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Effect of Growth Strategies on the Financial Performance of Nigeria Banks

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Abstract:

This study evaluated the effect of growth strategies on the financial performance of Nigeria Banks. The study adopted exploratory research design. Four Banks (Zenith Bank and Guaranty Trust Bank were for organic growth while Access bank and Skye Banks were for merger and Acquisition) were randomly selected for the study. Data collected from seven years annual reports and Journals were analyzed using descriptive statistics while hypotheses were tested using T-Test. The result showed that organic growth resulted in a superior financial performance in the Nigerian Banking Sector for the Period covered in the study

Keywords: *Organic growth, mergers and acquisitions, financial performance, banking sector and events studies*

1. Introduction

In today's dynamic and competitive business environment, growth is not just an option for companies, it is a vital necessity. Companies now further in expansion on a large scale in their corporate vision almost from their very inception. The different, methods by which companies can grow can be classified under two headings –organic growth and inorganic growth.

The recapitalization and consolidation exercise in the banking industry by the former Central Bank of Nigeria Governor, Professor Charles Soludo has necessitated the need for different banks to engage in corporate consolidation. This has sent some commercial banks on the move to consider merger and acquisition as a survival strategy while few ones went for organic growth as their survival strategy.

Banking reforms have been an ongoing phenomenon around the world right from the 1980s but it is more intensified in recent time because of the impact of globalization which is precipitated by continuous integration of the world market and economies. Banking reforms involve several elements that are unique to each country based on historical economic and institutional imperatives. In Nigeria, the reforms in the banking sector preceded against the backdrop of baking crisis due to highly undercapitalization deposit-taking banks, weakness in the tolerance of deficiencies in the corporate governance behavior of banks.

Banks play a crucial role in propelling the entire economy of any nation, of which there is need to reposition it for efficient financial performance through a reform process geared towards forestalling banks distress. In Nigeria, the reform process of the banking sector is the part and parcel of the government strategic agenda aimed at reposition and integrating the Nigeria banking sector unto the Africa regional and global financial system. To make Nigeria banking sector sound according to Akpan {2007} the sector has undergone remarkable changes over the years in terms of a number of institutions .structure of ownership as well as depth and breadth of operations. These changes have been influenced mostly by the challenges posed by deregulation, technological innovation and implementation of the supervisory and prudential requirement that conform to international regulations and standards.

The failure of banks in 1990 and early 2000's made the former Governor of the central bank of Nigeria, to announce on July 6, 2004, that the minimum capital requirement based of banks in the country would be twenty-five billion naira. The new policy which requires banks to comply with directive will significantly strengthen the operating environments of banks to perform their intermediation role efficiently and effectively. Alao {2010} argued that Nigerian banks adopted different strategies to achieve the stipulated minimum capital based on twenty-five million naira during the recapitalization of banks in 2004 and 2005 which include merger and acquisition and organic growth.

The failure of banks in 1990's and early 2000's made the former governor of central bank of Nigeria, to increase the minimum capital base of banks from Two Billion naira to Twenty-five Billion Naira. As a result of this, the banks adopted different strategies to achieve the stipulated minimum capital base which include merger and acquisition and organic growth.

Thus, the central problem of this study is to evaluate the effects of growth strategies on the financial performance of Nigerian banks. Based on the problem of this research five questions are raised the questions are as follows:

- What strategy results in higher earnings per share?
- What strategy leads to superior profitability?
- What strategy results in higher market share price?
- What strategy leads to better liquidity?
- What strategy results in higher price earnings ratio (PE Ratio).

The principal objective of this study is to evaluate the effects of growth strategies on the financial performance of Nigerian banks.

Specifically, the study will:

- Ascertain what strategy results in higher earnings per share.
- Determine what strategy leads to superior profitability.
- Ascertain what strategy results in the higher market price of shares.
- Determine what strategy results in better liquidity.
- Determine what strategy results in higher price earnings ratio (PE ratio).

