UNIVERSITY OF CAPE COAST

MANAGING INDUSTRIAL RELATIONS IN MERGERS AND ACQUISITIONS: THE CASE OF ANGLOGOLD ASHANTI

BY

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DISSERTATION SUBMITTED TO THE DEPARTMENT OF MANAGEMENT STUDIES, SCHOOL OF BUSINESS, UNIVERSITY OF CAPE COAST IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR AWARD OF MASTER OF BUSINESS ADMINISTRATION DEGREE IN HUMAN RESOURCE MANAGEMENT

JANUARY, 2010

UNIVERSITY OF CAPE COAST

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2010

DECLARATION

Candidate's Declaration

I hereby declare that this dissertation is the result of my own original work and that no part of it has been presented for another degree in this university or elsewhere.

Candidate's Signature: ………………………….. Date: …………………

Candidate's Name: **Bernice Dzomeku (Mrs)**

Supervisor's Declaration

I hereby declare that the preparation and presentation of the dissertation were supervised in accordance with the guidelines on supervision of dissertation laid down by the University of Cape Coast.

Supervisor's Signature: ……………………………….. Date: ………………

Supervisor's Name: **Dr. (Mrs) Rosemond Boohene**

ABSTRACT

Mergers and acquisitions have become the dominant mode of growth for firms seeking competitive advantage in an increasingly complex and global business economy. Research indicates, however, that many mergers have not resulted in the expected benefits, in part because business organisations have neglected the human resource and or the industrial relations aspects of the change. The study which looked at the management of industrial relations in the merger between Ashanti Goldfields Company and Anglogold focused on the effective use of communication management, worker relations and worker's integration into the merger. Workers' benefits from the merger were also investigated.

Shop floor workers, union executives and managers totaling 194 were randomly sampled to complete questionnaires to provide data for the study. The Statistical Product and Service Solutions software (SPSS) was used in the analysis.

Some of the findings are that: the negotiation process sometimes took too long a time for people to reach consensus. Formal communication was absent or inadequate and a major incentive like training was immediately cut off after the merger.

It was recommended that union and management should pursue interest based bargaining but not be seen as pulling apart. Also to undertake a merger in future, formal communication to majority of the workforce will be required. Thirdly, a major incentive like training should not be cut off immediately after

merger since that could lead to de-motivation of the workforce and reduction in productivity.

ACKNOWLEDGEMENTS

I am grateful to all School of Business lecturers for all their efforts in running this MBA programme. I am especially grateful to Dr. (Mrs) Rosemond Boohene, my supervisor, for her professional attention and guidance given me during my research study. I thank her for her constructive criticisms and contributions for the successful completion of the study. My sincere thanks go to Mr. Ato Maisie of Mine Workers' Union, Accra for the professional input which has helped me improve the content of this work. I am very much indebted to Mr. Seyram Kawor of School of Business, University of Cape Coast for immense assistance in bringing this dissertation to this point.

I also appreciate Henry Owusu of the 2007 MBA group for his assistance in the use of the SPSS software to facilitate my analysis. I wish to appreciate Doris Ohenebeng, a trustworthy colleague for her help and encouragement.

I also wish to render my sincere thanks to Anglo Gold Ashanti Obuasi management and staff (all respondents) who co-operated with me during the data collection period which was a major contribution to the success of this dissertation.

DEDICATION

I dedicate this work to my husband Casper Dzomeku for his financial and moral support, and to my children: Delase, Abigail, Seyram and Joshua.

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INTRODUCTION

Background of the study

Companies are finding out that to survive they must compete on international markets as well as fight foreign competitors who may want to gain grounds in the home country (Ballet & Ghosal 1991). Firms now have to compete on the global playing field because costs associated with the development and marketing of new products are too great to be traded only over one market, even a large one such as the United States or Europe. Ballet and Ghosal (1991) further pointed out that operations are being internationalized by expansions made across-borders, by mergers and acquisitions, joint ventures and strategic partnerships. Thus, to meet the challenges associated with International businesses, companies must develop and enter global markets, keep up with competition from overseas, hire from an international labour pool, and prepare employees for global assignments. Such mergers have implications for industrial relations as well.

Industrial relations exist wherever employers and employees work together. Industrial relations refer to the collective aspect of relations between management and its workforce. According to Pettinger (1999), industrial relations is the system by which workplace activities are regulated, the arrangement by which the owners, managers and staff of organizations come together to engage in productive activity. He said industrial relations concerns setting standards and promoting consensus, and also it is about the management of conflict. In effect industrial relation is about the management of relations between management and the workforce in organizations.

As noted by Drucker (1982), the human resource is of all resources, the most productive, the most versatile, and the most resourceful. Thus an organization's wealth does not depend on the financial and material resources available but rather on the people who make things work. In most mergers and acquisitions management usually concentrates on the financial aspect of the deal ignoring people issues. Meanwhile, companies operate on the belief that people are the companies' most valuable asset. Samuels (1972) also posits that profits are not produced by machinery, buildings or products. It is people that breathe life into these otherwise dormant assets. To place this value on employees requires the companies to emphasize industrial relations and human resource practices, including rewards for superior performance, measures of employee satisfaction, careful selection of employees, promotion from within, and investment in employee development and the like.

The management of industrial relations therefore in a merger and acquisition needs a careful study to know what goes on at that point. This has aroused the interest of the student to undertake a study on the topic; managing industrial relations in mergers and acquisitions using Anglogold Ashanti-Obuasi as a case study.

Overview of Anglogold Ashanti

The Ashanti Goldfields Corporation is a gold mining company based in Ghana that was founded by Edwin Cade. The Ashanti mine located at Obuasi, 56km south of Kumasi, has been producing gold since 1897. The mine is sited on one of the world's major gold deposits and is one of the ten largest in the world (http://en.wikipedia.org/w/index.php).

Over a century after incorporation, Ashanti Goldfields Company Limited of Accra, Ghana, remains one of the largest producers of gold in the world, achieving an annual gold production of 1.74 million ounces in 2000. It is also Ghana's largest earner of foreign funds and the only mining operation on the New York and London stock exchanges run by black Africans. Originally it was operating with a single mine - the Obuasi mine in the Ashanti Region of Ghana that gives the company its name – Ashanti. It has in recent years expanded aggressively throughout Africa and now operates seven mines in Ghana, Zimbabwe, Guinea, and Tanzania. The company also maintains 25 active exploration projects in six African countries and about 20 outside the continent. Ashanti's most productive mine is Obuasi, which despite over 100 years of continuous operation is still one of the top-producing in the world and the largest mine in Africa outside South Africa. Ashanti Goldfields conscious of its success in an often volatile and troubled continent, prides itself in its relationships with local authorities and traditional, political and social institutions in the African countries where it operates (www.answers.com). The company has assisted local communities with infrastructure projects such as roadways, water and electricity access and education.

The rich Goldfields in the Ashanti Region of what is now Ghana were controlled by the powerful ‘Asante’ (Ashanti) state as far back as the 17th century. The British colonization of Ghana in 1874 and the Ashanti wars that followed brought a large number of Europeans to the area, and soldiers and travelers spread the word about the region’s legendary gold reserves, as reported by one traveler “you could pick up gold as you would potatoes”.

There was a widespread interest in the area, and this opened up the region for large-scale gold production. In 1890, Joseph E. Ellis and Chief Joseph E. Biney, Fante merchants from Cape Coast in Africa and their accountant Joseph P. Brown negotiated mining concessions for 100 square miles in the Obuasi District. There they opened the Ellis mine and introduced modern industrial mining techniques to the area. The Ellis mine operated for five years, and then the partners sold the concession to Edwin Arthur Smith of the London-based firm Smith and Cade. In 1896 the Ashanti King, Nana Prempeh I, was destooled and deported and the Ashanti protectorate was brought directly under British control, and Cade went to great lengths to ensure that the grant for the concessions was ratified by the British Government and was given the approval to mine in the region. Cade and his associates registered a new company in the City of London known as the Ashanti Goldfields Corporation Limited (AGC). On June 11, 1897, Cade listed the Ashanti Goldfields Corporation Limited on the London Stock Exchange and set up operations at Obuasi on December 24 of that same year (Ayensu 1997)

Ayensu (1997) further reports that the Second World War had a great influence not only on Ashanti Goldfields but also on the entire gold mining industry in the then Gold Coast. Most mines were closed down except a few profitable ones like AGC LTD which were placed on a ‘care and maintenance’ system. The mines that remained operational survived on obsolete equipment because management could not obtain additional capital for refurbishment. Money paid by AGC LTD in export duty on gold premium, in addition to the payment of wages to local workers, as well as payments for customs duties and other services, meant that the corporation made a substantial direct and indirect contribution to the economic prosperity of the Gold Coast. Throughout this period as reports Ayensu (1997), the company’s nominal and distant leader was General Sir Edward Spears, Chairman from 1937 until 1973. Spears treated the business as a personal one, he spent little time in the country, and when he visits, his style was to indulge leaders such as the Prime Minister, Dr. Kwame Nkrumah, because the company was then paying huge royalties to the government- about 9000 pounds a year.

After 1996, as records by (www.answers.com), new investors were sought when the first military government, The National Liberation Council, began to query the contribution of AGC and other mining concessions to the local economy. An outside party was already assessing the potential of AGC Ltd. R. W. Tiny Rowland’s company Lonrho (London and Rhodesia Mining and Land Company), a multinational conglomerate with a particular interest in prospecting and mining in Africa, began an acquisition of the company, leading to the company's delisting on the London Stock Exchange. The web reports that a decree was made to acquire 55 percent of all mining companies after the coup led by Colonel Ignatius Acheampong which, in January 1972, overthrew Dr. K. A. Busia's democratically elected government. The Ashanti Goldfields Corporation became Ashanti Goldfield Company Limited and it was ordered to transfer its head office which was in London to Accra. During this period the company's autocratic chairman, Sir Edward Spears, was deposed by Lonrho. The government appointed Lloyd A. K. Quashie, a distinguished geologist with an expert understanding of mining as government representative to the Board of AGC. Quarshie as managing director paid particular attention to improving the conditions and prospects of indigenous staff. Promising young Ghanaians were sent abroad to further their education, to qualify them to take over the expatriate positions. Among the first beneficiaries of this scheme was Sam E Jonah, who became the first Ghanaian Chief Executive of the company in 1986, and remained in this office until after the merger with Anglo Gold. Sam E. Jonah embarked on a major overhaul of company operations reports (www.answers.com). The company's headquarters was in Accra for twelve years but much of their planning and budgeting was still carried out by consultants in London office. Jonah transferred these duties to Ghana, keeping the staff geographically close to the mine site. Communications between management and line workers was improved, wages for mine workers were raised, and the company began the community renewal plan that is now the hallmark of all operations throughout Africa. In 1994 AGC Ltd was listed on the London and Ghana stock exchanges and then in 1996 it was also listed on the New York Stock Exchange to raise new capital.

In 2001, the company's future plans included further expansion in Africa, including operations in the Ivory Coast and the Congo was Jonah's remarks at a conference in Indaba in Cape Town, South Africa.

The (www.kingsgate.com.au) records that in April 2004, Anglo Gold Limited and Ashanti Goldfields Limited merged to form Anglo Gold Ashanti Limited, a global gold company with 22 operations on four continents, a substantial project pipeline and an extensive worldwide exploration program. The new company is listed on the New York, Johannesburg, Ghanaian, London and Australian stock exchanges as well as the Paris and Brussels bourses. Anglo Gold Ashanti remains committed to continuously improving performance through cost management and increased labour productivity, as well as seeking out value–adding growth opportunities through exploration and a disciplined acquisition strategy. The company is committed to generating competitive financial returns and on rewarding shareholders with semi-annual dividends after providing for future growth. The (www.anglogold.com) states that Anglo Gold is one of the world's largest gold producers by volume of gold produced and has extensive Ore Reserves. Anglogold has its corporate headquarters in Johannesburg, South Africa. The operations of Anglogold comprise open-pit and underground mines and surface gold processing and recovery plants in Argentina, Australia, Brazil, Mali, Namibia, South Africa, Tanzania and the United States of America, as well as extensive exploration activities. Anglogold was incorporated in South Africa in 1944 as Vaal Reefs Exploration and Mining Company Limited and has been operating as Anglogold since 30 March 1998.

