ACQUISITION STRATEGY AND GROWTH OF I & M BANK LIMITED IN KENYA

BY

EJIDIAH WANJIKU GAICUHIE

A RESEARCH PROJECT SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR AWARD OF THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION DEGREE SCHOOL OF BUSINESS UNIVERSITY OF NAIROBI

NOVEMBER, 2018

DECLARATION

I declare that this research project is my original work and has not been presented for degree in any other university.

Sign: ……………………………………….. Date: ………………………

Ejidiah Wanjiku Gaicuhie

D61/79116/2015

This research project has been submitted for examination with my approval as university supervisor

Sign: …………………………………… Date: ………………………….

Prof. Evans Aosa,

School of Business,

University of Nairobi

ACKNOWLEDGEMENT

I would like to express my gratitude to the Almighty God who has made it possible for me to complete this journey.

My special thanks goes to my supervisor **Prof. Evans Aosa** who found time to go through every step of this project with me and ensured I completed it to the expected standards with great guidance and encouragement. I would also like to thank all the lecturers and non - teaching staff who played a role during my study.

I thank the management staff of I & M Bank Limited who spared time from their busy schedules to sit with me for the interview questions.

Finally, I record my sincere appreciation to my family and friends for encouraging me and laughing with me when things got tough and to my house manager Cecilia Nduku for being home raising my daughter when I was away during my study – God bless you abundantly.

DEDICATION

I dedicate this work to my mother Alice Wamuyu and daughter Alice Gianna Wamuyu who have been a source of inspiration for me and to my siblings for their continuous love, encouragement and support during the entire course.

TABLE OF CONTENTS

ABBREVIATIONS AND ACRONYMS

CBK	Central Bank of Kenya
GCBL	Giro Commercial Bank Limited
IMBL	I&M Bank Limited
IMHL	I&M Holdings Limited
M&A	Mergers and acquisitions
NSE	Nairobi Securities Exchange
RBV	Resource Based View

ABSTRACT

Tough working environment force some firms to exit the market. For other companies, they enter into acquisition agreement with other firms to guarantee themselves survival. Acquisitions are an important part of corporate growth. However, acquisition might lead to growth of the firm or total failure. The purpose of this study was to examine how acquisition strategy has enhanced growth at I & M bank limited, Kenya. The study was guided by Institutional theory, Resource Based Theory and Mckinsey 7s model (framework). The study adopted case study research design. The target population of the study was 10 management staff of I & M bank. The study utilized an in-depth interview technique that allowed open-ended conversation between the researcher and the bank's management. The qualitative data collected was analyzed, presented in narrative and prose and compared with past empirical studies. The study found that the acquisition of Giro bank sparked growth in I & M Bank. The study also indicated that acquisition brought about higher capital and customer base to I & M Bank. With increased commercial banks' stability and ability to lend, I & M Bank was able to generate more profitability. The acquisitions synergy between I & M and Giro Bank brought about efficiency and effectiveness in the operations of the bank. After acquisitions, the asset base for I & M bank increased. Further, it was found that the capital base of the bank expanded, enabling the bank to access more resources and especially credit facilities that ensure that the business is liquid throughout the year. There was enhanced stability and effectiveness of operations of the bank increasing customer's satisfaction. The study also found that the acquisition of Giro Bank came with its own challenges including integration challenges. Integration challenges led to technical incompatibility issues that slowed down bank operations at the start. It was concluded the acquisition of Giro Bank led to the growth of I & M Bank in terms of asset base and customer base. The study recommends that commercial banks with a weak and unstable capital base should seek to consolidate their establishments through acquisitions. Through acquisitions, the commercial banks will be able to extend their market share and revenue base hence increase their profitability. Acquisition may lead to a higher capital adequacy ratio which improves the financial soundness of commercial banks. The study also recommends constant communication between the management and the employees during the acquisition process. Effective communication during the acquisitions process helps reduce uncertainty, guides the business through the transition, enhances the degree of post-acquisition commitment to the 'new' organization and increases acquisition success rates. The study recommends that a firm should consider possible challenges before entering into an acquisition agreement. The major challenges are integration challenges, compatibility, and agreement on how to absorb the staff members of the acquitted firm. The major limitation during the study was the tendency by the bank management to keep some issues regarding acquisition of GIRO bank confidential. Further research should include the use of secondary data to quantify the data collected to show the trend performance before acquisition and after acquisition of GIRO bank by I & M bank.

CHAPTER ONE

INTRODUCTION

1.1 Background of the Study

Business corporations are established to achieve certain corporate objectives including corporate growth and increases in profitability. Growth is a major yardstick by which the success of a business firm is measured. Given that business organizations operate in a dynamic macroeconomic environment such growth is threatened in periods of volatile economic instabilities (Weston & Copeland, 1989). One strategy open to corporate organizations during the periods of economic crisis is Acquisition (Indhumathi, Selvam & Babu, 2011). The most popular forms of business combination are mergers, acquisition and consolidations.

Companies use acquisitions mainly to enter new markets, aim for asset growth, garnering greater market share / additional manufacturing capacities, and gaining complementary strengths and competencies, and to become more competitive in the market place. Acquisition is a method that is carefully planned to achieve a synergistic effect (Akinbuli & Kelilume 2013). Acquisitions may stimulate strong growth in the firm.

Because of the ever-changing business environment, many firms end up in acquisition agreement for survival. This strategic change is vital, because it helps to retain or gain competitive advantage in an altered business environment (Brinkschröder, 2014). Acquisitions represent the ultimate in change for a business, and they are normally a period of difficulty, challenges, and disorderliness (Koi-Akrofi, 2016). The implementation phase includes a range of activities starting from the issuance of confidentiality or non-disclosure agreements, letter of intent and ending with the conclusion of the M&A contract and deal closure. The last phase is concerned with post-deal integration (Kamolrat & Nga, 2007).

This study is informed by the Resource Based (RBV) theory, McKinsey 7-S framework and Institutional theory. The RBV theory emphasizes that resources are also key to effective strategy implementation (Barney, 2001). The McKinsey 7-S framework (model) proposes seven internal aspects of an organization that need to be aligned if strategy implementation (such as acquisition) is to be successful. The institutional theory helps explain the greater prevalence of many strategic actions through acquisition strategy (March & Olsen, 2006).

In Kenya, the financial services sector has witnessed the largest increase in deal activity, from a mere two M&A deals in 2010 to 18 deals in 2013. In the banking sector, some of the recent mergers and acquisitions include the acquisition of Giro Commercial Bank by I&M bank – a deal that saw the growth of I&M bank asset base by Sh16.2 billion. Others include Mauritian Bank SBM Holdings acquiring 100 per cent stake in Fidelity Commercial Bank, Tanzanian Bank – Bank M, acquiring 51 per cent of Oriental Commercial Bank, GT Bank acquiring Fina-Bank, Mwalimu SACCO acquiring Equatorial Bank. There are also plans by the Treasury to merge the State-owned banks, that is, the National Bank of Kenya (NBK), Consolidated Bank and the Development Bank of Kenya which are majority-owned by the government or quasi-state institutions (Gill, 2016).

1.1.1 Concept of Corporate Growth

The growth of the firm promotes the development and survival of not just the firm itself but also that of the national economy. Growth can be defined as expansion of the firm's operation in terms of sales, profit (Baumol, 2007). Corporate growth is the responsibility of the top managers who must concentrate on strategic planning and allocation of resources with the objective of pursuing organizational efficiency. Corporate growth is often closely associated with firm overall success and survival and it has been used as a simple measure of success in business (Bakare, 2016).

Growth is the most appropriate indicator of the performance for surviving corporations. It is an important precondition for the achievement of other financial goals of business and a critical precondition for its longevity (Coad, 2009). It has been also found that strong growth may reduce the firm's profitability temporarily, but increase it in the long run (McDougall *et. al.,* 2006). It is worth noting that corporate growth is essential for sustaining the viability, dynamism and value-enhancing capability of firms. A growth-oriented firm is not only able to attract the most talented executives but it would also be able to retain them. Corporate growth leads to higher profits and increase in shareholders' value.

Greiner (1998) pointed out that growth in corporations is a predetermined series of evolution and revolution attributes. For growth to be realized and be sustainable, the combination of resources, distinctive capabilities, distinctive competencies, and attributes must lead to competitive advantage thus outperforming competitors. This is the basis of value creation that when sustained, leads to competitive positioning. Sustained competitive positioning leads to corporate growth. Corporate growth can be achieved in several strategic forms (Baumol, 2007). When a company is unable to grow internally because of resources and management constraints, it can grow by engaging either in mergers, acquisition or strategic alliances (Bakare, 2016).

1.1.2 Acquisition Strategy

The basic concept behind acquisitions is that two companies together are of more value than those two companies when they are separate entities. Therefore, an understanding of acquisitions as a discipline is increasingly important in modern business (Alam, Khan & Zafar, 2014). There are numerous reasons why one company chooses to acquire another. Hussinger (2012) emphasizes that due to increasing globalization of market and increasing technological competition, firms engage in acquisition activities in order to secure their international competitiveness, higher performance, growth and access to technological knowledge.

Acquisitions are also an important part of corporate restructuring. Gaughan (2002) established that the most often driving force mentioned is synergy realization. Others include new market access (Trautwein, 1999), Knowledge transfer (Ahuja, & Katila, 2001), and Organizational learning (Gupta & Roos, 2001). These are the key driving forces behind the strong desire for acquisitions. The process of acquisition takes three major phases, they include: pre- acquisition phase, acquisition phase and post- acquisition phase (Schmid *et al.*, 2012).

Dalkilic and Cagle (2015) established that diligence and integration concepts are usually taken as critical success factors to successful implementation of acquisitions. According to White (2005), companies that enter into acquisitions should pursue a thorough and detailed due diligence process. The authors list the related due diligence areas and goals, which include: Strategic positioning- confirm an understanding of market position; operational performance- confirm an understanding of operations procedures; financial and tax- validate historical and current numbers; and lastly, legal evaluation- understand the corporate structure / legal issues (White, 2005).

