MERGERS/ACQUISITIONS AND ORGANIZATIONAL PERFORMANCE: THE REALITIES, LESSONS, AND CHALLENGES. THE EXAMPLE OF THE FEDERAL TEACHING HOSPITAL, ABAKALIKI (FETHA), EBONYI STATE, NIGERIA

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Abstract
The imperative of globalization is necessitating a resurge in the adoption of mergers/acquisition as strategies for improving organizational performance and sustainability. Adopting a qualitative research method, this study sought to examine the realities, lessons, and challenges of mergers/acquisitions, and their import on organizational performance, with a focus on Federal Teaching Hospital, Abakaliki (FETHA). Amongst others, the study revealed that where mergers/acquisition are not carefully thought of and executed, problems of systemic integration will occur, there will be an upsurge in organizational politics, employee commitment becomes an illusion, and the benefits associated with citizenship behaviour will be lost. On this premise, it is recommended that merger/acquisition arrangements should take into consideration the human elements at work and counselling services, especially as it relates to cognitive restructuring of the workers is needed. Additionally, the administrators should endeavour to encourage team work and employ the "best" practices in the discharge of their routine functions, all with the hope of shoring up the performances of the teaching hospital.

1. Introduction

As permanent forms of strategic alliance or as approaches to cooperative strategy, mergers and acquisitions are known to have been adopted as organizational strategic designs for centuries. This approach to organizational survival, growth and perpetuity which was like abandoned in the last few decades is now being re-visited and vigorously pursued by business outfits and other forms of organizations – a scenario which has been orchestrated by increasing demands of globalization and the intensification of capitalism.

From both the point of theory and practice, mergers and acquisitions, normally classified as efforts at horizontal integration are known to be justified on the following grounds among others: increase in efficiency and profitability, stability of operations, reduction in competition, need for the elimination of duplication of functions, and to act a hedge against risks (Glueck and Jauch, 1984, Breach, 1993, Eze and Onodugo, 2002, Egbo, 2011). These perceived advantages together with the need to reduce the cost of running the government of Ebonyi State and optimize the use of available resources may have informed the fusion of the hitherto, Ebonyi State University Teaching Hospital (EBSUTH), Abakaliki and Federal Medical Centre (FMC), Abakaliki, into Federal Teaching Hospital, Abakaliki (FETHA), in December, 2011.

The history of the Federal Medical Center, (FMC) Abakaliki dates back to the 1940s. Its establishment was premised on the need of the colonial administration to carter for wounded soldiers from the Cameroonian theatre during World War II. First designed as a transit camp, it was renamed a health center at the end of the war hostilities. The era of regions in Nigeria, saw the health center renamed and elevated to the status of a General Hospital, owned and managed by the now defunct Eastern Region (Okafor, 2008).

The need and desire for "Federal Presence" and equity led to the signing of the agreement on February 3, 1999 between the Federal Government of Nigeria (FGN) and the Ebonyi State Government, thus, ceding ownership, management and control of the hospital to the Federal Government. With a small population of 73 members of staff in March 1999, the FMC, Abakaliki had by December, 2011, become by Nigerian standard, a relatively large organization.

The matrix form of structure is in place, extensive use of committees is employed, and there are known and recognized trade unions, in the FMC, Abakaliki. Industrial relations practices derive from the general framework of what obtains in the Nigeria work environment characterized by State intervention. The foregoing shows that the FMC Abakaliki is a sub-system within the supra system of health management in Nigeria. This is premised on the fact that within the health sector exists divergences of structures, persons, values, knowledge, culture and needs etc. Due to the varieties of needs and approaches, and because health is a fundamental concern of individuals and governments, the need for streamlining and aligning the activities of the various agencies, persons and institutions became paramount. The result was the establishment of a Health Management System (HMS).

If we subscribe to the views of Weihrich *et al.,* (2008) that a system is essentially a set or assemblage of things interconnected or interdependent so as to form a complex unity, then the HMS, should include the persons, structure and agencies that have the responsibility of formulating and implementing the health policies and programmes of the State. As a supra and sub-system, the HMS is continually dependent upon and influenced by the environment. Invariably, problems of relationships, of structures, and interdependence emerge. To that extent we subscribe that the HMS like all other systems experienced considerable transactions across boundaries between the system and its environments and between the different parts of the system. As a contrived socio-technical cum political system, the HMS is anchored on attitudes, perceptions, believes, motivations, habits, and expectations of human beings, as well as the dynamism, appropriateness and responsiveness of the structures, the institutions, agencies and individuals involved.