Because of this rich history of the company, the researcher decided to use it as the case study.

Statement of the problem

Mergers and acquisitions at the International level have risen to unprecedented heights. The United Nations estimates that cross-border mergers and acquisitions amounted to USD 275 billion in 1996, a three-fold increase in five years (Love 2000). Mergers and acquisitions are undertaken to fulfill corporate objectives. They may be intended to reduce the likelihood of hostile takeovers, to diversify risk, or to achieve competitive advantage through synergistic efficiencies. They may involve merely integrating accounting functions and creating a new legal entity, or, at the other extreme, they may involve integration of capital assets, functional departments, and human resources (Shrivastava 1986). Love (2000) asserts that although mergers and acquisitions are undertaken for good reasons, many high-cost mergers and acquisitions fail to meet their objectives, in part because human resource issues are generally poorly understood, under managed, and often discarded at the out set as irrelevant to the strategic planning process. Mergers and acquisitions present considerable challenges to employees and trade unions. This may stem partly from the restructuring and redundancies that commonly follow mergers and acquisitions in general. Challenges also arise from lack of consistent, clear, honest, timely and, accurate communication systems. In addition, lack of good cultural integration practices, self-interest dominating over the understanding and acknowledgement of the benefits of merging.

Aguilera and Dencker (2004), submit that mergers and acquisitions have become the dominant mode of growth for firms seeking competitive advantage in an increasingly complex and global business economy. Although human resource management and, effective industrial relations program can play a value-adding role in the merger process, existing research and evidence does not clearly demonstrate how it can do so.

Furthermore, the issue of managing industrial relations in mergers and acquisitions does not naturally lend itself to comparative studies. However, it is clear that there is a growing trend towards mergers and acquisitions which raises serious industrial relations problems. The intervention powers of the various parties and the social impact of mergers and acquisitions vary greatly from one country to another. Also while the issue of mergers and acquisitions often give rise to major public debate, little scientific analysis on their consequences for industrial relations has been done. http://www.eurofound.europa.eu/eiro/2001/02/study/tn0102401s.htm.

The study seeks to look into how employees of Anglogold Ashanti-Obuasi were involved in the transition of change during the merger, and the programme of activities such as use of communication, use of collective bargaining for negotiations and use of motivation to boost the morale of workers, which have led to the success of Anglogold Ashanti's merger.

Objectives of the study

The objectives of the study are:

- To examine how the workers of Ashanti Goldfields Company were integrated into the merger.
- To evaluate the effectiveness of communication before and after the merger.
- To assess the use and importance of collective bargaining after the merger.
- To explore benefits workers have derived from the merger.
- To examine the relationship between management and workforce before and after the merger.
- To assess the future of Anglogold Ashanti – Obuasi operations in terms of industrial relations.

Research questions:

The study was guided by the following research questions:

i. How were workers integrated into the merger process?

ii. What was and is the relationship between management and workforce before and after the merger?

iii. How effectively was communication used before and after the merger?

iv. How do workers assess collective bargaining after the merger?

v. What benefits have workers derived from the merger?

vi. What is the future of Anglogold Ashanti-Obuasi operations in terms of industrial relations?

Significance of the study

This study is an expansion of previous studies in industrial relations in mergers and acquisitions in the area of information dissemination, integrating workforce into change and the importance of collective bargaining as a tool in negotiations. Additionally, using data from Ghana will contribute to the literature on the topic which usually takes into consideration companies in developed countries. Moreover, the findings will assist management and decision making bodies which take decisions on behalf and for companies to improve upon the process of involving workers and integrating them properly into mergers and acquisitions.

Limitations of the study

The study had some challenges; it is worth mentioning that the study could not cover the Iduaprim operation which is the second gold mine operation of Anglogold Ashanti, in Ghana. This was partly due to the time frame within which the research had to be conducted and also partly due to financial constraints. Administering the questionnaires also had some challenges as some respondents rejected the questionnaires and others took the questionnaires alright but completed them half-way or refused to complete them at all. As a result out of a total of 235 questionnaires sent out to shop floor workers, union executives and managers, only 194 were retrieved. Also the researcher's intention was to get a representation from each department to fill the questionnaires but this did not work as it became difficult to get workers on departmental basis.

Organisation of the study

The first chapter states the background, objectives and the statement of the problem for the study. Chapter Two presents a review of the literature on industrial relations and mergers and acquisitions. The methods used for the study are presented in Chapter Three. Chapter Four discusses the results of the data collected. Lastly, Chapter Five provides summary of findings, conclusions and recommendations for further study.

CHAPTER TWO

LITERATURE REVIEW

Introduction

This chapter reviews the literature covering the study. The review covers the meaning of industrial relations and mergers and acquisitions. This is followed by definition of trade union and an exposition on the development of trade unions in Ghana. A discussion on collective bargaining ends the chapter.

Meaning of merger and acquisition

A merger is two companies becoming one and an acquisition is one company buying another (Noe, Hollenbeck, Gerhart & Wright, 2004). They further state that some mergers and acquisitions result in consolidation within an industry, meaning two firms in one industry join to hold a greater share of the industry.

Farlex (2009) gives the legal definition of mergers and acquisitions as “methods by which corporations legally unify ownership of assets formerly subject to separate controls’’. Further, he explains that a merger or acquisition is a combination of two companies where one corporation is completely absorbed by another corporation. The less important company losses its identity and becomes part of the more important corporation, which retains its identity. A merger extinquishes the merged corporation, and the surviving corporation assumes all the rights, privileges, and liabilities of the merged corporation. A takeover, or acquisition, on the other hand, is characterized by the purchase of a smaller company by a much larger one. This combination of ‘unequal’ can produce the benefits as a merger, but it does not necessarily have to be a mutual decision. A larger company can initiate a hostile takeover of a smaller firm, which essentially amounts to buying the company in the face of resistance from the smaller company’s management. In an acquisition the acquiring firm usually offers a cash price per share to the target firm’s shareholders or the acquiring firm’s share’s to the shareholders of the target firm according to a specified conversion ratio. Either way, the purchasing company essentially finances the purchase of the target company, buying it outright for its shareholders.

Mc Guigan (2007) on the Wisegeek Web also submits that a merger occurs when two companies combine to form a single company. He further states that a merger is very similar to an acquisition or takeover, except that in the case of a merger existing stockholders of both companies involved retain a shared interest in the new corporation. On the other hand, in an acquisition, one company purchases a bulk of a second company’s stock, creating an uneven balance of ownership in the new combined company. In a general sense, mergers and acquisitions are very similar corporate actions - they combine two previously separate firms into a single legal entity.

Benefits of mergers and acquisitions

Significant operational advantages can be obtained when two firms are combined as the goal of most mergers and acquisitions is to improve company performance and shareholder value over the long-term. A company that combines itself with another can experience boosted economies of scale, market, broadened diversification and increased tax efficiency. Some other reasons why mergers or acquisitions may be sought for are that a very profitable company may combine with a losing company in order to use the losses as a tax write-off to offset the profits, while expanding the corporation as a whole.

Increasing one's market share is another major use of a merger, particularly amongst large companies. By merging with major competitors, a company can dominate the market they compete in, giving them a freer hand with regard to pricing and buyer incentives. Two companies that make different, but complementary products do also merge. This may involve purchasing a company which controls an asset your company utilizes in its supply chain. A major manufacturer may buy out a warehousing chain in order to save on warehousing costs, as well as make profit directly from the purchased business.

Negative effects of mergers and acquisitions

Palane (2001), records that mergers and acquisitions are huge undertakings associated with large amount of risks and discomforts. Most of these risks and discomforts relate to the integration of the internal operations of the merged companies. This would include approaches to industrial relations. The following are some of the associated problems; Palane (2001), states that the cost of merger might be too expensive both socially and financially and a better option would be to invest resources involved somewhere. Mergers and acquisitions in most cases get resisted by workers, directors and shareholders of the targeted company. Mergers and acquisitions could be resisted by the government in the interest of the country. The market of the targeted company might resent a sudden take over and consider going to other supplier for their goods or services. Incompatibility of people and systems, thereby, leading to under–capacity, and management being overloaded in the acquiring company.

Merging two companies that have been doing similar activities may mean duplication and over-capacity in the company that may require retrenchments. Palane (2001) further submits that in order to adjust with the arrangements of the stronger company, employees of the weaker merging company may require intensive re-skilling. Operational issues such as payroll, medical aid, remuneration etc, may mean a need for adjustment either for the worst or for the better. Outstanding leave balances, study loans, promised incentives, bonuses and promotions may not be carried over to the merged company leading to a loss on the other side of workers. Contracts of employment may be re-negotiated under compromised offers. Obligations in terms of agreements and legislations may require extra resources that may not be readily available and force the acquired company to look around where it could save resources (Palane, 2001). In most cases workers benefits are the first to be targeted such that when the deal goes through they would have nothing to carry over or to take home after retrenchment.

Integration of company cultures may prove very difficult particularly where approaches to norms and cultures differ as a result of the background of the two companies. Salary band in similar positions may mean extra resources most particularly in the higher categories where salaries are high. While there may be advantages for mergers and acquisitions of companies, the negative aspects outweigh all the advantages.

Industrial relations become the most compromised aspect of the whole process. Since there are costs involved management will be concentrating on how to squeeze out workers from the identified costs without even consulting them.

The next section now looks at industrial relations and its components.

Meaning of industrial relations

Industrial relations exist wherever employers and employees work together. The field of industrial relations (also called labour relations) looks at the relationship between management and workers, particularly groups of workers represented by a union (Wikipedia 2008). It is the collective aspect of relations between management and its workforce. According to Pettinger (1999), industrial relations is the system by which workplace activities are regulated, the arrangement by which the owners, managers and staff of organizations come together to engage in productive activity. Further, Pettinger (1999) said industrial relations concerns setting standards and promoting consensus, and managing conflict.

Armstrong (2003) also submits that the starting point of an employment relationship is an undertaking by an employee to provide skill and effort to the employer in return for which the employer provides the employee with a salary or wage. The relationship is initially founded on a legal contract. This may be a written contract but the absence of such a contract does not mean that no contractual relations exist. The employer’s obligations include the duty to pay salaries or wages, to provide safe work place, to act in good faith towards the employee and not to undermine the trust and confidence of the employment relationship. The employee has corresponding obligations, which include obedience, competence, honesty and loyalty.

Hyman (1975), also states that the focus of industrial relations is on how conflict is contained rather than how disagreements or disputes are generated. Hyman is of the view that industrial relations is the study of processes of control over work relations. Flanders’ (1970) opinion is that a labour relation is the study of the institutions of job regulations. By this definition Flanders (1970) believes that there are formal and informal rules governing employment. Industrial relations therefore, deals with the ways these rules are created, interpreted, administered and changed with the organisation involved in the rule making process. The term “labour relations” connotes conflict resolution processes, because of the differences in goals, conflicts between unions and employers are real and to some extent always underlie the relationship between unions and employers. That is not to say that unions and employers do not have similar goals. The parties have some goals in common, and in the labour relations process, they both try to accommodate each of the parties' separate goals while enhancing the likelihood of realizing common goals.

According to DeSimone and Harris (1998), labour relations activities include developing communication systems through which employees can address their grievances and problems. Obeng-Fosu (1999) also submits that the parties involved in industrial relations are the trade unions, employers as well as the government. An important factor to remember about the employment relationship is that generally, it is the employer who has power to dictate the contractual terms unless they have been fixed by collective bargaining. Individuals, except when they are in much demand have little scope to vary the terms of the contract imposed on them by their employers. Pettinger (1999), also is of the view that the framework of industrial relations is tripartite.

