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Business Combination and Corporate Performance: A Balanced Score Card Approach

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Business Combination and Corporate Performance: A Balanced Score Card Approach

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Abstract
This paper examines business combination and corporate performance by using a balanced score card approach. To form the mergers and acquisition sample, we selected the existing banks with cases of mergers and acquisition with post 25 billion recapitalisation identity. Fifty customers and fifty employees were selected from the two sample banks. Questionnaires with Likert-style scale were administered to both the customers and employees. In addition, we carried out a content analysis of the financial statements of the selected banks for 8 years pre and 8 years post combination. The estimation technique for the data is the Wilcoxon sign rank test since the issue under investigation is a pre and post effect. The study finds a significant impact of business combination on customer satisfaction, learning and innovation and operational efficiency. It was discovered that there is poor consultation with the employee on issues of mergers and acquisition, high level of employee turnover in the post-merger period and general job dissatisfaction among employees. The study recommends talent audit, consultation with the employee and continuous post-merger evaluation of the business.

Keywords: Mergers, customer satisfaction, financial performance, Wilcoxon sign rank

Introduction

Business combination has been described as a vague or nebulous concept that describes the accounting terminology of mergers, acquisition, absorption, amalgamation, and holding company arrangement. In the setting with Nigeria as a reference point, business combination is motivated by survival strategy (Akamwkor, 1989; Ilaboya, 2005). Suffice to mention however that business combination may be driven by other forces such as synergy and economies of scale (Braddley, Desai & Kim, 1988; Hubbard & Palia, 1990; Seth, 1990; and Maguiera, Megginson and Nait, 1988); empire building (Bauma, 1967 and Mueller, 1969); management self-interest (Berkovitch and Narayanan, 1993; Mitchell & Lehn, 1990) and reduction in corporate competition (Nwankwo, 1992); elimination of inept management (Lewis & Pendril, 1996).

Business combination is a complex and multidisciplinary phenomenon, drawing sufficiently from the field of finance, management strategy, psychology, behavioural sciences and operations research. Irrespective of this diverse nature, research emphasis has been on the impact of business combination on corporate performance (Ghosh, 2001; Healy, Palepu & Ruback, 1992; Ilaboya & Uwubamwen, 2003 and Paulter, 2003). While relegating the other aspects or dimensions of business combination.

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Research Problem

In other to examine the impact of business combination on corporate performance from a wider perspective of the balanced scorecard, which integrates financial performance with other qualitative measures of organisational performance such as internal business process, customer satisfaction and learning and innovation. This approach is considered more robust since it is an effective combination of primary data through the instrumentality of questionnaire and secondary data using the content analysis of the annual financial reports of the sample studied.

To preview the result of the study, we find that business combination presents a mixed impact on the financial performance of our sample (while it had a positive impact on the performance of First Bank Nigeria Plc, the reverse is the case for United Bank of Africa Plc). In the same vein, the study reports mixed reaction on the impact of business combination on the dimensions of internal business process. Study finds a significant positive impact of business combination on customer satisfaction and learning and innovation. Our paper differs substantially from prior studies and thus contributes to the small but burgeoning literature on the impact of business combination on corporate performance from the broad perspective of balanced score card. In addition to advancing a qualitative dimension to the study of corporate performance, our estimation technique using the Wilcoxin test on a combination of both qualitative and quantitative measures of performance may be considered novel.

Research Objectives

The broad objectives of the study is to examine the impact of business combination on corporate performance from a wider perspective of the balanced scorecard, while the following are the specifics objectives are; examine the impact of customers satisfaction on financial performance, explore the impact of internal business process on financial performance and lastly ascertain the impact of learning and innovation on financial performance.

Literature Review

Theoretical Literature Review

Different theoretical expositions have been advanced to explain the workings of mergers and acquisition: Corton, Kahl and Rosen (2005) eat or be eaten theory of mergers; Demiguekemt and Iovine (2000) concentration theory of mergers; Hitt et al. (2001) value increasing theory of mergers; Jensen (1986) agency

theory of mergers; Shleifer and Vishny (1989) management-entrenchment theory; Baumol (1967) and Mueller (1969) empire building theory of mergers and the synergistic theory of mergers. Jovanovie and Rouseau (2002) Q-theory of mergers.

