EFFECT OF MERGERS AND ACQUISITIONS ON THE FINANCIAL PERFORMANCE OF COMMERCIAL BANKS IN KENYA

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DECLARATION

This Research Project is my original work and has not been submitted for a degree in this or any other University.

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This Research Project has been submitted for examination with my approval as the university supervisor

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Unique acknowledge to the Almighty for giving me great wellbeing and chance to attempt and finish this course.

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May the Almighty favour you limitlessly today in this world and the great beyond.

DEDICATION

This work is committed to my dad James Karuiru, my mum Alice Karuiru my younger brother Gideon and all friends who made my academic journey a success. God bless you!

TABLE OF CONTENTS

LIST OF FIGURES

LIST OF TABLES

LIST OF ABBREVIATIONS AND ACRONYMS

ANOVA	Analysis of Variance
CAK	Competition Authority of Kenya
CBK	Central Bank of Kenya
KENOIL	Kenya Oil Company Limited
NSE	Nairobi Securities Exchange
ROA	Return on Assets
ROE	Return on Equity

ABSTRACT

This examination looked to decide the effect of Mergers and. Acquisitions on the budgetary execution of Banks in Kenya. To accomplish this, the examination talked about the accompanying determinants of budgetary execution: administration productivity; large scale monetary elements; and liquidity. Exact proof has contended that in the present time period by virtue of globalization and mechanical advancement, most affiliations are looked with solid rivalry which undermines their survival in the market and these reasons have driven firms to attempt in Mergers and Acquisitions. The examination was led utilizing an unmistakable research structure. It depended on every Commercial bank in Kenya that have Merged and Acquired somewhere in the range of 2005 and 2017. The examination utilized optional information from evaluated money related articulations, yearly reports distributed by CBK and the particular organization sites. Data accumulated was 3 years pre and 3 years post mixing/getting from the money related declarations of the investigated associations. The examination was disconnected into pre-M&A period and post-M&A period to consider cash related execution when M&A for time of 11 years (2005-2017). The investigation discovered that after merger occasion, all the Commercial Banks detailed an augmentation on the bookkeeping proportions. Besides, in spite of the blended execution, bookkeeping proportions after the procurement was as yet higher contrasted with the execution before the securing occasion. The examination inferred that merger/obtaining occasion enhanced money related execution of the tested business Banks. The investigation prescribed that administration groups need to exploit the benefits of mergers and acquisitions, especially the capacity of extending cash related execution.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

In the present time span because of globalization and mechanical advancement, most affiliations are faced with solid rivalry which undermines their survival in the market (Beatery and Bjortuft, 2013). These reasons have driven firms to try in Mergers and Acquisitions. Making business sureness, customer request and redesigning monetary conditions in the domain have whetted business administrators' craving for firms in the social occasion, associations, and money related associations segments among others (Webber, 2014). Mergers and Acquisitions (M&A) are dependably being gotten for dynamic affiliation constrain by creating bit of the pie. Moreover, to engage affiliations enter to new land markets to help improvement by mistreating economies of scale and choice on customer base among various reasons (Kemal, 2016). The clarification for any corporate merger is the support impact; two is better than one. Affiliations expect that by either mixing or increasing another connection, the execution would be better than a lone substance (Nakamura, 2014).

As shown by Steensma (2014), twenty years back, couple of affiliations made mergers a key piece of their enhancement system, mergers were a not exactly perfect idea or verbose. Today different affiliations intend to accomplish more than 50 percent of their enhancement from M&A. (Weston, 2013). Additionally, mergers and getting practices are being used on a broad assortment of portions including creating, keeping cash and assurance, oil, gas, control among others (Thompson, 2014). All around, multinational organizations have credited their development and strength in industry to rebuilding endeavors that have seen them ingest littler organizations with special thoughts into their crease, upheld them and developed together (Porter, 2013). As per Porter, mergers and acquisitions have already been connected in numerous parts of the world as a method for corporate rebuilding or business mix, which have assumed a vital part in the outside development of various driving firms on the planet including Europe. Numerous organizations go for enhancing their monetary execution after merger and obtaining (Pawaskar, 2014).

Also, the central framework for most firms chasing down mergers and acquisitions is to endeavor to reshape up the key player in the thing advance locale of the basic distinctive quality unit (Gatheru and Were, 2014). Sudarsanam (2013) found that the essential illumination behind doing M&A is to build up the financial aces' an impelling influence through sound cash related execution. In Kenya, M&A are sensibly used to upgrade intensity of relationship by developing increasingly perceptible bit of the pie, extending portfolio to lessen business credibility, to enter new markets and gain by economies of scale among other (Kithitu, 2014). M&A have other than been used to make analysts wealth regards in Kenya by the affiliations encountering through changes.

1.1.1 Mergers and Acquisitions

A merger can be depicted as the blend of no under two firms, in which the subsequent firm keeps up the character of one of the affiliations, if all else fails the more noteworthy (Franke, 2015). A merger requires the unequivocal help of those beginning at now responsible for the association and most resolutions require in excess of a key overwhelming part vote by examiners to effectuate a merger (Copeland, 2013). Obviously, anchors are the total assimilation of one firm by another, the getting firm holds its name and its character and it gets all of the focal concentrations and liabilities of the got firm (Ross, 2014). Thusly, the extended firm stops to exist as another business substance. The clarification "secures" is used to prescribe any takeover by one relationship of the offer capital of another in this manner of cash, standard offers, or incite stock (Halpern, 2015). An anchoring may in like way address getting an area took from another firm. The methodology for believing is that the domain can be managed better when added to the activities of the acquiring firm (Weston, 2013).

M&A are recognized to be soul for progression of a relationship in telling condition and occurs in perspective of different reasons (Muniu, 2014). Mergers are one of the courses that affiliations are utilizing to accomplish required cut off focuses and assets with unbelievable goal to develop their budgetary most remote point (Rifat, 2104). As showed up by Piaskoki and Finkelstein (2014), acquisitions bring operational efficiencies which may climb out of economies of scale, creation economies of degree, use economies of improvement, revived resource dissipate moving to an on the other hand progressively moderate age advance, updated use of information and limit, an increasingly productive mix of focal concentrations and changes in the utilization of brand name capital. M&A try corporate made undertakings which may result in increasingly equipped affiliation, enhanced creation structures and maltreatment of broadened showcase control (Slater, 2013). Chakrabarti (2015) set that budgetary execution related rousing powers for M&A impact whole deal fundamental elements which tend to be had a poor opinion of in a noteworthy piece of the back and forth movement observational research, which by and large bases on the transient, financial effects.