Obeng-Fosu (1999) and Pettinger (1999), agree that industrial relations involve the work of three groups of people which is the legal framework or components of industrial relations.

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Components of industrial relations

Pettinger (1999), posts that the components of industrial relations is tripartite and the parties involved are the government; employees, their representatives and trade unions; and employers, their representatives and associations. Pettinger (1999) further, states that the first party, the government is the single major universal influence on industrial relations everywhere. It is the single largest employer responsible for the pay, terms and conditions of employment of the civil service, the armed forces, the police, the emergency services, local government and services, nationalized industries and utilities, health and social services. The government sets standards of employment and industrial relation practice that others would be expected to follow. It makes employment and industrial relations laws, and set the standards and boundaries for practice. The government also establishes codes of conduct, codes of practice and employment protection policies.

Pettinger (1999) also records that the second party in the tripartite is the employees. He says the interests of employees at the workplaces are looked after by trade unions, staff associations, some professional bodies and the individuals themselves, but over the years the greatest single influence has been trade unions. Trade unions were first established to protect employees' interests. The employer is represented by trade federations and associations, individual companies and organizations. The function of the employer in industrial relations is to set standards of staff management, attitudes, behaviour and performance for the organization or company, to set terms and conditions of employment, and pay levels and methods and to act in a fair and reasonable way towards all employees at the workplace. The diagram below shows the players in industrial relations and how they are related. The distribution of power amongst these groups can greatly shape the way an economy functions (Wikipedia 2008).

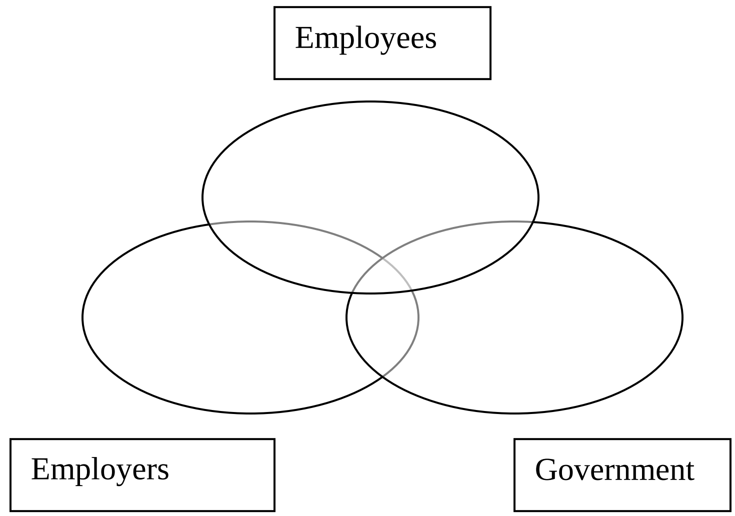

Figure 1.

The tripartite system of industrial relations

Source: Pettinger (1999)

The Labour Act 251 (2003), according to Obeng-Fosu (1999) made provision for trade unions, collective bargaining, conciliation, and other matters which are intertwined with the term industrial relations. The next section therefore looks at these interest concepts of industrial relations.

Theoretical perspectives of industrial relations

Industrial relations scholars have described three major theoretical perspectives or frameworks that contrast in their understanding and analysis of workplace relations (http://en.wikipedia.org/wiki/Industrial_relations). This site, states three theories or views of industrial relations known as unitary, pluralist and radical. Each of these offers a particular perception of industrial relations and the study takes a look at these individually.

The unitary perspective

In unitary, the organization is perceived as an integrated and harmonious whole with the ideal of “one happy family” where management and other members of staff all share a common purpose, emphasizing mutual cooperation. Furthermore, unitarism has a paternalistic approach where it demands loyalty of employees, being predominantly managerial in its emphasis and application. Consequently, trade unions are deemed as unnecessary since the loyalty between employees and organizations are considered mutually exclusive, where there cannot be two sides of industry. Conflict is perceived as disruptive and the visible result of agitators, interpersonal friction and communication breakdown.

The pluralist perspective

In pluralism, the organization is perceived as being made up of powerful and divergent sub-groups, each with its own legitimate loyalties and with their own set of objectives and leaders. In particular, the two predominant sub-groups in the pluralist perspective are the management and trade unions. Consequently, the role of management would lean less towards enforcing and controlling and more toward persuasion and co-ordination. Trade unions are deemed as legitimate representatives of employees; conflict is dealt by collective bargaining and is viewed not necessarily as a bad thing and, if managed, could be channeled toward evolution and positive change.

The radical perspective

This view of industrial relations looks at the nature of the capitalist society, where there is a fundamental division of interest between capital and labour, and sees workplace relations against this history. This perspective sees inequalities of power and economic wealth as having their roots in the nature of the capitalist economic system. Conflict is therefore seen as inevitable and trade unions are a natural response of workers to their exploitation by capital. Whilst there may be periods of agreement, the Maxist view would be that institutions of joint regulation would enhance rather than limit management's position as they presume the continuation of capitalism rather than challenge it.

(http://en.wikipedia.org/wiki/Industrial_relations

It could be observed that trade unionism runs through the Pluralist and the Radical theories of industrial relations and this leads us to find out what these trade unions are their origin and role in Ghana.

Definition of a trade union

A number of definitions have been provided to explain the terms 'Trade Union' and 'Labour Union'. A trade union, according to Webb and Webb (1920) (cited by Hollinshead et al, 1999), is a continuous association of wage earners for the purpose of maintaining or improving the conditions of their working lives.

The American Heritage Dictionary refers to a Labour Union as an association of wage earners formed for the purpose of serving members' interests with respect to wages and working conditions. Barron's Dictionary also defines a Labour Union as an association of workers for the purpose, in whole or in part, of bargaining, on behalf of workers, with employers about the terms and conditions of employment. Boone and Kurtz (1999) as stated in the Encyclopaedia of Business defines a Labour Union as a group of workers who have banded together to achieve common goals in key areas of wages, hours, and working conditions. These definitions convey two significant features of a Trade union and or Labour union:

- It is an organized group
- It is composed of wage earners

The Labour Act 2003, (Act 651) of Ghana defines a trade union as an association of workers, the principal purposes of which are to promote and protect their economic and social interests and which is registered under Section 84 of the Act and includes a federation of trade unions registered under the Act.

This definition, apart from stressing the fact that a trade union is an organised group and composed of wage earners, also states the role of the union, that is, to promote and protect economic and social interests of its members. Unions therefore play significant roles in the labour relations process to the benefit of their members. Present day labour unions have their beginnings dating far back into history. The next section of the dissertation would look at the historical development of labour unions in the developed countries, and then narrow down to the historical development of trade unions in Ghana.

Historical development of trade unions

Various scholars have traced the beginning of trade unionism to different sources. While some historians compare trade unions with medieval craft guilds – an association of skilled workers in Europe during the Middle Ages (between AD 400 and AD 1500), others believe that unions were formed by workers to protect themselves against the effects of price competition between companies – competition among companies led to a fall in prices of companies' products and subsequently to a fall in profits. To avert the problem, employers sought to pay workers less in order to reduce cost and increase profits, or maintain pay levels and persuade employees to increase production, or a combination of both methods. Some historians believe that workers formed unions in order to protect themselves against these actions of their employers which would have an adverse effect on them. Most writers and historians trace the beginning of labour unions to the period of the industrial revolution which date back to the 1700s and 1800s.

Development of trade unions in Ghana

Assens and Jensen (2003), record that the current vibrant trade union movement in Ghana has deep roots in the country's historic development from colonialism to independence. The Gold Coast (Ghana) represented an important economic and commercial interest to the British as a source of cheap primary commodities and raw materials. British capital was invested in various sectors of the colonial economy and employed the natives in the mines, plantations, timber firms, wholesale trade, transport, shipping and other allied activities. This development soon saw a growing number of confrontations between capital and labour.

According to Assens and Jensen (2003), trade unions were allowed by law, and the poor working conditions and discrimination against the indigenous labour force triggered a series of labour strikes against the colonial administration. The workers' first organized campaign took place in the Gold Coast in 1919, when mineworkers embarked on a strike. Obeng-Fosu (1999) explains that the strike action was embarked upon by both mineworkers and Public Works Department workers in protest against the delay in payment of their wages. This successful strike action paved the way for a series of subsequent industrial actions. The colonial rule sought to curb these protest by passing an ordinance which made strikes a penal offence.

On 1st April 1938, the Gold Coast Labour Department was established with the legal backing to deal with labour administration generally. The establishment of the Labour Department was in response to a report on a survey conducted by a British trade unionist, Captain J. R. Dickenson, at the request of the colonial agency of government. The Head Office of the Labour Department which was at Kumasi was moved to Accra in 1942, possibly because the seat of government was in Accra so that the labour department could be close by for consultations when necessary.

In 1941 a Trade Unions Ordinance was passed, paving the way for the formation of the Trades Union Congress (TUC) in 1945 with fourteen craft unions and a total membership of 6,030 workers. Its headquarters was in Sekondi, Western Region, and had Mr. C.W. Techie-Menson as president and Mr. Mumford Gaisie as General Secretary. (Obeng-Fosu 1999).

In 1957 the Convention People's Party (CPP), led by Dr. Kwame Nkrumah backed strongly by organized labour and other nationalist groups, won political independence for the country. In 1958, the CPP-led government introduced the Industrial Relations Act of 1958 designed to strengthen trade unions in Ghana. The act gave legal backing to trade unions for the first time. It gave legal recognition to the Trades Union Congress and made collective bargaining compulsory. It gave legal backing to the check-off system under which trade union dues were deducted at source and paid to the unions. The government also provided the TUC with the building which houses the TUC's and the affiliated unions' headquarters as a tribute to the labour's contribution in the struggle for liberation.

The Industrial Relations Act of 1958 was replaced by the Industrial Relations Act of 1965. The 1965 Act, like the 1958 Act, made the TUC the sole representative of the trade union movement in Ghana. Any union wishing to apply for a collective bargaining certificate from the Registrar of Trade Unions had to apply through the TUC. This monopoly status has been criticized as contravening ILO Convention No. 87, and the country's constitution, which allows freedom of association. The Labour Act, 2003 (Act 651) has repealed the TUC's monopoly status and provides that a trade union or employers' organization shall apply in writing to the Chief Labour Officer to be registered [Section 83, (1)].

The TUC's close relationship with the CPP government did not only benefit the labour movement, it also had its costs in terms of a loss of independence. The CPP regarded the TUC as a wing of the party and felt free to interfere in union matters in several ways, including making appointments to leadership positions in the TUC. This raised opposition among some unionists, and with the difficult economic situation in the mid-1960s many rank and file workers turned against the government. When the CPP government was overthrown by the military in 1966, many workers welcomed the change, and the alliance with CPP collapsed.

The arrival of Ghana's first military regime represented a setback to the TUC in other respects. Some of its leaders were arrested and held in custody for a while, and the new government repealed section 24 of the Civil Service Act, which had made trade union membership compulsory for civil servants. This naturally led to a loss of membership.

This situation continued until the emergence of the Provisional National Defence Council (PNDC) government in 1981 through a military coup. The PNDC regime sought to exploit the organizational power and militancy of the labour movement. However, unlike the CPP, the PNDC failed to receive the full and sustained support of the leadership of the TUC. Being very much a populist regime, the PNDC issued a decree for the formation of People's/Workers Defence Committees (P/WDCs) in all communities and workplaces throughout the country by 1982. The defence committees were to defend the democratic rights of the people and expose corruption and all tendencies that sought to undermine the "revolution". The WDCs ran parallel to the existing trade union and worker participation structures. Being organs of state power, the WDCs became powerful owing to the political support they received from the ruling PNDC government. They were used to counter the leadership of the trade union and to curb the trade unions in order to make way for the implementation of the government's new Economic Recovery Programme (ERP).

