OPEN ACCESS
Global Journal of Research in Business Management
Volume 02| Issue 04 | July-Aug. | 2022
Journal homepage: https://gjrpublication.com/gjrbm/
Original Research Article

Merger & Acquisition and Non-financial performance of Banks in Aguata LGA, Anambra State, Nigeria

*Udodiugwu, Michael Ikenna

Chukwuemeka Odumegwu Ojukwu University

Submission Date: 12th July 2022 | **Published Date:** 31st Aug. 2022

***Corresponding author:** Udodiugwu, Michael Ikenna

Abstract

The banking sector in Nigeria underwent a drastic restructuring exercise to standardize its operation, and to return trust to stakeholders of deposit money banks in Nigeria, as a result of failing banks that were no longer able to meet up the trends of strategic adjustment exercises by the Central Bank of Nigeria (CBN). However, this study was carried out to examine the effect of merger and acquisition on the non-financial performance of banks in Aguata LGA, Anambra State, Nigeria. The study adopted a survey research design method, and it population consisted of only deposit money banks that were involved in merger and acquisition exercise between the periods of 2009-2019. The simple random sampling method was adopted for a sample size of 316. The one way anova and pearson correlation was used to analyze data gotten from the field of study, while the likert style questioaire was used to obtain relevant data from the respondents. The finding from the study revealed that there is a significant positive effect of M&A on the non-financial performance of deposit money banks.

Keywords: Downsizing, Demotion, Performance, Consolidation, Recapitalization

INTRODUCTION

The efficient functioning of a nation's economy depends on the strength of its financial system (CBN, 2005). Banks are foremost and highly visible in their roles though with some survival measures. Such measures are restructuring, diversification, mergers and acquisition. etc. (Odukapa, 2000). Soludo (2004) opined that, the Central Bank of Nigeria (CBN) chose to begin the Nigerian banking sector reforms process with the consolidation and recapitalization policy through mergers and acquisitions (Onaolapo and Ajala, 2012). However, the banking sector in Nigeria underwent a drastic restructuring exercise to standardize its operations and to return trust to stakeholders of several banks in Nigeria, as a result of failing banks that were no longer able to meet up the trends of strategic adjustment exercises by the Central Bank of Nigeria (CBN) (Agu, Olajide, Ikenwilo and Orji, 2011).

Ukandu, (2011) identified merger as the aspect of management strategy dealing the amalgamation of two or more equal businesses with the sole purpose of combining resources, operations and finances to form a single legal entity. This transition is aimed in the long term to improve the value of shareholders and company's performance in the competitive business world. Acquisitions, on the other hand, are usually described as having the control security of one business by another business usually a bigger business in a manner that the subordinate company becomes the business that is acquired.

Similarly, the then Governor of CBN, Prof Chukwuma Soludo , on July 6, 2004, announced a 13 point reform program expected to repositioning the Nigerian banking industry, with the sole aim of enhancing the growth and development of the economic sector. One of the important aspect of the transition program was the recapitalization of banks with a minimum benchmark of its shareholders fund of twenty five billion naira (N25, 000, 000, 000), prescribed to be met by December 31, 2005. Towards this end, the CBN mandated banks to recapitalize, and those who could not increase their assets base were encouraged to enter into mergers and acquisitions (M&A) (Agu et. al., 2011).

The CBN also provided a range of incentives to accompany the implementation of the program. For example, a number of committees were instituted, whose terms of reference were expected to assist weaker and problem banks in facilitating their M&As (CBN 2004, 2005). These and many more, act as a spring board to achieving improved performance. In terms of work force, the planned degree of integration of the two or more banks through merger or acquisition will influence the type and extent of change in human resource practices in each firm (Malhotra and Sharma, 2013).

Statement of Problem

Banks in Nigeria are faced with challenges of adjusting to current economic policies and financial regulatory bodies which must be adhere to for their smooth and efficient functioning. Merger and acquisition posed challenges not only in the financial aspect of the banking sector, but also in the reduction of their work force. Considering the inability of most Nigerian banks to perform well due to operational hardship, expansion bottlenecks from their heavy fixed and operating costs coupled with volatility between deposits and lending rates (Onaolapo and Ajala, 2012). Cartwright and Cooper (1992) revealed that merger and acquisition can create feelings of uncertainty, powerlessness, reduced morale, job and career dissatisfaction and other negative behavior such as : Acts of sabotage and petty theft, increased staff turnover, increased sickness and absenteeism if management is unable to integrate organizational members and their values.

Akinsulire (2017) is of the opinion that even after a successful implementation of merger and acquisition processes by participating industries, there can still be failure in accordance with the opinions of Rhoades (1993) and Straub (2007). Morgan (2004) opined that a merger and acquisition deal that is financially sound may prove to be a disaster if it is operated in a way that goes contrary to the human resources and corporate culture. There may be varying differences between the cultures, values of the participating companies especially if it is a cross-border synergy (Anderibom and Obute, (2015). It is against these established facts from extant literatures, that this study was carried out to examine the effect of mergers & acquisition on the non-financial performance of banks in Aguata LGA, Anambra state, Nigeria, that underwent the process of mergers and acquisition between the period of 2011 – 2022.

Objectives of the study

i. To examine the effect of Downsizing on internal workplace performance.
ii. To examine the effect of Demotion on quality of service delivery

Research Questions

i. To what extent does downsizing pose threat on internal workplace performance?
ii. To what extent does demotion affect the quality of service delivery?

Research Hypotheses

H_{01}: Downsizing does not pose threat on internal workplace performance.
H_{02}: Demotion does not have any effect on the quality of service delivery.