Empirical Review

Business Combination and Financial Performance

Studies on the impact of business combination on corporate financial performance are divided along two strands. With one reporting strand of literature reporting insignificant or negative relationship and the other strand reporting significant position relationship.

Sharma and Ho (2002) focused on Australian firms and found insignificant post-acquisition operating performance. In the same vein, Moeller and Schlingerman (2005); Jayaram (2014) find similar results of insignificant post-merger performance. This line of research conform favourably with the review by Agrawal and Jaffe (2000) that there is negative abnormal return in post-acquisition year of the acquiree company. The reason for the negative or at best insignificant impact is attributable to the nature of the takeover (Sudar, Sariam & Mahare, 2006). In addition to the nature of takeover, overpricing may also contribute to the negative outing of the acquiree company.

On the other hand, many researchers have found a positive and significant relationship between business combination and corporate financial performance (Seth, 1990; Rahman & Limmak, 2004; Thornton, 2006; Aderibom & Obute, 2015; Onaolapo & Ajala, 2012; Olagunju & Obademi, 2012; Linn & Switzer, 2001; Heron and Lie, 2002). The significant positive impact of merger is attributable to synergy and economies of scale, improved revenue from expanded operations. Okpanachi (2006) attributed the positive impact to enhance access loan capital. Against the backdrop of the above, we hypothesized that business combination impacts significantly on the financial performance of the firm.

Business Combination and Customer Satisfaction

Customer satisfaction represents a growing field of study in the domain of marketing. Meeting the desire of business clients requires a standardised investment in team, technology and infrastructure used as channels for service delivery. Extant literature seems to present a dominant negative impact of business combination on customer satisfaction (Anand & Delios, 2002; Tetenbaum, 1999; Ryden, 1971). The

negative impact of business combination on customer satisfaction is attributable to myriads of factors. According to Tetenbaum (1999), business combination shifts management attention from customers to competition and productivity. Others advance the problem of brand loyalty and buying habits of customers that make it difficult to change from one product to another more especially with foreign operations (Anand & Delios, 2002 and Ryden, 1971).

The negative relationship between business combination and customer satisfaction is also traceable to the hypothesis of customers as “tradable asset” (Oberg & Anderson, 2002). To them, issues of business combination centres more on the acquirer and the acquiree and no attention are credited to the customer. This line of reasoning considers the impact of mergers on customer satisfaction as accidental. However, in contemporary time, where the customer is considered the king, this line of reasoning may be seen as too narrow and counterproductive.

In addition to the negative school of thought, another strand of literature supports a positive impact of business combination on customer satisfaction. Haunchi (1994) advanced a positive impact of mergers on customer satisfaction. According to him, the synergistic effect of two merging entities serving a common customer, using similar production and distribution channels will no doubt draw positive impact.

Against the above background, our second proposition is that business combination has a significant impact on customer satisfaction.

Business Combination and Internal Business Process

From extant literature, mergers and acquisition are hardly ever communicated to employees. Companies hardly consult or communicate to their workforce on issues concerning business combination. According to Walsh (1988), top management turnover is higher in post-acquisition era compared to pre-acquisition period. In specific terms, Walsh recorded about 25 – 59% top management turnover after acquisition. The high rate of post-acquisition turnover is ascribed to the feeling of insecurity, inferiority complex and loss of social standing in the acquired firm (Word, 1994). In the same vein, Cooper (1992) believes that the announcement of a merger is likened to corporate liquidation that spreads negative feelings to the workforce of the acquired business. According to him, the insecurity is not peculiar to top management but has a viral effect on all levels of employee and this may trigger employee turnover.