The ERP, introduced by PNDC in 1983 in collaboration with the IMF and the World Bank, was characterised by disregard for collective bargaining. In 1982, the WDCs were used to wage a persistent series of attacks against the top leadership of the national unions and the TUC. (Obeng-Fosu 1999). The same year, a group of workers calling itself the Association of Labour Unions (ALU) invaded the TUC headquarters and forcibly threw the entire leadership of the TUC and other national union leaders out of office. This group (ALU) backed, at least tacitly, by the government, set up Interim Management Committees (IMCs) for both the Congress and the affiliating national unions, and pledged itself to reforming and democratizing the labour unions, including the TUC. Strictly, however, only unions which hold a collective bargaining certificate can call a legal strike, as only they fulfil the legal conditions.

In 1998 the Ghana Federation of Labour (GFoL) was established as a new national centre for workers. The founding organizations were the Ghana National Association of Teachers, the Ghana Registered Nurses' Association, the Textiles, Garment and Leather Employees' Union and the Lotto Receivers' Association. Explaining the rationale behind the formation of GFoL, (a second national centre), Gockel and Vormawor (2004) state that in 1993, workers in some of the textile and garment enterprises broke away from the Industrial and Commercial Workers Union of the TUC to form the Textile, Garment and Leather Employees Union (TGLEU) and were registered as the eighteenth (18th) national union by the Registrar of Trade Unions. The TUC refused to admit the union into its membership due to a provision in its constitution that debarred break away factions of an existing affiliate from becoming a member of the TUC. This denial of affiliation was the added impetus that accounted for the formation of the second national centre, the Ghana Federation of Labour (GFoL). As it was, TGLEU was in the fore front in the formation of GFoL when it was not possible for this union to get the necessary recognition from the TUC. Indeed, it is the General Secretary of TGLEU (Mr. Abraham Koomson) that currently holds the position of Secretary General of the GFoL. The current Secretary General of the TUC is Mr. Kofi Asamoah.

In conclusion, membership of trade unions has been declining the world over. This has been attributed to the increasing number of part-time workers who are less likely to join unions, increase in the proportion of workforce employed by small companies where it is often difficult for unions to organize, and the progressive fall in the number of jobs in the manufacturing industries. To survive and maintain their membership, trade unions will need to develop new capabilities and new structures in order to satisfy workers need for lifelong learning and skills retraining, information on job opportunities and continuous benefit coverage.

The role of unions

One major role of unions is the satisfaction of economic needs of workers. According to Bohlander, Snell & Sherman (2001), whether or not a union can become the bargaining agent for a group of employees will be influenced by the degree of dissatisfaction, if any, with their employment conditions. Also, the workers' perception of the union's ability to be effective in improving the conditions of work greatly influences an employee's urge to join the union. Trade unions therefore negotiate better conditions of work (such as wages and benefits) on behalf of their members.

Unions work to ensure that their members are fairly treated by management in areas such as promotion, transfer, shift assignment, and other job-related policies. As Hollinshead, Nicholls & Tailby (1999) posits; unions seek to prevent employers from arbitrary treatment of their members by negotiating rules that govern the employment relationship and representing members on an individual basis in cases of disciplinary action, potential dismissal or discrimination.

Unions also fulfil the social needs of their members. Bohlander et al (2001) confirm this when they state that employees whose needs for status and recognition are being frustrated may join unions as a means of satisfying these needs. Through their unions, they have an opportunity to fraternize with other employees who have similar desire, interests, problems and gripes. As unions interact with employers, they help to establish the framework within which employers and employees must operate to ensure harmony within the organization.

The above-mentioned roles are referred to as the traditional roles of unions. These roles of unions are however changing. According to Anthony, Perrewe & Kacmar (1999), over the past century or more, the union-employer relationship was basically an adversarial relationship with each side having different objectives or interests. Unions defined their role as challenging management rather than cooperating with it, believing that it was the best way to advocate their members' interests. However, Anthony et al (1999) submit that the situation has changed, with the cooperative efforts between management and unions increasing.

Laws regulating the employment relationship in Ghana

There are laws regulating employment and the relationship that should exist between the employer and the employees in Ghana but this work would limit itself to the Labour Act.

The Labour Act 2003, (Act 651)

This Act, which received presidential assent on 8th October 2003, seeks to amend and consolidate the laws relating to labour, employers and trade unions, and to establish the National Labour Commission. Under this Act, one notable amendment is that a trade union can be formed by two or more workers instead of five or more. The Act provides for unions and employers' organizations, fair and unfair treatment, and collective agreement, among others.

As already stated above, one major role of unions is the satisfaction of economic needs of its members. Unions also seek the fair treatment of their members by management in areas such as promotion, transfers and other job related policies. Hollinshead et al (1999), also suggest unions seek to prevent employers from arbitrary treatment of their members by negotiating rules that govern the employment relationship by representing members on an individual basis in cases of disciplinary action, potential dismissal or discrimination. The employment relationship is therefore negotiated through collective bargaining by union representatives bargaining with management and its representatives. This then brings us to 'what is collective bargaining?'

Meaning of collective bargaining

According to Edwards (1995), a collective bargaining is an agreement between an employer or a group of employers and the representatives of a group of workers, which prescribes certain rules. These rules may be substantive (the level of wages to be paid, holiday entitlement etc) or procedural (e.g., what is to be done if there is a dispute between the parties). In the view of Noe et al (2004), collective bargaining is negotiation between union representatives and management representatives to arrive at a contract defining conditions of employment for the term of the contract and to administer that contract. That means in collective bargaining, a union negotiates on behalf of its members with management representatives to draw a contract defining conditions of employment for the term and to resolve differences in the way they interpret the contract. Typical contracts may include provisions for pay benefits, work rules, and resolution of workers' grievances.

The legal basis of collective bargaining

There are certain legal and structural pre-conditions for collective bargaining. The ratification of the Freedom of Association and Protection of the Right to Organized Convention, 1948 (C87) and the Right to Organized and Collective Bargaining Convention, 1949 (C98), two of the fundamental International Labour Organization (ILO) Conventions, is essential to provide a legal basis. In Ghana, The Labour Act, 2003 (ACT 651) provides the legal basis for collective bargaining. Specifically, sections 96 of the Act states that:

'Subject to the provisions of this Act, a collective agreement relating to the terms and conditions of employment of workers, may be concluded between one or more trade unions on one hand and representatives of one or more employers' organisations on the other hand.' Section 97 of the Act also stipulates the duties of the negotiating parties and the need for them to negotiate in good faith. Indeed, the whole of part XII, which covers Sections 96 to 111, is on collective agreement.

The written contract

Many issues can be bargained over during negotiations. Items agreed on are put into a written contract and both sides must sign the contract in good faith and indicate their willingness to abide by the decisions reached in negotiations. The Labour Act, 2003 provides in section 106 that parties to the negotiations shall bring the terms of the concluded collective agreement to the notice of all the workers concerned. It also states in section 107 that:

- Every collective agreement shall be for a term of at least one year.
- A party to a collective agreement shall not give notice under section 102 requiring the other party to negotiate with respect to any matter governed by a collective agreement unless at the time when the notice is served, that agreement is due, either as a result of the notice given under this section or otherwise, to expire within twenty eight days after the service of the notice. The next sub-heading demonstrates how negotiations are done by management and union executives.

Proposals and counter proposals

When union executives/labour and management meet to negotiate salaries and working conditions, both take extreme positions. Then through a series of proposals and counter proposals, they eventually compromise on an acceptable medium. The figure on the next page shows contract negotiations between management and labour during collective bargaining. Figure 2 represents a positive negotiating zone. It shows the union's real position as being somewhere below managements real position. There is some overlap between both sides' demands. Figure 3 represents a negative negotiating zone. It indicates that the best offer management is willing to make is less than the smallest offer the union is willing to accept. Negotiations falling into this zone usually result in work stoppage. Thus, at this point, some other method – mediation, arbitration, or compulsory investigation and delay- may be necessary to settle the dispute.

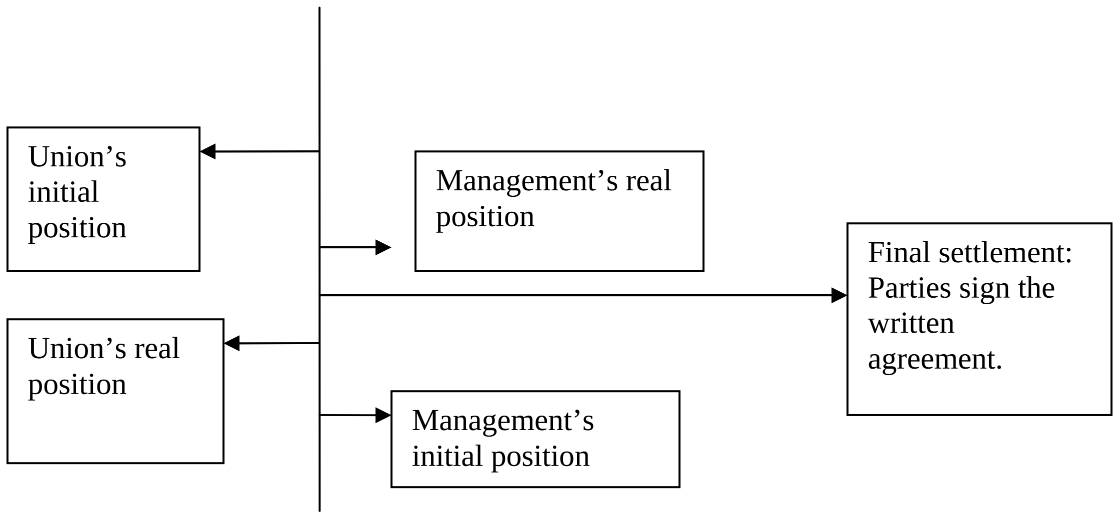

Figure 2.

Healthy bargaining process which results in an agreement being reached

Source: Lewis P.V. (1983) *Managing Human Relations*.

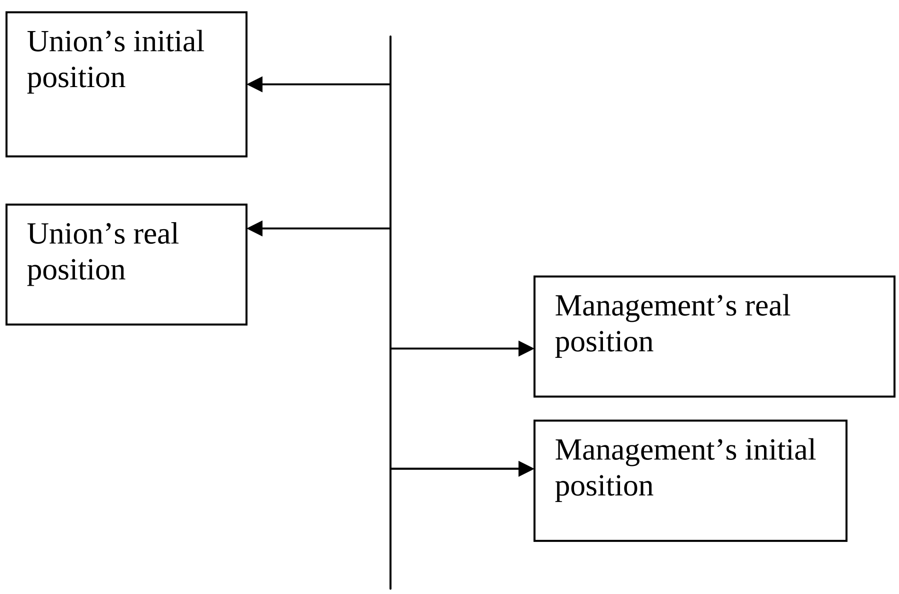

Figure 3.

Deadlock in the bargaining process – no agreement reached

Source: Lewis P.V. (1983) *Managing Human Relations*.

During the initial stages of contract negotiations in either zone, the union makes excessive demands in its proposals and management counters with a proposal that also is far removed. The goal is to reach a midpoint acceptable to both groups. Once the two groups have reached that point, their agreement is incorporated into a written contract.