The following hypotheses were stated and tested:

- Ho: organic growth results in higher earnings per share than merger and acquisition in the Nigerian banking sector. Hi: organic growth results in higher earnings per share than merger and acquisition in the Nigeria banking sector.
- Ho: organic growth does not lead to superior profitability than merger and acquisition in Nigerian banking sector. Hi: organic growth leads to superior profitability than merger and acquisition in Nigeria banking sector.
- Ho: organic growth does not result in higher market price of a share than merger and acquisition in the Nigeria banking sector. Hi: organic growth results in the higher market price of a share than merger and acquisition in the Nigeria banking sector.
- Ho: organic growth does not lead to better liquidity than merger and acquisition in the Nigeria banking sector. Hi: organic growth leads to better liquidity than merger and acquisition in Nigeria banking sector.

2. A Theoretical Framework

As businesses have evolved over centuries, the management of these businesses has adopted strategies of different kinds to sustain them in the dynamic environment that they exist in. The most traditional way in which companies have achieved growth is through the organic way of growing.

2.1. Organic Growth

Organic growth refers to the more tradition and accepted practice of expansion by enhancing sales. This is done by a number of methods such as creating more demands in the market, delivering more value to the customers, building increasing customers, relationship, employed satisfaction, dynamic branch management etc all cumulating in an increased in sale figure. Organic growth is a straightforward mechanism for achieving business growth. The essential feature of organic growth is the reinvestment of previous year's profit in the existing business together with finance provided by the shareholder. It is largely an internal procedure, where the company relies on certain inherent skills to grow from within (Mognetti, 2012). A business relying on organic growth use internal development as the means to achieve their growth (Baines et al, 1999). This type of growth strategy has been in existence since entrepreneur who wants to exploit his specific set of skill to the optimum level often led to recruiting people to help him maximize his potentials. Entrepreneurs often expand their horizons to form partnership and companies. One of the key aspects of organic growth is that the company remains focused on goals and the employees understand what is expected of them. Organic growth ensures that a solid brand name is created through creative marketing although this could take a long number of years. Organic growth focuses on "niche strategy" that is based on dividing the market into segments and concentrating on one particular sector niche market (Baines et al, 1999) organic growth also turns to be less risky than other growth strategy and I turn sustainable in nature.

2.2. Mergers and Acquisitions

Merger and acquisition as an inorganic method most frequently used by companies to attain growth In the twenty-first century, they present a company with a potentially larger market share and open it up to more diversified markets. Although merger and acquisition are often interchanged and used as though they were synonyms the terms "mergers and acquisitions" means slightly different things; a merger is a corporate consummation of two or more companies to form a new legal entity, in this case, the stockholders of the target firm are other new stock in the new company in exchange for surrender of their existing stocks. However when a company takes over another one by purchasing a majority interest in the target company and becomes the new owner, the purchase is termed an acquisition from the legal point of few the target company ceases to exist and the buyer "swallows" the business and the stock of the buyer continues to be traded whilst in both

circumstances may merger on the base of a contract, there also case of the so – called hostile takeover, in which a company acquirers a controlling interest in a weaker firm against the will of its management.

Section 590 of the Nigeria companies and allied matters Act 1990 defines merger as an amalgamation of the undertaking or any part of the undertakings or part of the undertaking of one or more companies and one or more bodies corporate. Okonkwo (2014) writes that merger may be achieved through acquisition, in this case, the shareholders of the acquired company are paid off and the acquirers become the owner of all or substantial part of the assets of the acquired company.

2.3. An Empirical Study on Organic Growth and Mergers and Acquisition

The determine of merger and acquisition (M & A) Behavior have long been topic of interest to researchers. Stewart, Haris, and Carleleton (1989) observed that empirical studies on M & A Behaviors have typically followed one of the two general strategies. Some researchers have examined the difference between the pre-merger and post-merger of merger firm. The profitability of merger and acquisition activity has generated a small mountain of a researcher over the past thirty years. Researchers offer four approaches to measure M & A profitability (Brunner 2002). They are (1) Event studies (2) accounting studies (3) Clinical Studies (4) survey of executives.

2.4. Empirical Study Using Event Studies

An event study is an important research tool in economics and finances. It examines the abnormal return accruing to shareholders for both bidders and targets during a period surrounding the announcement of merger or acquisition. Abnormal returns are calculated by subtracting the raw returns (change in share price) from the return expected by the shareholders for the period.

Agarwal et al (1992) undertook an extensive research on 937 mergers and 227 tender offers from period 1955 to 1987 and evaluated post-merger performance after adjusting for the size and the beta-weighted market returns. They concluded that shareholders of acquiring firms experienced a statistically significant wealth loss of about 100% over the five years after completion of the merger.