Review of Related Literature

Conceptual Review

Mergers and Acquisitions

Merger and acquisition strategy is one of the key corporate strategies that many corporate entities like commercial banks, manufacturing firms adopt to gain competitive advantage and enjoy economies of scale. Merger involves external approach to expansion and is often mentioned with acquisitions in academic and management literature. Some strategic management and finance scholars; Hoskisson, Hitt and Johnson (2002); Thompson and Strickland (2007); Kazmi (2008) and Pandey (2010) defines merger and acquisition strategy as the combination of two or more businesses in which one acquires the assets and liabilities of the other in exchange for shares or cash or both. The companies are dissolve and their assets and liabilities are combined and new stock is issued. Such actions are commonly voluntary and often result in a new organizational name (often combining the names of the original organizations). According to Anthony (2008) an acquisition, on the other hand, is the purchase of one organization by another. Such actions can be hostile or friendly and the acquirer maintains control over the acquired firm.

Similarly, Umar (2009), a merger is a transaction involving two or more companies in which shares are exchanged but in which only one company survives. Mergers usually occur between firms of somewhat similar size and are usually friendly. The resulting firm is likely to have a name derived from its composite firms, while an acquisition is the purchase of a company that is completely absorbed as an operating subsidiary or division of the acquiring company. Okpanachi (2011), views mergers and acquisitions as global business terms used in achieving business growth and survival.

A merger entails the coming together of two or more firms to become one big firm while acquisition is the taking over or purchase of a small firm by a big firm, both of which are pursuing similar motives. Therefore, a merger can be seen as the combination or amalgamation of two or more separate companies into a single company where one survives and the others lose their corporate existence while acquisitions can be seen as the taking over of the controlling shareholding interest of another company. Usually, at the end of the process, there exist two separate entities or companies.

Downsizing

Downsizing can be defined as set of activities designed to improve organizational effectiveness and competitiveness. Downsizing describes the process in which firms remove temporarily or indefinitely a number of employees from their payroll. The general purpose is to reduce the firm's burden of excess labour costs. Amabile and Conti (1995) defined downsizing as an international management action involving a reduction in force and de-signed to improve a company's competitive position. Downsizing can be defined as set of activities designed to improve organizational effectiveness and competitiveness. Downsizing describes the process in which firms remove temporarily or indefinitely a number of employees from their payroll. The general purpose is to reduce the firm's burden of excess labour costs. Amabile and Conti (1995) defined downsizing as an international management action involving a reduction in force and de-signed to improve a company's competitive position

The concept of downsizing emerged from a number of disciplines and draws upon a wide range of management and organizational theories (Agwu and Kadiri, 2014). Hence a single definition of downsizing does not exist across studies, in a layman's point of view; downsizing means a contraction or shrinkage in the size of a firms" workforce. There are palpable fears of job loss in the financial sector as banks move to contain rising high operating costs. In the first quarter of the year, the cost of diesel rose from N225 to over N750, an increase of over 230 per cent (**Nwafor, 2022)**. The impact on business operations has forced some banks to adopt new survival measures, including office hour rationalization. Official banking hours, which used to be 8am to 4pm, now vary depending on specific organization and branches.

Agwu and Kadiri (2014) who asserts that downsizing engenders a variety of psychological states in survivors, namely, guilt, positive inequity, anger, relief, and job insecurity. Participant 4 also states that within the first two quarters after the major downsizing exercise, the survivors showed signs of decreased levels of morale and displayed attitudes such as lack of trust towards management. However, Datta, Guthrie, Basuil, and Pandey (2010) argued that the human costs of downsizing are far reaching as well as extensive. Within the banks, downsizing was viewed from various angles, however, the executioners, victims and survivors. The executioners in this context are the bank management teams, the victims are those affected and the survivors are the employees that remain with the banks after the downsizing have taken place.

Various downsizing scholars have studied and still studying the survivor syndrome and the exhibited behaviours at the workplace by individuals. In conclusion, many survivors exhibit work behaviours and attitudes that are dysfunctional (Macky 2004; Itami and Nishino 2010) to the firm and to the individuals work performance. Agwu and Kadiri (2014) stressed that the impact of downsizing on the survivors is believed to be one of the major reasons for the failure of downsizing efforts and their ensuring long-term problems.

Internal workplace performance

Performance can be understood as a quantitative and qualitative expression of a person or group to carry out and complete work in order to achieve set goals, while utilizing the knowledge, skills, competences and abilities possessed (Altındağ & Kösedağı, 2015). Thus, internal workplace performance of an employee can be said to be a source of strategic advantage and is the key to success for the most organization, (Diamantidis & Chatzoglou, 2019). Sustainable employee performance is a solution to maintain the existence of the organization in a dynamic and turbulent socio-economic environment (Diamantidis & Chatzoglou, 2019). To find out whether the performance of employees is good or bad at the workplace, a performance appraisal can be carried out by management of an organization, in which the assessment must be adjusted to the peculiarities and conditions of each organization (Rusu, Avasilcăi, and Huţu, 2016). With performance appraisals, organizational leaders can make administrative decisions, either in the form of dismissals or promotions or remuneration, (Altındağ & Kösedağı, 2015).

Dehaghi & Rouhani (2014) suggest that there are various ways that organizations can do to evaluate employee performance, but the most important thing is to determine the right method according to organizational goals, and usually employee performance appraisal can use more than one way. Furthermore (Molapo, 2002; Rusu et al., 2016) explains that every organization must also have standards for evaluating employee performance, taking into account internal and external factors. The availability of facilities and infrastructure as well as the organizational environment can determine whether the quality of employee performance is good or bad. In addition, social conditions also affect employee performance, such as leader behavior, employee trust in team management, and relationships between employees, as well as employee relationships with leaders (Pulakos et al., 2015).