On the impact of business combination on job satisfaction, Robino and Demeuse (1985) found a negative relationship. This presupposes that business combination has significant negative impact on job satisfaction. Merger is seen to reduce the opportunity for professional development caused by anxiety and ambiguity. These negative feelings are attributable to the them-us-syndrome of mergers arising from the over hyped difference in employee status which constantly reassured the feeling of losers (acquiree) and winners (acquirer) in the combination process (Hunsaker & Combs, 1988). The syndrome of us and they may be expressed in the form of rapid hatred to unflattered stereotype. This imaginary Gulf widens by the moment and to "them" "us", they can ascribe all negativity.

According to Kaufman (2003), all that is beautiful, righteousness, intelligence, humanity and victory are the prerogative of us while all that is bad (stupidity, hypocrisy, hatred and ultimate defeat belong to them). Hoberg and Phillips (2010) shows that merger increases business operational efficiency, increase in sales, growth and overall economies of scale. According to them, these positive attributes accrue more to horizontal acquisition involving firms with similar products and in the same level of operation. Ultimately, ownership change results in the renegotiation of the terms of employee contract and this will eventually lead to loss of job (Shleifer & Summers, 1988; Bhagat et al., 1990; Franks & Mayer, 1996). Mergers often result in low cost of production as a result of a reduction in workforce, branch closure and asset stripping. The above arguments formed the basis of our third hypothesis that business combination impacts positively on learning and innovation.

Business Combination and Learning and Innovation

The impact of business combination on learning and innovation is negative. In the area of product quality and development, Ulrich and Eppinger (2011) are of the opinion that when organisations identify the need for customers and design products or services to meet these desired at low cost, defines the success of the organisation. However, according to Ravenscroft and Scherer (1987), a negative relationship exists between business combination and research and development. The findings of Hall (1990) corroborate this negative impact. This simply increased firm size resulting from business combination, increase the expenditure on research and development thereby driving the cost-benefit analysis to be negatively skewed. Focusing on firms in the high-tech industry, Cloodt, Hagedoorn and Kranenburg (2006) documents same negative relationship. However, Andreas (2007) found a positive relationship between firm innovativeness and mergers. Business combination increases resource availability and human capital development. Ghoshal

(1997) succinctly captured this position when he concluded that mergers and acquisition provide an opportunity for improved organisational learning as a result of exposure to more sophisticated ideas, knowledge, blend for culture, improved technological capabilities. Dixon and Nelson (2005) argued that the human resource unit of any organisation drives strategic work and integration process. Therefore, human capital development is essential to business success.

The above consideration led to the fourth hypothesis of this study that business combination has positive impact on learning and innovation.

Conceptual Framework

The Concept of Corporate Performance

Three strands of literature exist in the measurement of corporate performance. One is the stock market approach that employs stock return in the measurement of corporate performance (King, Dalton, Daily & Covin, 2004; Paulter, 2003). The second approach is the accounting data perspective that evaluates performance using a combination of profit or loss, statement of financial position and cash flow statement based ratios (Ghosh, 2001; Healy, Palepu & Ruback, 1992; Ilaboya & Uwubamwen, 2005).

Extant empirical literature reveals a preference for accounting data perspective. The preference is attributable to the universality of accounting data. Accounting data is relevant to a diverse interest group. Hence, it is comprehensible to a wide stakeholder that makes it strategically advantageous.

In addition to the above two approaches, a third approach, which appears broader has been advanced known as a balanced scorecard. Kaplan and Norton (1996) pioneered the concept of the balanced scorecard. The premise upon which the concept is based is that performance evaluation should not be stereotyped to the conventional financial performance evaluation, but should integrate other dimensions of performance such as customer satisfaction, internal business process and innovative ability. According to them, the balanced scorecard approach will keep all dimensions of performance in balance and help the organisations achieve their strategic objectives. While the conventional financial performance perspective evaluates the historical activities of the organisation, the other three dimensions tend to focus on the future activities of the organisation.

Business Combination

As mentioned earlier, the concept of business combination is vague. This is because it lacks a precise or distinct definition. However, it is a collective name for different accounting terminologies that involve the coming together of two or more businesses such as mergers, acquisition, absorption, amalgamation and holding company arrangement.