In the whole deal impacts, Chakrabarti (2015) asserted that the typical synergistic characteristics of mergers can add to improved cash related execution through successful efficiency of exercises, whereby economies of scale spread the immense settled costs of placing assets into device or PC systems over a greater number of units. Another viability gain is proficient by joining correlative activities for example, combining an association strong in investigate with one in number in exhibiting (Caves, Mueller and Scherer, 2014). As necessities be, officials must think outside these purposes of constrainment recollecting a definitive target to guarantee that their affiliations stay focused and go into affiliations that will profit evident and dubious great conditions (Mwaki, 2014).

1.1.2 Financial Performance

Huizinga (2013) delineated budgetary execution as the level of how well a firm can use assets from its essential framework for business and pass on benefit. Besides, Beitel (2015) conveyed that money related Performance is basically a degree of an affiliations cash related flourishing over a given time range, used to look at close firms over a tantamount industry or to think about endeavors or parts in collection. As indicated by Azofra (2015), monetary execution of a firm is controlled by assessing association gainfulness, broad scale cash related parts and liquidity of a firm. Association's money related position is enter in deciding if a firm will take an interest in a merger or in an obtaining (Muniu, 2015). A firm will just take part in a merger or in a procurement it feels that it can pick up by teaming up with another organization (Andrade, 2014). Concentrates in mergers and acquisitions in Kenya show that monetary execution contrasts from firm to firm and along these lines the discoveries are uncertain (Capron, 2013). As per Capron, all organizations go for enhancing their budgetary execution after merger and securing. Late corporate merger and obtainment activity found in the Kenyan economy means that associations are dynamically enduring this takeover decision as a technique towards working up their money related execution (Muinde, 2013).

In addition, the move towards provincial joining has to be sure started a whirlwind of cross local development which has seen different organizations not just utilize cross-posting crosswise over different markets as a method for expanding local nearness yet additionally as a route set apart to increase regional acquisitions and buyouts (Gachanja, 2015). This has made several Kenyan firms to wander out of the nation in cross edge acquisitions. Notwithstanding, Kemal (2014) places that organizations that take part in obtaining understand that the genuine test begins when the arrangement is shut and consideration movements to how esteem can be conveyed. Kemal contends that regardless of whether the objective organization works in the same or complimentary field, it is constantly imperative to consolidate the two organizations with a specific end goal to improve money related execution and make an incentive for investors. In 2001, most organizations flopped because of poor administration of the consolidated organizations (Boot, 2013).

1.1.3 Commercial Banks in Kenya

As of late, enthusiasm for posting at the stock trade has expected high relational words. This is likely because of the colossal push from the developed nations to the African nations to grasp positive picture keeping in mind the end goal to draw in outside financial specialists and to enhance investors esteem (Njihia, 2014). Kenya saw an expansion in mergers and acquisitions action amid the period 2001 to 2013. Since the Competition Authority of Kenya (CAK) wound up operational in 2011, it has decided in excess of 50 merger applications (CAK, 2014). This is in contrast with the six-year time frame in the vicinity of 2005 and July 2011 amid which there were 68 mergers informed to the Monopolies and Prices Department, the ancestor of the Competition Authority (Mutulu, 2014).

The M&A movement has been in a wide cluster of divisions including keeping money, protection, building and development, oil, gardening, data, correspondence and innovation (ICT), and mining, among others. Recorded oil organizations in Kenya that have been occupied with mergers and acquisitions incorporate; In 2006 Kenya Shell gained the Shareholding of BP in Kenya expanding its piece of the pie from 15% to

25% out of 2008 (CBK, 2013). Oil Libya gained Exxon Mobil shareholding in Kenya in 2007. As of late Total Kenya procured every one of the advantages of Chevron in (Kenya Oil Company Limited, 2008).

Additionally, a report by Central Bank of Kenya (2014) shows that in 2010 alone, the going with mergers happened inside the dealing with a record zone (Appendix 1) In any case, Chesang (2014) battles that at any rate two or three banks showed a reduction in execution in the post-merger period, merger patching up could at present be considered as a prescribed decision to overhaul the general budgetary execution of sensitive and injured medium evaluated banks. Furthermore, in 2017 alone the going with acquisitions happened (Appendix 2).

1.2 Research Problem

The impact of blending organizations is a notable great issue, where expanded size of organizations and cooperative energies, through inward development or by methods for mergers, are decidedly identified with long haul execution. Mergers have turned into the primary methods for achieving higher execution which is the fundamental objective. Powerlessness to financial perform is fundamental to a business as it is the noteworthy purpose behind business dissatisfaction. With expanding rivalry and the economy heading towards globalization, the pattern on mergers and acquisitions are relied upon to ascend at a significantly bigger scale with the point of accomplishing an aggressive edge in the business (Mender, 2014).

In any case, previous examines that have been done on mergers and procurement have not been steady. Ulton (2016) analyzed 39 insurance agencies in Italy which had embraced persevering mergers in the period 2010-2015. Ulton found no confirmation from the example that merger escalated firms have higher budgetary execution. So also, Saple (2015) found that mergers and securing did not prompt a change in the money related execution of recorded assembling firms in Ethiopia as estimated by the benefit balanced for industry normal. An ongoing report in Singapore done by Kling (2016) found a proof on the positive effect of corporate mergers and acquisitions by firms. What's more, Mutie (2014) dissected Kenya's dynamic acquirers in the media transmission section and found some affirmation that associations undertaking mergers earned a higher rate of benefits than those that relied upon inside improvement. Marangu (2013) did an examination in the managing an account industry in Kenya and the outcomes found that budgetary execution enhanced in the wake of doing a merger. Somewhere else, an investigation done by Munene (2015) found that merger action emphatically influences benefit because of restored thoughtfulness regarding business and enhanced administration. From the advancing talk, obviously thinks about in Kenya have been based on the impact of mergers and acquisitions in the money related relationship to the rejection of different domains and thusly the inspiration driving the present examination to answer the request; what is the effect of M&A on the financial execution?

1.3 Research Objective

The reason for this examination was to decide the impact of Mergers and Acquisitions on the budgetary execution of Commercial Banks in Kenya.

1.4 Value of the Study

The examination may be of inconceivable favorable position to the recorded firms that have blended or appreciated an obtaining, those reasoning about combining or sharing in securing and to analysts.

The investigation included making use of, or researching the data about mergers and acquisitions. Most research has focused on the effects of accessing business sector or nation particular information, or to mechanical and inventive capacities through explorative M&A. In any case, the learning got from M&A experience gives a charming blueprint to research.