Formalizing the agreement

When the proposals are finally agreed upon, they must be reduced to clear and unambiguous contract wording. Anthony et al (1999) provide the following steps to formalizing the agreement:

- The contract should be submitted to lawyers on both sides to ensure that the agreed-upon provisions are transferred into an appropriate language that is both understandable and enforceable.
- Appropriate news releases and a joint union-company news conference may be appropriate. This is to help disseminate the facts to members rather than let the issue be disseminated by rumour.
- Internal publications from the union and company should communicate the most important aspects of the agreement.
- If the settlement involves major changes in work rules, compensation packages, or benefit allowances, human resource managers should prepare and offer appropriate training and development programmes for both managers and workers.

Both the union leadership and company management need to clearly state their commitment to make the agreement work, recognizing that whether the process was rough or smooth, all parties must now work together to abide by the settlement. Mergers and acquisitions present considerable challenges to employers, employees and trade unions. The study now takes a look at how industrial relations work in a merger or acquisition.

Industrial relations and mergers and acquisitions

There is a growing trend throughout the world of companies merging and acquiring others. The main reason why companies do enter into such arrangements is to consolidate their power and control over governments and markets (Palane 2001). Where mergers and acquisitions occur workers become the first victims in terms of retrenchments, compromised industrial relations, changed working culture and conditions of work sometimes to the worst. Although there are many valid reasons for mergers and acquisitions to take place, approaches taken in most cases are always distanced from the industrial relations or social issues. These issues are only considered towards the end of the whole process when there are only a few days left to commence with the new merged arrangement. It should be understood that industrial relations are not totally dependent on the industrial environment and shop-floor relationships, but also by the socio-political and economic factors within which companies operate (Palane 2001). If not properly managed, mergers and acquisitions could lead to problems in industrial relations and also poor social relations.

The merger syndrome

Both individuals and organisations have relatively consistent patterns of reaction to a merger. Individuals typically become withdrawn and preoccupied with their own survival, and organisations tend to withdraw into crisis management, which often involves secrecy and centralised decision making: in most cases this organisational response exacerbates the negative impact of the merger on employees. Executives may be optimistic about the merger, because they have more control over the situation and better access to information. The majority of staff, on the other hand, is typically pessimistic or angry about the change. Hunsaker and Coombs (1998) have provided a nine-stage sequential model of employees' emotional reactions during a merger or acquisition, which describes what, has come to be known as the 'merger syndrome':

At first employees feel that the merger will not really happen or that it will not change their work or their organisation. As plans for the merger begin to unfold, employees begin to fear the unknown and to imagine the worst. Workers become preoccupied with job loss as rumours of mass layoffs and terminations circulate throughout the company. This typically leads to substandard performance and a decline in productivity.

Once employees feel that they have no control over the situation and that the merger is inevitable, they begin to express anger towards those responsible for the deal. They may feel that they have been sold out after providing the company with many years of quality service.

Employees begin to grieve the loss of their corporate identity; they focus on the differences in the way the two companies operate and are managed and adopt a 'we' versus 'them' mindset. After a sufficient mourning period has elapsed, employees begin to realize that resisting the situation would be futile, and they start to accept reality. This may imply behavioural compliance but not necessarily renewed organisational commitment.

After much of the integration is completed, employees begin to feel more settled in the new organisation and become more accustomed to working with employees from the other company. At this stage, they feel that things are actually better than they had expected.

As people become more secure in their new positions, they begin to consider the benefits of the new organisation. They perceive their situation as a challenge and try to prove their abilities and worth in the new company. Employees recognise new opportunities and begin to like their work. Lastly employees become committed to their new organisation.

Palane (2001) records that merging two companies that have been doing similar activities may mean duplication and over-capacity in the company that may require retrenchments. As layoffs and downsizing in mergers are part of retrenchments the study takes a look at such an event and its management.

Layoffs and downsizing

Anderson (1999) records that duplication of function is almost inevitable when two organisations merge, therefore layoffs and downsizing are common. He suggests that there may be several significant organisational benefits from offering assistance to workers who have been terminated, including improved morale among the remaining work force. Perhaps more than any other event, downsizing provides an opportunity for the company to demonstrate that it cares for its employees and considers its human resources its most valuable asset.

A related consequence of mergers is unanticipated turnover. Many employees leave the company voluntarily after the merger announcement or during the difficult transition period. Typically, it is the best performers that leave, because they are the most marketable and can easily find work elsewhere (Pappanastos, Hillman & Cole 1987). A United States of America study found that almost 50 percent of the executives in acquired companies leave within one year, 75 percent within three years, and 58 percent of managers within five years (Walsh 1988).

Organisational culture

Anderson (1999) also posts that the ease of integrating the organisations will be affected by the compatibility of the two cultures, the strength of each culture, and the type of merger. A corporate culture provides employees with identity and stability; they tend to be committed to organisations with strong corporate cultures, which make the merger process more difficult. Employees typically emphasise or exaggerate the differences between organisational cultures; they tend to perceive that their way of doing things is superior to the style and practices of the other company (Pikula 1995). Distorted perceptions and hostile feelings toward employees from the 'other organisation' may become common, and failures are typically attributed to the other company. The result may be post-merger conflict, or culture clash.

Large companies have an advantage of accessing capital easily than small companies so companies want to merge to take advantage of this. This reduces risk associated with the sector like in the petroleum industry where risks and costs are very high. In the case of the mining industry the majority of mergers and acquisitions are influenced by the volatility of the market, like the gold mining sector where prices have been dwindling very sharply (Palane 2009).

Human resources and industrial relations some practices during a merger

Merger syndrome can be managed and controlled if communication is frequent, open, and honest at all levels of the organisation. The following best practices are highlighted:

- When senior human resource personnel are included in the strategic decision making, organisations gain a better understanding of the human implication of the merger. Human resource staff should conduct cultural audits to determine whether the cultures of the organisations are compatible and provide recommendations for overcoming their differences.
- Frequent and regular communication should be provided during and after the merger and acquisition event (Pappanastos et al 1987). Because employees experience more stress and anxiety when they are uncertain about their future (Hunsker and Coombs 1988), organisations should

inform all employees of merger plans at the same time as, or in advance of any press release (Cartwright & Cooper 1992). Employees who are kept informed about the progress of the merger and who understand why certain decisions are being made take a much more favourable view of the event than those who feel uninformed. Firms that conduct quick assessments of their human resources are in a better position to determine what actions will be necessary to retain talented individuals.

Workforce management from buyer's perspective in a merger

Buyers' may believe they lack the necessary leverage to take an aggressive position on workforce transition. On the http://www.pur.com/pubs/3094.cfm it is recorded that to secure union support, and thereby restrict buyer flexibility, some of the following conditions must be adhered to;

- The buyer must recognise the union as the authorised bargaining agent;
- The buyer must adopt the collective bargaining agreement for the existing term, which may have been extended in anticipation of the sale;
- The buyer must provide equivalent or otherwise duplicate existing pension and welfare benefit plans, providing full credit for service, and
- Finally, the buyer must offer comparable employment to all current plant employees, including those on long-term disability.

Operating non-union is almost never an option for the buyer, since the seller typically has gained workforce and community support by requiring a union friendly transaction. Moreover, the buyer's influence over the how and extent of workforce reduction has often been constrained by the seller's promises to its employees and bidding restrictions. Similarly, the buyer's ability to implement immediate change is restricted by the existence of long-term collective bargaining agreements, which at the very least establish a baseline of future expectations.

To sum up this section, one would say it is to the advantage of the merging companies to start engaging representative union right from the beginning of the discussions on the possibilities of merger or acquisition. This will ensure that the problematic areas are addressed when there is still sufficient time than to wait for such problems to arise at the time of implementing the new arrangement. If relationship between management and workers is hostile right from the beginning of the new arrangement, nothing could be achieved on the identified objectives of the arrangement. Industrial relations do not only depend on the industrial environment and shop-floor relationships, but also on the socio-political and economic factors within which companies operate. Mergers and acquisitions if properly managed could solve problems associated with industrial relations as well as problems associated with poor social relations.

CHAPTER THREE

METHODOLOGY

Introduction

This chapter presents the methodology used to conduct the research. It examines the research methodology used in the study, explains how research design, data collection and analysis are used to answer the research questions outlined in the study.

Research design

Case study research approach was used for the study. Robson (2000) suggests all enquiries are case studies and that they take place at particular times in a particular place with particular people. The case study research method was therefore used to get the required understanding of the topic. Also due to the time frame within which this study has to be completed and the money involved 235 respondents were selected for interviews and for the administration of the questionnaires out of which 194 responded. A related literature review point to this fact that a small sample of in-depth case study is more appropriate than a large sample (Yin, 1994). Harris and Piercy (1999) and Harris (2000) also proposed a small sample for case study.

Population

Brightman (1999) defines population as the entire group of elements about which you want information. The population for the research consists of employees of Anglogold Ashanti-Obuasi mine, who were in Ashanti Goldfields Company before the merger and who are still workers of the company; a total of about 4,300 workers.

Sample and sampling procedure

The study was conducted using the quota sampling method. Anglogold Ashanti-Obuasi mine workers were put into groups of managers, union executives and shop floor workers and quotas assigned to each group. The following criteria was used in selecting the sampling frame; (i) workers who were in Anglogold Ashanti-Obuasi before the merger, (ii) those workers who joined Anglogold Ashanti-Obuasi after the merger. A total of 235 respondents were selected comprising 20 managers (senior managers and line managers), 15 union executives and 200 for shop floor workers.

Quota sampling as Kumekpor (2002), records is a share assigned to a group or each member of a group. It is the maximum number or proportion acceptable or admissible for each specific group. In quota sampling, a specific number is assigned to each group of units in the population. Once the quota for each sub-division of a population is fixed, the actual selection of the units to be studied is left with those engaged in the actual interviewing. An advantage of quota sampling is that quotas can be adjusted to purposely over-represent certain categories which if selected by random sampling, may not be present in sufficient numbers for significant statistical estimates to be based on the results. The reason for choosing quota sampling method is based on the fact that Anglogold Ashanti-Obuasi is a large and diverse company, with employees having different occupations and skills, put in different departments. The main objective of quota sampling is that a specific number is assigned to each group or department in the company for easy reach and assessment.

This design was chosen in view of the fact that this is a small scale study of a relatively short duration and also involved a systematic collection and presentation of data to give a clear picture of how industrial relations was managed in the merger in Anglogold Ashanti-Obuasi.

Sources of data

The study used both primary and secondary sources of data. Anderson, Sweeney and Williams (1996), define data as the facts and figures that are collected, analysed, and summarized for presentation and interpretation. Web (2000), also submits that research which has been carried out by someone else for another purpose is classed as secondary data. Research which has been designed by us to answer specific research questions is primary research. Primary data was collected by using interviews and questionnaires on selected employees. Published and unpublished literature from websites, textbooks, journals, and reports were used for the secondary source of data. Secondary data was also collected from mine workers' union office, Accra.

Research instruments

Self-administered close-ended and open-ended questionnaires were used to gather data for the research because it was realized most respondents were literate and therefore could answer the questions without much assistance. Close-ended questions were also used because they were easier to answer and saved time as most of the respondents' work schedules were on shift bases and did not have much time to spare. Close-ended questions are easy to analyse but limit respondents at times and do not give a true reflection of the respondent's views. A few open-ended questions were asked to seek respondents' personal opinions on some of the issues raised in the questionnaires. Questionnaires were designed for shop floor workers, union executives and managers. Each questionnaire had three sections; A, B and C. Section A was used to collect data on workers, demographics, section B was designed to collect information on the merger and industrial relation issues and section C was designed to collect information on performance of Anglogold Ashanti Obuasi after the merger.

Unstructured interviews were also conducted on some managers and an official at the Mine Workers' Union; these interviews were very informal talks on topics desired by the student. Respondents for both interviews and questionnaires were reminded that the exercise was voluntary and would be kept confidential. Respondents were also promised that the data would only be used for academic purposes by the University of Cape Coast and not be released for public use.

