problems if not done correctly. A firm first needs to know what it is looking for in an acquisition candidate or merger partner. Having a full and open review of these criteria allows for debate and consensus-building between staff and line executives. If conflicts or confusion about these criteria are not fully addressed upfront, they will persist down the road. Applying these criteria religiously dramatically increases the likelihood of selecting a partner that will bring real productive value to the combination, rather than one that will be an acquisition for the sake of doing a deal.

Partner: Search and Selection
Choice and Evaluation of Strategic Partner
The acquiring firm has to evaluate the potential strategic partner’s strength and weaknesses, requirements for future investments, quality in management, and if any barriers for implementation exists (Gomes et al., 2013). Gleich, Kierans and Hasselbach (2010) highlight strategic fit and organizational and cultural differences as important factors between bidding and target companies when implementing due diligence.

The fact that acquirers are paying too much has indicated to be a significant reason for failure in M&A (Gomes et al., 2013). This type of failure is from a financial perspective and means that value is destroyed if the acquirer is paying too much and makes it more challenging to achieve a high enough return (Gomes et al., 2013). A reason for paying too much can be owners and managers desperate need for growth, which can lead to an overpaid acquisition. This desperate action will most certainly harm their acquisition outcome (Kim et al., 2011).

Decisions made by desperate owners and managers are based on cases where organizations have difficulties in organic growth but need growth concerning). In sum, an overpaid acquisition explains why companies do not fulfil expected value creation. Due to paying the right price, awareness of this risk should, therefore, be taken into consideration when evaluating target firm(s) market value.

Size Mismatches

Size matching or size mismatching between organizations play an essential role in M&A outcome when choosing a strategic partner. The size of the target compared to the buyer is said to be relevant in the way that equally large companies will face more problems related to status and the right to make decisions than will companies that are of different sizes. These problems are likely to increase the chance of failure (Ismail & Davidson, 2007 and Ogden et. al., 2003). Similarities between the companies' relative sizes that choose to partner up seem to play an essential role in a successful merger (Angwin et al., 2013). Like in Finkelstein and Haleblian (1999) research from the manufacturing industries, it has been associated with higher announcement returns. It also benefits the integration process and the technological performance of a merger. Small firms appear to manage significantly better than large firms when acquiring or merging. Small firms acquiring small or large firms have been proved to succeed far better than a large firm acquiring a small firm (Moeller et al., 2003). A reason for differences in performance is that larger firms often pay larger premiums for acquisitions than small firms. Therefore, the large firm will have a negative synergy gain when entering the acquisition (Moeller et al., 2003). Another reason for under-performance, when a large firm acquires a small firm, is that each organization struggles for dominance. It can lead to difficulty assimilating the two organizations into one combined organization (Gomes et al., 2013). However, acquiring substantial firms compared to the acquirer's firm size can also result in underperformance (Moeller et al., 2003). Furthermore, a similar organizational firm size between buying and target firms perform better. However, with mismatches between organization firm sizes, it is proved that smaller firms acquiring larger firms are preferable than large firms acquiring small firms (Gomes et al., 2013).

Hagedoorn and Duysters (2002) found evidence in the computer industry that a large difference in size between merging organizations can indicate a poor organizational fit, and lead to a weaker performance than in mergers between equally sized organizations. Also, research from the telecommunication industry and bank industry have found that if a large company acquired a small company, this would create significantly higher returns for the target company (Wilcox et al., 2001; (Beitel et al., 2004). However, size did not have a significant impact on bidder companies. Research from the technology industry showed that if a large company has acquired a small one, there will be confusion about who is responsible for the acquired company, thus, hampering the company's integration (Sundaram et al., (1995).

Accumulated Experience on M&As

Some researchers claim that companies with previous experience in M&As close better deals suggesting that there is a learning effect. However, some also find that too much experience is as bad as no experience, as it may lead to hubris or overconfidence and they suggest that the relationship between previous experience and success is U-shaped (Hopkins, 2008). A high number of M&As can be seen as unsuccessful based on a lower performance than expected (Seldeslachts, 2011). However, organizations with previous acquisition experience(s) have achieved a successful outcome more often than organizations without previous acquisitions experiences (Heleblian and Finkelstein, 1999).

Measures of a more successful outcome for organizations with previous acquisition experience have been a more effective integration process, and greater synergy between the two organizations return on assets (Heleblian and Finkelstein, 1999). Acquisition experience is also crucial for helping managers avoid poor decisions when they want growth through acquisition (Kim et al., 2011). Experience in M&A can increase managers' knowledge about evaluating risks and values of the target firm. Managers will, therefore, be more able to avoid making poor decisions in terms of paying the right price (Kim et al., 2011). A manager/company can create standardized routines, templates, and checklists based on previous M&A experience with earlier acquisition experiences. Relevant information can be documented and followed to avoid poor decision-making (Kim et a., 2011; Gomes et al., 2013). However, instead of just creating their standardized routines based on earlier experiences, learning from observational learning can enhance a successful outcome (Hora & Klassen, 2013; Gomes et al., 2013). With observational learning, companies examine the environment of successful M&As to identify options and practical solutions. This can be useful to apply and imitate for increasing the firm's chance for success in M&A (Hora & Klassen, 2013). With no earlier acquisition experiences, observational learning can be a crucial strategy for achieving a successful M&A outcome (Gomes et al., 2013). In conclusion, experience in M&A and observational learning is an essential factor for companies to achieve a more incredible M&A outcome. This will help the whole M&A process.

Courtship Period

A courtship period, when the different companies can spend time getting to know each other before a merger, can either enhance or thwart the merger process (Gomes et al., 2013). During this period, parties agree on the implementation process of the M&A. The courtship period is when two companies "get to know each other" before taking the big decision to merge (Gomes et al., 2013). Building a relationship before deciding to merge can help both companies understand each other's informational asymmetry, financial and strategic fit, and the culture at the other company and cultural fit (Gomes et al., 2013). Moreover, it is important to trust each other, build confidence, and avoid future conflicts based on lack of mutual knowledge (Gomes et al., 2013). The courtship period can be seen as a due diligence supplement to get more comprehensive knowledge about the other company. Furthermore, the courtship period is essential for companies to facilitate future negotiations and collaboration to ease M&A integration.