Firms that have mixed may have the ability to perceive the variables that are impacted by mergers and acquisitions with the objective that these associations can make strategies for convincing asset designation for an unrivalled money related execution. These associations may recognize key edges that would rotate a firm after a merger or a securing with a state of focusing on these perspectives, make methodology after which a firm may have the ability to enhance its cash related execution.

This examination is similarly extraordinary critical to the scholarly world as it may uncover understanding and give writing that can be created about how mergers and acquisitions can impact the cash related execution of firms.

The examination may thusly shape insightful data that may be used as a piece of learning establishments and research foundations for additionally look into. The examination may in like manner enable customers to be in a circumstance to appreciate on the possible effects of M&A and how it impacts them.

CHAPTER TWO
LITERATURE REVIEW

2.1 Introduction

This chapter dealt with into various portions: hypothetical survey, exact audit, theoretical system and a rundown of the information gap is given towards the end of the part.

2.2 Theoretical Literature Review

This exploration was maintained by two theories that are fitting to mergers/acquisitions and money related execution. These speculations are: - The Efficiency Theory by Solow (1954); The Valuation Theory by Ohlson (1955); and Managerial Hubris Theory by Roll (1986) as discussed beneath.

2.2.1 The Efficiency Theory

As depicted by the effectiveness theory, mergers happen widely in light of the manner by which that mergers make strong energies between the acquirer and the target whereby the managed undertakings along these lines conveys the estimation of the firm (Lepetit 2014).The theory of efficiency proposes that mergers will in a general sense happen when they are relied upon to make enough conceivable made endeavors to make the game-plan beneficial to the two get-togethers (Mueller, 2014). Mueller fights that it is the symmetric necessities for develops which results in a particularly masterminded merger being proposed and seen.

In case the gain in an ability to the goal was not positive, it is proposed, the goal association's proprietors would not offer or submit to the secures, and if the improvements were negative to the bidders' proprietors, the bidder would not complete the framework (Capron, 2014). As appeared by Agrawal (2013) in a merger deal, productivity theory predicts regard creation with positive returns to both the acquirer and the target. So, in addition, considers done by Banerjee and Eckard (2015); and Klein (2014) strengthen this recommendation. In any case, Chatterjee (2013), castigated this theory by giving that, it ought to be conceivable to see ace joint endeavors or capacity increments accomplished through economies of scale and scope and assign satisfying energies or plotting made endeavors resultant from extended advance control and an enhanced capacity to confine client surplus while remarking on respect creation in mergers. As appeared by Houston, (2013) working made endeavors are the more fundamental wellspring of gain.

2.2.2 The Valuation Theory

Valuation hypothesis battles that mergers are coordinated and executed by specialists who have better data about the objective's a moving impact than money markets (Hambrick and Scherer, 2013). As appeared by Vennet (2014), valuation hypothesis depends upon the supposition of wasteful capital markets and topsy turvy data. The objective of mergers is to accomplish discretionary respect gains between the market respect and the valuation of the getting firm because of extraordinary data about the objective affiliation which is just accessible to the bidder's association (Rodermann, 2015).

Notwithstanding, the valuation theory clashes with that of an able capital market (Ottone, 2015). Ottone ensured that the two are not incongruent in light of the way that the valuation hypothesis just necessitates that all wholeheartedly open data is valued the stock expense. As showed up by Murgia (2013), if the bidder had private data about the objective's respect (next to solid energies as of now) he would uncover it in his offer. The stock expense would move to mirror the new data leaving the bidder in a winner's-repulse condition (Weston, 2013). In this sense a skilled market does not obstruct the vicinity of had a poor conclusion of target firms, yet rather simply the probability of profiting from revealed private information (Wensley, 2016).

2.2.3 Managerial Hubris Theory

The administrative hubris speculation expresses that regardless of whether supervisors attempt to amplify the estimation of the firm, they may overestimate the estimation of the firm they expect to purchase in view of hubris (Klein, 2014). Klein fights this is especially valid in rushes of combination, when administrators indiscriminately take after the business sectors and change their convictions on mixture versus key concentration or when different bidders after a similar target. Supervisors additionally could belittle the cost of post-merger reconciliation or overestimate their capacity to control a bigger foundation (Starub, 2015). Along these lines, an exchange that is accepted to profit the acquirer could essentially be a poor key choice where benefits are overestimated or costs are belittled (Kithiku, 2015). The result is that financial specialists of the obtaining firm lose from the game plan in light of the way that the market reacts to the blunder of the getting affiliation's boss (Eckard, 2014).Furthermore, Thaler (2014) censured the hubris hypothesis and inferred that the social monetary convention writing has set up again and again that individuals are bad at advancement of any sort, and has encouraged improvement of a more reasonable arrangement of suppositions on which to fabricate financial speculations.

2.3 Determinants of Financial Performance

Budgetary execution hints how much money related destinations being refined or has been ace (Meshki, 2014). As showed up by Meshki, Budgetary execution is the way toward surveying the possible results of an alliance's techniques and activities in genuine cash related terms. It is utilized to gage connection's common cash related thriving over a given day and age and can in like way be utilized to consider near firms over a comparable industry or to see at affiliations or consider districts completely (Mataneh, 2014).

In like way, fiscal execution of an affiliation is overseen by profit for esteem; substantial scale monetary considers, for instance, changes swelling, transformation scale and advance expense; and estimation of firm (Michael, 2013).

2.3.1 Management Efficiency

Organization capability is a noteworthy inside factor that chooses an association's budgetary execution (Allen, 2013). As per Allen, viability can be assessed the extent that benefits required to make the yields or yields. It is about the route by which work is done (Pike, 2013). Pike battles that it is the dedication of an executive to help update proficiency. As shown by Kithitu (2015), if a comparable work can be done using less information sources or resources then viability has pushed ahead. Organization adequacy is addressed by different money related extents like total asset improvement and benefit advancement rate (Lucey, 2014). Regardless, Lucey battles that it has a tendency to be greatly difficult to find the best mix of ampleness, viability and economy as there are such immense quantities of ways to deal with get regard. For example, as demonstrated by Menza (2013) it may be that the consideration is on giving a specific yield (ampleness) for the scarcest cost whereby this may be to the drawback of capability or it may be that the accentuation is on keeping up a particular cost (economy) and conveying the best yield for that cost. It is imperative that the requirements of senior organization are set up as this will by then drive the most fitting measures to be used and incite the best feasibility, adequacy and economy mix (Romer, 2013). According to Romer, this mix will change after some time dependent upon the point of convergence of the affiliation and outside factors also.