1.1.3 Corporate Growth and Acquisition Strategy

Acquisitions are an important part of corporate growth. The understanding of acquisitions is of great importance in today's world. Globally, acquisitions have taken a high lead in corporate strategy due to their perceived benefits. Over the last few years, a phenomenal growth has been witnessed in the number of acquisitions taking place in various industries (Bakare, 2016). The reasons behind this development include the following: deregulation, introduction of sophisticated technologies, and innovative products and services. Acquisition is where one corporation transfers all of its assets to the other, and the other one stops to exist. One corporation consumes the other, but the shareholders of the consumed company receive shares of the surviving corporation (Koi-Akrofi, 2016).

Alam, Khan and Zafar (2014) revealed that acquisitions can pave ways for entering new markets, adding new product lines and increasing the distribution reach; that is, gaining a core competence to do more combinations. Acquisitions are also used to increase or enhance shareholder value. This is done by cost reductions that are achieved by combining departments, operations, and trimming the workforce. This cost reduction in turn leads to increased profitability (Akgöbek, 2012). Acquisitions also enhance increased revenue by absorbing a major competitor and thereby increasing market share and enhancing market dominance and reaching economies of scale. Some acquisitions take place when management of any business recognizes the need to transform corporate identity and also for risk spreading.

In the banking sector, the pressures on the management manifold across financial system deregulation, entry of new players and products with advanced technology, globalisation of financial markets, changing demographics of customer behaviour, consumer pressure for wider choice and cheaper service, shareholder wealth demands, and shrinking margins. In this scenario, acquisitions are the most widely used strategy by firms to strengthen and maintain their position in the market place. Acquisitions are considered as a relatively fast and efficient way to expand into new markets and incorporate new technologies (Goyal & Joshi, 2012).

1.1.4 Kenyan Banking Industry

The Kenyan banking industry is considered the most mature, fastest-growing and largest in East Africa, thereby making it the regional financial leader. The Banking industry in Kenya is regulated by the Companies Act, the Central Bank of Kenya (CBK) Act and the Banking Act. Central Bank of Kenya is tasked with formulation and implementation of monetary and fiscal policies. Central bank is the lender of last resort in Kenya and is the banker to all other banks. The CBK ensures the proper functioning of the Kenyan financial system, the liquidity in the county and the solvency of the Kenya shilling (CBK, 2016). By the end of 2017, there were 43 commercial banks in Kenya (CBK, 2017).

Kenyan Banks have realised tremendous growth in the last five years and have expanded to the East African region. As at 31st December 2016, the Kenyan Banking Sector's total assets stood at Ksh. 3.6 trillion, with gross loans worth Ksh. 2.4 trillion, while the deposit base was Ksh. 2.6 trillion and profit before tax was Ksh. 38.4 billion. Over the same period, the number of bank customer deposit accounts and loan accounts stood at 37,455,795 and 7,163,560 respectively (CBK, 2016). However, because of the turbulent business environment and competition, there is intense pressure for every commercial bank to grow. For these reasons, each bank must come up with a business strategy in order to compete favorably.

There have been immense strategic shifts in the banking industry with niche banks offering more options to consumers. There has also been increased competition from local banks as well as international banks, some of which are new players in the country. This has served the Kenyan economy well as the customers and shareholder are the ones who have benefited the most (Ongeri, 2013). Acquisitions and mergers has been one of the strategic shifts in the Kenyan banking industry.

1.1.5 I & M Bank Limited

I&M Bank is a wholly owned subsidiary of I & M Holdings Limited, which is a publicly quoted company at the Nairobi Securities Exchange (NSE). The bank possesses a rich heritage in banking. Started in 1974, it evolved from a community financial institution to a publicly listed major regional commercial bank offering a full range of corporate and retail banking services. From June 2013, I&M Bank shares were publicly traded in the

Nairobi Stock Exchange through the acquisition of its entire shareholding by I&M Holdings Ltd, a publicly listed company.

In February 2017, I&M Holdings successfully completed the merger of Giro Commercial Bank Limited (GCBL) into I&M Bank Limited (IMBL), which is IMHL's banking flagship subsidiary. I&M Bank acquired 100 percent of Giro Commercial Bank Ltd. This acquisition followed CBK's approval on October 27, 2016, for IMHL to acquire 100 percent shareholding of GCBL under Section 13 (4) of the Banking Act, and approval by the Cabinet Secretary National Treasury on January 27, 2017, for I&M Bank to acquire 100 percent of GCBL under Section 9 of the Banking Act (Central Bank of Kenya, 2017).

The branches acquired by I&M Bank have undergone a full brand conversion, effectively pushing up I & M Bank Kenya's network to 43 branches countrywide. The recent successful acquisition of GCBL by I&M Group has continued to underline the viability of Bank consolidations in Kenya as part of a strategic effort to foster financial inclusion and sustained growth for the local banking sector. This study will seek to examine the implementation of acquisition at I & M Bank Limited.

1.2 Research Problem

Business organizations are established to achieve certain corporate objectives including corporate growth and increases in profitability. Growth is a major yardstick by which the success of a business firm is measured (Akinbuli & Kelilume, 2013). According to Gupta (2012) continuous growth and survival are the ultimate objectives of any organization and acquisition is one of the forms of survival strategy. Even though acquisition is viewed as a strategic solution to financial distress and corporate growth, joining two companies is a complex process because it involves every aspect of both companies (Indhumathi, Selvam & Babu, 2011).

There have been increased acquisitions in the banking sector in Kenya. Kenya's banking sector has had acquisition deals worth about Sh23.3 billion in the last three years (CBK, 2016). The acquisitions have been spurred by a tough operating environment as the regulator continues to tighten monetary policy. The acquisitions are also seen to give a greater capacity to grow profitably while extending the larger network to the clients and customers. Already, three banks, that include Dubai Bank, Imperial Bank and Chase Bank have been put under receivership in the last three years, raising a lot of questions on the survival and performance of most banks in Kenya especially Tier 2 and 3 banks. CBK has justified and supported the increasing acquisitions in the banking sector as this would strengthen the banking institutions as well as minimise risk. This, therefore, shows that acquisitions are becoming one of the forms of survival and competitive strategy for commercial banks in Kenya.

A review of the existing studies on acquisition globally shows that Goyal and Joshi (2012) studied the growth of ICICI Bank in India through mergers and acquisitions. The study collected both primary and secondary data involving the mergers and acquisition of nine banks which formed ICICI Bank Ltd, from 1996-2010. Data was collected through questionnaire and interviews and analyzed through qualitative and quantitative procedures. Mustafa and Horan (2010) examined whether acquisition strategy had enhanced growth of two I.T. firms in Sweden. The study was a qualitative case study of two I.T. firms (SYSteam AB and Sigma AB) and interview guides were used to collect data which was analyzed qualitatively. In Nigeria, Akinbuli and Kelilume (2013) conducted a study on the effects of mergers and acquisition on corporate growth and profitability. The study was a survey of ten incorporated banks in Nigeria which were selected using simple random sampling technique. The study collected secondary data which was analyzed using key financial ratios. None of these studies looked at acquisition strategy and growth of commercial banks as is the case of the proposed study. Moreover, these studies are from other economies, some more developed, and therefore cannot be generalized in Kenyan context.

A review of the existing local studies in Kenya shows that Njoroge (2007) examined mergers and acquisitions experiences by commercial banks in Kenya. The study was a descriptive survey in nature. It targeted a total of twenty six banks and data collected from the banks' staff through a questionnaire. Data was analyzed through descriptive statistics. This study looked at the factors that necessitate mergers and acquisitions in Kenya's banking sector, and how banks manage post-pre acquisition and merger change in banking industry in Kenya. This study did not however investigate how acquisition strategy enhances growth of banks. Kithitu *et al.* (2012) looked at the role of mergers and acquisitions on the performance of commercial banks in Kenya. The population of interest in this study comprised of all the 20 banks that have merged or have been acquired in Kenya during the period of 1997 to 2010. The study used secondary sources of data from published audited annual reports. Data analysis was conducted using quantitative and qualitative procedures. This study was limited to how mergers and acquisitions enhance the performance of commercial banks and not growth as is the case for the proposed study. The proposed study is a case study of I & M Bank while the study by Kithitu was a survey of twenty banks.

In another study, Mboroto (2013) examined the effect of mergers and acquisitions on the financial performance of petroleum firms in Kenya. The study adopted a descriptive research design and targeted petroleum firms that had engaged in mergers and acquisitions in this sector between the years 2002-2012. The study collected secondary data from financial statements and analyzed though inferential statistics. This study was limited to petroleum firms and therefore the findings cannot be generalized in commercial banks in Kenya. The study was limited to I&M bank which acquired Giro Commercial Bank. The literature is rich with studies on Mergers and Acquisitions although none has focused on how acquisition strategy has enhanced growth of specific commercial banks in Kenya and how acquisition strategy has enhanced growth in I & M Bank Limited particularly.

1.3 Research Objective

The objective of the study was to examine how acquisition strategy has enhanced growth at I & M Bank Limited, Kenya.

1.4 Value of the Study

The study findings are expected to be of value to the management of I & M Bank as the study may provide insights on how well their previous acquisition was done and giving recommendations to guide on the implementation process of acquisitions in the future. These recommendations may inform the bank on how to deal with, or overcome, any dilemmas or challenges that may have arisen during pre-acquisition planning, acquisition implementation, and post-acquisition. The study may also provide practical guidelines to other commercial banks and financial institutions to guide them during a future acquisition attempt.

The study may also be of significance to the Central Bank of Kenya (CBK) as the regulator and policy maker in the banking sector in Kenya. Any acquisition in the banking industry has to be approved by the CBK as stipulated under Section 9 of the Banking Act. The findings and recommendations of this study may therefore inform or trigger policy to guide the process of acquisition in the banking sector in Kenya in the future.

To the academicians and researchers, the study may add value to the existing body of knowledge in the area of the implementation process of acquisitions, especially in the banking sector. On the other hand, the study may act as a source of reference and may inform future studies in the same area of acquisitions.

This study may add knowledge to the existing theories that guides this study, that is, institutional theory, resource based theory and Mckinsey 7s model. The study may also advance the understanding of these theories in informing the concept of acquisition strategy and growth of companies.