Due Diligence

Financial Due Diligence

The financial health of the target is a factor that is widely discussed due to the fact that it can pull the result of a deal in the direction of failure as well as success. On the one hand, good financial health is better, as it reveals that business is good and that the company is good at what it is doing. On the other hand, it is claimed that some of the best deals include companies in financial distress, because they are often cheap and can be integrated fully into the buying company without much resistance, as it may often be their only chance of survival (Ismail and Davidson, 2007; Ogden et al., 2003). The way, a deal is financed is said to be influential in the way that deals paid in cash are more successful than deals paid with stock. The reasons for this relationship are, however, not fully investigated yet (Goergen and Renneboog, 2004; Koller et al., 2005; Ogden et al., 2003).

Legal Due Diligence
According to Davie, (2012), legal due diligence ensures that (a) the company has been validly formed and exists, (b) the acquiring entity has an accurate understanding of the company's ownership, rights of the different owners and the target's management, (c) the acquiring entity is abreast with pending or possible future litigations, (d) the current insurance is satisfactory, and (e) the target entity has complied with all applicable laws and regulations.

Operational Due Diligence
Operational due diligence involves ensuring that the business functions as the acquirer expects after the acquisition. In the hands of the seller, the business may generate a considerable profit; however, upon transfer, profitability may be impaired due to Key employees quitting, key contracts being non-assignable and subsequently terminated upon the business's sale or go into default.

Parameters: Defining the Combination
According to Roediger, (2010, p.79), three different strategic directions can be distinguished: to strengthen the core business, to expand the core business, and to unlock new business areas. The acquired company can remain independent after acquisition (non-integrated companies), the acquiring company can adapt to the acquired company (partially integrated companies) and companies can merge into one organization - totally integrated companies (Pitkethly et al., 2003, p33).

People: Managing the Dealings
To avoid uncertainty among the employees before an acquisition, Gomes et al (2013) claim that the company needs to put a special effort into adequate communication. Schweiger and Weber (1992) point to the adverse outcomes of uncertainty among employees in this process. Some adverse outcomes of this uncertainty could be higher absenteeism, stress, health problems, and low productivity. Moreover, a study from the technology industry found that if communication is lacking, the most immediate downside is that employees will leave the organization (Inkpen et al., 2002). Buono and Bowditch (2003) claim that no matter how informed employees are, they will never feel fully informed, so they will still feel suspicious.

Communication plays a vital role in the M&A process. Having constant and clear communication during the M&A process keeps uncertainties away from employees and key stakeholders. This might otherwise damage confidence and increases the risk of rumours (Gomes et al., 2013). An M&A can force employees to change their current characteristics to meet group members' characteristics at the other company (Van et al., 2003). To continuously keep employees informed during the pre-M&A phase can help reduce any feelings of threats by group members, based on change or adaption of characteristics between the merging firms (Van et al., 2003; Gomes et al., 2013). A company’s identity will change with an M&A, and according to Devenport and Barrow (2009), this can harm the loyalty employees have built up for the organization. Hence, Devenport and Barrow (2009) prove the importance of communication with employees to be a critical element for an M&A to achieve value creation or not.

Providing employees with practical information about the M&A process during the whole pre-M&A phase keeps unwanted uncertainties away, which otherwise may damage the outcome of integrating the two organizations (Bhaskar et al., 2012). Bhaskar et al. (2012) also highlight researched linkage between quality in communication and a successful M&A outcome. Furthermore, findings are that; “the more the communication, the better it is for the organization” (Bhaskar et al., 2012, p. 410).

Value-Based Financial Performance Measurement

The significant proposed benefit of the value-based performance measures above the traditional measures is that they attempt to calculate the economic profit rather than the firm's accounting profit (Peterson & Peterson, 1996: 31). To achieve this, they incorporate an element that compensates the shareholders for the capital they provided. While accounting profits are calculated as the difference between receipts and expenses matched according to GAAP guidelines, economic profits consider the difference between the operating profit and the cost of the capital employed in generating those profits. Accounting profits thus exclude the cost of equity capital and may be overstated. Another perceived benefit is that by including accounting adjustments in their calculations, these measures attempt to remove the effect of accounting distortions from the financial statement data (Young & O'Byrne, 2001: 205). In this study, three commonly applied value-based financial performance measures (economic value added, market value added, and cash value added) are highlighted which represent shareholder value measures.

An Analysis of Economic Value Added (EVA)

According to Stewart (1991:73), EVA estimates the economic profit generated by a firm. The difference between an economic and an accounting profit is a capital charge levied on its capital. In the case of an accounting profit, only the cost of debt capital is included. However, EVA considers the costs of all its forms of capital (debt and equity) and compensates all its capital providers accordingly. EVA is the net operating profit above the appropriate charge for the opportunity cost of capital (both debt and equity). The capital charge is the most distinctive aspect of EVA. Under conventional accounting, most of the companies appear profitable. That notwithstanding, many are destroying shareholder value because their cost of capital swallows their profits. EVA corrects this error by explicitly recognizing that when managers employ capital, they must pay for it. By considering all capital costs, including the cost of equity, EVA shows the amount of wealth a business has created or destroyed in each reporting period. Expressed as a formula, EVA for a given period can be written as:

EVA = NOPAT – COST OF CAPITAL EMPLOYED

= NOPAT – (WACC X CE)

Where

NOPAT: Net Operating Profit After Taxes but before financing costs

WACC: Weighted Average Cost of Capital

CE: Capital Employed

An Analysis of Market Value Added (MVA)

A company's total market value is equal to the sum of the market value of its equity and the market value of its debt. In theory, this amount is what can be "taken out" of the company at any given time. The MVA is the difference between a firms total market value and the economic capital (Reilly and Brown, 2003). The economic capital is the amount invested in the company and is the fixed assets less the net working capital.