On the other hand, Ebonyi State University Teaching Hospital, Abakaliki (EBSUTH) was founded in the year 1997 as part of government efforts to providing tertiary health care services to patients. A forage through history, shows that EBSUTH had its roots in the defunct university college hospital of Enugu State University of Technology (ESUT). Consequent upon the creation of Ebonyi State in October 1996, EBSUTH inherited the structures of then known specialist hospital, Abakaliki.

Series of visits between 1997 and 2007 by the Medical and Dental Council of Nigeria, resulted in the full accreditation of both the medical school and the teaching hospital. With the accreditation, the hospital witnessed enormous growth and expansion in terms of physical infrastructures and human capital developments. A heterogeneous and diverse work force was in place to discharge the responsibilities of the hospital.

The vision, mission and the core values of EBSUTH as espoused by available hospital documents is presented succinctly to read.

Vision

To be the leading reference and teaching hospital in Nigeria, of international repute, providing a wide range of excellent services that are relevant to patients, students, staff and society, and delivered in an effective and efficient manner by dedicated personnel.

Mission

The mission of Ebonyi State University Teaching Hospital is "To provide adequate facilities for the training of medical students of Ebonyi State University and of other relevant personnel in the health sector and to provide tertiary health services to patients in Ebonyi State and beyond, sustained by providing ample opportunity for the advancement of the frontiers of health care through relevant research, by the motivation of staff through an equitable reward system, and by a corporate commitment to excellence."

Core Values

Prospect for the sanctity of life and the dignity of man, Social responsibility, Integrity, Devotion to duty, Scholarship, Team work and Excellence

2. Statement of Problem

Conventionally, organizational performance is assumed to be reflective of activities of any organization measured in terms of time, quality of service/product, quantity of production, etc. For FETHA, an indictor of its performance is linked to timely and quality service delivery evidenced in cost reduction, customer satisfaction and continuous patronage.

However, investigations by Okafor (2012), reveal that the tripartite objectives of operational efficiency, increase in employee's commitment and citizenship behaviour, and customer satisfaction, as envisioned by the merger of the two hitherto, "autonomous" institutions have largely remained a mirage. There seem to be an abandonment of the warnings of Brech (1993) that takeovers and mergers must be followed with method and care, for according to him, volume for the sake of volume amounts to organizational nonsense. Therefore, organizations must be fully aware of the dangers, advantages, and complications inherent in merger operations. Observable evidence and emerging facts show that the merger/acquisition was not carefully thought out and planned, that sufficient consideration was not given to the human elements at work, so that some employees were retrenched, while others lost their positions which resulted in a decline in employee commitment and citizenship behaviour. Again, because the merger was not carefully planned or because the government was in a hurry to consummate the relationship, the different and divergent backgrounds of the institutions with respect to their employees, employee/workforce diversity, employee orientation and work ethics amongst others; were ignored, so that today, a major challenge facing FETHA, can be put in one word – Integration.

3. Objectives of the Study

Co-operative rather than competitive strategy in the form of mergers and acquisitions or by any other name so called, are strategic alliances known to have enabled organizations to obtain technical, tactical, and financial advantages. However, the way and manner the merger process was done and the resultant problems of integration, the study sought to explore mergers/acquisition and organizational performance drawing evidence from FETHA. Specifically, this paper set out to:

a) identify the realities and implications of the merger/acquisition.
b) Examine the challenges/lessons of the merger/acquisition
c) Outline possible ways that can be used to improve the level of integration, all of these with the hope that both management and workers should accept the new order as given and stop dwelling in the past, that management should brace up to the new challenges, and with the believe that an increasing level of integration will shore up performance of both employees and the hospital.

4. Conceptual/ Theoretical Framework

Whether at the level of individual or organization, performance could be understood from various angles. At present, there is no consensus on a uniform measure for conceptualizing organizational performance. Depending on the interest, assessor, and the nature of the organization, organizational performance could be measured in relation to market penetration, cost minimization, customer satisfaction and patronage, branch expansion, profit maximization amongst others. Awadh and Saad (2013) re-echoed the views of Cascio (2006) to say that performance refers to the degree of achievement to which an employee fulfils the organizational mission at workplace. Specifically, organizational performance is conceived as the success level with which a firm fulfils its business objectives - this will require an employee(s)/organizations to act in accord with the requirements or obligation or according to a dictionary definition to carry through to completion, an action, undertaking etc. Generally, organizational performance could be gauzed in many different ways with both financial and non-financial indicators (Ameh etal, 2013).