Demotion

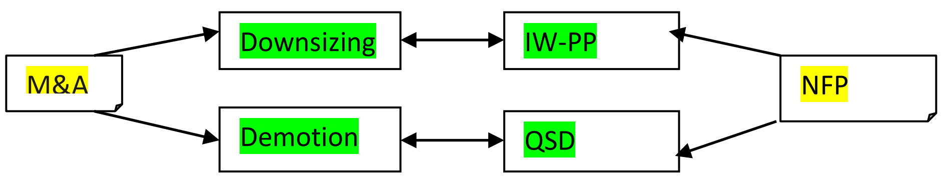
Stepping down of the position or demotion as it can be rightly put may be defined as a reduction of dignity, importance, responsibility, power or status of an employee even if his or her salary, benefit, and rank are retained (Conyon and Lind, 2002). This often happens when an employee escapes dismissal and employer opts to punish the employee by giving him/her a position that is lower than the one they held. Being demoted in a department can be so awkward, as the employee co-workers will be well aware of his or her fall from grace which afterwards causes psychological challenges. In the case of merger when staff suddenly becomes redundant due to the nature of the merger, the bank may want to retain the employee because he or she is valuable, but the organization has to move the employee to another department. According to Isaac and Agyer (2013) valuable and more rich in talent and skilled employees of retained banks whose roles are more crucial and viable are communicated on the new intention of the employer to step down his position haven given obvious reasons but the assurance that all remunerations and benefits remained untouched.

Quality of Service Delivery

Service delivery is a service that has the ability to provide and satisfy a need to customers (Murithi, 2009). According Newman (2001) the need for service delivery is brought about by the volatile market environment which in return alters the preferences of customers and the need for employees to continuously re-evaluate and redesign their business processes to enhance efficiency. The ultimate reason for the continuous implementation of technology is to improve service delivery (Chai, Ding, and Xing, 2009). Implementation of technology has played a huge role in improving the banking support systems, internet banking and Automated Teller Machines (Atms).

Chai et, al (2009) asserts that Banks provide bank services to attract customers, from giving loans, credit and debit cards, digital financial services, and even personal services. However, some essential modern services are offered by most commercial banks. Bank employees, also known as bank tellers, are responsible for most of the everyday operations at financial institutions. It is their job to keep track of all the money that goes in and out of a bank. This is no easy task, as a single bank may have dozens of transactions every day. In addition to a bank's obligations under law, the bank also owes its customers a duty to: receive money and collect bills for credit to its customer's account; honour customers' checks – which must be drawn in the proper manner, with the account sufficiently funded, presented during banking hours at a branch of the bank and also perform other functions as wealth management, providing Credit and Debit Cards, Overdraft services (Chung and Hoag, 1990). Employees faces lot of challenges as compared to manual banking like create frustration in getting the work done electronically, lack of knowledge regarding e-banking services, lack of proper training, obsolete technology, lack of technical up-gradation, rural customers will not accept e-channels, improper response (Gaughan, 2007).

Figure_1 Conceptual framework



Theoretical Review

"Eat or Be Eaten" Theory of Merger

The "Eat or be eaten" theory of mergers was propounded by Gorton, Kahl and Rosen (2005), as a response to the various merger waves experienced in the United State in the 1960s up to the late 1990s. Gorton, Kahl and Rosen (2005) combine elements of neoclassical and behavioural theories in a new theoretical framework called Eat or Be Eaten. The Eat or be eaten theory presents a model of defensive mergers and acquisitions. The theory argues that mergers and acquisitions can occur when managers prefer that their firms remain independent rather than be acquired. The theory further assumes that managers can reduce their chances of being acquired by acquiring another firm and hence increasing the size of their own firm. According to Gorton et el (2005), the basic elements of the "eat or be eaten" theory is based on the following assumptions:

i. First, managers may have a preference for keeping their firms independent. Managers of acquired firms are likely to play subordinated roles in the new firms or may even lose their jobs.
ii. Secondly, there is a state of the world in which at least some mergers generate value.
iii. Thirdly, a firm of a given size cannot acquire a larger firm. The larger the acquisition, the more difficult it is to finance.

The assumption that a firm cannot acquire a firm that is larger than itself implies that a firm can reduce its chance of being acquired by acquiring another firm smaller than it. This increases its size, which then reduces the number of other firms that are potential acquirers. Merger waves arise because of the externalities involved in defensive mergers: one firm's defensive acquisition makes other firms more vulnerable as takeover targets, which induces them to make defensive acquisitions themselves, resulting in a race for firm size.

Empirical Review

This section discusses some empirical works on the effects of mergers and acquisitions on the performances of banks. Soludo (2004) argued that mergers and acquisitions are aimed at achieving cost efficiency through economies of scale, and to diversify and expand the range of business activities for improved performance.

Ajayi (2005) and Uchendu (2005) also support this view. To Oladejo and Oladipupo (2011), the major purpose of the various financial sector reforms is to strengthen the banking industry and position it to meet world standards. Bank supervision entails not only the enforcement of rules and regulations, but also judgment concerning the soundness of banks' capital adequacy, assets, management, earnings and liquidity.