MVA = Market value of a company – Invested Capital

MVA = Total Market Value – Total Capital
= (MV of Stock + MV of Debt) – Total Capital
Where MV of Stock = Market Capitalization = Shares Outstanding x Stock Price
MV of Debt = Book Value of Debt (as an estimate to the MV)
Total Capital = Total Book Value of Debt and Equity

An Analysis of Cash Value Added (CVA)

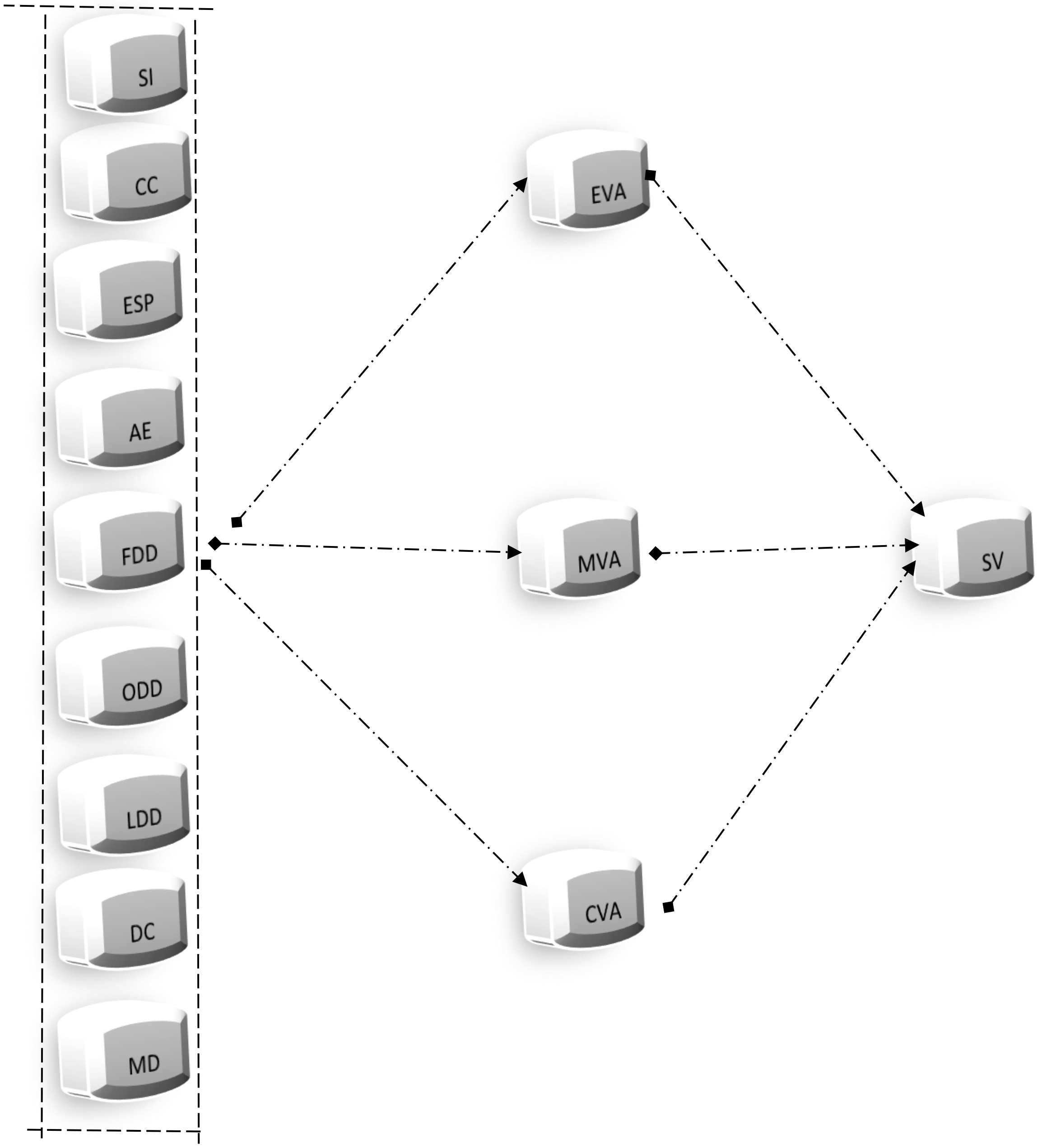
The measure Cash Value Added (CVA) is associated with the Boston Consulting Group (BCG) and considered a combination of EVA and CFROI (Gupta & MacDonald, 2000: 237). Instead of using economic profit figures, however, CVA calculates the excess cash flows generated over the capital cost. The measure includes all the benefits of EVA while also attempting to improve it using cash flows instead of profit figures (Martin & Petty, 2000: 128). A firm’s CVA is calculated by considering the operating cash flow rather than operating profit (as was the case for EVA) and subtracting a gross capital charge. To convert NOPAT into the operating cash flow, depreciation and amortization are added (Martin & Petty, 2000: 128). Changes in other long-term liabilities, such as provisions and deferred taxes, are also added to NOPAT to convert it into a cash flow figure (Young & O’Byrne, 2001: 441). Unlike EVA, the capital charge is based on the invested capital's gross value and not on the net figure (Martin & Petty, 2000: 141). Accumulated depreciation is, therefore, added back to the invested capital.

$$CVA_t = \text{Operating cash flow - gross capital charge}$$
$$= (NOPAT_t + CVAAdj_{op}) – [c^* \times (IC_{t-1} + AccDepr)]$$

Where:

$CVAAdj_{op}$ = Depreciation, amortization and changes in other long-term liabilities
AccDepr = Accumulated depreciation

Conceptual Framework



CC: Clear Criteria
SI: Strategic Intent
CESP: Choice and Evaluating a Strategic Partner
ODD: Operational Due Diligence
LDD: Legal Due Diligence
FDD: Financial Due Diligence
DC: Defining the Combination
AE: Accumulated M&A Experience
CP: Courtship Period
MD: Managing the Deal

Methodology

Research Design

This study utilized a cross-sectional and quantitative research design. A study sample, comprising four (4) acquirer banks listed on GSE involved in an M&A activity from 2004 and four hundred and eighty-two (482) respondents, was purposively selected for this study. These banks include Societe Generale Ghana (SOGEGH), Access Bank Ghana Limited (ABG), GCB Bank Ltd and Ecobank Ghana Limited (EGH).