Data analysis

The Statistical Products and Service Solution Software (SPSS) for data analysis was used to generate statistical tables. Each completed questionnaire was checked for any mistakes before entries were made. The following was done to come out with results for descriptive analysis: (i) all the variables were assigned with names and coded to be entered into the computer; (ii) to facilitate computer data entry all responses were coded; and (iii) data files were carefully screened in order to minimize the data entry error. That is frequency checks were made for each variable in order to detect the out of range values. Then frequency distributions and percentage distributions were used to summarize data; tabulation was done to orderly arrange data in a table or summary format; and cross-tabulations were used to allow the inspection of differences and to make comparisons.

CHAPTER FOUR

ANALYSIS AND DISCUSSIONS

Introduction

This chapter presents and discusses the findings of the research. There is first and foremost a descriptive analysis of the study including findings of the characteristics of workers from Anglogold Ashanti Obuasi, how the entire workforce was involved in the merger and acquisition process and the success or failure of the merger in relation to industrial relations. The research questions for the study are: (i) How were workers integrated into the merger process? (ii) How effectively was communication used before and after the merger? (iii) How do workers assess collective bargaining after the merger? (iv)What benefits do workers think they have derived from the merger? (v) What is the relationship between management and workforce before and after merger? (vi) What is the future of Anglogold Ashanti-Obuasi mine in terms of industrial relations after the merger?

Descriptive statistics

Descriptive findings of the research study are presented in this section and these are linked with objectives (i), (ii), (iii), (iv) and (v). Out of the 200 sample size chosen for shop floor workers, 176 responded, out of the 20 sample size chosen for managers 8 (managers comprise senior managers and line or departmental managers) responded and out of 15 union executives targeted 10 responded. In total 235 questionnaires were distributed but 194 were recovered which represented 82.5% of recovery rate. The difference of 17.5% was due to either respondents refusing to participate or completing the questionnaires half-way.

Table 1.

Composition of sample (Actual respondents)

Workers	Number of People	Percentage
Shop Floor Workers	176	90.7%
Union Executives	10	5.2%
Managers	8	4.1%
Total	194	100

Source: Field survey, 2008

Demographic characteristics of workers

This questionnaire was administered to workers in Anglogold Ashanti, Obuasi. Workers are to state their ages as at the time they were responding to the questionnaire. Respondents are supposed to be workers in this organization when the merger took place.

Table 2.

Ages of workers

Age	Workers			
	Shopfloor Workers	Union Executive	Managers	Total
Below 30	12	0	0	12
31-40	20	0	1	21
41-50	124	10	3	137
Over 50	20	0	4	24
Total	176	10	8	194

Source: Field survey, 2008

Results from Table 2 indicate that 6.2% (12) of workers are below the age of 30 years. About 10.8% (21)of workers are between the ages of 31 and 40 years. Another category of workers 70.6% (137) were between the ages of 41 and 50 years whilst 12.4% (24) of workers are above 50 years. In sum about 83% of workers are above 40 years. This is really an ageing workforce; the company would have to put a human resource replacement plan in place to replace these workers in the near future. Workers of this age group are usually more responsible, they would not like to change jobs quickly because they may have families they are catering for and may want to prepare for their retirement. Labour turnover here may be minimal.

The percentage of workers below the age of 40 years is 27%; this is good for a change programme as young people are versatile and easily adapt to change than the older workers who are conservatives. The other side of the coin is that most of the younger workers may not have been in the company when the merger was initiated and therefore, may not make good assessment of events.

Education levels of workers

Table 3 shows the education level of workers. Some of the respondents indicated they have tertiary qualifications. Tertiary here is limited to polytechnics, diploma awarding institutions and universities. Graduates from universities are made senior staffs immediately employed.

Table 3.

Education level

Educational Level	**Workers**			
	Shopfloor Workers	Union Executive	Managers	Total
None	8	0	0	8
Form Four	80	0	1	81
O'Level	20	2	0	22
Tertiary	60	8	7	75
Other	8	0	0	8
Total	176	10	8	194

Source: Field survey, 2008

Results in Table 3 show that 4.1% (8) of workers do not have any formal education and about 41.8% (81) of workers are form four leavers. Workers who have 'O' level certificate were 11.3% (22) and about 38.7% (75) of workers have tertiary education whilst 4.1% (8) of workers had other forms of education from technical training schools and commercial or business schools. On the whole 45.9% of workers were Middle School Form Four leavers and below. This is typical of the mining industry; most of these low level educated are usually junior staff workers who are unskilled but may have worked for several years therefore have experience on the job. Their experiences make them strong and sometimes become very vocal rising through the ranks to become Union leaders. This answers the reason why one can get very dedicated people being union leaders but their spoken and written English not too strong. About 50% of workers were also 'O' level Certificate holders or University graduates. This is good for the mining industry because literacy would help them understand labour matters easily and quickly and can contribute to union activities effectively.

Years of Service

Years of service here means the number of years they have worked for the company before and after the merger.

Table 4.

Years of service

Year of Service	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Less Than 5	4	0	1	5
6 – 10	36	0	0	36
11 – 15	44	6	2	52
16 -20	44	4	2	52
Above 20	48	0	3	51
Total	176	10	8	194

Source: Field survey, 2008

As much as 79.9% (155) of the workforce has worked for more than 10 years. Mining companies have the capacity to retain employees because of the attractive wages they offer their employees such that the rate of job turnover is low. This 79.9% also reflects the job security offered by mining companies. This also reiterates the fact that workers can get experienced people in union matters to take up leadership positions in the organization.

Expected years to work

Respondents were asked to indicate the number of years they would like to work for Anglogold Ashanti Obuasi as their new employer. The results are presented in table 5.

Table 5.

Expected years to work

Expected Years to Work	**Workers**			
	Shopfloor Workers	Union Executive	Managers	Total
Nil	24	0	0	24
1 – 2	20	0	1	21
3 – 5	60	0	5	65
Above 5	72	10	2	84
Total	176	10	8	194

Source: Field survey, 2008

Table 5 shows that 12.4% (24) of respondents would not like to work for the company and therefore anytime they get the opportunity they would leave.

About 10.8 % (21) of respondents would like to work between 1 and 2 years and 33.5% (65) would like to work between 3 and 5 years. Lastly, 43.3% (84) would like to work for more than 5 years. The 43.3% who would like to work above 5 years is a confirmation of the job security that mining companies offer. Mining companies also offer competitive remunerations, protective clothing to workers, try to meet health and safety needs of employees and other better conditions of service which help retain employees.

***Research Question* i:** How were workers integrated into the merger process?

Merger communicated

The research sought to know from respondents whether information about the merger was passed on to workers for discussion to seek their opinion on the merger proposal before the exercise took place. This is about the integration of workers into the merger process.

Table 6.

Merger communicated

Merger Communicated	**Workers**		
	Shopfloor Workers	Union Executives	Total
Yes	56	6	62
No	120	4	124
Total	176	10	186

Source: Field survey, 2008

Findings indicated that 33.3% (62) of respondents said the merger was communicated to them while 66.7% (124) of respondents said the merger was not communicated to them. In the mining set up some workers run shifts; they might not be present at their meeting when probably a durbar was held or a meeting was organized to pass on the information. Information went out alright but how it was packaged to workers might be the problem because information was available to the general public. Secondly, most people do not want change so anything associated with change may not be welcomed.

Agreement level

Respondents were to state their level of agreement to the proposal for the merger.

Table 7.

Agreement level

Agreement Level	**Workers**			
	Shopfloor Workers	Union Executive	Managers	Total
Agreed	20	0	1	21
Neutral	52	6	3	61
Disagreed	104	4	4	112
Total	176	10	8	194

Source: Field survey, 2008

About 10.8% (21) of respondents agreed to the merger proposals whilst 31.4% (61) were neutral on the implementation of the merger proposal. Respondents who disagreed with the proposal were 57.7% (112). The 66.7% from

Table 6 who were not informed about the merger almost tallies with the respondents who disagreed in Table 7 when the results are compared. This could mean that workers may not have understood the principles or the idea behind the merger basically because information did not flow very well to them.

Reasons for agreement

Workers were to state the reasons behind their agreement to the merger proposal if they had agreed.

Table 8.

Reasons for agreement

Reasons for agreement	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Job Security	24	2	2	28
Better Remuneration/Pay	44	4	0	48
Just a Change	60	0	0	60
No opinion	16	4	6	26
It was a general Consensus	32	0	0	32
Total	176	10	8	194

Source: Field survey, 2008

Results from Table 8 indicate 14.4% (28) of respondents said they agreed to the merger proposals for their jobs to be secured. Then about 24.7% (48) agreed for better remuneration or pay, whilst 30.9% (60) agreed because they wanted a change and 13.4% (26) were neutral on the topic. Respondents who said it was a general consensus of workers that there should be a merger were 16.5%

(32). The 30.9% who agreed because they wanted a change might be fed up with the old ways of doing things in the company therefore wanted a change. Mergers and acquisitions are new to our part of the world. A lot of people did not understand the consequences that go with it therefore have no reasons why they should agree. If it becomes necessary for a company to merge or that there should be a takeover, then the workers should be educated very well on the process of merger, its benefits, challenges and failures.

***Research Question* ii:** What was and is the relationship between management and workforce before and after the merger?

Data from Tables 9 and 10 were used to explain the relationship that existed between workers and management before the merger and the relationship that continues to exist between them after the merger.

Table 9.

Relationship before merger

Relationship before Merger	**Workers**			
	Shopfloor Members	Union Executive	Managers	Total
Very Friendly	24	0	0	24
Friendly	32	8	6	46
No opinion	28	2	0	30
Unfriendly	60	0	2	62
Very Unfriendly	32	0	0	32
Total	176	10	8	194

Source: Field Survey, 2008

Findings indicate that 12.4% (24) of respondents said relationship was very friendly, whilst 23.7% (46) of respondents said relationship was friendly.

About 15.5% (30) of respondents had no opinion on the relationship issue before the merger and 48.5% (94) of respondents said either relationship was friendly or very unfriendly.

Industrial relations refer to collective aspect of relations between management and its workforce. The life of most men and women is dominated by work; apart from the domestic sphere majority of those who work are employees rather than employers. The terms and conditions under which they undertake such work is very important to look at.

Table 10.

Relationship after merger

Relationship after Merger	**Workers**			
	Shopfloor Members	Union Executive	Managers	Total
Very Friendly	20	2	0	22
Friendly	4	8	8	20
No opinion	36	0	0	36
Unfriendly	56	0	0	56
Very Unfriendly	60	0	0	60
Total	176	10	8	194

Source: Field Survey, 2008

Results from Table 10 show that 11.3% (22) of respondents said relationship between management and workers after merger is very friendly and 10.3% (20) of respondents said relationship after merger is friendly. About 18.6% (36) had no opinion on the relationship matter. Additionally 28.9% (56) of respondents said relationship after merger is unfriendly whilst 30.9% (60) of respondents said relationship between management and workers is very unfriendly. On the whole about 60% of respondents said relationship is unfriendly. Daft and Marcic (2004), suggest that there is the problem of status and power differences. Low power people may be reluctant to pass bad news up the hierarchy thereby giving the wrong impression to upper levels. High power people may not pay attention or may think low status people have very little to contribute. All of these bring about breakdown in communication which does not promote cordial relationship. That is why about 60% could say relationship is unfriendly. Secondly, it is a responsibility of management to ensure that workers are adequately informed on matters in the company. If information is not getting to shop floor workers, then there is a gap somewhere which must be bridged to promote good and cordial relationship.

***Research Question* iii:** How effectively was communication used before and after the merger?

Information flow before and after merger

Respondents were to use data in Table 11 to indicate the level of satisfaction of information flow in the company before the merger.

Table 11.