The higher the working advantages to signify (wage) the more the compelling organization is the extent that operational viability and pay age (Lebby, 2016). Lebby battles that organization is believed to be without a doubt the most basic segment in the

CAMEL (capital adequacy, nature of advantages, nature of organization, benefit, liquidity, and affectability to exhibit perils) rating system since it accepts a huge part in a bank's thriving; regardless, it is at risk to check as the favorable position quality examination.

2.3.2 Macro Economic Factors

Wen (2014) attested that large-scale monetary components are basic in choosing the budgetary execution of a firm. A macroeconomic factor is a trademark, example or condition that applies to an extensive piece of an economy instead of a particular people (Meshack, 2013). As indicated by Meshack, basic macroeconomic variables incorporate GDP, the rate of work, the periods of the business cycle, the rate of expansion, the cash supply, the level of government obligation, and the here and now and long-haul impacts of patterns and changes in these measures.

What's more, Khrawish (2015) characterized full scale financial factors as those that are appropriate to a wide economy at the local or national level and influence a huge populace instead of a couple of chosen people. The factors distinguished as having real impact incorporate; expansion, total national output (GDP), money conversion scale, loan costs, legitimate and administrative condition and hazard (Michael, 2013). While financial development is obviously an imperative goal for most firms, most economies don't work at their maximum capacity (Mataneh, 2014). As per Thaler (2014) there is frequently a hole called the yield hole or the GDP hole between the measure of GDP really delivered and the potential GDP that the economy could create with full work and full asset use.

2.3.3 Liquidity

Eckard (2014) described liquidity as the limit of an association to meet commitments and requests for stores. Eckard pronounces that liquidity organization infers ensuring that the association keeps up sufficient cash and liquid assets to satisfy client enthusiasm for administrations and items like credits from a managing an account foundation and to pay the establishment's costs. Likewise, liquidity organization incorporates a step by step examination and ordered estimation of the size and timing of cash inflows and floods over the coming days and weeks to constrain the risk that savers will be not capable access their stores at the occasions they ask for them (Starub, 2015).

So likewise, Kithiku (2015) states that with a particular true objective to administer liquidity, a foundation must have an organization information system set up; manual or computerized that is satisfactory to create the information anticipated that would make sensible advancement and liquidity projections. Meshki (2014) places that liquidity conveys how much a firm is prepared for fulfilling its individual responsibilities. Banks benefit by collecting at this very moment stores at cut down advance cost, and crediting or putting these advantages in whole deal at higher rates, so it is hazardous for banks bewildering their crediting financing cost.

2.4 Empirical Review

An examination entitled, "Effects of mergers on corporate execution in India", by Pawaskar (2015), broke down the impact of mergers on corporate execution. The examination incorporated a relationship of pre-and post-merger working execution of the organizations connected with mergers between 2012 and2015 to perceive their fiscal characteristics. The joined firms performed superior to industry concerning benefit.

In switch, another examination done by Kumar (2015) on the passing post-obtaining execution of corporate firms in India. The examination utilized an occurrence of 20 getting firms recorded on the Bombay Stock Trade for one year. As per the examination's choices, tying down firms in India will in common perform superior after an obtainment within the brief keep running when risen from the pre-getting period. Kumar attributed this to updated advantage being utilized of their purposes of premium which prompt time of higher working cash streams.

In like way, Waegelein (2015) thought of the complete course of action post-anchors execution of affiliations related with mergers and acquisitions development in Hong Kong. The examination included 162 firms for a time of 15 a long time (2000 – 2015) and the examination tied down a five a long time pre and post-getting period. As shown by the examination's judgments, there's a crucial positive refinement within the post-tying down execution when meandered from the pre-getting. Notwithstanding, the examination saw that the post-securing execution was basically related with the relative sizes of the affiliations getting together; firms getting by and large more conspicuous firms took longer events to prepare them. The examination other than found that total acquisitions tended to extend favored post-securing comes about over acquisitions of firms in a commensurate industry.

Tambi (2016) evaluated the impact of mergers and amalgamation on the execution of Indian relationship through a database of 40 affiliations picked utilizing encouraged t-test for cruel capriciousness for four parameters; Add up to execution alter, Economies of scale, Working joint exertion and Monetary Cooperative energy. The total of the examination appears that Indian affiliations are the rise to as trade relationship in different parts of the world and mergers have neglect to contribute immovably within the cash related execution alter. A formed work overview by Santomero (2014) of distinctive examinations on the regard impacts of bank acquisitions within the examinations revealed that on the customary there was no amazingly huge pick up in regard or budgetary execution from mooring advancement. The examination appeared that the obtained firm cash related specialists pick up to the drawback of the getting firm. Santomero verifies this can be chronicled through the scope of distinctive examinations covering particular periods and changing zones. Moreover, Hoshino (2015) analyzed the impacts of acquisitions on the association's working execution utilizing an instance of 86 Japanese corporate acquisitions some place in the extent of 2010 and 2015. The accomplishment of acquisitions was endeavored in context of proficiency, benefit and progression. The examination utilized aggregate viability as a marker of the alliance's capacity or capability, ROA and ROE as pointers of the association's efficiency and plans and headway in work to show the connection's enhancement. The aftereffects of the examination exhibited a basic slipping precedent on profitability and courses of action enhancement. Plus, the examination results demonstrated an inconsequential sliding precedent in efficiency. As indicated by the examination's judgments, acquisitions unfavorably impact firm execution in Japan.

Jain (2014) empowered an examination on the effect of Mergers and Acquisitions on Shareholders' Wealth in the Short Run: An Event Study Approach and kept running with the running with exposures; the earlier the researcher offers, the more he gains, and issuance of stock isn't by and large the best decision for a money related ace. Theoretically, a budgetary ace can stay liberal returns whether the offers of the getting alliance are gained two days before the declaration day and oversubscribed two days after the presentation day. Weston and Weaver (2015) suggested that the cash related experts of the anchoring firms gain from capacity enhancing mergers.

Kithinji (2014) wrapped up an examination on the impacts of acquisitions on cash related execution of non-recorded banks in Kenya. The examination utilized a case got from the period a few put within the degree of 2004 and 2009. Relative examination of the bank's execution for very a whereas pre and post-merger and securing was wrapped up utilizing practicality, return on resources, reviewer regard and add up to resources degrees. The disclosures of the examination displayed that there was an colossal alter within the execution of non- recorded banks which met as isolated and the non-recorded ones that didn't connect.

Kinyua (2011) drove an examination on the data substance of mergers and acquisitions on cash related execution of oil relationship in Kenya. This examination went up against a causal investigate procedure concentrating on oil relationship in Kenya with specific fervor on those that have experienced mergers and secures. The strategy for information gathering included self-facilitated drop and choose overviews passed on to connection and operators of the oil affiliations included.