Yang & Li (2015), who conclude that the abnormal returns earned by domestic acquisitions are double compared to cross-border ones. The authors state that cross-border M&As can be an important way to enter a foreign market but they are associated with more risk and uncertainty which then leads to lower wealth effects.

2.5. Empirical Study Using Accounting Studies

Accounting studies examine the reported financial results of acquisition before and after acquisition to see how financial performance changed (Kaplan 2011) financial ratios like return on equity return on assets; earning per share, price earnings ratio, etc are some of the commonly used tools employed to measure the financial aspects of corporate performance. Dickerson (1997) investigated the impact of the acquisition on company performance. They did in two ways- first, they investigated whether there is permanence shift effect on performance following a company's first acquisition. They then examine to see if they were any differential returns from acquisition growth and internal growth. Their result showed no evidence that acquisition has a net beneficial effect on company performance as measured by profitability. They also found that not only was the coefficient on acquisition growth was much lower than that on internal growth but there was an additional and permanent reduction in profitability following the acquisition. Based on the result of their study, they concluded that internal growth rather than growth by acquisition has a more favorable effect on company performance as measured by profitability.

2.6. Organic Growth

This is the rate of business expansion through measuring output and sales as opposed to mergers, acquisition and take over which involve an outside firm (Samara, 2007).

Organic growth provides more corporate control, encourages internal entrepreneurship, and protects organization cultures and core value (Emetie lie, 2008). It also provides managers with a better understanding of their own firm and assets and internal investment is likely to be better planned, and efficient organic growth results in the creation of sustainable competitive advantages since the firm's value-creating process and positions are less likely to be duplicated or imitated by another firm (Barney, 1998). It is a cheaper growth strategy compared to M&A.

Organic growth is a slower way of growth compared to M^A since it requires the development of new sources internally which susceptible to Penrose effect (Thompson ^Wright 2005:58). The logic of Penrose effect is that firm-level managers have firm-specific experiences internal to the firm and that successive time period of the firm may not likely be able to adjust timely its managerial resources to the desired level due to dynamic adjustment costs. Since the more experienced managers need to explain to the new managers' firm-specific details, if one were to continually add a new manager at a rapid rate, eventually current operational effectiveness is expected to decline. Also, a business that chooses organic growth strategy will be bearing the whole risk by itself.

2.7. Merger and Acquisition

Merger and acquisition are global terms used in achieving business growth and survival. Merger entails the coming together of two or more firms to become one big firm while the acquisition is the purchase of another business (Bello 2008, Katty 2010). According to Soludo (2004), merger and acquisition are aimed at achieving cost efficiency through economies of scale and to diversify and expand the range of business activities for improved performance.

2.8. Motives for Mergers

Past literature shows us that merger may be influenced by financial or maximizing motives or non-value maximizing motives. The main objective of value maximizing behavior is to increase shareholder wealth and financial synergies that arise from merger activities. Non-value maximizing behavior relates to dubious motives of the management which might not be in the best interest of the shareholder. Narayan (2003) suggested three major motives for takeover: synergy, agency, and hubris.

2.9. Value Maximizing Motive

A Synergy is the interaction or cooperation of two or more organizations to produce a combined effect greater than the sums of the two organizations operating independently (Coyle 2010). Mathematically, this can be stated as: value $(A+B) >$ value $(A) +$ value (B) . The explanation for this occurrence is either the firms were not performing to the optimal level prior to merging or that benefits were achieved by the merger. Companies derived synergy from M&A's activities through but not limited to: economies of scale; economies of vertical integration; complementary resources; surplus funds; elimination of inefficiencies (Brealey et al 2006) (Sirowar 2007) defines synergy as "increase in competitiveness and resulting cash flows beyond what the two companies are expected to accomplish independently.

2.10. Non-value Maximizing Motives

Merger activities often result from acquiring firm managers' acting in their own self-interest rather than in the interest of the firm's owners (Jensen and Meekling, 2006)

2.10.1. Hubris

The hubris hypothesis suggests that the bidding firm's managers make mistakes in evaluation target firms, but undertake acquisitions presuming their valuations are correct. Roll 1986 uses the word "hubris" to define managers who are overconfident about their own abilities. The overconfident lead to believe that they are capable of obtaining gains from acquisition of another institution.