Information flow before merger

Information Flow before Merger	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Satisfactory	84	2	2	88
No idea	16	0	2	18
Unsatisfactory	76	8	4	88
Total	176	10	8	194

Source: Field Survey, 2008

Results from Table 11 reveal that 45.4% (88) of respondents said information flow was satisfactory. About 9.2% (18) of respondents said they have no idea about information flow whilst another 45.4% (88) of respondents said information flow was unsatisfactory. On the whole about 54.6% of workers are either neutral or not satisfied with flow of information. Information went out but how it was packaged could be the problem. How did workers understand the message? Did they have the opportunity to ask questions? Marfo–Yiadom (2005), suggests that the greater the distance between sender and receiver the greater the likelihood of breakdowns in communication. He explains that the levels present in an organizational structure influence the flow of information in the organization. A ‘tall’ organization presents more levels, and therefore more links in the channel of communication. Distortion occurs when there is increased links in the organization. If Ashanti Goldfields Obuasi had a tall structure, this could lead to distortions and information may not flow down very well.

Information flow after merger

Respondents were to use data in table 12 to indicate the level of satisfaction of information flow after the merger.

Table 12.

Information flow after merger

Information Flow After Merger	**Workers**			
	Shopfloor Workers	Union Executive	Managers	Total
Satisfactory	64	6	3	73
No idea	24	0	1	25
Unsatisfactory	88	4	4	96
Total	176	10	8	194

Source: Field Survey, 2008

The findings indicate that 37.6% (73) of respondents said information flow after the merger was satisfactory whilst 12.9% (25) of respondents were neutral on the question. About 49.5% (96) of respondents said information flow was unsatisfactory, which is about 50% of respondents saying information flow was unsatisfactory. Also information flow satisfaction moved from 45.4% before merger down to 37.6% after merger, which means there is a decline in how information flow is handled and workers are not happy with events after the merger. Where could the gap be? Managers should pass on information to shop floor workers through their union executives. Union executives should also pass on necessary information to their workers but not withhold it.

Workforce strength and reasons for change in workforce strength

Respondents were asked to state whether workforce strength was increasing or decreasing and the reasons for the change in the workers' number. Their responses are shown in tables 13 and 14.

Table 13.

Workforce strength

Workforce Strength	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Increasing	12	8	0	20
Decreasing	132	0	8	140
Same	16	2	0	18
No idea	16	0	0	16
Total	176	10	8	194

Source: Field Survey, 2008

About 10.3% (20) of respondents said the workforce strength was increasing whilst 72.2% (140) of respondents said workforce strength was decreasing. Also 9.3% (18) of respondents said workforce strength was the same and another 8.2% (16) of respondents were neutral about workforce strength. Some workers would have to become redundant because the merged company may not need these huge numbers. This may be the answer for 72.2% of workers saying there is a decrease in workforce strength.

Table 14.

Reason for change in workforce strength

Reason for Change	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Resignation	12	0	1	13
Redundancies	132	10	7	149
Job Cuts	16	0	0	16
Natural events	16	0	0	16
Total	176	10	8	194

Source: Field Survey, 2008

Table 14 shows that about 6.7% (13) accounted for resignations as the reason for change in workforce strength; 76.8% (149) accounted for redundancies as the reason for change in workforce strength; 8.2% (16) accounted for job cuts as the reason for change in workforce strength and another 8.2% (16) accounted for natural events such as deaths, as reason for change in workforce strength.

***Research Question* iv:** .How do workers assess collective bargaining after the merger?

Respondents are to state how they perceive collective bargaining as a tool for negotiations after the merger.

Table 15.

Use of collective bargaining

Collective Bargaining	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Important	136	10	7	153
Neutral	40	0	1	41
Total	176	10	8	194

Source: Field Survey, 2008

Findings show that 78.9% (153) of respondents said collective bargaining is an important tool for negotiations whilst 21.1% (41) of respondents are neutral on the issue. Union executives know the importance of Collective Bargaining agreements so they all said it is an important tool for negotiations. Noe et al (2004), record that collective bargaining is negotiation between union representatives and management representatives to arrive at a contract defining conditions of employment for the term of the contract and to administer that contract. Typical contracts may include provisions for pay benefits, work rules, and resolution of workers' grievances. Mining companies have very strong unions and Collective Bargaining is a powerful tool they use to make contracts and resolve their grievances.

***Research Question* v:** What benefits have workers derived from the merger?

Respondents were to state benefits that have accrued to them as a result of the merger.

Table 16.

Condition of service change

Condition of Service Change	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Yes	32	8	2	42
No	144	2	6	152
Total	176	10	8	194

Source: Field Survey, 2008

About 21.6% (42) of respondents said there is a change in their conditions of service while 78.4% (152) of respondents said there is no change in their condition of service. In my opinion conditions of service have not changed after the merger, union executives have to negotiate with management to make them better.

Table 17.

How merger has benefited workers

Merger Benefit	**Workers**			
	Shopfloor Workers	Union Executive	Managers	Total
Agree	24	8	6	38
No idea	32	0	2	34
Disagree	120	2	0	122
Total	176	10	8	194

Source: Field Survey, 2008

Results from Table 17 reveals that 19.6% (38) of respondents agreed that the merger has benefited workers and about 17.5% (34) of respondents said they had no idea whether the merger has benefited workers or not. About 62.9% (122) of respondents disagreed that the merger has benefited workers. Palane (2001) stated that while there may be advantages for mergers and acquisitions of companies, the negative aspects outweigh the advantages. Industrial relations become the most compromised aspect of the whole process. Since there are costs involved management will concentrate on how to squeeze out workers from the identified costs without even consulting them. This goes to confirm the 62.9% of respondents who disagree that the merger has benefited workers.

Change in work culture

Information from tables 18 and 19 were used to affirm or disagree that there was a change in work culture after the merger and, the reasons that accounted for these changes.

Table 18.

Change in work culture

Change of Work Culture	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Agree	52	2	2	56
No idea	76	2	5	83
Disagree	48	6	1	55
Total	176	10	8	194

Source: Field Survey, 2008

About 28.9% (56) of respondents agree that there was a change in the work culture after the merger and, about 42.8% (83) of the respondents had no idea as to whether there was a change in the work culture. Lastly, 28.4% (55) of respondents disagree that there was a change in the work culture. For example, a look at the issue of workers taking their annual leaves in Anglogold Ashanti. Workers would not like to take their annual leave but rather, would want to sell it for money because workers used to do that with Ashanti Goldfields Company. The new management would want workers to take their annual rest; there is a culture clash or a change in culture here. The Labour Act, 2003 Part IV sub-section 31, also confirms this by stating that any agreement to relinquish the entitlement to annual leave or to forgo such leave is void. The workers have to change and do the right thing.

Table 19.
Area of change after merger

Area Of Change after Merger	**Workers**			
	Shopfloor Workers	Union Executives	Managers	Total
Policies	68	2	2	72
Procedures	20	0	1	21
Management Style	68	4	4	76
Leadership Style	20	4	1	25
Total	176	10	8	194

Source: Field Survey, 2008

Findings indicate that 37.1% (72) of respondents said the area of change was in policies and 10.8% (21) said the area of change was in procedures. Almost 39.2% (76) of respondents said the area of change was in management style whilst 12.9% (25) of respondents said the area of change was in leadership style. The answers would depend on the respondent's area of interest and the department in which they work. Management style affects everybody; it shapes policies, procedures and leadership style. The only management style that works is the one that gives results.

***Research Question vi*:** What is the future of Anglogold Ashanti – Obuasi operations in terms of industrial relations?

Anglogold Ashanti Obuasi has a future

The student sought to ascertain the views of respondents on the future of Anglogold Ashanti Obuasi. Thus, in the individual's opinion does the company have a bright future in terms of industrial relations and quality production results?

Table 20.

AngloGold Ashanti - Obuasi has a future

AngloGold Ashanti - Obuasi has a Future	**Workers**			
	Shopfloor Wokers	Union Executives	Managers	Total
Agree	60	10	5	75
No idea	44	0	3	47
Disagree	72	0	0	72
Total	176	10	8	194

Source: Field Survey, 2008

Results show that 38.7% (75) of respondents agreed that Anglogold Ashanti - Obuasi has a future. About 24.2% (47) of respondents were neutral on the issue and 37.1% (72) of respondents disagreed that the company has a future. Respondents who were neutral when put together with those who agreed make a total of 62.9% who said Anglogold Ashanti has a future. Workers who are neutral did not at least disagree; they are hoping that Anglogold Ashanti has a future. On the whole the skew is towards Anglogold Ashanti has a future.

Concluding remarks

The chapter discussed the findings based on the research questions set for the study; (i) how were workers integrated into the merger process? (ii) What is the relationship between management and workforce before and after the merger? (iii) Was communication effectively used before and after the merger? (iv) How do workers view/assess collective bargaining after the merger? (v) What benefits have workers derived from the merger? And (vi) What is the future of Anglogold Ashanti – Obuasi Mine in terms of industrial relations after the merger?

The importance of explicitly incorporating human resource management issues into the study of merger and acquisition cannot be over emphasized. This study was intended to draw attention to the human resources issues by analyzing their relationship to merger and acquisition outcomes especially in Anglogold Ashanti – Obuasi. Chapter five discusses the summary and recommendations for the study.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Introduction

This chapter presents the summary of the study, the conclusions arrived at and the recommendations made. The chapter is divided into three sections; the first section presents the summary of the findings of the study, the second part presents the conclusions for the study and the recommendations made for the study are presented in the third section.

Summary of findings

The findings of the study are summarized and presented as follows:

The analysis of the demographics characteristics suggest that about 27% of workers were below the age of 40 years; though the percentage is small, this is good for a change programme as young people are versatile and easily adapt to change than the older workers who are conservatives. Then about 73% of workers were above 40 years, this could be an ageing workforce; the company would have to put a human resource replacement plan in place to replace these workers in the near future. Secondly, strategically the company is not well positioned for the future because with mining companies' the underground workers retire at age 55 and can go on voluntary retirement at age 50. The company has very little time to groom workers to take over management and other positions.

Research Question i. How were workers integrated into the merger process?

The research sought to find out how shop floor workers (176), union executives (10) and managers (8) were integrated into the change process. About 66.7% of workers responded that they were not informed about the merger as against 33.3% who were informed. Results from the study meant that majority of workers were not informed or aware of the merger.

The study was also interested in finding out the agreement level of shop floor workers, union executives and managers. That is, whether workers really agreed to the implementation of the merger. On the whole about 57.7% workers totally disagreed with the idea of the merger whilst 10.8% agreed that the company should merge. A total of 31.4% were also neutral, that is neither agreed nor disagreed.

Research Question ii. What was the relationship between management and the workforce before the merger and what is the relationship after the merger?

Another objective was to ascertain how the relationship existing between management and the workforce was managed before the merger and how it is being managed after the merger. Before the merger 36.1% of workers stated the relationship between management and workforce was friendly but after the merger this friendly relationship percentage has reduced to 21.6%. This is a fall and what could be the cause? Labour relations are a field that emphasizes skills managers and union leaders can use to minimize costly forms of conflict (such as strikes) and seek win-win solutions to disagreements. And labour relations exist wherever employees and employers work together. In this situation managers and union leaders have to work to avoid conflicts. Additionally, DeSimone and Harris (1998) record that labour relation activities include developing communication systems through which employees can address their grievances and problems. So that where the problem is with communication, then the barriers have to be removed for relationship to improve.

Research Question iii*. *How effectively was communication used before and after the merger?