Mergers, according to S. 590, CAMA 2020 as amended, is the amalgamation of the undertaking or part of the undertaking of two or more companies or body corporate. Acquisition, on the other hand, is a situation where the ownership and management of autonomous entities are brought under the control of a single management. A situation where a new business is incorporated to take over the businesses of two or more companies is called amalgamation. Where it involves one company taking over the business of another company, it is called absorption.

Methodology

The framework for the discourse on the impact of mergers on corporate performance is the synergistic theory of mergers and acquisition. The bottom-line of this theory is that target firms do better before and after acquisitions. The synergistic theory douses the syndrome of us and them and recognizes critical potentials in any target organization. In this regard, the acquirer recognizes salient complementary (high form of market share, employee professionalism, and innovative performance) between them and the target company. This theory views mergers from the perspective of partners in progress instead of the negative winner-loser opinion.

Against the above backdrop, it is expected that mergers will deliver increased value as a result of pooling resources that the individual (participants may not be able to muscle. This position conforms with the findings of Heron & Lie (2002); Aderibom and Obute (2015); Onaolapo & Ajala (2012); Okpanachi (2006); Seth (1990); Rahman and Limmak (2004). Therefore, we expect a relationship to exist between mergers and financial performance.

Financial Performance = (f (Business Combination - - - - (i)

The synergy and economies of scale resulting from mergers and acquisition are expected to result in improved service delivery, response to complaints, and reduce customer waiting time (Haunchild, 1994).

Therefore,

Customer Satisfaction = f (Business Combination) - - - - (ii)

Mergers and acquisition are expected to improve the business process of the organization, improved efficiency and performance of the organization should improve workers' condition and welfare. A relationship is therefore expected to exist between internal business process and mergers as:

Internal Business Process = (f(Business Combination) - - - - (iii)

Pooling of resources is expected to improve the innovativeness of the organization and enhance research and development (Ulrich & Eppinger, 2011). Therefore,

Learning and Innovation = f (Business Combination) - - - - (iv)

From the relationships identified above and leaning on the Kaplan and Norton's idea, the research schema is presented as:

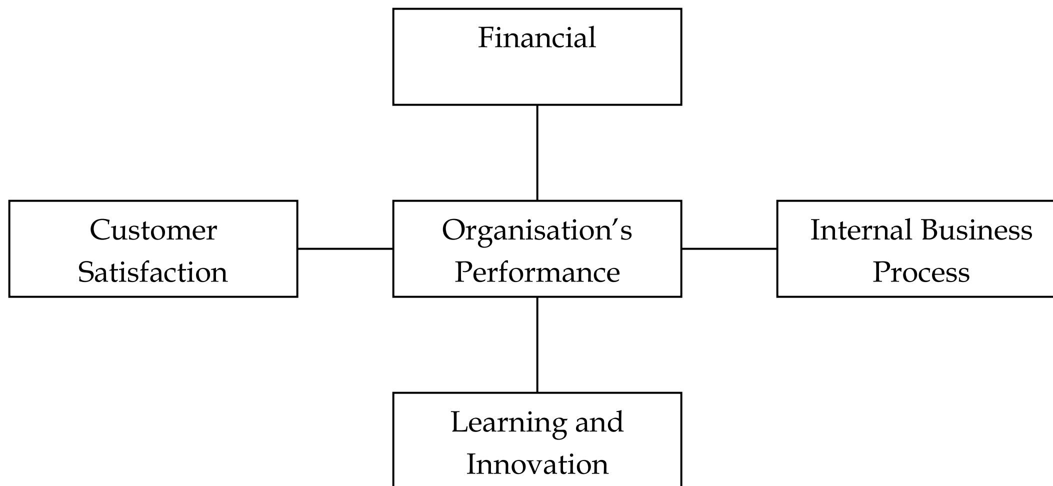

Figure 1: A Scheme of Balanced Score Card

Source: Adapted from Kaplan and Norton, 1996.