2.5 Conceptual Framework

The applied structure of this examination relied upon mergers/acquisitions and cash related execution among recorded associations in Kenya. The autonomous and ward factors were separated into different parameters intended to answer the investigation request as shown below (figure 2.1):

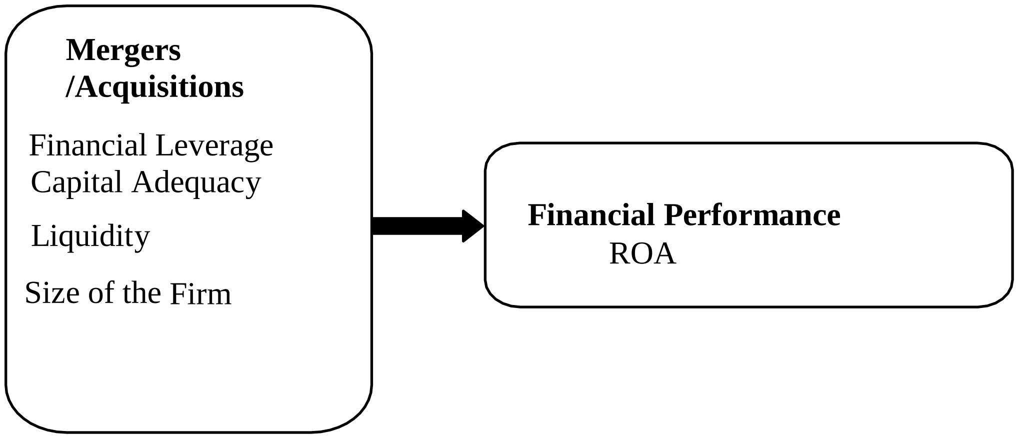

Figure 2.1: Conceptual framework.

Source: Author, (2018)

2.6 Summary of the Knowledge Gap

Various examinations have been done on mergers and acquisitions. A colossal piece of these examinations has separated the impacts of the mergers or acquisitions in a couple of relationship in a solitary report (Rau, 2015). For example, Kithiku examination outlined the bit of mergers and acquisitions on different business banks in Kenya (Kithitu, 2013). Examinations of this sort have passed on blended outcomes; some have discovered that hardening affiliations profited from the merger at any rate others found that the mergers had no critical result on the affiliations' execution. The conflicting exposures could be credited to the way by which that affiliations move in different regards (Halpem, 2014). Past examinations have likewise failed to take a gander at the characteristics of particular firms when they joined. In this manner, all the composition available with respect to this issue is conflicting and too much wide. It is difficult to make strong closures dependent on the current composition. In this manner, there is a requirement for concentrates to be done on specific firms and the discoveries could be summed up to different divisions with equivalent attributes. The present examination consequently tries to fill the hole by analyzing the impact of mergers and acquisitions on the budgetary execution of firms recorded at Nairobi securities trade.

Likewise, The Efficiency Theory by Solow (1954); The Valuation Theory by Ohlson (1955); and Managerial Hubris Theory by Roll (1986) have clarify the basis for mergers and acquisitions. In any case, the non-esteem speculation, proposed by Halpem (1983), takes the view that any merger or obtaining has no financial increases for the blending firms. Additionally, it is obvious from the current writing that the different determinants of budgetary execution rotate around, administration effectiveness, liquidity proficiency and outer elements.

CHAPTER THREE
RESEARCH METHODOLOGY

3.1 Introduction

This area was managed in various segments showing the approach utilized to do the examination with a mean to address the particular focuses of the examination. These sections are; research setup, target people, testing, data gathering instruments, and data examination.

3.2 Research Design

The examination used clear research plan. This arrangement serves best in ponders that assemble illustrative data (Kothari, 2008). The examination was, so to speak, practical in nature and that was the reason this design was favored. Expressive is utilized while portraying the attributes of a consider in a specific condition (Kothari, 2008). The course of action helped in getting data on the present status of the tested firms.

3.3 Population and Sampling

The objective populace of the investigation included every single Commercial bank in Kenya that have Merged and Acquired somewhere in the range of 2005 and 2017 (Central Bank of Kenya, 2016). The examination embraced purposive testing procedure, where 14 firms including listed organizations were analyzed. The fundamental objective of purposive testing was to center around attributes of a populace that are of intrigue. The 14 examined firms were the ones that have particular attributes that were required for this investigation more likely than not consolidated. The investigation likewise took a gander at the budgetary execution before M&A and after M&A.

3.4 Data Collection

This examination utilized optional information from evaluated monetary explanations, yearly reports distributed by Central Bank of Kenya and the separate organization sites.

Data was assembled 3 years pre and 3 years post consolidating/procurement from the cash related enunciations of the tested organizations.

The idea of normal and abnormal earnings valuation model was connected in this examination. Abnormal earnings valuation model is a strategy for deciding an organization’s equity value in view of book value and income (Movich, 2014). Otherwise called the residual income model, it takes a gander at whether administration's choices cause an organization to perform preferable or more terrible over foreseen. The model reasons that financial specialists should pay more than book value if profit are higher than anticipated and not as much as book value if income are lower than anticipated.

Abnormal earnings valuation model:

The accompanying model was used to express current value estimation of the organizations as a component of book estimation of the organizations and anomalous profit:

Equity $Value_0 = BV_0 + [\sum AE_t / (1+r)\ t]$

Where: BV_t = Book value of equity at beginning of year t

r = Cost of equity capital

AE_t = Expected value of abnormal earnings in year t = Projected earnings in yr t - (r * BV of equity at beginning of year t)

Average salary happens when the refinement between an organization's total pay and total expense is proportionate to zero (Sreej, 2013). Essentially, common pay is the base dimension of advantage required for an association to remain centered in the market (Menez, 2014).

Normal earnings valuation model:

Total Revenue - (Explicit Expense + Implicit Expenses) = 0

If Total Revenue - (Explicit Expense + Implicit Expenses) > 0 then there is economic profit

If Total Revenue - (Explicit Expense + Implicit Expenses) < 0 then there is economic loss

3.5 Data Analysis

The examination was partitioned into pre-M&A period and post-M&A period. This was critical to look at budgetary execution before and after M&A. Comparison was on eleven (11) year time span (2005-2017) including 3years preceding M&A and 3 years after M&A with year of merger being year 0. Ration analysis on budgetary information gathered was collected keeping in mind the end goal to analyze and discover the financial performance over the two time frames in accordance with the strategy determined by Agorastos et al (2012). ROA and firm value as a proportion of money related execution will be analyzed. The accompanying regression model was utilized for the investigation.

$$Y=\alpha+\beta_1X_1+\beta_2X_2+\beta_3X_3+\beta_4X_4+\varepsilon$$

Where:

Y= Financial performance was determined using the return on assets (ROA). ROA is calculated by diving firm's annual earnings after interest by its total assets.