Kouser and Saba (2012), postulated that Capital, Assets, Management, Earnings and Liquidity (CAMEL) is an appropriate and simple model for the evaluation of the financial and managerial performance of institutions. They argue that the CAMEL is commonly used for the evaluation of performance and ranking. The study made comparison between the performance of pure Islamic banks, conventional and mixed banks in Pakistan. The ratios of the banks' performance defined by the CAMEL model were analyzed using ANOVA to investigate any significant difference. The analysis found that, Islamic banks had developing set up. In other words, Islamic banks fare better than conventional and mixed banks in Pakistan.

Okpanachi (2011) conducted a comparative analysis of the impact of mergers and acquisitions on financial efficiency of banks in Nigeria. The study major objective was to make a comparative analysis of the impact of mergers and acquisitions on the financial efficiency of banks in Nigeria, made use of gross earnings, profit after tax and net assets of three selected banks namely, Access Bank Plc, First Bank of Nigeria Plc and Wema Bank Plc, extracted from their annual reports and accounts as indices to determine financial efficiency of the banks by comparing pre-mergers and acquisitions indices with the post-mergers and acquisitions indices for the period 2002 to 2008. The period 2002 to 2004 was considered as pre-merger period, 2005 as base year while year 2006 to 2008 was considered as post-merger period. This was done to determine if there were any significant difference between the efficiency of the banks in terms of gross earnings, profit after tax and net assets. The secondary data (gross earnings, profit after tax and net assets), were analyzed by applying the t-statistic, using the Statistical Package for Social Sciences. The results showed that the post-mergers and acquisition period was more financially efficient than the pre-mergers and acquisitions period and recommended that banks should be more aggressive in their profit drive to improve their financial position and thereby reap the benefits of mergers and acquisitions.

Similarly, Berger and Humphrey (1992), found that banking organizations significantly improved their profit efficiency ranking after mergers. De Young (1997) also found that when both the acquirer and the target were poor performers, mergers resulted in improved cost efficiency. However, an examination of all commercial banks and bank holding company mergers and acquisitions occurring between 1982 and 1986 by Healy et al. (1992), revealed that mergers and acquisitions did not reduce non-interest expenses that could have led to improved efficiency.

In same vein, a research conducted by Umar (2009) on the impact of banking industry recapitalization on employment in Nigerian banks revealed that there was a reduction in employment in the banking industry between 1999 and 2001 and an appreciable increase in employment in the Nigerian banking industry after the consolidation exercise, from 2006 up to 2008. This increase in employment was attributed to significant increases in the banks' total assets, shareholders' funds and branch networks of the banks after consolidation.

Ebong (2001), also opined that consolidation would have a positive effect on employment in the long run and would drastically alter and redefine the nature of competition in the banking industry. However, the work of John (2006), indicates that mergers were followed by a decrease in the number of staff employed by the bank.

Similarly, Adegbaju and Olokoyo (2008) found that return on equity was quite low after recapitalization which implies that shareholders receive low returns as dividend after recapitalization. Return on assets also fell after recapitalization which shows that management of the banks had not been able to effectively convert the bank's assets into net earnings after the recapitalization.

Gaps in Literature

It is assumed that the effect of mergers and acquisition had been felt in the banking sector of the economy through the growth in the efficiency of banking operation, maximization of shareholders wealth, creating an enabling business environment so friendly and worthy to rely upon by investors, reduction in interest rate as enjoyed now by depositors and increased in bank reserve with the central bank of Nigeria. Yet, pertinent and subtle areas with regards to addressing the ill effect of mergers and acquisition with respect to downsizing, merger syndrome, demotion and measures to assisting employees adjust to the new change process as posed by merger and acquisition exercise in the banking sector of the economy had been left unattended to. These gaps identified have been created by this consolidation process thereby providing a direction for the researcher to investigating further the non-financial performance of banks in Nigeria, it area of weakness and threat which have not been properly addressed by several literatures and providing yardstick that may serve as measures for bridging the gaps.

Methodology

The Researcher adopted the descriptive survey research design method. A population of 316 employees working at the three (3) deposit money banks whose consolidation took place between 2009 and 2019 was selected for the study, using the simple random sampling technique. Banks selected for the study included, Access Bank Plc (Acquired Diamond bank in 2019), First City Monument Bank (FCMB) Plc (merged with NAMBL, First City Bank, Cooperative Development bank and Finbank in 2012) and Keystone bank (acquired Bank PHB in 2011).

Structured questionnaire were used for the collection of data. However, the questionnaire was divided into two sections vis A and B. Section A contained demographic data of the respondents, while Section B contained data relating to the research questions. The measurement construct for Merger and Acquisition (Downsizing and Demotion) were raised from the extant literature of (Amabile and Conti, 1995; Isaac and Agyer (2013), while the measurement construct for Non-Financial Performance (Internal workplace performance and Quality of service delivery) were gotten from (Altındağ and Kösedağı, 2015; Dehaghi and Rouhani, 2014; Molapo, 2002; Rusu et al., 2016).

The questions were structured in a likert-style scale pattern ranging from 5-strongly agree to 1-strongly disagree, While the questionnaire was validated by a statistician, the reliability was checked by Crombach Alpha test. The coefficient of the reliability text was considered acceptable at a value that ranges between 75-90 (0.75-0.90), which shows that the instrument was highly reliable according to Pallant, J. (2001), benchmark for testing reliability of a research instrument. Data were analyzed using one way anova and hypotheses were tested using Pearson Correlation contained in the statistical package for social sciences (IBM SPSS, Version 23).

Data Presentation and Analysis

Based on the questionnaire issued to the respondents of the 3banks in Aguata LGA, Anambra State, Nigeria under examination, data were collated, gathered, analyzed and interpreted. The One Way Anova was used to analyze the research questions, while the Pearson correlation was used to interpret and test the hypotheses. The interpretation and analyses which started up with the research questions and afterwards hypotheses are therefore presented below.