The population of study is all cases of mergers and acquisition in the Nigerian banking sector. To form our mergers and acquisition sample, we selected announced and completed banking sector mergers in the 2005 ₦25 billion recapitalisation where the acquirer did not loose its corporate identity till date. On this note, only two banks had pre and post-merger operation spanning a period of 8 years. Hence, the sampled banks were United Bank for Africa (UBA) and First Bank of Nigeria (FBN). The selection technique is purely judgmental (based on our knowledge of bank mergers in Nigeria).

The research process is a combination of secondary data (content analysis of financial statement and primary data (operationalized through the instrumentality of questionnaire). The secondary data is used to estimate our first equation (financial performance). Financial indices were calculated from the 8 years pre and 8 years post-consolidation of the banks. The primary data were collected through a questionnaires administered on customers (to address hypothesis 2) and then on employees of the selected banks (to address hypotheses 3 and 4). 100 customers and 100 employees were purposively selected from the banks. Reliability and validity tests were conducted before the questionnaires were administered.

Results and Discussions

Reliability and Validity Tests

To ensure that our measures are free from bias, we conducted a reliability test using test-retest method, in which the instrument was administered on the respondents at two different times. Their responses were stable. To test the representational faithfulness of the research instrument, we conducted a validity test using content reliability by surveying the opinion of management experts.

The study adopts a non-parametric test analysis using the Wilcoxon signed rank test. The choice is based on the fact that the measures are before and after effect of business combination that conforms with the Wilcoxon assumptions of matched pairs (X_1 and Y_1). Where X_1 = pre-merger effect and Y_1 = post-merger effect and the distribution, X – Y, is continuous and symmetric. Wilcoxon tests the hypothesis,

$$H_0: \beta_x = X_y; \quad H_1: \beta_x \neq X_y$$

Estimation Result and Discussion

Financial Performance

Result of the Wilcoxon test of financial performance

Table 1a: Evaluation of pre and post-UBA performance using balanced scorecard performance metrics approach

	Mean	Std. Deviation	Std. Error Mean	Paired-Difference	Wilcoxon Sig.	Paired T-stat.	Sig.	Decision
PRE-GPM	0.2313	0.13152	0.0465	PREGPE-POSGPE	0.024	-3.401	0.011	Reject null
POS-GPM	0.41	0.04036	0.01427					
PRE-NPM	0.1288	0.04581	0.01619	PRENPM-POSNPM	0.779	0.259	0.803	Accept null
POS-NP	0.1188	0.11692	0.04134					
PRE-ROA	0.0138	0.01061	0.00375	PREROA-POSROA	0.414	0.893	0.402	Accept null
POS-ROA	0.01	0.00926	0.00327					
PRE-ROE	0.2188	0.10021	0.03543	PREROE-POSROE	0.208	1.259	0.248	Accept null
POS-ROE	0.1375	0.13957	0.04934					
PRE-ROCE	0.3938	1.07738	0.38091	PREROCE-POSROCE	0.336	1.007	0.347	Accept null
POS-ROCE	0.01	0.00926	0.00327					

The result of the Wilcoxon test of financial performance produced a mixed reaction. Business combination impacts positively on the financial performance of First Bank of Nigeria Plc. the performance index of gross profit margin reports probability value of 0.00; net profit margin (0.00); return on assets (0.003); return on equity (0.001) and return on capital employed (0.011) respectively. The result is consistent with a strand of extant literature that reports positive post-merger performance.

The result of United Bank for Africa shows a negative impact of business combination on financial performance and the result is consistent with the findings of Mueller and Schlingermann (2005); Kanahalli and Jayaram (2014); Sharma and Ho (2002) who establish the negative impact of business combination on corporate performance. The finding is inconsistent with the report of Anderibom and Obute (2015) who

reported a significant positive relationship. The variation may be attributable to the different measures of financial performance. We evaluated performance using the traditional profitability indices while they adopted the CAMEL rating approach to bank performance evaluation.