Operationalization and Measurement of Variables

The main study variables were measured on a continuous scale using items developed and tested by previous scholars. These were anchored on a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree):

- Pre-merger and acquisition capability strategies were measured in terms of the following: strategic intent (Vernersson, 2006), clear criteria (Hill and Jones, 2000), choice and evaluation of strategic partner (Gomes et al., 2013; Gleich et al., 2010), size mismatches (Angwin et al., 2013), accumulated experience on M&As (Kim et al., 2011), courtship period (Gomes et al., 2013), financial, legal and operational due diligence (Stachowicz-Stanusch, 2009; Angwin, 2013); defining the combination (Pitkethly et al., 2003, p33; Roediger, 2010:79); psychological preparation of people (Buono and Bowditch, 2003; Gomes et al., 2013).
- Value-based financial performance was measured over a thirteen-year period (2008-2020) in terms of economic value added; market value added and cash value added (Martin & Petty, 2000: 141; Reilly and Brown, 2003; Stewart 1994:73)

Data Analysis

Principal Component Analysis (PCA) was used to reduce the original variables of the study to a small number; thus allowing the research to focus on underlying themes or patterns. It was used to identify the principal pre-M&A capability strategies that add value to shareholders. Contradictory results are reported by some researchers regarding the elements that affect the M&A performance and the effects of these elements on financial performance (Weber et al., 2014; Marfo & Agyei, 2013; Aggarwal & Singh, 2015; Akhtar & Iqbal, 2014) and by using linear regression and multiple regression analysis, it was possible to validate such a belief. The study adopted the following model to test whether economic value added, market value added, and cash value added is a function of the independent variable (pre-merger and acquisition capability strategies).

$Y = β0 + ß1\ X1 + ß2\ X2 + ß3\ X3 + ß4\ X4 + ß5\ X5 + ß6\ X6 + ß7\ X7 + ß8\ X8 + ß9\ X9 + ε$

Where:

Y = Shareholder Value (is measured by economic value added, market value added, and cash value added).

β0 = Constant variables that affect the shareholder value of acquirer banks listed on the Ghana Stock Exchange

ß1, ß2, ß3, ß4, ß5, ß6, ß7, ß8, and ß9 are the coefficient of the independent variable

X1 = Strategic Intent (SI)

X2 = Clear Criteria (CC)

X3 = Evaluation of Strategic Partner (ESP)

X4 = Accumulated Experience and Courtship Period (AECP)

X5 = Financial Due Diligence (FDD)
X6 = Operational Due Diligence (ODD)
X7 = Legal Due Diligence (LDD)
X8 = Defining the Combination (DC)
X9 = Managing the Deal (MD)
ε = Error term

Results

$H_0$1: Pre-M&A Capability Strategies (PreMACS) have significant positive effect on Economic Value Added of banks in Ghana

The results of the linear regression in Table 1.2 indicate that R = 0.939 and R^2 = 0.881. The R-value of 0.939 indicates a strong linear relationship between pre-merger and acquisition capability strategies (hereafter PreMACS) and economic value added (hereafter EVA) of listed acquirer banks in Ghana. This means that PreMACS has a strong influence on EVA. The R^2 indicates that about 88.1% of the EVA variations are explained by the model EVA = α + β1 (PreMACS), and 11.9% is unexplained by the model. According to Zygmont & Smith (2014), in normal terms a healthy variation dependent variable must be at least 60%, thus this model is found to be a good fit as it predicted above 60% of the entire model.

Table 1.2: Model Summary of PreMACS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.939[a]	.881	.879	2.843

a. Predictors: (Constant), PreMACS

ANOVA statistics is used to represent the regression model significance. As in Table 1.3, the significance value for the F statistics is 406.902 and the significance ratio of 0.000 is less than 0.05, which concludes that the regression model is statistically significant (Hair et al., 2010). This is depicted by linear regression model EVA = β0 + β1(PreMACS) which is statistically significant.

Table 1.3: ANOVA for PreMACS

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3288.949	1	3288.949	406.902	.000[b]
	Residual	444.560	480	8.083		
	Total	3733.509	481			

The results on the beta coefficient shows that the coefficient β = 0.212 is significant because its p-value = 0.000 ≤ 0.05. This confirms a significant positive effect of PreMACS on EVA of listed acquirer banks in Ghana. Therefore, the study accepts the first null hypothesis that: *"pre-merger and acquisition capability strategies have significant positive effect on economic value added of banks in Ghana"*. Thus, the contribution of PreMACS to EVA was not by chance. This results in the model: EVA= -2.269 + 0.212 (PreMACS) + ε. The study found that if PreMACS were constant at zero, EVA realized was -2.269. The analyzed data findings also showed that taking other independent variables at zero, a unit increase in PreMACS led to 0.212 increases in EVA of acquirer banks.

Table 1.4: Regression Coefficients of Pre-M&A Capability Strategies (PreMACS)

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-2.269	1.872		-1.212	.231
	Pre-M&A Capability Strategies	.212	.010	.939	20.172	.000

$H_0$2: Pre-M&A Capability Strategies (PreMACS) have significant positive effect on Market Value Added of banks in Ghana

The results of the linear regression in Table 1.5 indicate that R = 0.960 and R^2 = 0.922. The R-value of 0.960 indicates a strong linear relationship between pre-merger and acquisition capability strategies (hereafter PreMACS) and market value added (hereafter MVA) of listed acquirer banks in Ghana. This means that PreMACS has a strong influence on MVA. The R^2 indicates that about 92.2% of the MVA variations are explained by the model MVA = β0 + β1(PreMACS), and 7.8% is unexplained by the model. According to Zygmont & Smith (2014), in normal terms a healthy variation dependent variable must be at least 60%, thus this model is found to be a good fit as it predicted above 60% of the entire model.