CHAPTER TWO

LITERATURE REVIEW

2.1 Introduction

This chapter covers the review of literature related to the study. It starts by discussing the theories that guide the study under the theoretical foundation. The theoretical foundation is important to the study since it helps understand the problem under study. The study is guided by Institutional theory, Resource Based Theory, and Mckinsey 7s model.

The chapter also presents the empirical literature which is a synopsis of other research in an interdisciplinary field of research. In this study, the author reviews empirical literature related to acquisition strategy and growth of firms. Much of this is usually achieved by reference to previous reviews. The empirical review involves the critique of the existing literature which helps identify the research gaps that have not been filled by the empirical studies. A research gap is something that remains to be done or learnt in an area of research.

2.2 Theoretical Foundation

The theoretical foundation reviews and discusses the theories that are attributed by other scholars, authors and researchers in relevance to the concept of the study. The study is guided by Institutional theory, Resource Based Theory and Mckinsey 7s model (framework).

2.2.1 Institutional Theory

Institutional theory of organizational acquisitions takes into consideration the institutional context, history and legacies of organizations, and expects to see established arrangements being used to create new ones (Stone *et al.* 2001). An institutional perspective on organizational acquisitions sees rule-following and identity-based action as the primary logic in organizations, and gives privilege to norms and ideas over actors' prior preferences and anticipated consequences when explaining organizational acquisitions (March & Olsen, 2006).

New organizations are likely to be molded by and layered upon the pre-existing institutional arrangements (Mahoney & Thelen, 2010). Abrupt and radical change by "replacement" is exceptional and most likely brought about by performance crises and exogenous shocks delegitimizing existing governance arrangements (Streeck & Thelen, 2005). The potential for "change by intent" is seen within this perspective as curbed and requiring actors' attention to the legitimacy of organizational forms (Olsen, 1997). In institutionalized settings, reformers must be sensitive to perceptions of what is reasonable and appropriate, or use contingent events that enable path-changing intervention (Egeberg *et al.*, 2015).

There is a great pool of empirical evidence (Cox and Watson, 1995, Andrade *et al.*, 2001, Evenett, 2003, Harford, 2005, Martynova & Renneboog, 2006) in support of the institutional theory of why mergers and acquisitions take place in waves. In this study, the institutional theory helps explain the greater prevalence of many strategic actions through acquisition strategy. Institutional theory seeks to show how organizations are influenced by normative pressures which make them adopt various strategies, such as acquisitions to respond to the pressures.

2.2.2 Resource Based Theory

The fundamental principle of the resource based theory is that resources can be a basis of an organisation's competitive advantage (Wernerfelt 1984). Wernerfelt notes that the bundles of valuable resources at the organization's disposal are key determinants of an organisation's competitive advantage. Proponents of the resource based theory argue that the resources of the organization form the foundation of the firm's strategy and not the environment (Barney, 2001). Hitt *et al.* (2005) revealed that resources can be categorized into three classes: physical, human and organizational capital which incorporates capital equipment, the skills of individual employees, patents, finances and talented management staff. An organization's unique resources and capabilities provide the basis for a strategy (Hitt *et al.*, 2005). An integration and most appropriate configuration of firm's resources and capabilities with inside knowledge helps firms achieve operational and strategic objectives (Kay, 2010).

An empirical study by Lin *et al.* (2006) established that banking M&A could be very effective when the firm has high resources capability. Evidence was also found on human resource capability having a direct impact on firm performance. The main conclusion of this study was that resource capability is critical for M&A strategy to be effective. On the other hand, Jensen (2010) revealed that mergers and acquisitions is the only method by which the unique resources of firms that are organizationally embedded can be passed on from one firm to another and hence also potentially survive across generations.

The theory guides the study as it helps us understand how resources and capabilities provide the basis for implementation of acquisitions. It is upon the leadership of the company to combine the resources and capability of an organization to ensure successful strategy implementation.

2.2.3 McKinsey 7S Model

McKinsey's 7S Model was created by the consulting company McKinsey and Company in the early 1980s. Since then it has been widely used by practitioners and academics alike in analyzing hundreds of organizations. The McKinsey 7S Framework was created as a recognizable and easily remembered model in business. The seven variables, which the author terms as "levers", all begin with the letter "S": these seven variables include structure, strategy, systems, skills, style, staff and shared values. Structure is defined as the skeleton of the organization or the organizational chart (Peters & Waterman, 1982).

The seven components described above are normally categorized as soft and hard components. The hard components are the strategy, structure and systems which are normally feasible and easy to identify in an organization as they are normally well documented and seen in form of tangible objects or reports such as strategy statements, corporate plans, organizational charts and other documents. The remaining four Ss, however, are more difficult to comprehend. The capabilities, values and elements of corporate culture, for example, are continuously developing and are altered by the people at work in the organization. However, if these factors are altered, they can have a great impact on the structure, strategies and the systems of the organization (Jurevicius, 2013).

In this study, the theory offers an effective method to diagnose and understand an organization and provides guidance in organizational change. Other than facilitating organizational change, the framework helps in implementing new strategy and to identify how each area may change in the future. In this regard, the model would help understand how acquisition as a strategy can be effectively implemented in I&M bank to enhance growth in the bank.

2.3 Corporate Growth

Corporate growth is viewed as vital to the wellbeing of a firm. A corporate growth is tied explicitly to its survival and profitability. Growth means change, and a proactive change that is essential in a dynamic business environment. A corporate may grow either by way organically or inorganic mode expansion strategy (Abbas et al., 2014). Companies enter into acquisition as a growth strategy. Through acquisition a firm is able to reach growth at the strategic level in terms of size and customer base. With the power of acquisition in the banking sector, the banks can achieve strategic benefits, growth in operations and minimize their expenses to sizable extent (Long, 2015).

Every organization has its vision to become a reputable organization; along with its vision to maximize market share and future growth. Hence the organizations have to be strong in order to grow in the market. They have also needed precise and specialized information to enter in new markets (Ombaka & Jagongo, 2018). Therefore, they have to adopt a distinctive type of strategy to compete in such a dynamic environment. Most growing businesses ultimately target increased profits which make it important to know how to measure profitability. The key standard measures of firm growth include profitability. A company may expand and /or diversify its markets internally or externally. If the company cannot grow internally due to lack of physical or managerial resources, it can grow externally by combining its operations with other companies through mergers and acquisitions. Mergers and acquisitions may help to accelerate the pace of a company's growth in a convenient and inexpensive manner.

Asset growth also results from acquisition. This is the increase in a firm's assets that can be achieved by merger and acquisition, after merger the acquiring firm takes control of the target asset and so manages its assets and those of the target, this leads to an increase in its assets after the merger (Malik & Khan, 2014). The managers when buying the assets must understand how the asset can be expected to behave in future. High and stable growth rate is the obvious desired outcome by management.

2.4 Acquisition Strategy in Organizations

The process of bringing two companies together follows six generic phases that can be grouped into three stages: pre-acquisition planning, acquisition implementation, and post-acquisition (Bohlin *et al.,* 2000). Most acquisitions fail to meet the expectations and are doomed from the beginning. According to Koi-Akrofi, (2016), acquisition success rates have revealed that roughly 70 percent of mergers fail. It is clear that the due diligence, valuation analysis, and negotiation that precede the closing of a transaction cannot guarantee its success. Instead, the synergies and assumptions that supported the decision to acquire a target business will be realized only if the purchaser effectively integrates the target. Unfortunately, many purchasers either fail to plan the integration of the target adequately or conduct the integration process too slowly (Venema, 2015).

According to Knilans (2009) there are seven key levers that can influence the success or failure of a cultural integration initiative: integration teams, which can build the necessary relationships between the two companies; speed, which refers to the sense of urgency (not haste) that must accompany the integration; leadership, or buy-in to the process from key members of the management team; communication, which must be consistent, both internally (associates, board) and externally (shareholders, customers); retention of valuable employees who can help smooth the transition; culture, second in importance only to results; and results, which are the ultimate goals of the acquisition, and which should guide the entire process.

Kansala and Chandani (2014) examined the strategies that can be employed for effective management of change during acquisition. The authors highlighted the strategies that can be followed by the leaders of the organization to handle change during M&A. They include: integration plan, employee involvement, clear vision, customer focus, HR structuring and downsizing. Pikula (2009) also highlights the importance of human resource and organization culture issues in ensuring successful implementation process of acquisitions. To avoid inaccurate rumours, which are highly detrimental to organizational morale, employees should be informed as soon as possible about what to expect once the acquisition takes place. Management must continue to listen to and communicate with employees and relay accurate and comprehensive information throughout the process.

This section discussed the concept of acquisition strategy in organization. The section outlines the process of acquisition in organizations and what each phase involves. The section also discusses the reasons behind the failures of most acquisition processes and further presents the critical success factors to acquisitions in organizations. The next section discusses the empirical literature in regard to acquisition strategy and growth of organizations.

2.5 Empirical Studies and Research Gaps

The field of corporate growth and acquisition strategy has become an area of interest to many researchers. A review of the existing literature shows that Goyal and Joshi (2012) examined the growth of ICICI Bank Ltd in India through mergers, acquisitions, and amalgamation. The study collected both primary and secondary data involving the mergers and acquisition of nine banks which formed ICICI Bank Ltd, from 1996-2010. Data was collected through questionnaires and interviews and analyzed through qualitative and quantitative procedures. The study found that mergers and acquisitions are corporate events which helps an organization to create synergy and provide sustainable competitive advantage. The case of ICICI Bank demonstrated how an organization can become a market leader by adopting some strategic tools like mergers and acquisitions. The post-merger integration process is a difficult and complex task.

In Nigeria, Akinbuli and Kelilume (2013) conducted a study on the effects of mergers and acquisition on corporate growth and profitability. The methodology used was a survey of companies incorporated in Nigeria under the Companies and Allied Matters Act (1990), which had undergone a merger or an acquisition process. The elements of the survey were selected randomly. A total of ten incorporated banks were selected using simple random sampling technique. The study collected secondary data which was analyzed using key financial ratios. The results support the idea that mergers and acquisitions are not a prima facie solution to the problem of financial distress in corporate organizations. This is especially so when mergers are regulatory imposed than business environment driven. The study further revealed that while mergers and acquisitions can drive growth and profitability in some organizations, operating efficiency suffers at least in the short-term in the post-merger and acquisition of corporate entity.