Table 1b: Evaluation of pre and post First Bank performance using balanced score card performance metrics approach

	Mean	Std. Deviation	Std. Error Mean	Paired-Difference	Wilcoxon Sig.	Paired T-stat.	Sig.	Decision
PRE-GPM	0.2114	0.05398	0.0204	PREGPE-POSGPE	0.017	9,505	0.00	Reject null
POS-GPM	0.1657	0.04392	0.0166					
PRE-NPM	0.0229	0.00488	0.00184	PRENPM-POSNPM	0.018	-11.4	0.00	Reject null
POS-NPM	0.2871	0.06422	0.02427					
PRE-ROA	0.0229	0.00488	0.00184	PREROA-POSROA	0.018	-4.971	0.003	Reject null
POS-ROA	0.3514	0.1718	0.06493					
PRE-ROE	0.1714	0.08355	0.03158	PREROE-POSROE	0.018	5.734	0.001	Reject null
POS-ROE	0.0143	0.01134	0.00429					
PRE-ROCE	0.1386	0.10007	0.03782	PREROCE-POSROCE	0.018	3.64	0.011	Reject null
POS-ROCE	0.0143	0.01134	0.00429					

The study finds a significant impact of mergers on customer satisfaction. The different dimensions of customer satisfaction report probability value less than the 0.05 benchmark. Speed of service delivery (p = 0.002); waiting time reduction (p = 0.010); courteous staff (0.032); quality of service (0.032) and response to complaints (0.029). This means that the level of customer satisfaction is higher in the post-merger era compared to the period before business combination. The result is in tandem with Haunschild (1994); Dogbe (2011). This contradicts the findings of researchers who find a negative impact of business combination on customer satisfaction (Anand & Delious, 2009; Tetenbaum, 1999 and Ryden, 1971). The positive impact is anchored on the synergistic effect of mergers which helps to improve service delivery. In

contemporary times, customer service quality is given a higher premium compared to the price of service or product.

Table 2: Result of Wilcoxon test on customer satisfaction

Ranks				
		N	**Mean Rank**	**Sum of Ranks**
POMHSS-PRMHSS	Negative Ranks	0[a]	0	0
	Positive Ranks	12[b]	6.5	78
	Ties	0[c]		
	Total	12		
POMRCWT-PRMRCWT	Negative ranks	3[d]	2.17	6.5
	Positive Ranks	9[e]	7.94	71.5
	Ties	0[f]		
	Total	12		
POMCFS-PRMCFS	Negative Ranks	9[g]	6.33	57
	Positive Ranks	2[h]	4.5	9
	Ties	1[i]		
	Total	12		
POMIQS-PRMIQS	Negative Ranks	11[j]	6.95	76.5
	Positive Ranks	1[k]	1.5	1.5
	Ties	0[l]		
	Total	12		
POMIRC-PRMIRC	Negative Ranks	8[m]	7.19	57.5
	Positive Ranks	3[n]	2.83	8.5
	Ties	1[o]		
	Total	12		

The impact of business combination on internal business process is mixed. While some dimensions of internal business process reported insignificant positive impact (employee working condition consultation with an employee while operational efficiency, customers waiting time and safety measures) are both positive and significant job satisfaction reported a p-value of 0.343 on the 5% significant level. It is consistent with the findings of Robino and Demeuse, 1985; Hunsaker & Combs, 1988. In the same vein, it was observed that the level of consultation with employees on issues of business combination is relatively poor. The result reveals a positive and significant impact of mergers on the operational efficiency of the business. This is consistent with Hoberg and Phillips (2010). This positive impact is attributable to sales growth, asset stripping, reduction in workforce, branch closure and overall economics of scale. The rate of management turnover is higher in the post-merger period compared to the period before the merger. The

feeling of insecurity, complex problem and the syndrome of us and they increases overall employee turnover in the post-merger period (Walsh, 1988; Word, 1994 and Cooper, 1992).