Table 1.5: Model Summary for PreMACS

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.960[a]	.922	.920	2.155

a. Predictors: (Constant), PreMACS

ANOVA statistics is used to represent the regression model significance. As in Table 1.6, the significance value for the F statistics is 646.945 and the significance ratio is 0.000 which is less than 0.05, which concludes that the regression model is statistically significant (Hair et al., 2010). This is depicted by linear regression model MVA = β0 + β1(PreMACS) which is statistically significant.

Table 1.6: ANOVA for PreMACS

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3005.472	1	3005.472	646.945	.000[b]
	Residual	255.510	480	4.646		
	Total	3260.982	481			

a. Dependent Variable: MVA

b. Predictors: (Constant), PreMACS

The results on the beta coefficient shows that the coefficient β = 0.202 is significant because its p-value = 0.000 ≤ 0.05. This confirms a significant positive effect of PreMACS on MVA of listed acquirer banks in Ghana. Therefore, the study accepts the second hypothesis that: *"pre-merger and acquisition capability strategies have significant positive effect on market value added of banks in Ghana"*. Thus, the contribution of PreMACS to MVA was not by chance. This results in the model: MVA= -13.341 + 0.202 (PreMACS) + ε. The study found that if PreMACS were constant at zero, MVA realized was -13.341. The analyzed data findings also showed that taking other independent variables at zero, a unit increase in PreMACS led to 0.202 increases in MVA of acquirer banks in Ghana.

Table 1.7: Coefficients for regression between Pre-M&A Capability Strategies and MVA

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13.341	1.419		-9.401	.000
	Pre-M&A Capability	.202	.008	.960	25.435	.000

a. Dependent Variable: MVA

H_03: Pre-M&A Capability Strategies (PreMACS) have significant positive effect on Cash Value Added of banks in Ghana

The results of the linear regression in Table 1.8 indicate that R = 0.894 and R^2 = 0.799. The R-value of 0.894 indicates a strong linear relationship between pre-merger and acquisition capability strategies (hereafter PreMACS) and cash value added (hereafter CVA) of listed acquirer banks in Ghana. This means that PreMACS has a strong influence on CVA. The R^2 indicates that about 79.9% of the CVA variations are explained by the model CVA = β0 + β1 (PreMACS), and 20.1% is unexplained by the model. According to Zygmont & Smith (2014), in normal terms a healthy variation dependent variable must be at least 60%, thus this model is found to be a good fit as it predicted above 60% of the entire model

Table 1.8: Model Summary for Pre-M&A Capability Strategies – CVA

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.894[a]	.799	.795	3.747

a. Predictors: (Constant), PreMACS

ANOVA statistics is used to represent the regression model significance. As in Table 1.9, the significance value for the F statistics is 218.091 and the significance ratio of 0.000 is less than 0.05, which concludes that the regression model is statistically significant (Hair et al., 2010). This is depicted by linear regression model CVA = β0 + β1(PreMACS) which is statistically significant.

Table 1.9: ANOVA for Pre-M&A Capability Strategies – CVA

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	3062.512	1	3062.512	218.091	.000[b]
	Residual	772.330	480	14.042		
	Total	3834.842	481			

a. Dependent Variable: CVA

b. Predictors: (Constant), PreMACS

The results on the beta coefficient shows that the coefficient β = 0.204 is significant because its p-value = 0.000 ≤ 0.05. This confirms a significant positive effect of PreMACS on CVA of acquirer banks in Ghana. Therefore, the study accepts the third hypothesis that: *"pre-merger and acquisition capability strategies have significant positive effect on cash value added of acquirer banks in Ghana"*. Thus, the contribution of PreMACS to CVA was not by chance. This results in the model: CVA = -10.640 + 0.204 (PreMACS) + ε. The study found that if PreMACS were constant at zero, CVA realized was -10.640. The analyzed data findings also showed that taking other independent variables at zero, a unit increase in PreMACS led to 0.204 increases in CVA of acquirer banks in Ghana.

Table 1.10: Coefficients for Regression between Pre-M&A Capability Strategies and CVA

Model		Unstandardized Coefficients		Standardized Coefficients		
		B	Std. Error	Beta	T	Sig.
1	(Constant)	-10.640	2.467		-4.312	.000
	Pre-M&A Capability Strategies	.204	.014	.894	14.768	.000

a. Dependent Variable: Cash Value Added

$H_0$4: Pre-M&A Capability Strategies (PreMACS) have significant positive effect on Value-based Financial Performance of banks in Ghana

The results of the linear regression in Table 1.11 indicate that R = 0.971 and R^2 = 0.944. The R-value of 0.971 indicates a strong linear relationship between pre-merger and acquisition capability strategies (hereafter PreMACS) and value-based financial performance (hereafter VBFP) of listed acquirer banks in Ghana. This means that PreMACS has a strong influence on VBFP. The R^2 indicates that about 94.4% of the VBFP variations are explained by the model SV = β0 + β1 (PreMACS), and 5.6% is unexplained by the model. According to Zygmont & Smith (2014), in normal terms a healthy variation dependent variable must be at least 60%, thus this model is found to be a good fit as it predicted above 60% of the entire model.

Table 1.11: Model Summary for PreMACS and VBFP

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.971[a]	.944	.943	5.51917

a. Predictors: (Constant), PreMACS

ANOVA statistics is used to represent the regression model significance. As in Table 1.12, the significance value for the F statistics is 921.176 and the significance ratio of 0.000 is less than 0.05, which concludes that the regression model is statistically significant (Hair et al., 2010). This is depicted by linear regression model VBFP = β0 + β1(PreMACS) which is statistically significant.