No matter how conjectured, what is not in doubt is that mergers and acquisitions have been demonstrated to be veritable means of ensuring organizational performance, sustainability and continuity. What then are mergers/acquisition, What form do they take and why? To these, we now turn our attention.

Glueck and Jauch (1984) are of the view that mergers remain one of the terms used to describe external expansion (other terms used include acquisitions, consolidation, and amalgamation). To them, a merger is a combination of two or more businesses in which one acquires the assets and liabilities of the other in exchange for stock or cash or both companies are dissolved and assets and liabilities are combined and new stock issued. For Orji and Okafor (2005), a merger implies a combination of or fusion of two or more formerly independent business units into one organization with common ownership and management. Continuing, they maintain that mergers are combinations that form one economic unit from two, or more previously existing ones. Egbo (2011) submits that a merger implies the combining of estates, business companies or organizations, with a final position that a merger is an amalgamation of two or more organizations to form a new one called the amalgamated company, in such a way that all the assets and liabilities of the amalgamating companies become assets and liabilities of the amalgamated company.

Sudarsanum (1997) believes, that a merger is an arrangement under which two firms co-operate to achieve certain commercial objectives through some form of strategic alliance. Proceeding, he submits that a corporate merger pools the ownership interests of stakeholders in two companies, with these stakeholders now owning the combined entity. However, a further analysis of his position is somewhat revealing and is of interest to this paper. Generally, he maintains that, “mergers”, “acquisitions” and “takeovers” are used interchangeably, however, they may be defined precisely in specific contexts. An acquisition entails that one firm buys the equity stake or assets of another firm. The equity bought may be a majority stake exceeding fifty percent (50%) of voting share capital or a minority stake. A term used to denote majority control acquisition is “takeover” which may be hostile and expectedly resisted by some stakeholders. These submissions are instructive to our analyses and understanding of the issues with reference to the institution being investigated.

From a general perspective therefore, the fusion between the hitherto EBSUTH, and the FMC, Abakaliki into FETHA, is a merger: an “opinion” or illusion held by a majority of former EBSUTH staff which supposedly would allow them greater “say” in the decision-making process - an idea that has been espoused as capable of securing commitment of workers and increasing citizenship behaviour. However, from a specific and practical perspective, what happened were both an acquisition and a hostile takeover of EBSUTH, so that though a new name was given, ownership, control and management now resides with the Federal authorities. This no doubt has implications on worker commitment, citizenship behaviour and organization performance.

In the interim, staff or employee commitment is conceived as a sense of identification, involvement, and loyalty expressed by an employee toward the company. To Moore (1998), employee commitment to an organization involves three attitudes namely; a sense of identification, with organization goals, a feeling of involvement in organizational duties, and a feeling of loyalty to the organization. Armstrong (2005) is of the view that employee commitment may result in winning the “hearts and minds” of employees to get them to identify with the organization, to exert themselves more on its behalf and to remain in it, thus ensuring a return on their training and development. Therefore, no matter how conjectured, we can say that employee commitment refers to the attachment and loyalty of an individual to his organization. It is the relative strength of the individuals’ identification with, and involvement in a particular organization. It consists of the individual desire to remain a member of the organization, a strong belief in, and acceptance of the values and goals of the organization, and a readiness to exert considerable effort on behalf of the organization.

Due to its import on organizational efficiency and performance, employee commitment has attracted a considerable level of interest from organization theorists and practitioners. Amongst the many submissions of authors and researches regarding commitment include that employee commitment could be increased or harnessed to obtain support for organizational ends, and a continuous improvement in the degree or level of organizational performance, intrinsic rewards are pivotal to the development of organizational commitment, and that ability to meet employees’ needs have a significant impact on commitment (Peters and Austin, 1985, Moore, 1998, Armstrong, 2005). In addition, studies, by Chow and Holden (1997), and Lee *et al* (2000) indicate that an absence of commitment can reduce effectiveness and performance, that committed employees are less likely to quit an organization in search of other organizations, perceive the possibility of the integration of individual and organizational goals, Ivancevich *et al* (2005) and that a committed workforce experiences avoidable accidents.