Another objective of the study was to find out how communication or information flow before the merger was managed and how it is being managed after the merger. Before the merger about 45.4% of workers stated information flow was unsatisfactory and after the merger 49.5% said information flow is unsatisfactory. This means the unsatisfactory rate has increased by 4.1%. Breaking this down further, in the case of union executives 8 out of 10 stated that information flow was unsatisfactory before the merger and after the merger it is still the same. This means nothing has changed for them. In the case of shop floor workers, information is not flowing to them as should be. On the other hand, it may be possible that Anglogold has repackaged the way information used to be disseminated to managers because 3 out of 8 said information flow was satisfactory instead of 2 out of 8 before the merger. Daft and Marcic (2004) suggest that the absence of formal channels of communication reduces communication effectiveness. Furthermore, they contend that organizations must provide adequate upward, downward and horizontal communication in the form of employee surveys, open-door policies, newsletters, memos, taskforces and liaison personnel in order for the organization to communicate as a whole.

Research Question iv. How do workers assess collective bargaining after the merger?

The study also looked at collective bargaining as an important tool for negotiations, and all the three categories of respondents agreed with very high percentages that collective bargaining is a very important tool in negotiating their contracts and conditions of service. This goes to confirm what Noe et al (2004) stated that collective bargaining is negotiation between union representatives and management representatives to arrive at a contract defining conditions of employment for the term of the contract and to administer the contract. They add that typical contracts may include provisions for pay benefits, work rules, and resolution of workers' grievances. Furthermore, as part of collective agreements objective, the study sought to look at the role of unions in negotiations and in handling workers disputes and grievances. Anthony et al (1999) submitted that for more than a century now, the union employer relationship was basically an adversarial one with each side having different objectives or interests. They stated that, unions defined their role as challenging management rather than cooperating with it, believing that it was the best way to advocate their members' interests. However, they explain that the situation has changed with the cooperative efforts between management and unions increasing. This goes to confirm findings in Anglo Gold Ashanti- Obuasi where findings revealed 60% of union executives saying union is out to corporate with management on reasonable terms but not to challenge management or to go into bed with management. Then 75% of managers also confirmed this that union is there to corporate with management.

Research Question v. What benefits do workers think they have derived from the merger?

The research further assessed the benefits of the merger to workers; in the case of shop floor workers about 68.2% disagreed that the merger has benefited workers and 18.8% of shop floor workers said there is no change in their conditions of service after the merger. On the opposite side 6 out of 8 managers agreed that the merger has benefited workers. Managers may have access to more information so they were able to respond in the affirmative.

Research Question vi. What is the future of Anglogold Ashanti - Obuasi operations in terms of industrial relations*?*

Finally, the study assessed the future of the company in terms of industrial relations and production because these contribute to workers' job security. On the whole 40.9% of shop floor workers disagree that Anglogold Ashanti has a future. Information flow creates a sense of belongingness and makes one feel part of a team, the lack of it makes one feel isolated and leads to de-motivation. This could lead to the 40.9% of the workforce predicting no future for the company. Secondly, the expectation of the merger bringing improvement in conditions of service was also not met because when one looks at table 15, 81.8% of shop floor workers said conditions of service have not improved. In the other vein all the 10 union executives agreed that the company has a future. This clearly is an indication that respondents in this matter are very positive that Anglogold Ashanti - Obuasi has a future. Also about 5 out of 8 managers agreed that Anglogold Ashanti - Obuasi has a future. Two managers from the beginning have really embraced the change therefore, are more positive on issues and in answering the questions. The 3 managers who are neutral on the issue did not at least disagree; they are hoping that Anglogold has a future. On the whole the skew is towards Anglogold has a future in terms of industrial relations and production.

Conclusion

Mergers and acquisitions have come to stay the world over and all must try to embrace it when our company has to adopt it to remain in business. Unions fulfill a need; to improve the union-management relationship generally requires a restructuring of attitudes by managers, union officials and members. When a cooperative attitude exists, organizations and unions can explore and experiment with new and improved ways of working together, including new ways of bargaining and resolving areas of disagreement.

Recommendations

Mergers and acquisitions come with a number of changes in the acquired organization. Activities which should be focused on to provide stability, create positive environment for change by decreasing the level of uncertainty and fostering realistic expectations for the future may include some of these recommendations:

The researcher sought views from workers on area that needed improvement after the merger in relation to the questionnaires administered and majority of respondents suggested the negotiation process. The finding was that the negotiation process sometimes takes too long a time for people to reach consensus even before and after the merger. In the light of this unions and management should pursue interest based bargaining; they should seek the interest of each other, thus they should be seen as pursuing the same objectives but not pulling apart.

Secondly before any merger and acquisition, formal communication to the greater majority of the workforce will be required for successful and smooth implementation of the necessary changes. Anglogold Ashanti Obuasi mine should develop communication systems through which employees can address their grievances. One of the best techniques for handling complaints is listening. An available and sensitive ear can often alleviate a problem before it becomes a point of contention. Anglogold Ashanti Obuasi mine should provide adequate upward, downward and horizontal communication in the form of employee surveys, open-door policies, newsletters, memos, taskforces and liaison personnel in order for the organization to communicate as a whole.

Thirdly major incentives like training that used to be enjoyed by the workforce should not be cut off immediately after the merger since that can lead to de-motivation of the workforce and reduction in productivity. Commitment to the new organization may be fostered if the employees are encouraged to see that career opportunities are available and continued success is possible in the new organization. Anglogold Ashanti Obuasi should therefore step up training programmes for workers to upgrade themselves to create more opportunities for all categories of workers. Also there is the need to train coaches, mentors, recruit younger management staff who can replace the current management staff who may retire at age 50 for voluntary, age 55 compulsory for underground workers or age 60 for surface workers.

Union/management relation must be deepened to create the required environment to permit the full realization of synergy of any merger and acquisition. It is therefore necessary that as much as possible union executives and management must try to pass on any necessary information to the shop floor workers in the right form and place to enable them have knowledge, have deeper understanding of issues and participate fully in the activities of the company.

The new management will be required to tread cautiously in the introduction of changes that have to do with union. Union executives will also be required to negotiate with new management better conditions of service for their members when the financial standing of the company improves to boost workers' morale to put up their best at work.

Introduction of activities to unite and make the workforce an integral part of the new management team like sporting activities must also be encouraged.

Mergers and acquisitions come with a change of environment and must be managed effectively to place the company on the path of greater achievements. In this vein to build a cooperative and friendly environment, it is important that union leaders and their members believe that management is truly interested in their personal well being, along with improvements in organizational performance. This would help minimize costly forms of conflict such as strikes and seek win-win solutions to disagreements.

Limitations of the study

The dissertation work is constrained by resource limitations; financial and non-financial resources. Limitations of time, funding and scope of the study required the research to focus on a limited number of objectives. Due to limited access to scarce resources, the study could not cover the second Anglogold Ashanti- Iduaprim mine in Takwa, Ghana.

Area for further study

A study can be conducted to examine the grievance handling procedures available in Anglogold Ashanti Obuasi operation and how they are managed to settle disputes and grievances.

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APPENDIX

QUESTIONNAIRES

This questionnaire was administered to three groups of persons; shop floor workers, union executives and managers of Anglogold Ashanti – Obuasi.

Dear Sir / Madam,

As part of the requirements for the award of Masters in Business Administration, in the University of Cape Coast, I am researching into the problems associated with mergers, acquisitions and takeovers in relation to Industrial relations, the case of AngloGold Ashanti – Obuasi mine.

Your help is very important to the successful completion of my study. I would be grateful if you could spare about 30 minutes of your time to answer a few questions on this research. Participation is voluntary and at any point you wish to discontinue with this interview do let me know. In the event that anything is published from this research no information supplied during the interview will be identifiable to your business or office, since only aggregated data will be reported in this study. It is expected that the findings of this research will have implications for improving Industrial Relations, so that companies that wish to enter into mergers and acquisitions can take some lessons from these findings.

WORKERS' QUESTIONNAIRES

SECTION A

Please tick the correct / applicable response

1. Age:

☐ below 25 years ☐ 25-30 years ☐ 31-35years ☐ 36-40 years

☐ 41-45 years ☐ 46-50 years ☐ above 50 years

2. Educational background:

☐ None ☐ Form four ☐ 'O' Level ☐ 'A' Level ☐ Tertiary

☐ Others, please specify……………………………………………………….

3. How long have you been working with this company?

☐ 5 – 10 years ☐ 10 – 15 years ☐ 15 – 20 years ☐ above 20 years

4. How long would you like to work for this company from now?

☐ Nil ☐ 1-2 years ☐ 3-5 years ☐ above 5 years

SECTION B – MERGER / INDUSTRIAL RELATIONS

5. Was the takeover communicated to you? ☐ Yes ☐ No

6. What was your level of agreement with the idea of the merger?

☐ Strongly agreed ☐ agree ☐ no opinion ☐ disagreed ☐ strongly disagreed

7. What was your reason for accepting the idea of the takeover?

☐ Job security ☐ better remuneration ☐ just a change ☐ general consensus

Using the information below, please tick the box that reflects the extent to which you consider each of the issues listed below as friendly.

	Very Friendly	Friendly	No idea	Unfriendly	Very Unfriendly
8. How would you describe relationship between workers and management before the merger?	☐	☐	☐	☐	☐
9. How would you describe relationship between workers and management after the merger?	☐	☐	☐	☐	☐
10. How was the work environment before the merger?	☐	☐	☐	☐	☐
11. How is the work environment after the merger?	☐	☐	☐	☐	☐

12. How would you rate information flow before the merger?

☐ Very satisfactory ☐ satisfactory ☐ no opinion ☐ unsatisfactory

☐ Very unsatisfactory

13. How would you rate information flow after the merger?

☐ Very satisfactory ☐ satisfactory ☐ no opinion ☐ unsatisfactory

☐ Very unsatisfactory

14. Is the workforce strength increasing or decreasing after the merger?

☐ Increasing ☐ Decreasing ☐ same ☐ no idea

15. In your opinion what do you think accounts for the change in workforce strength after the takeover?

☐ Redundancy ☐ job cuts ☐ natural events ☐ dismissals

resignations ☐

16. Did Union negotiate issues such as wages and salaries, bonuses?

Job security and accommodation before the merger?

☐ They negotiated ☐ they were imposed ☐ no idea

17. Does union negotiate issues such as wages and salaries, bonuses,

job security and accommodation after the merger?

☐ They negotiate ☐ they are imposed ☐ no idea

18. How would you assess the use of collective bargaining as a tool for

☐ negotiations?

Very important ☐ important ☐ no idea ☐ unimportant

☐ very unimportant

19. Have your conditions of service changed after the merger? ☐ Yes

No ☐

20. Indicate the level of change in your conditions of service.

☐ Dramatic improvement ☐ improvement ☐ no opinion ☐ no

improvemen ☐ Less improvement

21. Select two of your conditions of service that have improved after the merger.

Base pay ☐ bonuses ☐ accommodation facilities ☐ education

☐ Others,please specify………………………………………………………

22. Select two of your conditions of service that have deteriorated after the

takeover.

☐ Base pay ☐ bonuses ☐ accommodation ☐ education ☐ Others

Please specify………………….……………………………………

SECTION C – PERFORMANCE

23. The merger has benefited workers a lot.

☐ Strongly agree ☐ agree ☐ no idea ☐ disagree ☐ strongly disagree

24. Select two benefits that workers have derived from the merger.

☐ Higher salaries ☐ higher bonuses ☐ skills transfer ☐ external exposure ☐ Others please specify……………………………………

25. Select two problems that workers have faced with the merger.

☐ Labour /management relations ☐ culture clash

☐ Local/expatriate relations ☐ business/community relationship

☐ Others, please specify……………………………………………………

26. There is a change in the work culture after the merger?

☐ Strongly agree ☐ agree ☐ no opinion ☐ disagree ☐ strongly disagree

27. Which aspect has seen most changes in culture after the merger?

☐ Policies ☐ procedures ☐ management style ☐ leadership style

☐ Others, please specify……………………………………………………

28. AngloGold Ashanti – Obuasi has a future.

☐ Strongly agree ☐ agree ☐ neutral ☐ disagree ☐ strongly disagree

29. Any other helpful comments or suggestions in terms of how to improve industrial relations in AngloGold Ashanti – Obuasi mine.

……………………………………………………………………………………

……………………………………………………………………………………