Ranks				
		N	**Mean Rank**	**Sum of Ranks**
POMOFF-PRMOFF	Negative Ranks	0[a]	0	0
	Positive Ranks	10[b]	5.5	55
	Ties	0[c]		
	Total	10		
POMWCJ-PREWCJ	Negative ranks	2[d]	7.25	14.5
	Positive Ranks	7[e]	4.36	30.5
	Ties	1[f]		
	Total	10		
POMCWT-PRECWT	Negative Ranks	10[g]	5.5	55
	Positive Ranks	0[h]	0	0
	Ties	0[i]		
	Total	10		
POMCWE-PRMCWE	Negative Ranks	5[j]	5.2	26
	Positive Ranks	3[k]	3.33	10
	Ties	2[l]		
	Total	10		
POMSM-PRESM	Negative Ranks	8[m]	5.38	43
	Positive Ranks	1[n]	2	2
	Ties	1[o]		
	Total	10		

In the same vein, positive impact was reported between mergers and human capital development with a significant probability value of 0.05 and a robust z-score of 2.807. The impact of mergers on product development and quality is insignificant. In reality, the impact of mergers on product quality and development may be difficult to disentangle. ATM services in Nigeria are difficult with epileptic network services, inconsistent debits without Naira value, which are complex to resolve. The impact of mergers on training and human capital development is positive and significant with a p-value of 0.05 which means increase size, dissimilar mixes of processes and technologies increases the complexity of operations which will require improved and continuous training and development of the probability value of 0.05 and z-score of 2.807. According to Dixon and Nelson (2005), the human capital aspect is fundamental to the overall success of any business combination.

Table 4: Result of Wilcoxon test on learning

Ranks				
		N	**Mean Rank**	**Sum of Ranks**
POMITR-PRMITR	Negative Ranks	0[a]	.00	.00
	Positive Ranks	10[b]	5.50	55.00
	Ties	0[c]		
	Total	10		
POMIPQ-PRMIPQ	Negative ranks	4[d]	5.75	23.00
	Positive Ranks	5[e]	4.40	22.00
	Ties	1[f]		
	Total	10		
POMRD-PRMRD	Negative Ranks	10[g]	5.50	55.00
	Positive Ranks	0[h]	.00	.00
	Ties	0[i]		
	Total	10		
POMRD-PRMRD	Negative Ranks	10[g]	5.50	55.00
	Positive Ranks	0[h]	.00	.00
	Ties	0[l]		
	Total	10		
POMPRD-PRMPRD	Negative Ranks	7[j]	4.79	33.50
	Positive Ranks	1[k]	2.50	2.50
	Ties	2[1]		
	Total	10		
POMJSC-PRMJSC	Negative Ranks	8[m]	4.56	36.50
	Positive Ranks	1[n]	8.50	8.50
	Ties	1[o]		
	Total	10		

The impact of mergers and acquisition on learning and innovation is positive and significant. Innovativeness reports a significant p-value of 0.05. The positive impact corroborates the position of Holmstrom and Roberts (1998); Pyka (1998) but deviates from Ravenscrap and Sherer (1987). Choodt, Hagedoorn and Kranenburg (2006) and Hall (1990); who found a negative relationship.

Conclusions and Recommendations

The broad objective of the study is to investigate the impact of business combination on the overall performance of the organisation using a Balanced Score Card. There have been several attempts to explore the impact of business combination in corporate performance. These attempts are restricted mainly to financial performance and the impact of business combination on other critical aspects of the business other than financial indices has received sparse empirical consideration. This study extends the existing sparse literature by considering both the financial and other critical qualitative aspect of the business such as learning and innovation, internal business process, and customer satisfaction.

The results of the study suggest a significant positive impact of mergers on customer satisfaction, learning and innovation and financial performance. Even though the post-merger financial performance of United Bank for Africa was not impressive, the impact of mergers on internal business process produced a mixed result. Some dimensions of internal business process reported positive impact (operational efficiency and safety) while others were negative (job satisfaction and consultation with employees).

The results of the study suggest several policy recommendations. First, since the financial performance of United Bank for Africa did not improve after the merger, it is important for management of the bank to re-evaluate the process of the merger to see the extent to which the businesses have been integrated. It is recommended that adequate consultation with the employee is important so that workers can respond effectively to management's claim of the wisdom of mergers. The high rate of post-merger employee turnover may be addressed by effective talent audit to know the personnel and managerial resources required for the new organisation. To address the problematic syndrome of us and them, it is suggested that there should be careful selection of and mixing of employees of the different combining businesses.

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