Presentation and Interpretation of Research Questions 1 & 2

i. To what extent does downsizing pose threat on internal workplace performance?
ii. To what extent does demotion affect the quality of service delivery?

Table 4.1

Response Option	No of Questionnaire	Percentage
Returned Questionnaire	290	91.77%
Unreturned Questionnaire	26	8.23%
Total	**316**	**100%**

SOURCE: Field Survey 2022

Research Question 1:

i. To what extent does downsizing pose threat on internal workplace performance?

Research Question 1:

i. To what extent does downsizing pose threat on internal workplace performance?

TABLE 4.2 One Way Anova

	Sub questions	Sum of Squares	Df	Mean Square	F	Sig.
Layoff have effect on the internal management control	Between Groups	207.161	4	51.790	102.631	0.000
	Within Groups	143.818	285	.505		
	Total	350.979	289			
Forceful retrenchment pose psychological trauma on workforce	Between Groups	21.962	4	5.490	7.071	0.000
	Within Groups	221.283	285	.776		
	Total	243.245	289			
Downsizing of workforce may result to workplace conflict	Between Groups	3.982	4	.996	1.640	0.014
	Within Groups	173.014	285	.607		
	Total	176.997	289			
Bank customers are deleveraged when their trusted officers are layoff	Between Groups	39.303	4	9.826	18.354	0.000
	Within Groups	152.576	285	.535		
	Total	191.879	289			

Source: SPSS Version 23

The table above illustrates the relationship between the independent variable x mergers and acquisition proxy with downsizing and the dependent variable y bank performance proxy with internal workplace performance. Roll 1 show a positive one way anova at 0.000 which indicates that layoff have effect on internal management control. Roll 2 indicates a positive one way anova at 0.000 which depicts that forceful retrenchment pose psychological trauma on workforce. Roll 3 shows a positive one way anova at 0.014 which indicates that conflict may arise from downsizing of workforce. Roll 4 also shows a positive one way anova at 0.000 which indicates that customer's loyalty are threatened when their trusted bank officers are laid off.

Research question 2

ii. To what extent does demotion affect the quality of service delivery?

Table 4.3 One-Way Anova

	Sub questions	Sum of Squares	df	Mean Square	F	Sig.
Quality of service is affected by the mode of employees	Between Groups	6.740	4	1.685	1.760	0.037
	Within Groups	272.781	285	.957		
	Total	279.521	289			
Better customers service relation could be hampered by demotion	Between Groups	4.195	4	1.049	.938	-.0.442
	Within Groups	318.550	285	1.118		
	Total	322.745	289			
Demotion of employee may cause anxiety and create an uncertain state of mindset	Between Groups	115.654	4	28.913	40.238	0.000
	Within Groups	204.791	285	.719		
	Total	320.445	289			
When the quality of service rendered is good customers are said to be satisfied	Between Groups	60.772	4	15.193	15.581	0.000
	Within Groups	277.904	285	.975		
	Total	338.676	289			

Source: SPSS Version 23

The table above shows that there exists a subtle change in the performance, as a result of the effect merger and acquisition posed on performance with esteem regard to the stepping down of the position of the acquired/merged staff of the banks. The changes in the quality of service delivery most times are not intentional, they could linger in the mind of employees as anxiety and fear which in turn affect the discharge of their responsibility. Quality of service indicated and reflected at 0.037, -0.442, 0.000 and 0.000 respectively which confirms that demotion have a negative effect on the quality of service delivery of employees.

Presentation and Interpretation of hypotheses 1 & 2

$H0_1$: Downsizing does not pose threat on internal workplace performance.

TABLE 4.4 PEARSON CORRELATIONS

	Sub questions	Internal workplace performance	Internal workplace performance	Internal workplace performance	Sum p-value test
Downsizing of workforce	Pearson Correlation	0.000	0.000	0.026	0.026
	Sig. (2-tailed)				0.026
Downsizing of workforce	Pearson Correlation	-0.132*	-1.000	-0.158**	-1.290
	Sig. (2-tailed)	.			-1.290
Downsizing of workforce	Pearson Correlation	0.026	-.1580**	0.000	-1.554
	Sig. (2-tailed)	.	.		-1.554
Sum of p=value	Pearson Correlation	-0.060	-0.385**	-0.116*	-0.561
	Sig. (2-tailed)	.	.	.	-0.561

*. Correlation is significant at the 0.05 level (2-tailed).

Interpretation

The relationship result on Table 4.3 shows a positive correlation 0.026, -1.290,-1.554 and the sum of p=value at -0.561 this illustration above indicates that downsizing of workforce have a negative effect on internal workplace performance this negative threat which includes anxiety, fear of uncertainty, job insecurity and absenteeism of the workforce all together affects their attitude to work which automatically reduces the overall bank performance in a given financial year.

Decision Rule: As the rule of thumb the p-value of the computed correlation is less than 0.05 .i.e -0.561< 0.05

Decision: Since the p-value of the test is less than 0.05 at -0.561 there exists enough evidence to reject the null hypotheses and conclude that there exists a significant effect of Downsizing on internal workplace performance

H02: Demotion does not have any effect on the quality of service delivery.