Locally, Farah (2015) examined the effect of mergers and acquisitions on the financial performance of commercial banks in Kenya. The study adopted a descriptive design using event study model to analyse the relationship existing between the accounting ratios (ROA and ROE) as measures of financial performance. The study collected secondary data from financial statements and bank supervision report documents from the CBK. The study found out that acquisitions event results into an increase in financial performance and growth of the companies. The study recommends that management teams need to take advantage of the benefits of mergers and acquisitions.

In this chapter the study discusses various theories that inform the study and the research problem. The chapter further presented the empirical studies and evidence in relation to acquisition strategy and growth of organizations. The empirical study section involves a critique of the existing literature relevant to the study which helped to identify the research gaps. The next chapter covers the research methodology to be adopted for the study.

CHAPTER THREE

RESEARCH METHODOLOGY

3.1 Introduction

This chapter sets out various stages and phases that are followed in completing the study. It involves a blueprint for the collection, measurement and analysis of data. The research methodology helps identify the procedures and techniques that were used in the collection, processing and analysis of data to achieve the objectives of the study.

The chapter starts with discussing the research design adopted for the study to ensure the study effectively addresses the research problem. It constitutes a set of methods and procedures used in collecting and analyzing measures of the variables specified in the research problem.

The chapter also presents the data collection methods and data analysis procedures. Under the data collection section, the study highlights the type of data to be collected, the instrument for data collection, the respondents and procedures for data collection. The section ends with data analysis procedures and how the analyzed data is presented.

3.2 Research Design

Research design refers to how the researcher will put a research study together to answer a set of questions. Research design works as a systematic plan outlining the study, the researchers' methods of compilation, details on how the study will arrive at its conclusions and the limitations of the research. Research design may incorporate both quantitative and qualitative analysis (McLaughlin, 2012).

The research design to be used is a case study since the unit of analysis is one organization. Case study research is a methodology which can take either a qualitative or quantitative approach. In the qualitative approach, case study refers to the in-depth analysis of a unit (Yin, 2009).

The importance of a case study is emphasized by Kothari (2004) who acknowledged that a case study is a powerful form of qualitative analysis that involves a careful and complete observation of a social unit, irrespective of what type of unit is under study.

In this study, I&M bank formed the case study. The study conducted an in-depth analysis of how acquisition strategy has enhanced growth in I & M Bank Limited. The nature of the study facilitated use of an interview guide approach to data collection so as to help have a deeper understanding of the subject matter. Case study approach is therefore deemed appropriate for this study.

3.3 Data Collection

The study collected primary data through the use of an interview guide. The data was collected from approximately 10 management staff of I&M Bank headquarters, who include the senior management and the departmental heads. The study specifically seeks to get information from the staff at the management level since they are mandated to ensure successful implementation of strategies in the company and hence they are deemed knowledgeable and informed on the research problem at hand, hence expected to give reliable information.

The interview guide is deemed fit for the study since it facilitated in-depth research which yields richest data, details, and new insights. The interview guide also permitted face-to-face contact with respondents; provided an opportunity to explore topics in-depth and allow the interviewer to explain or help clarify questions, increasing the likelihood of useful responses.

The researcher sought permission to collect data from the respondents by getting the relevant letters from the university and from management of I & M bank. The researcher further made appointments with the respective respondents in the organization. A deadline was set by which the completed interview guides must be ready for analysis.

3.4 Data Analysis

Analysis of data can be defined as the process of inspecting, cleaning, transforming, and modeling data with the goal of discovering useful information, suggesting conclusions, and supporting decision making. After receiving the data from the interview guides, the data was inspected and cleaned for purposes of data analysis.

The data collected for this study were qualitative data and was analyzed through content analysis. Content analysis is a research technique used to make replicable and valid inferences by interpreting and coding textual material. It is a flexible method and is extremely well-suited to analyze data on this sensitive phenomenon to arrive at analytical conclusions. Content analysis is used to determine the presence of certain words or concepts within texts or sets of texts.

The qualitative data generated from the interview guides was therefore categorized in themes / concepts in accordance with research objective. This involved comparing the responses from each of the interviewees. The researcher further made inferences about the messages within the texts under the identified themes. The qualitatively analyzed data analysis was presented in prose (narrative) format.

CHAPTER FOUR

RESULT AND DISCUSSION

4.1 Introduction

Chapter three clarified in detail the methodology and strategies used to gather primary information of the investigation: the determination and depiction of the units of examination, the courses in which in-depth interviews have been analysed, how the information has been broken down and the ways in which legitimacy and dependability have been guaranteed.

This chapter contains the outcomes and exchanges of the primary data that the author has gathered through in-depth interviews. The outcomes are exhibited and deciphered in accordance with the goals of the investigation. The study objective was to examine how acquisition strategy has enhanced growth at I & M bank limited, Kenya. The data collected was analyzed through content analysis and the findings compared with the objective of the study and theories of strategy.

4.2 Corporate growth through acquisition at I&M Bank Limited

The data collected via in-depth interview was analyzed qualitatively. The method used to analyze data was content analysis. This was done by the researcher through transcribing of the data from audio form to written form.

As indicated by Ryan, Coughlan and Cronin (2009) content investigation is watchful, point by point efficient assessment and understanding of written document, with a view of identifying pattern, themes and meanings. Leedy and Ormrod (2005) reported that content analysis is suitable in capturing words of participants in a text. This method was employed by a team of researchers by listening to the participants' words, trying also to get the meaning and feelings of emphasis as presented in the text. Bryman (2004) states that subjective substance investigation technique is presumably the most predominant way to deal with the subjective examination of records and it contains a seeking out of fundamental topics in the information being broken down.

In this investigation, content analysis was found beneficial because it makes it possible to measure the frequency of different categories. The researcher, utilizing content examination, initially extricated the significant parts of the content (material) then analyzed it by recording it in a separate form, then, through the participation of research assistant compared the recurrent themes and patterns so as to summarize and categorize them.

The participants were asked to indicate position held in the bank. Seven interviewees participated in the study. The study targeted management staff of I&M bank who are more conversant with, and were more involved in, the acquisition process. These people are the experts in their field and thus are able to provide information on how acquisition strategy has enhanced growth at I & M bank limited, Kenya. The study interviewed regional manager, branch manager, credit manager, brand manager, operations manager, relationship manager and customer delivery and marketing manager.

Accordingly, managers and stakeholders must discuss in broad and agree on acquisition process in order to ensure that their firms remain competitive and enter into relationships that will avail tangible and intangible benefits. The changing environments and the new forms of competition have created new opportunities and threats for firms. This may force many firms to adopt many forms of restructuring activity. It is therefore a common phenomenon for some commercial banks to come together in pursuit of a common strategy which avails gains to both firms. Acquisitions are one of the routes that firms are using to achieve required capacities and resources in an effort to increase their earning capacity.

The participants of the study were asked to highlight the factors that informed I & M bank limited to acquire Giro Commercial Bank Limited. The answers provided by respondents were along the line of growth in terms of assets, portfolio, customer base, and branch network which would work well to reduce operational inefficiencies due to the complementary nature of the portfolios of the two Banks.

The study indicated that I & M bank limited opted to acquire Giro Commercial Bank Limited so as to grow and widen bank's portfolio. It was an opportunity that presented itself giving the bank an opportunity for Growth of the bank's portfolio with a bank holding a similar client base in terms of profile of clients. A good number of clients had accounts with the Bank as well or had previous relations with the bank and, most importantly, their loan book was quite clean i.e. very low portfolio at risk. The second interviewee complemented the first interviewee by indicating that both banks had complementary portfolios. Acquisitions are an important part of corporate growth. Acquisition in the banking sector is used in achieving business growth and survival. After an acquisition process, the firms have an enhanced ability to attract loans, increase employee's productivity and net assets growth. The results agree with Kama (2007) who opined that the bank acquisition facilitates banks expansion and growth. The results also agree with Anderibom (2015) who conducted a study on the effects of acquisitions on the performance of Commercial Banks in Nigeria with a particular interest in United Bank of Africa (UBA) Plc and established that acquisitions had positive, significant effects on the growth of the bank.

A bank is also in a position to grow its asset base after acquisition. After acquisition the firms may register an improvement in asset productivity. Lee, Pamela and Gayle (1996) revealed that the horizontal acquisitions showed the strongest predictive ability with asset growth. The results agree with Azhagaiah and Kumar (2011) who did a study on the short-term post-acquisition performance of corporate firms in India and established that firm acquisition enhances firm efficiency in utilization of their assets which leads to generation of higher operating cash flows. The results agree with Onyuma and Muiru (2014) who conducted a study on the impact of acquisitions on the financial performance of the acquiring companies in Kenya and established improved asset utilization after acquisitions.

Some interviewees also established that the need to expand the market base and branch network, widen customer base and to create wider access for product offerings motivated I & M bank to acquire Giro Commercial Bank Limited. Some interviewees also indicated that I & M bank acquired Giro Commercial Bank Limited to increase branch network from 36 to 43 and achieve combined market share of approximately 5% as at December 2017. It is believed that acquisitions lead to maximization of a company's growth by enhancing its production and marketing operations. With regard to the effects of acquisition on market growth, the study established that acquisition boosts customer base and helps in the acquisition of new markets which ultimately boosts the market share of the bank. The consolidation of Giro Commercial Bank Limited provided a much needed market growth advantage for I&M Bank which will now enjoy an expanded market presence and a quality balance sheet expansion.

Finally, another interviewee suggested that I & M bank was motivated to acquire Giro Commercial Bank Limited in order to improve operational efficiencies of the bank. Acquisition is a synergy for continued growth. Acquisitions bring operational efficiencies which may arise from economies of scale, production economies of scope, consumption economies of scope, improved resource allocation like moving to an alternatively less costly production technology, improved use of information and expertise, a more effective combination of assets and improvements in the use of brand name capital. Acquisitions create corporate synergies which may result in more efficient management, improved production techniques and exploitation of increased market power. The results agree with Koller (2010) that the target company shareholders will be willing to sell their stock to the acquiring company when there are high prospects of higher than normal gains from the sale or when they know their company may not survive alone. According to Corporate Strategy (Howe, 1986), it is feasible to use acquisitions as a means of achieving several possibilities of business objectives, which include: growth, market entry, diversification, improved operating efficiency and profitability. According to Howe (1986), "one of the most publicized advantages of a large number of proposed acquisitions is the projected increase in operating efficiency of the combined business." This aspect can be brought out better by the fact that acquisition of a firm that has a great sales volume and customer base as well as a good brand would be a competitive advantage to the bidding firm, hence cost of new products are reduced drastically compared to the competitors' products.