The preceding paragraph is a justification for a compelling desire of organizations to secure worker commitment. To this end, it becomes advisable according to Guest (2001) that human resources management policies be designed to maximize organizational integration and commitment, and quality of work. This commitment strategy will enable workers to be given broader responsibilities, encouraged to make contribution and helped to achieve satisfaction at work – a departure from the traditional control – oriented approach to workforce management with emphasis on established order, exercising control, and achievement of efficiency (Walton, 1985). Employee commitment especially when scanned through the experience of Japanese organizations should be able to motivate people so as to share in the values and visions of the organization by leadership and involvement. Whereas, there might not be sufficient evidence to suggest the degree of relationship with organizational performance, but the absence of commitment no doubt will negatively impact on services delivery, attendance to patients, and as well can increase turnover intention amongst the workforce, which, are likely to negate the vision, mission, and core values as espoused by the hospital authorities and management.

On the other hand, organizational citizenship behaviour are those spontaneous acts that go beyond prescribed job requirements (in-role behaviours), whereby the subordinate carry out non-obligatory role behaviours (Deluga, 1998). For Materson and Stamper (2003), organizational citizenship behaviour refers to the idea of doing more than is expected. For our purpose, we conceive organizational citizenship behaviour as actions and/or behaviours of employees in organizations that are spontaneous, not premeditated but possibly done in anticipation of other pecuniary benefits. Nonetheless, these behaviours are indicative of employees' concerns and support for and active interests in the affairs of the organization. To Organ, *et al* (2006), organizational citizenship behaviour is an enhancer of organizational performance; it contributes to satisfaction and is commonly associated with job satisfaction, interpersonal trust, and leadership trust. Where therefore, there is sufficient demonstration of lack of citizenship behaviour, the required synergy among the sub-units will be absent so that sub-optimal performance of the hospital and its constituent units become manifest.

Meanwhile, this work though bordering on different aspects of management and policy studies is anchored on institutionalization theory. To Pfeffer (1982), the process of institutionalization will entail to speak of practices or procedures that are continued and transmitted, to speak of meanings that become typified and transmitted to new comers in the organization…. Paraphrased, institutionalization theory is a perspective that addresses the issues of how and why meanings and forms and procedures, come to be taken for granted. The central idea of institutionalization theory is an implication that what is imparted or done to an organization, would extend its life beyond the present and the requirements of the task at hand. Therefore, following Udu (2010), the quest for institutionalization is a quest for organizational immortality, and protection against the vagaries of competition, broadly defined to include competition among organizational forms as well as competition for particular sets of resources. By inference therefore, following the logic of institutionalization theory, the fusion of the two former hospitals is not only to economize the use of resources, eliminate competition but is a design and strategy to enable FETHA to cope not just with the demands of today but also to perpetuate itself.

5. FETHA – A Product of FMC and EBSUTH – The Realities, Challenges and Lessons

The amalgamation of the FMC, and EBSUTH, Abakaliki in 2011 brought into focus, some realities, lessons and challenges which should be addressed if the management wants to secure greater employee commitment with the hope of enhancing service delivery and operational efficiency of the hospital.

The merger has brought into fore amongst others the following. The former institutions have ceased to exist, what there is now is FETHA, an amalgam of two institutions, whose cultures are basically different, and work ethics/orientation, dissimilar. Expectedly, there is an increase in size, in structure, in complexity with attendant problems of co-ordination. Displacements have and may continue to take place for a while so that dwelling on the past is unhelpful. Either some employees resist the changes taking place or as a survival mechanism re-sought to organizational politics i.e. the employment and indulgence in activities that are not required as part of ones formal roles in the organization, but that influence, or attempt to influence distribution of advantages and disadvantages within the organization (Robbins, 2005). Oftentimes, these employees, engage in illegitimate political behaviours that are self-serving usually above and beyond competence and hard work – Rumours have become "factors of production", coalitions across religious, ethnic, and state boundaries are formed and dissolved, cliquism has become a dominant feature – all of which are anti-organizational performance.

Evident from the foregoing is that rather than act as pivot for ensuring organizational performance, the acquisition is largely perceived to be self serving. What then are the lessons that should be learnt from this "misadventure"? The following should not be ignored when future acquisition are intended: (i) Acquisition be thought of and planned carefully (ii) Financial consideration should not be the overriding interests – Human elements at work should be factored into decisions leading to "takeover" (iii) Long term goals should be integrated with short term benefits in the pursuit of mergers/acquisitions.