TABLE 4.5 PEARSON CORRELATIONS

	Sub questions	Quality of service	Quality of service	Quality of service	p-value Test
Demotion	Pearson Correlation	0.000	0.000	0.000	0.000
	Sig. (2-tailed)		.	.	0.000
Demotion	Pearson Correlation	-0.033	-0.033	-0.033	-0.033
	Sig. (2-tailed)	.			-0.033
Demotion	Pearson Correlation	0.000	.0.000	0.000	0.000
	Sig. (2-tailed)				.0.000
Sum of p=values	Pearson Correlation	.089	.274**	.067	-0.033
	Sig. (2-tailed)	.131	.000	.257	

**. Correlation is significant at the 0.05 level (2-tailed).

Interpretation

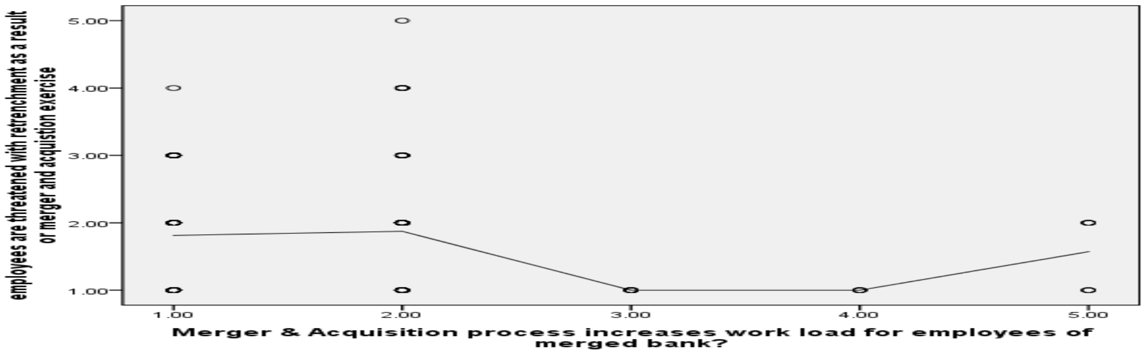
The relationship result on table 4.7 above shows a positive correlation between demotion and quality of service delivery at 0,000, -0.033, 0.000 and the sum of p=value at -0.033 , this implies that employees have the feelings that the bank is no longer suitable to guarantee their welfare in the area of appraisal and promotion..More so, that the quality of services rendered by a demoted employee will drop or reduced from what it used to be before mergers and acquisition .

Decision Rule As the rule of thumb the p-value of the computed correlation is less than 0.05 i.e -0.033 < 0.05.

Decision: Since the sums p-value of the test is less than to 0.05 at -0.033, there exists enough evidence to reject the null hypotheses and accept the alternate hypothesis and conclude that demotion have effect on the quality of service delivery;

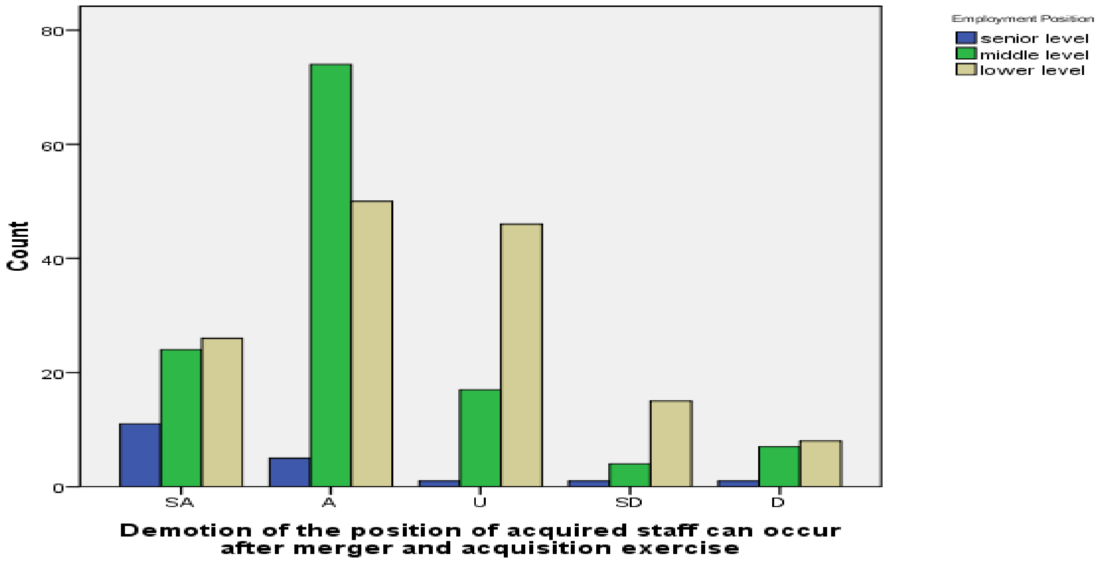
Discussion of findings

Figure 2



To affirm the illustration, figure 2 presents dotted small circles with a broken line at each point which shows the effect of downsizing on internal workplace performance. In between the straight dotted lines before 2.00, the immediate slope downwards shows that after downsizing exercise a larger number of employees are relieved of their jobs thereby creating gap in their job positions. The resultant effect of this as shown in the graphic presentation is that the workload and job description of merged /acquired employees automatically increase, this is because they are now saddled to perform an additional task. However, there is a significant positive effect of downsizing on internal workplace performance.