Regarding whether the bank achieved the desired management goal and objective through acquisition, some interviewees indicated that the bank achieved its objective to a large extent though it had some drawbacks. Through the merger, I&M Group has acquired additional net advances of approximately KES 9.1 billion, and deposits of KES 12.6 billion besides other assets of approximately KES 6.7 billion. The integration was well aligned to the strategic aspirations of I & M Bank and was aimed at making the merged entity a more efficient and stronger bank. The strategic rationale of the acquisition helped improve market penetration, filling portfolio gaps in business operations and creating value by improving overall business performance while creating wider access for product offerings. The results agree with Kansala and Chandani (2014) who examined the strategies that can be employed for effective management of change during acquisition to include: integration plan, employee involvement, clear vision, customer focus, HR structuring and downsizing. The results also contrasted Akinbuli and Kelilume (2013) that acquisitions are not a prima facie solution to the problem of financial distress in corporate organizations. The study further revealed that while mergers and acquisitions can drive growth and profitability in some organizations, operating efficiency suffers at least in the short-term in the post-merger and acquisition of corporate entity.

Another interviewee indicated the achievement of the intended purpose was diluted slightly by the interest capping that became effective in September 2016. There were some challenges, especially with regards to integration of systems which took a while to complete. The issue of integration challenges is a key factor to consider when acquiring a firm, this is so because the bidding firm may be interested in a victim firm, yet the services offered by the victim firm are not compatible to the existing ones within the bidding firm, this therefore means that technical compatibility issues arise hence slowing down the process acquisition. The purchase of a company whose products and services are based on a different system may benefit the acquisition but also slow down implementation of essential services responsible for meeting the main objectives of the business partnership. According to Saruni (2006), acquiring another firm may pose great integration challenges due to the entrenched work routines and cultures as well as cumbersome tasks. The results agree with Vancea (2011) who conducted a study on the challenges and stakes of the post-acquisition integration process and established that acquiring firms are affected by changes during the integration process, by retaining the important resources, the transfer of resources from, or to, the acquired firms is done by eliminating the redundant resources. Yet, in the integration phase, the problems may occur due to human factors, cultural incompatibility and an inappropriate management of the integration process.

Further, the participants were asked to measure firm’s growth before the acquisition in terms of size of organization, market share, employees or revenue**.** Some interviewees indicated that after acquisition, I & M bank increased branch network from 36 to 43 branches and achieved combined market share of approximately 5% as at December

2017. Through the merger, I&M Group acquired additional net advances of approximately KES 9.1 billion, and deposits of KES 12.6 billion besides other assets of approximately KES 6.7 billion. The bank was also able to absorb over 100 GIRO employees. Further, the IPF loan book grew by over 70% and allowed I & M to get additional business growth from GIRO bank. The interviewees indicated that they measure firms growth on multiple levels though, Return on Equity as a key metric for the shareholders, as well as market share growth amongst the whole banking sector as well as amongst the Bank's peers. The bank had maintained a steady growth over the years and continues to do so. Having embedded the new IMARA strategy, the bank laid a roadmap for the next 5 years to become the banking powerhouse for the medium corporate and premium banking sectors in the EA region. The results agree with Tamosiuniene and Duksaite (2009) that acquisitions are the vital part of any healthy economy and the primary way that companies are able to provide returns to owners and investors. The results also agree with Farah (2015) who examined the effect of mergers and acquisitions on the financial performance of commercial banks in Kenya and found out that acquisitions event results into an increase in financial performance and growth of the companies.

Acquisitions create corporate synergies which may result in more efficient management, improved production techniques and exploitation of increased market power. Business growth may happen through acquisitions. Firm acquisitions have many potential benefits, which mainly focus on boosting profits and shareholder value through: the economies of scale produced by increasing market share; the expanded use of an existing distribution network by the acquisition of new product capabilities; the extension of a strong product capability into new markets; the diversification of product and market risks. This way, acquisitions become an essential tool for corporate development in today's global marketplace, which is characterized by consolidation, convergence, the competition for talent and technology, and the increasing importance of such intangible assets as knowledge, skills and customer relationships.

However, some of the interviewees indicated that not much significance had been achieved in terms of market share, revenues and employee numbers remained more or less the same. The firm may not achieve intended goals as forecasted. This is in congruence with other empirical studies that failure rate of acquisition has increased and at present falls at about 70 per cent (Alton and Christensen and Rising and Waldeck. 2011; Marks and Mirvis, 2001). Firm acquisition failed if the value of the combined entities is less than the sum of the value of the independent entities prior to the acquisition. In the analysis of acquisition failure, poor target-selection decisions, unreasonably high purchase price and strategically mismatched organizations are common sources. It is well documented that mismanagement of the post-acquisition process, cultural incompatibility between firms and the negligence in leading change also are involving factors for acquisition failures (Hanson & Falck, 2011). According to Haspeslagh and Jemison (2015), there might be a tendency to stick to original justification instead of trying to adapt to changes. Further, there might be reluctance to adapt to the new change environment. These changes naturally foster uncertainty, fear and anxiety among the acquired firm's managers and employees who may become unwilling to work toward achieving success. Some employees might also leave the firm or retreat to past behaviors.

The interviewees acknowledged that acquisition strategy had enhanced growth in I & M bank Limited. One of the interviewee indicated that “both our bank’s asset and liability books increased as a result of the acquisition”. The interviewees also indicated that branch network and customer base increased with the takeover of about 6 branches from GIRO Bank. The bank had a good portfolio of premium banking clients that fit our desired target client base in line with our Imara strategy. The ultimate goal acquisition is the generation of synergies that can foster growth, increase market power, improve efficiencies and boost profitability. The growth of a business through acquisition can be achieved through expanding its existing markets or entering in new markets. Growth is essential for sustaining the viability, dynamism and value-enhancing capability of a firm. A growth-oriented firm is not only able to attract the most talented executives but it would also be able to retain them. Growth leads to higher profits and increase in shareholders’ value. It implies expansion of firm’s operation in terms of sales, profit and assist when a company is unable to grow internally because resources and management constraints. It can grow externally by taking owned operation of another company.

Acquisitions may yield the desired growth faster, easier and cheaper than the internal, growth faster, easier and cheaper than the internal, growth. Acquisitions created more value for shareholders than unrelated acquisitions. It is believed that acquisitions lead to maximization of a company’s growth by enhancing its production and marketing operations. However while the main goal of acquisitions is to improve performance, this has always not been the case. The results agree with Avulala (2015) that acquisitions enhance growth of a firm, increase market share and achieve synergy. The results also agree with Mustafa and Horan (2010) that acquisition leads to increased market share, due to proximity to key customers and entrepreneurial nature of the founders. Acquisition brings about numerous synergies and integration is the key to capitalizing upon these synergies. Acquisition induces entrepreneurial orientation and facilitates the emergence of acquisition capabilities within the acquiring firm.

During the interview, the participants were further asked to highlight other benefits the bank achieved through acquisition of Giro Commercial Bank. The responses from the study suggested that wider client base, boosted shareholders confidence, diversified products, renewed Human Resource competencies, cost reduction, improved risk management, improved market capitalization and capital base were additional benefits realized from the acquisition.

One of the interviewees indicated that I & M had widened client base after acquisition. With regard to the effects of acquisition on market growth, the study established that acquisition boosts customer base and helps in the acquisition of new markets which ultimately boosts the market share of the bank. The bank was able to drive up sales and usage of both its' card business (prepaid and credit cards) and its' alternate banking channels to the new client base. The other benefits included shareholder confidence, diversified product offering for new customers received and renewed human resources and competency.

For GIRO bank customers, the merger provided additional advantage of accessing their bank accounts from 36 new I&M Bank branches located countrywide as well as through Alternate Channels like all Visa, Kenswitch and I&M Bank ATMs, Mobile Banking, Internet Banking and PesaLink. It also enabled them to enjoy the range of I&M Bank's credit, debit and pre-paid Visa and MasterCard payment cards. Corporate customers of GIRO bank are able to avail I&M Cash Management Services, Trade Services as well as Corporate Internet Banking suite.

Firm acquisition leads to reduction of overall risk through substantial reduction of operational and financial risk by diversifying investment in share of a larger number of companies. It is possible for the merged entity to reduce their intensity of possible strike unforeseen economic factors which could otherwise endanger the survival of the individual companies. Further, financing the banks operations became relatively easy. Sometimes internal growth may not be possible due to financial constraints. Acquisition may help in buying financial stability when a company with fluctuating cash flow may help the new entity enhance its capital and reduce its costs of capital.

Firm acquisition may also result in more than the average profitability due to cost reduction and efficient utilization of resources. This may happen due to economies of scale or operating economies. Economies of scale arise when increase in the volume of production leads to a reduction in the cost of production per unit. Acquisition may help to expand volume of production without a corresponding increase in fixed costs. Thus, fixed costs are distributed over a large volume of production causing the unit cost of production to decline. Economies of scale may also arise from indivisibilities such as production facilities, management functions and management resources and systems. This happens because a given function, facility or resource is utilized for a larger scale of operation. Equally, mergers may result in cost reduction due to operating economies. Through acquisition it is easier to implement cost-cutting measures and to find areas of overlapping business that can be eliminated hence reducing costs.

The acquisition process has been identified as an important aspect to take into consideration to create a successful acquisition. The process was well rehearsed and despite a few integration teething issues, progressed rather smoothly. Every step in the acquisition process was vital for the outcome of the process. All stakeholders in the process were seriously taken into consideration as it is the stakeholders that are the building blocks of the process and make the process complete. The acquisition process was discussed in terms of different phases or stages, and different research areas usually focus on different process stages.