X_1= Financial leverage which was measured using the debt to equity ratio.

X_2= Capital adequacy was obtained by dividing total equity by total assets.

X_3= liquidity was calculated by dividing current assets by current liabilities.

X_4= Size of the firm was measured by the log of total assets of each firm

α = Regression constant

ε = Error term normally distributed about the mean of zero.

$\beta_1\beta_2 \ldots B_n$ are the coefficients of the variation to determine the volatility of each variable to financial performance in the regression model.

To set up the quality of the model, an ANOVA test was directed to set up whether the relapse display was huge in clarifying the connection amongst mergers and acquisitions. An essentialness test at 5% and certainty level was directed at 95% to quantify the importance of the elements in clarifying the adjustments in the reliant factors

CHAPTER FOUR

DATA ANALYSIS, FINDINGS AND INTERPRETATIONS

4.1 Introduction

This part displays the examination of the optional information gathered from the budgetary yearly reports of the tested banks recorded at NSE; NSE handbooks; and published books of accounts before and after Merger/Acquisition over the years 2005 and 2017. The part gives synopses of information discoveries together with their conceivable translations displayed by utilization of mean, rates, frequencies, changes, standard deviation and tables.

4.2 Descriptive Statistics

This section analyzed the financial performance attributed to the merger and acquisition events for the 14 sampled commercial banks. This was done by analyzing the accounting ratios realized before merger/acquisition and comparing with the results after merger/acquisition as shown in tables 4.1 and 4.2 below**:**

Table 4.1: Descriptive Analysis Summary Before and After Merger

No.	Before Merger	ROA	Firm Size	Financial Leverage	Capital Adequacy	Liquidity
1.	First American Bank ltd	0.36	0.71	0.31	0.65	0.77
2.	East African Building Society	0.21	1.62	1.71	0.42	0.46
3.	Prime Capital & Credit Ltd	0.67	0.88	1.43	0.57	0.97
4.	CFC Bank Ltd	0.31	1.02	0.5	0.89	0.46
5.	Savings and Loan (K) Limited	0.41	1.43	0.2	0.45	0.89
6.	City Finance Bank Ltd	0.55	1.10	0.33	0.14	0.56
7.	Equatorial Commercial Bank Ltd	0.76	0.03	0.37	0.74	0.88

	After Merger	ROA	Firm Size	Financial Leverage	Capital Adequacy	Liquidity
1.	First American Bank ltd	0.39	0.87	0.61	0.71	0.87
2.	East African Building Society	0.43	1.73	1.91	0.51	0.51
3.	Prime Capital & Credit Ltd	0.67	0.91	1.77	0.66	1.31
4.	CFC Bank Ltd	0.54	1.24	0.64	0.91	0.56
5.	Savings and Loan (K) Limited	0.57	1.76	0.46	0.54	0.94
6.	City Finance Bank Ltd	0.61	1.19	0.43	0.32	0.66
7.	Equatorial Commercial Bank Ltd	0.80	0.76	0.51	0.80	0.93

The analysis on table 4.1 shows that that after merger event, all the Commercial Banks reported an increment on the accounting ratios. This is an indication that merger event positively affected the financial performance of the sampled Banks and therefore this analysis concludes that the merger led to increase in financial performance of commercial banks in the study area. The outcomes are in accordance with the discoveries of an ongoing report directed by Waegelein (2015) in India which found a colossal positive upgrade of the post-merger cash related execution when diverged from the pre-merger. in Kenya assumed that there was enormous upgrade in the bank's execution after the merger.

Table 4.2: Descriptive Analysis Summary Before and After Acquisition

No.	Before Acquisition	ROA	Firm Size	Financial leverage	Capital adequacy	Liquidity
1.	EABS Bank Ltd	0.86	0.78	0.79	0.75	-1.71
2.	Fina Bank Ltd	0.77	0.64	0.74	1.84	-1.56
3.	K-Rep Bank Ltd	0.36	1.48	0.56	1.96	-0.11
4.	Equatorial Commercial Bank Ltd	0.74	-0.21	0.43	1.33	-0.56
5.	Giro Commercial Bank Ltd	0.59	1.74	0.66	0.69	0.44
6.	Fidelity Commercial Bank	0.33	0.34	0.87	1.18	0.63
7.	Habib Bank Kenya Ltd	0.16	-0.67	0.76	0.45	0.76

	After Acquisition	ROA	Firm Size	Financial leverage	Capital adequacy	Liquidity
1.	EABS Bank Ltd	0.90	0.93	0.81	0.88	-1.88
2.	Fina Bank Ltd	0.80	0.69	0.79	1.90	-1.67
3.	K-Rep Bank Ltd	0.41	1.51	0.61	1.99	-0.34
4.	Equatorial Commercial Bank Ltd	0.79	-0.01	0.53	1.67	-0.71
5.	Giro Commercial Bank Ltd	0.67	1.88	0.70	0.71	0.56
6.	Fidelity Commercial Bank Ltd	0.39	0.45	0.88	1.33	0.67
7.	Habib Bank Kenya Ltd	0.32	-0.06	0.80	0.67	0.89

The analysis on table 4.2 reveals that despite the mixed performance, accounting ratios after the acquisition was still higher compared to the performance before the acquisition event. This analysis finds that the acquisition positively impacted the financial performance of the sampled commercial banks. Empirical evidence by Kumar (2015) on long haul post-securing execution of organizations associated with mergers and acquisitions movement in Hong Kong found a noteworthy positive enhancement of the post-obtaining execution when contrasted with the pre-procurement. In any case, the examination saw that the post-securing execution was essentially fixing to the overall sizes of the associations getting together; firms picking up by and large more noteworthy firms took longer occasions to process them. The examination likewise discovered that combination acquisitions had a tendency to get preferred post- procurement results over acquisitions of firms in a similar industry.

4.3 T-test Analysis

In order to determine the profitability of the company before merger, the data on value of firm, financial leverage, capital adequacy and liquidity before merger/acquisition and post-merger/acquisition was tested for significance, using t- test. ROA was used to measure the financial performance.

Table 4.3: Return on Assets pre- and post-Merger/Acquisition

	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean
Pre-merger/acquisition	0.76	16	.000	0.791	2.46391
Post-merger/acquisition	1.531	84	.000	1.344	2.33363

From the results in table 4.3, it was found that there was an increase in t value from 0.76 to 1.531 which is an indication on the increase in the return on assets (ROA), this was also evident on the notable increase in the mean difference from 0.791to 1.344, all the increase was found to be statistically significance as their p-value were found to be less than 0.005. This goes to mean that merger/acquisition improved financial performance of the sampled commercial Banks.