Table 1.12: ANOVA for Pre-Merger and Acquisition Capability Strategies

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	28060.108	1	28060.108	921.176	.000[b]
	Residual	1675.366	480	30.461		
	Total	29735.474	481			

a. Dependent Variable: VBFP

b. Predictors: (Constant), PreMACS

The results on the beta coefficient shows that the coefficient β = 0.618 is significant because its p-value = 0.000 ≤ 0.05. This confirms a significant positive effect of PreMACS on VBFP of listed acquirer banks in Ghana. Therefore, the study accepts the fourth hypothesis that: "*pre-merger and acquisition capability strategies have significant positive effect on value-based financial performance of acquirer banks in Ghana*". Thus, the contribution of PreMACS to VBFP was not by chance. This results in the model: SV = -26.249 + 0.618 (PreMACS) + ε. The study found that if PreMACS were constant at zero, VBFP realized was -26.249. The analyzed data findings also showed that taking other independent variables at zero, a unit increase in PreMACS led to 0.618 increases in VBFP of acquirer banks.

Table 1.13: Regression Coefficients for Pre-Merger and Acquisition Capability Strategies

Model		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.
1	(Constant)	-26.249	3.634		-7.223	.000
	PreMACS	.618	.020	.971	30.351	.000

a. Dependent Variable: VBFP

The study further sought to identify pre-M&A success capability strategies that create value for shareholders of acquirer banks listed on the Ghana Stock Exchange. These are pre-merger and acquisition strategies that have significant positive effect on shareholder value in the banking sector. With reference to table 1.14, all the nine pre-M&A success capability strategies have a positive effect on shareholder value, however, the contribution of accumulated M&A experience and courtship period is insignificant since the p-value = 0.808 > 0.05. The eight (8) pre-M&A success capability strategies that create shareholder value (listed in order of importance) include: clear criteria (β = 5.534, p-value = 0.000 < 0.05), implying that for every unit increase in clear criteria, shareholder value increases by 5.534. Managing the deal is the next value-based pre-merger and acquisition capability strategy which acquiring managers should focus on (β = 2.551, p-value = 0.000 < 0.05). This implies that every unit of increase in managing the deal results in a 2.551 increase in shareholder value. Operational due diligence has a positive effect on shareholder value (β = 1.960, p-value

= 0.000 < 0.05). Every intensive Operational Due Diligence exercise results in a 1.960 increase in shareholder value. Managers of acquirer banks must pay attention on their choice and evaluation of strategic target entities (β = 1.615, p-value = 0.000 < 0.05). When effectively conducted, every unit increase of this factor results in a 1.615 increase in shareholder value. Managers of the acquiring entity must ensure that a proper Legal Due Diligence is conducted to stand a chance of increasing shareholder value (β = 0.762, p-value = 0.000 < 0.05). The results show that every unit increase in Legal Due Diligence results in a 0.762 increase in shareholder value. Properly Defining the Combination is an essential value-based pre-merger and acquisition capability strategy (β = 0.513, p-value = 0.000 < 0.05). Shareholder value increases by 0.513 due to every unit increase in defining the M&A deal. Financial Due Diligence also has a positive effect on shareholder value (β = 0.174, p-value = 0.000 < 0.05). By critically examining the target legal company's historical, current and prospective operating result as disclosed/discharged/obtained from audited financial statements, unaudited financial information, financial information with stock exchanges and regulators regulation, Tax returns and Cash Flow Statements, shareholder value increases by 0.174. Strategic intent is the least significant pre-merger and acquisition capability strategy that positively affects shareholder value (β = 0.117, p-value = 0.012 < 0.05). A thorough and well-thought through strategic intent increases shareholder value by 0.117.

Table 1.14: Value-based Pre-Merger and Acquisition Capability Strategies (VBPreMACS)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	17.969	8.553		2.101	.036
	SI	.117	.262	.016	.447	.012
	CC	5.534	.649	.573	8.527	.000
	CESP	1.615	.327	.348	4.942	.000
	AECP	.055	.226	.019	.243	.808
	FDD	.174	.186	.050	.939	.000
	ODD	1.960	.251	.493	7.805	.000
	LDD	.762	.304	.181	2.510	.000
	DC	.513	.151	.250	3.400	.000
	MD	2.551	.108	.905	23.575	.000

a. Dependent Variable: VBFP

Discussion

The findings is in tandem with previous studies (Gomes et al., 2013; Perry and Herd, 2004; Bower, 2001; Datta and Puia, 1995; Hayward, 2002; Inkpen et al., 2000; Schweiger et al., 1992; Sirower, 1997; Campbell et al., 1997). The very first step in the M&A process is for the acquiring firm to choose a strategic partner. At this point, the acquiring firm has to evaluate the potential strategic partner's strength and weaknesses, requirements for future investments, quality in management, and if any barriers for implementation exists (Gomes et al., 2013). This information is accessed through due diligence. A more improved due diligence is critical when choosing a strategic partner and helps in terms of achieving expected market value (Perry & Herd, 2004; Howard, 2003). According to Perry and Herd (2004), the reason for companies that do not achieve expected market value is failure to choose a strategic partner as a result of improper due diligence. Therefore, a thorough due diligence at target firm(s) is helpful and essential for companies for achieving expected market value creation. Acquirers should be concerned with all of the target company's historical financial statements and related financial metrics and the reasonableness of its future performance projections (financial due diligence); analyze available information with the trade association's chambers, journals, brochures, regulatory bodies, and the target bank's website (operational due diligence) and legal due diligence (Harroch and Lipkin, 2014; Davie, 2012)

Paying the right price as a pre-merger and acquisition capability strategy affects the acquirer's market value. Paying too much to acquire a target bank erodes the market value of the acquirer. The fact that acquirers pay too much has indicated a major reason for loss in market value after the acquisition (Gomes et al., 2013). This means that market value can be destroyed if the acquirer pays too much and makes it more challenging to achieve a high enough return (Gomes et al., 2013). A substantial amount of research from a finance perspective has indicated that “paying too much” is a major cause of loss in market value (Bower, 2001; Hayward, 2002; Inkpen et al., 2000) assert that "one of the most common and most important sources of value destruction in corporate development is paying too much. Often the acquirer destroys value by paying too much, making it very difficult to achieve an adequate return." Inkpen et al. (2000), analyzing technology-based merger activity involving US companies similar to Silicon Valley-type firms from 1990 to 1999, concluded that the failure rate of acquisitions involving European acquirers was much higher than those involving US acquirers because European companies tended to pay a much higher premium (43%) than US acquirers (14%). In sum, an overpaid acquisition has been proven to be a reason for firms’ inability to fulfil expected market value creation. Due to paying the right price, awareness of this risk should, therefore, be taken into consideration when evaluating target firm(s) market value. The findings is not in tandem with views by Scholes et al. (2008) who intimated that a large mismatch between administrative practices, cultural practices and personnel characteristics is likely to cause severe problems with the integration process.