However, the entire acquisition process had some challenges. There was a slight challenge in gearing up / training the Ex Giro staff on I&M bank products but the team was very eager to learn and this was achieved through integrating the teams i.e. having I&M staff at all the branches and vice versa to create an understanding of how things are done at I&M to ensure a soft landing for the customers which was key to the success of the merger. Another interviewee integrated that there was a challenge especially during data transfer and compatibility with the current system. There were also system compatibility challenges during data migration. Further, the entire process of acquisition was delayed by the long and tedious approval process which took more than 2 years to complete. The issue of integration challenges is a key factor to consider when acquiring a firm; this is so because the bidding firm may be interested in a victim firm, yet the services offered by the victim firm are not compatible to the existing ones within the bidding firm, this therefore means that technical compatibility issues arise hence slowing down the process acquisition. According to Saruni (2006), acquiring another firm may pose great integration challenges due to the entrenched work routines and cultures as well as cumbersome tasks.

Further, another interviewee indicated that communication challenges came out as one of the main challenges that caused a stir among employees during the acquisition process. Most employees were not aware of the acquisition process. Communicating with employees, empowering them and creating a culture for them to thrive are all fundamental parts to integration. When acquisitions occur, employees and management are generally left in the dark. Fear and lack of answers deter top management from providing the information that employees need to redirect their actions in the merged company. This lack of communication creates distrust and uncertainty in the workplace, leading to lower employee engagement levels. When conducting acquisitions process, it’s important to keep the employees from both parties informed of the process at all times.

Another interviewee noted that employee retention became a challenge. Not all employees were sure of their fate during the acquisition process. During acquisitions, employee retention can be a challenge, as many believe it can be a threat. Inherently, many acquisitions deals have retention issues, which result from negative attitudes felt by employees. This can include uncertainty about the future of the organization's direction, job security, perceptions of lack of leadership and credibility, and feelings of confusion due to lack of communication. However, I & M bank and GIRO bank retained their employees.

Regarding the interview question whether there was adequate communication of the acquisition strategy by the management to the employees in the bank, majority of the interviewees acknowledged having been communicated to from time to time during the acquisition process. Another interviewee indicated that all branches and head office functions were well advised of the process flows and areas where they would be required to offer support. Further, another interviewee noted that there was a phased appraisal at every stage and staff was adequately informed. There were regular updates from management and the strategy department. Communication is generally viewed as a critical component during the acquisitions process. Overall, communication is viewed as a backbone of acquisition success and one of the prime reasons for acquisition failure. The consensus seems to be that effective organizational communication during the acquisitions process helps reduce uncertainty, guides the business through the transition, enhances the degree of post-acquisition commitment to the 'new' organization and increases acquisition success rates.

Conversely, ineffective communication is expected to lead to high levels of ambiguity and job insecurity, low level of trust and commitment and negative organizational outcomes. Failure in communication demoralizes everyone involved in acquisition processes and the grapevine takes over. An important outcome of this prior work is that the types of communication may operate quite differently on employee commitment to the acquisition strategy, and thus may hold different implications for acquisition strategy performance. Continuous communication during acquisition is good. If a communication gap occurs between top management and employees, the vacuum will be filled with rumours. Wall (2005) states: the message to communicate should begin on the day the acquisition is announced and continue throughout the integration period and beyond. Maintaining continuous communication between people is imperative. According to Yazdifar (2006), organisations undoubtedly realize the importance of good communication for successful implementation of the entire acquisition process, but they often find it hard to make this communication both constant and lucid. The results agree with Harrison and Farrell (2007) who conducted a study on communication flow in mergers and acquisitions and established that strong relationships are found between level of employee knowledge, communication and success. It is advocated that acquisition strategies should consider communication with employees a key priority at all stages of the process. The results also agree with Angwin, Mellahi, Gomes and Peter, (2016) of the effects of communications practices in African M&A and answer the calls for extending M&A research beyond western developed countries. They confirm the importance of communication practices in M&A, extend earlier findings on the importance of post-acquisition integration communication in US and European contexts and show the importance of communicating throughout the whole M&A process.

The interviewees were further asked to indicate whether the bank considered customers' preferences before acquisition. One of the interviewee indicated that all other customers were shared with briefs of the proposed changes such as account numbers as well as cheque books and the plans the Bank had on these. FAQ's were shared with all front facing staff to ensure uniform correct responses were given to provide the required comfort and any out of ordinary challenges handled promptly by a dedicated merger team comprising senior management. Another interviewee indicated that customer consideration was most critical to the bank for the success of the acquisition and joint meetings were held with the top customers before the acquisition to ensure no disruption to their operations. Further, another interviewee indicated that all customers were regularly informed at every stage while another interviewee indicated that customer focus was one of the most important synergies to be tapped into. Customers undoubtedly play a critical part in the success of a company.

Customers are impacted by acquisition through change of products and service delivery. It is thus important to consider customer preferences before and after an acquisition process. In any acquisition process, the longevity of customer relationships would potentially be a reason to acquire, and market share calculations performed to evaluate customer loyalty to the firm after acquisition. The results are in agreement with Öberg (2008) that customers may be the reasons why companies merge or acquire. Customers may react to the acquisition announcement if it involves companies the customers do not want to have relationships with, or based on the fact that customers perceive the acquisition as turbulent, for instance.

The bank had ensured that there is a timely corporate communication to staff and all other stakeholders. Timely communication facilitated the understanding of the products and services provided by the organization being acquired while at the same time learning the new organizational culture. This is important in understanding the new norms of the organization being acquired, customers' new demands, special nuance and staff whilst addressing their fears. Communication is the backbone of acquisition success and one of the prime reasons for acquisition failure. Effective and timely communication in the process helps reduce uncertainty, guides the business through the transition, enhances the degree of post-acquisition commitment to the ‘new’ organization and increases acquisition success rates.

Conversely, ineffective communication is expected to lead to high levels of ambiguity and job insecurity, low level of trust and commitment and negative organizational outcomes. The results agree with Harrison and Farrell (2007) who conducted a study on communication flow in mergers and acquisitions and established that strong relationships are found between level of employee knowledge, communication and success. Further, another interviewee indicated that bank management had segmented banking to speak to specific needs after the acquisition. Another respondent indicated that the bank held various town hall meetings to allow staff from both entities to integrate and understand with open forums and cocktails for customers, both old and new.

During the interview session, respondents were asked to show whether there were any challenges to growth as a result of acquisition strategy at I & M bank Limited. One of the interviewees indicated that growth through acquisition does have issues such as organizational differences in cultures and the difficulties in some staff / management accepting change and adopting the “new ways”. Another interviewee noted that there was also the challenge of clients adopting procedures which are normally very fluid in small organizations (considered personalized banking) as opposed to a more structured and procedural in large organizations mainly to protect the bank from fraudulent activity. Sharing the risks in such cases can help clients appreciate the same, but not always. Further, another respondent noted at the early aftermath of the acquisition that there were teething problems relating to new client expectations from the acquired Bank, database issues, historical client queries and disputes dating back before acquisition. Integrating both customers and staff from GIRO into the new entity of I&M bank posed a major challenge to the organization. There were also hefty costs associated with integration issues. Another interviewee noted that at some point there was a feeling that too much managerial focus was diverted from internal daily operations.

4.3 Discussion

The study interviewed regional manager, branch manager, credit manager, brand managers, operations manager, relationship manager, and customer delivery and marketing manager. Accordingly, managers and stakeholders must discuss in broad and agree on the acquisition process in order to ensure that their firms remain competitive and enter into relationships that will avail tangible and intangible benefits. The changing environments and the new forms of competition have created new opportunities and threats for firms. This may force many firms to adopt many forms of restructuring activity.

The study indicated that I & M bank limited opted to acquire Giro Commercial Bank Limited so as to grow and widen bank's portfolio. It was an opportunity that presented itself giving the bank an opportunity for Growth of the bank's portfolio with a bank holding a similar client base in terms of profile of clients. Acquisitions are an important part of corporate growth. Acquisition in banking sector is used in achieving business growth and survival. After the acquisition process, the firms have an enhanced ability to attract loans, increased employee's productivity and net assets growth. It is believed that acquisitions lead to maximization of a company's growth by enhancing its production and marketing operations. With regard to the effects of acquisition on market growth, the study established that acquisition boosts customer base and helps in the acquisition of new markets which ultimately boosts the market share of the bank. The results agree with Kama (2007) who opined that bank acquisition facilitates banks expansion and growth. The results also agree with Anderibom (2015) who conducted a study on the effects of acquisitions on the performance of commercial banks in Nigeria with a particular interest in United Bank of Africa (UBA) Plc and established that acquisitions had positive, significant effects on the growth of the bank.

After acquisition, the bank achieved its objective to a large extent though it had some drawbacks. The strategic rationale of the acquisition helped improve market penetration, filling portfolio gaps in business operations and creating value by improving overall business performance while creating wider access for product offerings. The consolidation of Giro Commercial Bank Limited provided a much needed market growth advantage for I&M Bank which will now enjoy an expanded market presence and a quality balance sheet expansion. The results agree with Azhagaiah and Kumar (2011) who did a study on the short-term post-acquisition performance of corporate firms in India and established that firm acquisition enhances firm efficiency in utilization of their assets which leads to generation of higher operating cash flows.

Acquisitions create corporate synergies which may result in more efficient management, improved production techniques and exploitation of increased market power. Business growth may happen through acquisitions. Firm acquisitions have many potential benefits, which mainly focus on boosting profits and shareholder value through: the economies of scale produced by increasing market share; the expanded use of an existing distribution network by the acquisition of new product capabilities; the extension of a strong product capability into new markets; the diversification of product and market risks. The results agree with Onyuma and Muiru (2014) who conducted a study on the impact of acquisitions on the financial performance of the acquiring companies in Kenya and established improved asset utilization after acquisitions.

The bank's branch network and customer base increased with the takeover of about 6 branches from GIRO Bank. The bank had a good portfolio of premium banking clients that fit its desired target client base in line with its Imara strategy. The ultimate goal acquisition is the generation of synergies that can foster growth, increase market power, improve efficiencies and boost profitability. Through acquisition, the Bank expanded its existing markets while establishing in new markets. Firm acquisition led to the reduction of overall risk through substantial reduction of operational and financial risk by diversifying their investment in share of a larger number of companies. The results also contrasted Akinbuli and Kelilume (2013) that acquisitions are not a prima facie solution to the problem of financial distress in corporate organizations. The study further revealed that while mergers and acquisitions can drive growth and profitability in some organizations, operating efficiency suffers at least in the short-term in the post-merger and acquisition of corporate entity.