Table 4.4: Size of the firm pre- and post-Merger/Acquisition

	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean
Pre-merger/acquisition	0.247	16	.000	0.413	.06300
Post-merger/acquisition	1.571	84	.000	0.710	.06300

The findings in table 4.4 indicates that there was a general increase in size of the sampled banks as there was an increase in the t-value from the pre-merger/acquisition (t = 0.247) to post-merger (t= 1.571). Findings also show an increase in the mean difference from 0.413 to 0.710, an indication that there was an increase in size of banks after merge.

Table 4.5: Financial Leverage pre- and post-Merger/Acquisition

	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean
Pre-merger/acquisition	0.354	16	.000	0.457	.61830
Post-merger/acquisition	1.731	84	.000	0.776	.82900

Findings in table 4.5 shows that an increase in the t value for Financial Leverage ratio from 0.354 to 1.731which is an indication that there was notable increase in the Banks financial leverage.

Table 4.6: Capital Adequacy pre- and post-Merger/Acquisition

	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean
Pre-merger/acquisition	0.164	16	.000	1.127	.37046
Post-merger/acquisition	0.864	84	.000	1.578	.37046

From the results in table 4.6, the study found that there was an increase in the t value for capital adequacy ratio from 0.164 to 0.864 which is an indication that there was notable increase in company financial leverage; this was also found to be statistically significant. Writing audit by Boot (2013) expressed that capital ampleness proportion identify with an organization's general utilization of money related use, organizations with high budgetary use encounter more unstable income conduct, the proportions demonstrate the degree to which a Bank's base covers the dangers characteristic in its activities.

Table 4.7: Liquidity pre- and post-Merger/Acquisition

	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Mean
Pre-merger/acquisition	1.217	16	.000	0.157	2.46391
Post-merger/acquisition	1.452	84	.000	0.876	2.33363

From the results in table 4.7, it was found that there was an increase in t value from 1.217 to 1.452which is an indication on the increase in the Liquidity, this was also evident on the notable increase in the mean difference from 0.157 to 0.876. All increase were found to be statistically significance as their p-value were found to be less than 0.005. This goes to mean that merger/acquisition improved financial performance of the sampled commercial Banks.

4.4 Mergers/Acquisitions and Financial Performance (Hypothesis Testing)

H_o: There was no enhancement in budgetary execution after bank merger. The data on various parts of money related execution and merger/anchoring of banks was exposed to ANOVA test using measurable bundle for sociology to test the theory that there was no improvement in budgetary execution after bank merger. The ascertained qualities were contrasted with critical value to dismiss or acknowledge speculation as outlined in the table below.

Table 4.8: ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.001	4	.000	.009	1.000
Within Groups	2.949	139	.021		
Total	2.950	143			

Ho: There was no improvement in monetary execution after bank merger/acquisition

H1: There was an improvement in monetary execution after bank merger/ acquisition.

Basic incentive from circulation table is 0.003.

The outcomes in table 4.8 demonstrates that the figured esteem was more noteworthy than the basic esteem ($F=0.009>Fc=0.003$. This implies there is a critical distinction in money related execution of the tested banks and different parts of merger. The speculation that there was no enhancement in money related execution after bank merger is subsequently dismissed.

4.5 Summary of Findings in Relation to Literature Review

The analysis has reported that after merger event all the Commercial Banks reported an increment on the accounting ratios. The study has found that merger event positively affected the financial performance of the sampled Banks. The outcomes are in accordance with the discoveries of an ongoing report directed by Waegelein (2015) in India which found a huge positive enhancement of the post-merger budgetary execution at the point when stood out from the pre-merger. Along these lines, an examination done by Marangu, (2007) accepted that there was essential enhancement in the bank's execution after the merger. At any rate the results are not reinforced by an examination coordinated by Tambi (2016) who discovered that mergers have fail to contribute decidedly in the cash related execution improvement among Indian associations.

Further discoveries have announced that in spite of the blended execution, bookkeeping proportions after the procurement was as yet higher contrasted with the execution before the obtaining occasion. This goes to imply that obtaining occasion decidedly affected the money related execution of the inspected business banks. The results are supported by Kumar (2015) who found a huge positive enhancement of the post- obtaining execution when contrasted with the pre-procurement. In any case, writing audit by Kithiku (2015) saw that the post-procurement execution was essentially attached to the general sizes of the affiliations getting together; firms grabbing all things considered more important firms took longer occasions to process them. Eckard (2014) likewise discovered that combination acquisitions had a tendency to get preferred post- securing results over acquisitions of firms in a similar industry.

It was found that there was a general increase in firm size of the sampled banks as there was an increase in the t-value from the pre-merger/acquisition (t=0.247) to post-merger (t= 1.571). However, a study done by Santomero (2014) uncovered that on the normal there was no factually huge gain in an incentive from merger/obtaining action. The investigation demonstrated that the procured firm investors gain to the detriment of the obtaining firm.

In addition, the findings found an increase in the t value for Financial Leverage ratio from 0.354 to 1.731which goes to mean that there was notable increase in the bank’s financial leverage. The discoveries are bolstered by Muia (2014) who found a positive enhancement in the Financial Leverage of the organizations associated with acquisitions. Further results reported an increase in the Liquidity after merger/acquisition. All the increase was found to be statistically significance as their p-value were found to be less than 0.005.

The outcomes announced that the ascertained esteem was more noteworthy than the basic esteem ($F=0.009>Fc=0.003$ which goes to imply that there is a huge contrast in money related execution of the examined banks and different parts of merger. The speculation that there was no enhancement in monetary execution after bank merger was in this way dismissed.

CHAPTER FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This section outlines the discoveries from part four, summaries, impediments and proposals dependent on the goals of the examination.

5.2 Summary of the Findings

The study found that there was an increase in return on assets (ROA) of all the sampled firms as indicated by increase in *t value* from 0.76 to 1.531of ROA which means that there was an increase in the return on assets after merger. This was also evident on the notable increase in the mean difference from 0.791 to 1.344 which is a clear indication of increase in the return on assets as well. All the increase was found to be statistically significant as their p-value were found to be less than 0.005. The outcomes are bolstered by another investigation done by Kemal (2014) that discovered mergers and acquisitions decidedly affected money related execution of organizations recorded at the Nairobi Stock Exchange.