Organizations with previous acquisition experience(s) have been argued to achieve a successful outcome more often than organizations without previous acquisitions experiences (Heleblian and Finkelstein, 1999). Accumulated experience in M&A can increase manager’s knowledge about how to evaluate risks and values of the target firm to create market value post-acquisition. Therefore, managers will be more able to avoid making poor decisions in terms of paying the right price, which could destroy the acquiring firm's market value (Kim et al., 2011). However, the findings of this study downplay the relevance and significance of accumulated experience in M&A as a precursor for a successful M&A outcome. The findings is contrary to studies by Törnell and Lindén (2013) and Gomes et al. (2013) who opined that courtship period is vital for companies to facilitate future negotiations and collaboration to ease M&A integration. M&As could still have a successful outcome without a prior M&A experience or the parties taking time to know each other prior to the M&A.

Communication before the merger and acquisition is an important factor that affects market value of the acquiring firm. Having constant and clear communication before the merger or acquisition keeps uncertainties away from employees and key stakeholders. This might otherwise damage confidence and increases the risk of rumours (Gomes et al., 2013). Where uncertainties (as a result of rumours) fester, the acquiring firm's stock price can dip, resulting in a fall in market value of the firm. When the purpose of the merger or acquisition is not well communicated and the acquirer is bad-mouthed for embarking on the acquisition for bad reasons, stock price could adversely be affected, resulting in a fall in market value. A company's identity will change with an M&A, and according to Devenport and Barrow (2009), effective pre-M&A communication will clear all doubts in the minds of all stakeholders. Pre-M&A communication with employees and other stakeholders is a critical element for an M&A to achieve market value creation (Devenport and Barrow, 2009).

Conclusion, Implication and Recommendations

Conclusion

The study indicated that pre-merger and acquisition capability strategies significantly and positively affect economic value added of banks in Ghana". The study also revealed that pre-merger and acquisition capability strategies significantly and positively affect market value added of banks in Ghana. Pre-M&A Capability Strategies (PreMACS) significantly and positively affect cash value added of banks in Ghana. Moreover, the study showed that pre-merger and acquisition capability strategies have significant and positive effect on value-based financial performance of acquirer banks in Ghana.

Table 1.15: Hypotheses Testing Results

Hypotheses	Coefficient (?)	Significant (P < 0.05)	Decision	Interpretation
H1: Pre-Merger and Acquisition Capability Strategies (PreMACS) have significant positive effect on Economic Value Added (EVA) of listed acquirer banks in Ghana.	0.212	0.000 Significant as the p-value is less than 0.05.	Accepted	The beta coefficient of 0.212 indicates that a unit increase in PreMACS led to 0.212 increases in EVA
H2: Pre-Merger and Acquisition Capability Strategies (PreMACS) have significant positive effect on Market Value Added (MVA) of listed acquirer banks in Ghana.	0.202	0.000 Significant as the p-value is less than 0.05	Accepted	The beta coefficient of 0.202 indicates that a unit increase in PreMACS led to 0.202 increases in MVA
H3: Pre-Merger and Acquisition Capability Strategies (PreMACS) have significant positive effect on Cash Value Added (CVA) of listed acquirer banks in Ghana.	0.204	0.000 Significant as the p-value is less than 0.05	Accepted	The beta coefficient of 0.204 indicates that a unit increase in PreMACS led to 0.204 increases in CVA
H4: Pre-Merger and Acquisition Capability Strategies (PreMACS) have significant positive effect on shareholder value (SV) of acquirer banks listed on the Ghana Stock Exchange.	0.618	0.000 Significant as the p-value is less than 0.05	Accepted	The beta coefficient of 0.618 indicates that a unit increase in PreMACS led to 0.618 increases in SV

The results in Table 1.16 shows that eight (ranked in order of significance) out of the nine pre-merger and acquisition capability strategies have strong positive effect on value-based financial performance of acquirer banks listed on the Ghana Stock Exchange. The following Pre-M&A Capability Strategies are essential to value creation for shareholders: setting clear criteria, managing the deal, operational due diligence, evaluating a strategic partner, legal due diligence, defining the combination, financial due diligence and strategic intent. The model envisaged was fitted as:

$$VBFP = 17.969 + 0.117(SI) + 5.534(CC) + 1.615(ESP) + 0.174 (FDD) + 1.960(ODD) + 0.762(LDD) + 0.513(DC) + 2.551(MD) + \varepsilon$$

Table 1.16: Value-Based Pre-M&A Capability Strategies (VBPreMACS)

Factor	β value	Significant (p-value)	Remarks
Clear Criteria (CC)	5.534	P = 0.000 < 0.05	Significant
Managing the Deal (MD)	2.551	P = 0.000 < 0.05	Significant
Operational Due Diligence)ODD)	1.960	P = 0.000 < 0.05	Significant
Evaluating a Strategic Partner (ESP)	1.615	P = 0.000 < 0.05	Significant
Legal Due Diligence (LDD)	0.762	P = 0.000 < 0.05	Significant
Defining the Combination (DC)	0.513	P = 0.000 < 0.05	Significant
Financial Due Diligence (FDD)	0.174	P = 0.000 < 0.05	Significant
Strategic Intent (SI)	0.117	P = 0.012 < 0.05	Significant
Accumulated M&A Experience and Courtship Period (AE & CP)	0.055	P = 0.808 > 0.05	Not Significant

Theoretical and Practical Implications

Prior research has primarily focused on post-acquisition issues (e.g. Haspeslagh and Jemison, 1991). The role of pre-acquisition matters in the implementation phase's success has not been the subject of extensive research (Schweiger and Goulet, 2000) and calls for more research into its effect on the acquisition process (Goulet, 2000). In this context, the study's findings contribute to research on acquisition management by extending the work of Haspeslagh and Jemison (1991) and Quah and Young (2005), especially as regards to the pre-M&A issues such as Purpose: Putting Strategy to Work, Partner: Search and Selection, Parameters: Defining the Combination and People: Managing the Dealings. In doing so, the study's findings refocus the debate from post-acquisition integration issues towards pre-acquisition issues.