2.10.2. Empire Building

Empire building occurs when managerial discretion is sufficient to allow managers to diversify the firm's activities by making acquisitions that benefit or entrench themselves at the expenses of shareholders. A traditional empire building argument act in their self-interests and large firm size brings them more benefits: managers also may intentionally acquire a business that requires their personal skills in order to make it costly for shareholders to replace them.

2.11. Types of Merger and Acquisition

The literature on M&A usually discussed three types of M&A. The types of M&A are: Horizontally; vertically and conglomerate merger.

Vertically merger is a merger in which one firm supplies its products to the other. A vertical merger results in the consolidation of a firm that has actual or potential buyers and seller relationship (Gauhan 2007). On the other hand, a conglomerate merger occurs when unrelated enterprises combined or firms which complete in different markets, and which are suitable at different production stages of the same or similar products combine to enter into different activity fields in the shortest possible time span and reduce financial risks by portfolio diversification (Brealey, et al 2006). Concentric M&A involved firms which have different business operation patterns, though divergent, may be highly related to production and distribution technologies. The acquired company represents an extension of the product lines, market participation or technologies of the acquiring firm under concentric M&A (Shama 2010).

A horizontal merger is the merger of two or more companies operating in the same field and in the same stages of processing of attaining the same commodity or service (Okonkwo, 2004). In another word, a horizontal merger is the combination of firms that are direct rivals selling sustainable products within overlapping geographical markets. The purpose of this type of merger is to eliminate a competitor company, to increase market share, buy up surplus capacity or obtain a more profitable firm in order to gain a competitive advantage.

3. Methodology

The research used exploratory research design to evaluate the effect of growth strategies on the financial performance of Nigerian Banks. The study relies primarily on secondary data from academic journals, textbooks, newspapers, banks' annual reports, and internet sources. The study covers a period of seven years from 2010 to 2016. The population of the study comprises all the nineteen (19) money deposit banks in Nigeria as at December 2016. The sampling method used to

select four banks out of the population was simple random sampling technique. The four banks selected are made up of those that opted for mergers and acquisition. Zenith Bank and Guaranty Trust Bank were selected from Bank that opted for growth while Access Bank and Skye Bank were selected from the banks that opted for merger and acquisitions. Data were collected from Journals, Newspapers and annual reports of the banks downloaded from the internet. Data were analyzed by making use of descriptive statistics such as mean and standard deviation while the stated hypotheses were tested and analyzed using T-test.

4. Data Presentation and Findings

Data were analyzed using mean and standard deviation; T-Test was used to test the hypotheses. The test was based on 5% level of significance.

4.1. Decision Rule

Reject H_0 , if the P value is less than the level of significance i.e. $P < 0.5$

4.2. Analysis of Data

All the data collected were used to answer the research questions stated in the chapter on as follows:

4.3. Research Questionnaire One

What strategy results in higher earnings per share?

	Mean	M	Std Deviation	Std Error Mean
Organic Growth	171.7857	14	63.35514	16.93237
Merger & Acquisition	81.2229	14	55.99650	14.966569

Table 1: Earning Per Share
Source: Annual Reports (2010-2015)

From table 1 the mean for organic growth is 171.7857 which are greater than that of merger and acquisition. The result suggests that organic growth option produced higher earnings per share than mergers and acquisition option in the selected Nigerian Banking Sector.

4.4. Research Questionnaire Two

What strategy results in a higher market price of a share?

	Mean	M	Std Deviation	Std Error Mean
Organic Growth	16.5170	10	3.83099	1.21147
Merger & Acquisition	6.8930	10	2.14642	.67876

Table 2: Share Price Movement
Source: Nigeria Punch Newspaper (2010-2015)

From the above result, it shows that organic growth option has a mean of 16.5170 while merger and acquisition have 6.8930. it can be concluded that organic growth option results in a higher market price of the share. Banks that opted for organic growth succeeded in having increase market price of their share which will definitely lead to maximization of shareholders' wealth.

4.5. Research Question Three

What strategy leads to superior profitability?

	Mean	M	Std Deviation	Std Error Mean
Organic Growth	39687.50	14	24443.30203	6532.74736
Merger & Acquisition	10189.00	14	9538.80313	2549.3524

Table 3: Growth in Profit after Tax
Source: Annual Report (2010-2015)

Form the result shows above, the mean of organic growth option is 39687.5 while that of Merger and acquisition growth is 10189.00. The interpretation of the analysis is that organic growth option leads to superior growth in profit after tax.