CHAPTER FIVE

SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

The study was undertaken with the objective of examining how acquisition strategy has enhanced growth at I & M bank limited, Kenya. This chapter summarizes the research findings, conclusion, recommendation for policy and practice, limitations of the study and suggestions for further study.

5.2 Summary of the findings

The study interviewed regional manager, branch manager, credit manager, brand manager, operations manager, sales manager and public relationship manager. This is because the target group is more conversant with, and involved in, the acquisition process. They are rich in providing information how acquisition strategy has enhanced growth at I & M bank limited, Kenya. Accordingly, managers and stakeholders must discuss in broad and agree on the acquisition process in order to ensure that their firms remain competitive and enter into relationships that will avail tangible and intangible benefits.

The interviewees indicated I & M Bank Limited opted to acquire Giro Commercial Bank Limited so as to grow and widen the bank's portfolio. It was an opportunity that presented itself giving the bank an opportunity for Growth of the bank's portfolio with a bank holding a similar client base in terms of profile of clients. Acquisitions are an important part of corporate growth. Acquisition in banking sector is used in achieving business growth and survival. After the acquisition process, the firms have an enhanced ability to attract loans, increased employee's productivity and net assets growth.

The participants indicated that the bank had achieved its objective to a large extent since acquisition though it had some drawbacks. Through the merger, I&M Group has acquired additional net advances of approximately KES 9.1 billion, and deposits of KES 12.6 billion besides other assets of approximately KES 6.7 billion. The integration was well aligned to the strategic aspirations of I&M Bank and was aimed at making the merged entity a more efficient and stronger bank. The strategic rationale of the acquisition helped improve market penetration, filling portfolio gaps in business operations and creating value by improving overall business performance while creating wider access for product offerings.

It was also established that after acquisition I & M bank increased branch network from 36 to 43 and achieved combined market share of approximately 5% as at December 2016. Through the merger, I&M Group acquired additional net advances of approximately KES 9.1 billion, and deposits of KES 12.6 billion besides other assets of approximately KES 6.7 billion. The IPF loan book grew by over 70% and allowed I & M to get additional business growth from GIRO bank. However, some of the interviewees indicated that not much significance had been achieved in terms of market share, revenues and employee numbers remained more or less the same.

The participants of the study acknowledged that acquisition strategy had enhanced growth in I & M bank Limited. One of the respondent indicated that the bank's asset and liability books increased as a result of the acquisition. It was further established that acquisition boosts customer base and helps in the acquisition of new markets which ultimately boosts the market share of the bank. The bank was able to drive up sales and usage of both the Bank's card business (prepaid and credit cards) as well as alternate banking channels to the new client base. The other benefits included shareholder confidence; diversified product offering for new customers received and renewed human resources and competency.

Corporate communication was highly considered during the process. Communication is generally viewed as a critical component during the acquisitions process. Overall, communication is viewed as a backbone of acquisition success and one of the prime reasons for acquisition failure. Timely communication facilitated the understanding of the products and services provided by the organization being acquired while at the same time learning the new organizational culture. Failure in communication demoralizes everyone involved in the acquisition processes and the grapevine takes over.

However, the acquisition process was not all smooth. There were some challenges. There was the challenge of clients adopting procedures which are normally very fluid in small organizations (considered personalized banking) as opposed to a more structured and procedural in large organizations mainly to protect the bank from fraudulent activity. There were also teething problems relating to new client expectations from the acquired Bank, database issues, historical client queries and disputes dating back to before acquisition. Integrating both customers and staff from GIRO into the new entity of I&M bank posed a major challenge to the organization. There were also hefty costs associated with integration issues.

5.3 Conclusion

The study concluded that acquisition is a useful tool for the growth and expansion in any business. It is helpful for the survival of the small banks by merging into the larger bank. This is because the acquisition brings about higher capital and customer base which are important ingredients in firm performance. With increased commercial banks' stability and ability to lend, the bank is able to generate more profitability.

Acquisitions occur so that synergy can be created. Synergy work brings efficiency and effectiveness in the operations of a firm. As acquisitions deals took place the business moved towards expansion and its resources also increased. Due to mergers and acquisitions new management try to work confidently so that they can prove that mergers and acquisitions deals influenced the firm performance positively. Further, acquisitions expand the capital base of the organization thus enabling the organization to access more resources and especially credit facilities that ensure that the business is liquid throughout the year. This enhances the stability and effectiveness of operations of the organization increasing the customer's satisfaction. It is thus concluded that firm acquisition can lead to firm growth in terms of asset base and customer base.

The study concluded that firm acquisition comes with its on challenges. The challenges include integration challenges. The issue of integration challenges is a key factor to consider when acquiring a firm, this is so because the bidding firm may be interested in a victim firm, yet the services offered by the victim firm are not compatible to the existing ones within the bidding firm, this therefore means that technical compatibility issues arise hence slowing down the process acquisition. It is thus important for any firms to consider possible challenges before entering into acquisition agreement.

5.4 Recommendations of the Study

This study lends to the general theory that acquisitions are a strategy to enhanced growth of a firm. From the findings presented, this study recommends that, in practice, commercial banks with a weak and unstable capital base should seek to consolidate their establishments through acquisitions. Through acquisitions, the commercial banks will be able to extend their market share and revenue base hence increase their profitability. In addition acquisition leads to a higher capital adequacy ratio which improves the financial soundness of commercial banks.

To policy makers, it is recommended that there should be constant communication during the acquisition process. Effective communication during the acquisitions process helps reduce uncertainty, guides the business through the transition, enhances the degree of post-acquisition commitment to the ‘new’ organization and increases acquisition success rates. Having a documented and well thought out communication process that engages all stakeholders is key.

5.5 Limitations of the Study

The findings of this research were limited due to some technicalities arising in the course of the study. The major challenge in conducting the study was due to the fact that the management of the bank would want to keep some issues regarding acquisition of GIRO bank confidential. Therefore, the respondents were not very willing to disclose some of their agreements with GIRO bank before and after the acquisition process. This being a case study, the findings cannot be generalized to all other commercial banks because of differences in management strategies, terms of acquisition and operations.

The method use to collect data also had same challenges because some respondents find it tedious and a waste of time sitting with the researcher answering questions with a lot of probing as compared to other methods like questionnaires which has only “yes or no” answers. The other challenge was on accessing the senior managers of the bank because of their busy schedules related to the management of the bank; some were out for official duties during the time of the study.

The study relied solely on interview guide as the main data collection tool. This method is limited because we cannot quantify the data collected to show the trend performance before acquisition and after acquisition of GIRO bank by I & M bank.

5.6 Suggestions for study

I & M Bank acquired GIRO bank in the year 2016. Five years later we can conduct a study to compare performance before acquisition and after acquisition. Further research should therefore entail use of secondary data to quantify the data collected to show the trend performance before acquisition and after acquisition of GIRO bank by I & M bank. The use of interview guide was quite limited. There was a need to complement it with a questionnaire. Further research can combine a questionnaire and in interview guide to measure the effects of acquisition on firm growth.

REFERENCES

Abbas, Q., Hunjra, A. I., Azam, R. I., Ijaz, M. S., & Zahid, M. (2014). Financial performance of banks in Pakistan after Merger and Acquisition, Journal of Global Entrepreneurship Research, ISSN 2251-7316, Springer, Heidelberg, Vol. 4, Iss. 1, pp. 1-15, http://dx.doi.org/10.1186/s40497-014-0013-4

Ahuja, G., & Katila, R. (2001). "Technological Acquisitions and the Innovation performance of Acquiring Firms: A longitudinal Study. *Strategic Management Journal*," 22 (3), 197- 220.

Akgöbek, I. (2012, April). Mergers And Acquisitions As A Growth Strategy. In *Proc. International Conference On Business, Economics, And Behavioral Sciences, ISBN* (pp. 978-1).

Akinbuli, S.F., & Kelilume, I. (2013). The effects of mergers and acquisition on corporate growth and profitability: Evidence from Nigera. *Global Journal of Business Research* 7(1),: 43–58.

Alam, A. Khan, S. & Zafar, F. (2014). Strategic Management: Managing Mergers & Acquisitions. *International Journal of BRIC Business Research (IJBBR)*, 3 (1), 1-10.

Anderibom, A. S. (2015). The Effects Of Mergers And Acquisitions On The Performance of Commercial Banks In Nigeria: Evidenced from United Bank for Africa (UBA) plc.

Andrade, G.,Mark, M. and Erik, S. (2001): 'New Evidence and Perspectives on Mergers', *Journal of Economic Perspectives, 15* (2), 103-120.

Angwin, D. N., Mellahi, K., Gomes, E., & Peter, E. (2016). How communication approaches impact mergers and acquisitions outcomes. *The International Journal of Human Resource Management, 27*(20), 2370-2397.

Bakare, S. (2016). The Role Of Mergers And Acquisitions In Corporate Growth And Development: Skype Bank Nigeria Plc.

Baumol, W. J. (2007). *Economics: Principles and Policy*. (10th ed.). New York: Harcourt College Publishers.

Bohlin, N., Daley, E., & Thomson, S. (2000). *Successful Post-Merger Integration: Realizing the Synergies.* Handbook of Business Strategy.

Brinkschröder, N. (2014), *Strategy Implementation: Key Factors, Challenges and Solutions.* Thesis, University of Twente, The Netherlands.

Central Bank of Kenya (2017). *Acquisition of Giro Commercial Bank Limited By I&M Bank Limited.* Press Release

Central Bank Report (2016).

Coad, A. (2009). *The growth of firms: a survey of theories and empirical evidence*. New perspectives on the modern corporation series. Edward Elgar Publishing.

Cox, A. and Watson, G. (1995): 'The European Community and the restructuring of Europe's national champions', in J. Hayward (ed.), *Industrial Enterprise and European Integration: From National to International Champions in Western Europe*, Oxford University Press, Oxford.