Figure 10



The chart above shows the represented views of various cadres of management and/ or employees; the long bar reaching 60 counts denote the populous views of the senior level management that agrees with the fact that demotion or stepping down of the positions of acquired/merged staff may occur as soon as merger and acquisition processes are finalized in the banking industry. And also before count 20 just lesser than count 10 at the right space of the bar represents a supporting view of staff who agreed that demotion of the position of acquired employees have a positive effect on their output. The study concludes that demotion of staff have an adverse effect on the quality of service delivery, as supported by the work of Galpin and Herndon (2000) that posited a significant positive effect of mergers and acquisitions in achieving organizational effectiveness, profit maximization, increase in productivity, career opportunities, and better job opportunities, the associated job losses and redundancies, stepping down of acquired staff, increase workload, redesigning jobs to eliminate job duplication, initiating training and effective communication programs are issues that could not be ignored if successful mergers and acquisitions would be achieved.

Recommendations

Firstly, to addressing the issue of downsizing efforts should be made to establish support services in form of career counseling, small scale business seminar, financial and retirement counseling and employees should be given the leverage to further study so that the adverse effect of downsizing which usually comes as wave may be remedied beforehand and also management should realize that employees are human being created to function with blood and not robot that can be overload with task under automatic manipulation. Similarly, there should be the provision and prompt payment of severance package so that those who inevitably lost their jobs would have access to enough money to re-establish themselves.

Similarly, It is pertinent that the management of the acquired and/or merged banks put into consideration before demotion, the key talents in the acquired and/or merged bank and their efforts, competence and also capacity to building a whole vibrant and sustainable bank that can compete aggressively with its competitors, yet satisfying the demands of their customers while rapidly adjusting to the current consolidation process.

References

1. Adegbaju, A. A., & Olokoyo, F. O. (2008). Recapitalization and Banks Performance: Case Study of Nigerian Banks. African Economic and Business Review.
2. Agu, C., Olajide, D., Ikenwilo, D., & Orji, A. (2011) "Mergers and acquisitions: the Nigerian banking consolidation program," International Journal of Banking and Finance: Vol. 8: Iss. 4, Article 2. Available at: http://epublications.bond.edu.au/ijbf/vol8/iss4/2.
3. Agwu, M. E, & Kadiri, I. (2014). Analysis of critical strategic factors for the successful implementation of poverty alleviation programmes in Nigeria. International Journal of Computational Engineering & Management, Vol. 17(1) 1–9, January 2014.
4. Agwu, M.E & Carter, A.L. (2014). Mobile phone banking in Nigeria: benefits, problems and prospects. International Journal of Business and Commerce Vol. 3, No.6: Feb 2014 [50-70].
5. Ajayi .W (2005): “Banking Sector Reforms and Banking Consolidation”: CBN Bullion Abuja Vol: 29, No. 3 April/June
6. Akinsulire, A. (2017). The Prospects and Challenges of Mergers and Acquisitions by the Indigenous Construction Industry in Nigeria. MBA Research Project, Department of Business Administration, Faculty of Business and Society, University of South Wales, United Kingdom.
7. Altındağ, E., & Kösedağı, Y. (2015). The Relationship Between Emotional Intelligence of Managers, Innovative Corporate Culture and Employee Performance. Procedia - Social and Behavioral Sciences, 210, 270–282. https://doi.org/10.1016/j.sbspro.2015.11.367
8. Anderibom, A.S. & Obute, C.O. (2015). The effects of mergers and acquisitions on the performance of commercial banks in Nigeria‟, International Journal of Education and Research, 3(1), [Online]. Available at: http://www.ijern.com/journal/2015/ Accessed: 17 January 2022.
9. Berger, A. N., & Humphrey, D. (1992). Mega-mergers in Banking and the Use of Cost Efficiency as an Antirust Defense. Antitrust Bull., p. 37.
10. Cartwright, S., &. Cooper, C. L. (1992). Mergers and acquisitions: The human factor. Oxford: Butterworth-Heineman.
11. Central Bank of Nigeria (2004). Guidelines and Incentives on Consolidation in the Nigerian Banking Industry, Press Release, Governor’s Office, August 25.
12. Central Bank of Nigeria (2005). Banking Sector Consolidation: Special Incentives to Encourage Weaker Banks, Press Release, Governor’s Office, April 11.
13. Chai, K. H., Ding, Y., & Xing, Y. (2009). Quality and Customer Satisfaction Spillovers in the Mobile Phone. Industry Service Science, 1(2), 93-106.
14. Chung, K. S., & Hoag, S. E. (1990). Mergers, Restructuring and Corporate Control. Prentice-Hall International.
15. Conyon J.G & Lind, B (2002): “Escaping Merger and Acquisition Madness”, Strategy & Leadership, Vol 30, No 2, pp. 5-12.
16. Datta, D.K., Guthrie, J.P., Basuil, D., and Pandey, A. (2010). Causes and effects of employee downsizing: A review and synthesis. Journal of Management, 36(1), 281-348.