This study adopts value-based financial performance indicators. The performance of acquisitions has been examined using economic value-added, market value-added, and cash value added simultaneously. This study attempts to bridge and integrate different value-based approaches to the evident phenomenon of corporate acquisitions. From the viewpoint of academic researchers, the findings highlight the importance of taking a broad perspective in studying acquisition performance from the viewpoint of shareholders instead of reliance on traditional accounting performance indicators such as ratios.

Managerial implication arises from the holistic perspective of this research. Managers should focus on pre-merger issues that increase shareholder value. Even though the integration phase is most decisive for M&A performance, managers should consider the relations in this phase and characteristics of the whole M&A process.

The study helps banks and other business entities to understand the importance of post-merger and acquisition Economic Value Added (EVA), Market Value Added (MVA) and Cash Value Added (CVA) in assessing the risk and returns of a merger or acquisition as a corporate strategy. Moreover, it gives managers an idea of whether or not banks should engage in M&A activities and predict returns based on available information. Thus, the study's findings will be of interest to decision-making executives as well as M&A consultants and employees. By adopting the proposed pre M&A capability framework, the study will improve the utilization of the bank's resources and maximize success in achieving the targeted objectives of a merger or acquisition. The framework could guide the management team of financial institutions engaging in M&A and allow for efficient planning and better results.

The study's findings will help the top management of banks determine whether pre-merger and acquisition success drivers affect banks' performance. Additionally, the study will measure whether managers in the selected acquirer banks have the requisite skills, knowledge and behaviours to meet the goals of their respective banks.

One of the relevant issues that mostly elude managers of acquirer firms during the pre-M&A phase is the wrong evaluation of the target, culminating in not paying the right price to acquire the target. Paying too much to acquire a target company has indicated a major reason for failure in M&A (Gomes et al., 2013). With reference to Törnell & Lindén (2013), the overpaid acquisition has been proven to be a reason for companies' inability to fulfil expected value creation. This study recommends that acquirer firms conduct a proper evaluation of strategic target partners before sealing the deal. To expatiate further, proper due diligence (financial, legal and operational) is enough to witness a successful acquisition outcome in value creation for shareholders. Without downplaying the relevance of previous experience in M&As, it is imperative to state that previous M&A experience might have very low value when solving problems since many acquisition problems are case-specific (Colombo, Conca et al. 2007). Acquirer firms with little or no experience in M&A can still consider M&A as an inorganic growth strategy. All required is to turn attention from direct experience and focus on the ability to acquire indirect learning through the use of external consultants (DeLong and DeYoung 2007). Contrary to the views of Buono and Bowditch (2003), who make the point that M&A negotiations should be carried out in secret to minimize uncertainty because no matter how informed employees are, they will never feel fully informed and will still feel suspicious, this study recommends that acquirer firms should embark on constant and clear communication during the pre-M&A phase to keep uncertainties away from employees and key stakeholders. To continuously keep employees and other stakeholders informed during the pre-M&A phase reduces any feelings of threats by group members based on change or adaption of characteristics between the merging firms (Van Leeuwen et al., 2003; Gomes et al., 2013).

This study can create awareness in the general public about mergers and acquisitions and its possible effects on banks' growth and performance in Ghana. Since banks thrive financially on the regular deposits and investments by customers composed of the general public, it is needful for the general public to be aware of the personnel's competencies managing their deposits and life savings. The value-based metrics of corporate performance helps the public to appreciate the economic, market and cash value generated over the years by the banks. If the banks' post-merger and acquisition performance reveal a considerable and notable reduction in EVA, MVA and CVA, risk-averse or risk-sensitive customers will be proactive to withdraw their investments from these banks to avert the event of protracted legal battles to recover their investments should the banks be liquidated. The general public will also appreciate the role of pre-merger and acquisition success drives in improving the banks' economic profit, market value, and customer value. The public will be aware (by this study's findings) of the thorny issues and challenges that plague the success of M&As in the Ghanaian context.

Limitation of Study and Recommendation for Further Studies

First and foremost, the number of participants limits the amount of information. M&As are conducted at a high level, and only high-profile managers are knowledgeable enough and able to provide relevant information. However, it is not easy to find the right executives or arrange meetings and question sessions because of their limited time and availability.

The second limitation of this study is the potential for retrospective bias since the questionnaire asked managers to recall events in the past. To address and minimize this concern, only fairly recent acquisition were selected for examination, and efforts were made to identify the individuals in the acquiring firm involved with the acquisition decision and implementation process. A comparison of acquisitions made from 2008 to 2017 served as an indication that the influence of this bias was a minor threat to the validity of the data.

Furthermore, the impact of M&As on companies' financial performance due to certain other factors such as a change in industry, economy, and stock market were not covered in this study. This study was limited to the mergers and acquisitions of only banks listed on the Ghana Stock Exchange, and the findings cannot be extrapolated to the whole financial sector of Ghana.

The study was restricted to listed acquirer banks in the Ghanaian banking sector. To test the operability of the value-based pre-merger and acquisition capability capabilities, further studies should be extended to cover additional merger and acquisition activities in non-financial firms listed on the Ghana Stock Exchange using the same value-based financial performance. In order to aid a better comprehension of the potency of the modern performance indicators which best depicts the actual performance of firms and subsequently determines the firm's value (stock price), more studies must be conducted on the other value-based measures on listed banks, and other listed firm's on the Ghana Stock Exchange. The recommended modern indicators to be investigated on the firms include Cash Flow Return on Investment (CFROI).

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