Dalkilic, A. F., and Cagle, M. N. (2015). Critical Success Factors In Merger & Acquisition Strategies: Evaluation of Turkish Market. *İşletme Fakültesi Dergisi,* 16 (2), 117-133.

Egeberg, M., A. Gornitzka and J. Trondal (2015) 'Organization theory. An organizational approach to governance', in C. Ansell and J. Torfing (eds.) *Handbook on Theories of Governance*. Cheltenham: Edward Elgar

Evenett, S. J. (2003): 'The Cross Border mergers and Acquisitions Wave of the Late 1990s', *NBER Working Paper Series*, no. 9655, National Bureau of Economic Research, Massachusetts.

Farah, N. H. (2015). *Effect of mergers and acquisitions on the financial performance of commercial banks in Kenya*. Unpublished MBA Research Project, University of Nairobi.

Gaughan, P. A. (2002). "*Mergers, Acquisitions, and Corporate restructuring*," (3rd ed.). New York: John Wiley & Sons, Inc.

Gill, S. (2016). *Mergers and Acquisition: What are the key trends to watch for in the Kenyan market?* Available at: http://www.blog.kpmgafrica.com/mergers-acquisitions-in-Kenya/

Goyal, K. A., & Joshi, V. (2012). Merger and Acquisition in Banking Industry: A Case Study of ICICI Bank Ltd. *International Journal of Research in Management*, 2(2), 30-40

Greiner, L. (1998). Evolution and Revolution as Organizations Grow. *Harvard Business Review,* 76(3), 55-68.

Gupta, O., & Roos, G. (2001). "Mergers and Acquisition through an intellectual Capital perspective," *Journal of Intellectual Capital*, 2, 297-309.

Gupta, P.K (2012). Mergers and acquisitions (M&A): the strategic concepts for the nuptials of corporate sector. *Innovative Journal of Business and Management*, 1 (4), 60 – 68.

Hanson, T., & Falck, K. (2011). The aftermath of acquisitions: challenges after an acquisition. A case study on Food Inc's acquisition of Bhojana. *rapport nr.: Management & Organisation 11: 30*.

Harford, J. (2005). 'What drives merger waves?', *Journal of Financial Economics*, 77 (3), 529-560.

Harrison, S., & Farrell, P. (2007). Communication Flow in Mergers and Acquisitions. In *The Third Scottish Conference for Postgraduate Researchers of the Built and Natural Environment, Probe 2007* (pp. 191-202).

Hussinger, K. (2012). Absorptive capacity and post-acquisition inventor productivity. *Journal Technology Transfer*, 37 (1), 490 – 507.

Indhumathi, G., Selvam, M., & Babu, M. (2011). The effect of Merger on Corporate Performance on Acquirer and Target Companies in India. The review of Financial and Accounting Studies, *Euro-journals Publishing*, Inc. 2011. http//www. eurojournals. com /REFAS.htm. pp 14-40.

Inoti, G. G., Onyuma, S. O., & Muiru, M. W. (2014). Impact of acquisitions on the financial performance of the acquiring companies in Kenya: A case study of listed acquiring firms at the Nairobi securities exchange. *Journal of Finance and Accounting*, *2*(5), 108-115.

Jensen, C. (2010). *Mergers and acquisitions - the standing of theory in the quest for better institutions and policy*, CASE Network Studies & Analyses, No. 401

Jurevicius, O. (2013). *Strategic Management Insight: McKinsey 7s Model.* Available from: http://www.strategicmanagementinsight.com/tools/mckinsey-7s-model-framework.html [Accessed 19 July 2017].

Kamolrat, L., & Nga, H. T. V. (2007). "*Critical Success Factors in merger & Acquisition projects: A study from the perspectives of advisory firms*".

Kansala, S. and Chandani, A. (2014). Effective Management of Change During Merger and Acquisition. *Procedia Economics and Finance*, 11, 208-217.

Kithitu, J., Cheluget, J., Keraro, V., Mokamba, J. (2012). Role of Mergers and Acquisitions on the Performance of Commercial Banks in Kenya. *International Journal of Management & Business Studies*, 2 (4), 7-17.

Knilans, G. (2009). Mergers and acquisitions: Best practices for successful integration. *Employment Relations Today*, 35(4), 39-46

Koi-Akrofi, G. (2016). Mergers and Acquisitions: Post-Merger and Acquisition Integration Strategies. *International Journal of Economics, Finance and Management*, 5 (2), 49-56

Koi-Akrofi, G. Y. (2016). Mergers and acquisitions failure rates and perspectives on why they fail. *International Journal of Innovation and Applied studies , 17* (1), 150-158.

Lin, B., Hung, S., & Li, P. (2006) "Mergers and acquisitions as a human resource strategy: Evidence from US banking firms", *International Journal of Manpower*, 27(2), 126-142.

Mahoney, J. and K. Thelen (2010) ' A theory of gradual institutional change', in J. Mahoney and K. Thelen (eds.) *Explaining Institutional Change*. Cambridge: Cambridge University Press.

Malik, M. F., Anuar, M. A., Khan, S., & Khan, F. (2014). Mergers and acquisitions: A conceptual review. *International Journal of Accounting and Financial Reporting*, *4*(2), 520-533.

March, J. G. and J. P. Olsen (2006) 'Elaborating the "New Institutionalism"', in R.A.W. Rhodes, S. Binder and B. Rockman (eds.) *The Oxford Handbook of Political Institutions*. Oxford: Oxford University Press.

Martynova, Marina and Luc Renneboog (2006): 'Mergers and Acquisitions in Europe' in (ed. Renneboog, L.) *Advances in Corporate Finance and Asset Pricing*, Chapter 2, Elsevier, Amsterdam.

Mboroto, S. N. (2013). *The Effect of Mergers and Acquisitions on the Financial Performance of Petroleum Firms in Kenya.* Unpublished Masters Project. University of Nairobi, Kenya.

McDougall, P. & Covin, J., Robinson, R. & Herron, L. (2006). The effects of industry growth and strategic breadth on new venture performance and strategy content. *Strategic Management Journal*, 15(7), 537-554.

McLaughlin, H. (2012). "*The Philosophy of Social Research*." In Understanding Social Work Research (2nd edition). London: SAGE Publications Ltd.

Mohamad S. N. T. (2011). *Best practices in strategic plan implementation: nurturing the enabling environment for surveyors*. FIG Working Week, Bridging the Gap between Cultures, Marrakech, Morocco, 18-22.

Mustafa, A., & Horan, A. (2010). Acqusition as growth strategy: An empircal case study of SYSteam AB and Sigma AB.

Njoroge, F. W. (2007). *A Survey of Mergers And Acquisitions Experiences By Commercial Banks in Kenya*. Unpublished Masters Project. University of Nairobi, Kenya.

Öberg, C. (2008). *The importance of customers in mergers and acquisitions* (Doctoral dissertation, Institutionen för ekonomisk och industriell utveckling).

Olsen, J. P. (1997) 'Institutional design in democratic contexts', *Journal of Political Philosophy* 5(3), 203-29

Ombaka, C. & Jagongo, A. (2018). Mergers and acquisitions on financial performance among selected commercial banks, Kenya. *International Academic Journal of Economics and Finance, 3*(1), 1-23

Ongeri, B. (2013). "*The Role of Kenya's Listed Commercial Banks in Economic Growth - An Econometric Analysis*." University of Nairobi.

Pearce, J.A. & Robinson, R.B. (2007). F*ormulation, Implementation and Control of Competitive Strategy*, (9th ed.). Boston, MA: McGraw-Hill Irwin.

Pikula, D. A. (2009). *Mergers & Acquisitions: Organizational Culture & HR Issues*. Current Issues Series. Industrial Relations Centre Press, Queen’s University Kingston, Ontario Canada.

Schmid, A. S., Sánchez, C. M., & Goldberg, S. R. (2012). M&A today: Great challenges, but great opportunities. *Journal of Corporate Accounting & Finance, 23*(2), 3-8.

Stone S. A., W. Sandholtz and N. Fligstein (eds.) (2001). *The Institutionalization of Europe.* Oxford: Oxford University Press

Streeck, W. and K. A. Thelen (2005) 'Introduction: Institutional change in advanced political economies', in W. Streeck and K.A. Thelen (eds.) *Beyond Continuity*. Oxford: Oxford University Press.

Tamosiuniene, R., & Duksaite, E. (2009). The Importance of Mergers and Acquisitions in Today's Economy. *KSI Transactions on Knowledge Society*, *2*(4), 11-15.

Trautwein, F. (1999) "Merger Motives and Prescriptions. *Strategic Management Journal*," 11 (4), 283-295.

Vancea, M. (2011). Challenges and stakes of the post-acquisition integration process. *Annales Universitatis Apulensis: Series Oeconomica*, *13*(1), 167.

Venema, W. H. (2015). Integration: The Critical M&A Success Factor. *Journal of Corporate Accounting & Finance*, *26*(4), 23-27.

Weiner, J. (2010). *Due Diligence in M&A Transactions: A Conceptual Framework*. Thomson Reuters/Aspatore, United States of America.

White, B. B. (2005). Getting the most out of the due-diligence process. *Mortgage Banking,* 65(10).

Yin, R. K. (2009). *Case Study Research. Design and Methods* (4th ed.). Sage Publications, Thousand Oaks.

APPENDIX: INTERVIEW GUIDE

1. Indicate your position in the bank
2. What factors/motivations informed I & M bank limited to acquire Giro Commercial Bank Limited?
3. Did your organization achieve the desired management goal and objective through acquisition?
4. How do you measure your organizational growth before the acquisition? In terms of size of organization, market share, employees or revenue?
5. Has acquisition strategy enhanced growth in I & M bank Limited? If yes, how would you measure your organizational growth after acquisition?
6. Which other benefits has the bank achieved through acquisition of Giro Commercial Bank?
7. How would you describe the acquisition processes? Any challenges?
8. Was there adequate communication of the acquisition strategy by the management to the employees in the organization?
9. Did the bank consider the customers (customer focus) in your decisions concerning acquisitions?
10. What practices or measures have you implemented in order to ensure organizational responsiveness to acquisition?
11. Are there any challenges to growth as a result of acquisition strategy at I & M bank Limited?

THANK YOU FOR YOUR PARTICIPATION