17. Dehaghi, M. R., & Rouhani, A. (2014). Studying the Relationship between the Effective Factors on Employees' Performance in Iran's University and the Students' Satisfaction with regards to Employees' Performance. Procedia - Social and Behavioral Sciences 1, 141, 903–908.
18. Diamantidis, A. D., & Chatzoglou, P. (2019). Factors affecting employee performance: An empirical approach. International Journal of Productivity and Performance Management, 68(1), 171–193. https://doi.org/10.1108/IJPPM-01-2018-0012.
19. Ebong, B.B. (2001.). The banking industry and the Nigeria economy post consolidation. Retrieved January 30,2012 from http//:www.unionbankng.com/ebong.pdf
20. Galpin,R & Herndon, N. (2000): Basic Econometrics, Fourth edition, The McGraw-Hill Companies, London, p.65.
21. Gaughan, P. A. (2007). Merger, Acquisitions and Corporate Restructurings (4th ed.). New Jersey: John Wiley & Sons Inc
22. Hoskisson, R., Hitt, M. & Johnson, R. A. (2005). Conflicting Voices: The effects of Institutional ownership heterogeneity and internal Governance on corporate innovation strategies. Academy of Management, 45:697 – 716.
23. Isaac, M.O. & Agyer, S.K. (2013). Mergers and acquisition and firm performance: Evidence from the Ghana Stock Exchange. Research journal of finance and Accounting 2(5): 124 -143.
24. Itami, H. and Nishino, K., (2010) Killing two birds with one stone: profit for now and learning for the future, Long Range Planning, 43 (2- 3), 364-369.
25. Kaznic, A. (2008) Strategic management and Business policy (3rd ed). New Deli: Tata Mc Graw – Hill publication Ltd. P.II
26. Kouser, R. & Saba, I. (2012). Gauging the financial performance of banking sector using CAMEL model: Comparison of Conventional, Mixed and Pure Islamic Banks in Pakistan. International Research Journal of Finance and Economics, issue 82 (2012)
27. Macky, K., (2004). "Organisational downsizing and redundancies: The New Zealand workers‟ experience". New Zealand Journal of Employment Relations, 29 (1), 63-87
28. Malhotra & Sharma,(2013). Corporate Counsel Forum, at the Nigeria Bar Association 2011 Annual Conference, Port Harcourt on August 24, 2011, as basis for discussion at the forum of Lawyers. [Online Publication].[Ref. 12.10.2013.
29. Molapo, R. (2002). Educators' perceptions of the role of contextual factors in educator appraisal. April, 1–127. www.uj.ac.za.
30. Morgan, O. (2004), Due Diligence in mergers and acquisitions. Lagos. Financial Standards
31. Murithi, S. (2009). Post-Merger Implementation Strategy for the Financial Services Sector: A survey of Mergers in the Kenyan banking Sector. University of Nairobi. Unpublished MBA Project.
32. Newman, K. (2001). Interogating SERVQUAL; A critical assessment of Service Quality Measurement in a high street retail bank. International Journal of Bank Marketing, 19(3), 126-139.
33. **Nwafor, G. (2022).** Panic as banks plan downsizing over rising operating costs. TheGuardian online News pulletin. https://guardian.ng/appointments/panic-as-banks-plan-downsizing-over-rising-operating-costs/.
34. Odukapa, (2000). Consolidation through mergers and acquisitions: The African experience. Conference proceedings on Consolidation of Nigeria's Banking Industry. Central Bank of Nigeria, Abuja.
35. Okpanachi J. (2006): "Effects of Financial Products Marketing Management on Profitability of Some Banks in Nigeria". ABU J. Mark. Manage. 1 (11), June.,
36. Okpanachi, J. (2011): "Global Syndromic Nature of Bank Distress. The Nigerian Perspective". Academic Journal. Defence Stud., p. 14, February
37. Oladejo,M.O. & Oladipupo, A.U. (2011). Capital regulation and the performance of the Nigerian banks: needs for review. Journal of Emerging Trends in Economics and Management Sciences (JETEMS), 2 (3), 2011
38. Onaolapo & Ajala, (2012). Post-Merger Performance of Selected Nigerian Deposit Money Banks-An Econometric Perspective International extracted from Journal of Management Sciences and Business Research, 2013.
39. Onaolapo & Ajala, (2012). Post-Merger Performance of Selected Nigerian Deposit Money Banks-An Econometric Perspective International extracted from Journal of Management Sciences and Business Research, 2013
40. Pallant, J. (2001). SPSS survival manual - A step by step guide to data analysis using SPSS for windows (version 10), Buckingham Open University Press.
41. Pandey, I. M. (2010). Financial Management (11th ed). New Delhi, Vikas Publishing.
42. Pulakos, E. D., Hanson, R. M., Arad, S., & Moye, N. (2015). Performance management can be fixed: An on-the-job experiential learning approach for complex behavior change. Industrial and Organizational Psychology, 8(1), 51–76. https://doi.org/10.101 7/iop. 2014.2.
43. Rhoades, S.A. (1993) "The efficiency Effects of bank mergers" An overview of case studies of nine mergers, Journal of Banking, vol. 22.
44. Rusu, G., Avasilcăi, S., & Huţu, C.-A. (2016). Organizational Context Factors Influencing Employee Performance Appraisal: A Research Framework. Procedia - Social and Behavioral Sciences, 221, 57–65. https://doi.org/10.1016/j.sbspro.2016.05.090

45. Soludo, C. (2004): Consolidating the Nigerian Banking Industry to Meet Development Challenges. Discussion Paper, http:/www.thisdayonline.com/business.
46. Straub, T. (2007) "Reasons for frequent failures in Mergers and Acquisitions": a comparative analysis: Deutscher University Verlag, Wiesbaden.
47. Thompson, A.A. & Strickland, A.J. (2007). Crafting and executing strategy. The quest for competitive advantage. Concepts and cases. Irwin: McGraw-Hill.
48. Uchendu, O.A. (2005): "Banking Sector Reforms and (6) Bank Consolidation": The Malaysian Experience, Bullion, Central Bank of Nigeria, Abuja, 29(2), April/June.
49. Ukandu, A.R. (2011). Merger and Acquisition as a growth strategy in a business organisation. Published MBA thesis. The University of Nigeria. [Online]. Available at: http://www.unn.edu.ng/publications/files/images/UKANDU%20ALOZIE%20RICHAR D.pdf.
50. Umar, G (2009): "The Impact of the Banking Industry Recapitalization on Employment in Nigerian Banks", European Journal of Social Sciences, Vol 11, No 3, p.486.