Muniu (2015) characterizes firm size is a monetary idea that mirrors the estimation of a business. The size a business is deserving of at a specific date. The span of the firm is estimated as the total of the estimation of the company's value and the estimation of the obligation. The findings indicated that there was a general increase in size of the firm as there was an increase in the t-value from the pre-merger to post-merger from 0.247 to 1.571, there was an increase in the mean difference from 0.413 to 0.710 which goes to mean that there was an increase in size of banks after merge/acquisition event. The findings have reported an increase in the t value for financial leverage ratio from 0.354 to 1.731 which is an indication that there was notable increase in the Banks financial leverage. The exact proof by Masinde (2014) battled that Capital ampleness proportion identify with an organization's general utilization of money related use, organizations with high budgetary use encounter more unstable profit conduct, the proportions show the degree to which an organization's base covers the dangers inborn in its activities. From the discoveries, the examination found that there was an expansion in the t esteem for capital ampleness proportion from 0.164 to 0.864 which is an indication that there was notable increase in company financial leverage; this was also found to be statistically significant.

Further, the results found an increase in t value from 1.217 to 1.452 which is an indication on the increase in the Liquidity, this was also evident on the notable increase in the mean difference from 0.157 to 0.876. All the increase was found to be statistically significance as their p-value were found to be less than 0.005. This goes to mean that merger/acquisition improved budgetary execution of the tested business Banks. From the discoveries on the testing of theory that there was no enhancement in money related execution after bank merger, the information on different parts of monetary execution and merger/procurement of business banks was exposed to ANOVA test to test the speculation that there was no enhancement in budgetary execution after bank merger/obtaining.

The ascertained qualities were contrasted with basic incentive with set up whether to dismiss or acknowledge theory. The examination found that the computed esteem was more prominent than the basic esteem. This implies there is a noteworthy contrast between banks money related execution and merger/procurement. The speculation that there was no enhancement in monetary execution after bank merger/securing was rejected. Along these lines the examination found that there was enhancement in money related execution after bank merger. The discoveries are in accordance with concentrated done by Waegelein (2015); and Marangu, (2007) that found a critical positive enhancement of the post-merger monetary execution when contrasted with the pre-merger.

5.3 Conclusion

The examination found that there was general addition in the ROA of the assessed banks after merger/acquirement and besides augment in fiscal use, firm size, liquidity and capital adequacy of the banks after merger/getting events, the examination thusly reasons that there was upgrade in cash related execution after bank merger/anchoring. From the discoveries, the speculation that there was no enhancement in monetary execution after bank merger/procurement was consequently dismissed. In this manner the examination reasons that there was enhancement in monetary execution after bank merger. What's more, the experimental proof has discovered that M&A are a spine for advancement of an association in forceful condition and happens on account of various reasons (Muniu, 2014). Mergers are one of the courses that affiliations are utilizing to accomplish required cutoff focuses and assets with a genuine concentration to create their money related limit (Rifat, 2104). As exhibited by Piaskoki and Finkelstein (2014), acquisitions bring operational efficiencies which may move out of economies of scale, age economies of improvement, use economies of degree, upgraded resource undertaking like moving to an on the other hand progressively reasonable creation headway, redesigned use of data and limit, an increasingly attainable blend of central focuses and updates in the utilization of brand name capital.

5.4 Recommendations

In light of the discoveries of this investigation, management teams need to exploit the advantages of mergers and acquisitions, particularly the capability of expanding money related execution. In any case, analysis need to be done when choosing a firm to merge with or a company to acquire in order to ensure that the merger exercise will add value to the firm. This may help limit the negative budgetary ratios, for example, that seen by different Commercial banks analysed in this examination. In addition to improving operation and sustaining failing businesses, manager need to consider merging with or acquiring other firms in order to improve their competitiveness and financial standing. This is because of the ability to improve the liquidity, firm value, financial leverage and capital adequacy.

5.5 Limitations of the Study

The present examination just thought about mergers in assessing the money related execution of the consolidated banks. Different components that influence money related execution of banks in Kenya, for example, estimate, piece of the overall industry, and the general execution of the economy have not been considered. The examination utilized just ROA as the proportion of money related execution for the banks that blended yet there are different estimates that could have been utilized like ROE. Possibly this could have produced diverse outcomes.

5.6 Suggestions for Further Research

The present examination focused on the budgetary section particularly business banks and as such it is proposed that further examination should be done on the effect of mergers and acquisitions on cash related execution of different fragments, for instance, gathering and planning endeavors to engage in outline a parallel with the effects in the dealing with a record zone.

Additionally, research ought to be completed on the execution of consolidated banks when the merger but include other variables in the study such as size of the bank, market share and the performance of the economy. The study was restricted to Kenyan banks and studies should be carried out on the effects on financial performance of companies as a result of cross border mergers and acquisition.

Study on merger and acquisition needs to be done in future, but with the focus on the asset combinations that are likely to produce positive results after merger and acquisition. This will help identify the attributes managers need to look at when choosing companies to merge with or acquire.

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APPENDICES

APPENDIX I. MERGERS IN KENYA

No.	Institution	Merged with	Current Name
1	FIRST AMERICAN BANK LTD	CBA BANK LTD	COMMERCIAL BANK OF
2	EAST AFRICAN BUILDING SOCIETY	AKIBA BANK LTD	EABS BANK LTD
3	PRIME CAPITAL & CREDIT LTD	PRIME BANK LTD	PRIME BANK LTD
4	CFC BANK LTD	STANBIC BANK	CFC STANBIC BANK LTD
5	SAVINGS AND LOAN (K) LIMITED	KCB	KENYA COMMERCIAL BANK LIMITED
6	CITY FINANCE BANK LTD	JBB	JAMII BORA BANK LTD
7	EQUATORIAL COMMERCIAL BANK LTD	SOUTHERN CREDIT BANKING	ECB

Source: CBK (2015).

APPENDIX II: ACQUISITIONS IN KENYA

No.	Institution	Acquired by	Current Name
1	EABS BANK LTD	ECOBANK KENYA LTD	ECOBANK BANK LTD
2	FINA BANK LTD	GUARANTY TRUST BANK PLC	GUARANTY TRUST BANK
3	K-REP BANK LTD	CENTUM LTD	K-REP BANK LTD
4	EQUATORIAL COMMERCIAL	MWALIMU SACCO SOCIETY	EQUATORIAL COMMERCIAL
5	GIRO COMMERCIAL BANK LTD	I&M BANK LTD	I&M BANK LTD
6	FIDELITY COMMERCIAL BANK LTD	SBM BANK KENYA LTD	SBM BANK KENYA LTD
7	HABIB BANK KENYA LTD	DIAMOND TRUST BANK KENYA LTD	DIAMOND TRUST BANK KENYA LTD

Source: CBK (2015).