Arising from the realties and lessons thereto, we succinctly identify the challenges with respect to the takeover to include how to:

- Overcome resistance to change.
- Coalesce the different and divergent cultures/work ethics of the former institutions into a FETHA, culture,
- Increase organizational performance through employee commitment and citizenship behaviour via the auspices of a deliberate integration programme – a programme that will seek to bound the diverse and different elements in the workplace.

6. Conclusion/Recommendations

The espoused intention of government that resulted in the birth of FETHA (arising from the merger of FMC and EBSUTH, Abakaliki) is largely not being met from the point of organizational performance. This is largely occasioned by perceived gaps and vitiating circumstances which we believe may be reduced through the following:

- Patience i.e. having to bear without complaint, sustained endurance and perseverance, a forbearance towards the faults and infirmities of others. This virtue is needed by all hospital staff especially against the backdrop that they are dealing with "specialized customers, commonly referred to as patients. Generally, the conditions that disposes them to their specialized customership tag include that emotionally they are upset, psychologically down, economically emaciated, sometimes traumatized, feels helpless, hapless and hopeless.
- Being ethical and socially responsive i.e. attending to patients in accordance with right principles. This will require professionalism and a virtous conduct - no sharp practices, and going beyond the call of duty to attend to patients.
- Counselling: an interpersonal relationship with the principal objectives of development of the patient, the improvement of his welfare and the amelioration of his problems should be pursued. Efforts at cognitive restructuring of employees should persevere, improved, and effective communication are essential in handling not only the patients but also some category of the employees. A re-orientation of the employees of the hospital should be made an absolute necessity.
- Team work: A team is not just a group with common aim. It is a group where the contributions of individuals are complimentary. Therefore, there is need for working together, collaboration and cohesiveness, integrative function should be recognized, the Chief Medical Director (CMD), should consider the possibility of creating a department for the purposes of integration.

- Avoidance of the use of foul languages, timely information is useful, be courteous, praise where necessary, hardly show annoyance and disrespect just as superiors should endeavour to demonstrate leadership to their subordinates.
- Conventional yet unavoidable approaches to management should be deployed to include: define goals, schedule activities, assign responsibilities in line with best practices and established policies, efforts at retraining employees and staff development should be intensified, there should be continuous meetings and reviews of activities as well as co-ordination.

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Weihrich, H. Cannice, M. and Koontz, H. (2008): Management: A Global and Entrepreneurial Perspective; 12th Edition, New Delhi: Tata McGraw-Hill Publishing Company Ltd.

Examples of Mergers. An example of an international merger is the deal between Reckitt & Coleman of the U.K. and Benckiser of the Netherlands. Very recently (August 29, 2011), two leading Greek Banks â€“ Eurobank and Alpha Bank â€“ merged to provide a vital confidence boost to the debt-hit Greeceâ€™s banking system.Â However, in reality, it is not as simple as it seems. Most of the acquisitions fail miserably due to poor implementation attitudes and strategies. The major reasons for acquisition are; increase market powerÂ The merger and acquisition process is the most challenging and most critical one when it comes to corporate restructuring. One wrong decision or one wrong move can unimaginably reverse the effects. Advance Praise for Mergers, Acquisitions, and Other Restructuring Activities, Fifth Edition â€œThis is a truly comprehensive text and does a wonderful job at supplying the underlying motives and theory as well as the critical â€˜in practiceâ€™ elements that many books lack. It spans all types of M&A and restructuring transactions and covers all the relevant knowledge from the academic research to the practical legal, accounting, and regulatory details.Â Do Mergers and Acquisitions Pay Off for Shareholders?Â Global Financial Exchanges Pose Regulatory Challenges. 79. GEâ€™s Aborted Attempt to Merge with Honeywell. Mergers and acquisitions analyzed as external growth strategy in the modern economic environment context; stock quote evolution analysis before and after mergers and acquisitions.Â 2006. "Was the Federal Reserve Constrained by the Gold Standard during the Great Depression? Evidence from the 1932 Open Market Purchase Program," Journal of Economic History 66, March 140-76.Â Usually mergers, acquisitions and business combinations arise from the desire of expansion. By creating synergies, business can generate more profit and can diversify operational domains.