4.6. Research Question Four

What strategy leads to better liquidity?

	Mean	M	Std Deviation	Std Error Mean
Organic Growth	44.549	14	12.78225	3.41620
Merger & Acquisition	48.9759	14	15.23436	4.07155

Table 4: Liquidity (Loan & Advances/Total Assets)

Source: Annual Report (2010-2016)

From the above table, it is observed that mergers & Acquisition Growth Option has a means of 48.9759 while organic growth option has means of 44.5429. it suggests that merger and acquisition produced better liquidity than organic growth option.

4.7. Research Question Five

What strategy results in higher price-earnings ratio (per ratio)?

	Mean	M	Std Deviation	Std Error Mean
Organic Growth	8.2170	10	3.44608	1.08923
Merger & Acquisition	3.0630	10	2.66613	.84310

Table 5: Price Earnings Ratio

Sources: Nigeria Punch Newspapers (2009-2016)

The result shows above indicate that organic growth has means of 8.2170 while Mergers and Acquisition had means of 3.0630. The interpretation of the result is that organic growth option results in higher price-earnings ratio than merger and acquisition in the Nigerian Banking Sector

4.8. Hypothesis Testing

4.8.1. Hypothesis One

- H_0 : organic growth does not result in higher earning per share than mergers and acquisition in the Nigeria Banking Sector

	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of Difference		t	df	p-value
				Lower	Upper			
Organic Growth	90.56286	55.22580	14.75972	58.6764	122.4493	136	13	0.001
Merger & Acquisition								

Table 6: Earnings per Share

Source: Annual Report (2010-2019)

Decision: since P-value is less than α value i.e. $P < 0.05$ we reject the null hypothesis which state that: organic growth does not result in higher earnings per share than mergers acquisition in the Nigerian Banking Sector. We, therefore, accept the alternative hypothesis which states that the organic growth results in higher earnings per share than merger and acquisition in the Nigerian Banking Sector.

4.8.2. Hypothesis Two

Organic growth does not lead to superior profitability than merger and acquisition in the Nigerian Banking Sector.

	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of Difference		t	df	p-value
				Lower	Upper			
Organic Growth	29498.500	19422.2272	5190.80858	18284.43985	40712.5601	5.683	13	0.001
Merger & Acquisition								

Table 7: Growth in Profit after Tax
Source: Annual Report (2010-2016)

Decision: Since P-value is less than α - value i.e. $P < 0.05$, we reject the null hypothesis which states that organic growth does not lead to superior profitability than merger and acquisition in the Nigerian Banking Sector. Therefore, we accept the alternative hypothesis which states that organic growth leads to superior profitability than merger and acquisition in the Nigerian Banking Sector.

4.8.3. Hypothesis Three

- H_0 : organic growth does not result in the higher market price of a share than merger and acquisition in the Nigerian Banking Sector.

	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of Difference		t	df	p-value
				Lower	Upper			
Organic Growth	9.62400	4.45809	1.40977	6.43488	12.81312	6.827	9	.00020
Merger & Acquisition								

Table 8: Market Price of Share
Source: Nigerian Punch Newspaper (2010-2016)

Decision: since P-value is less than α -value i.e. $P < 0.05$, we reject the null hypothesis which states that: organic growth does not result into the higher market price of shares than merger and acquisition in the Nigerian Banking Sector. Therefore, we accept the alternative hypothesis which states that organic growth results in higher market prices of share.

4.8.4. Hypothesis Four

- H_0 : organic growth does not lead to higher liquidity than mergers and acquisition in the Nigerian Banking Sector

	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of Difference		t	df	p-value
				Lower	Upper			
Organic Growth	-4.43286	12.22786	3.26803	-11.49301	2.62730	-1.356	13	.198
Merger & Acquisition								

Table 9: Liquidity
Source: Annual Reports (2010-2016)

Decision: Since P-value is greater than α -value i.e. $P\text{-Value} > 0.05$, we accept the null hypothesis which states that; organic growth does not lead higher liquidity than mergers and acquisition in the Nigerian Banking Sector.

4.8.5. Hypothesis Five

- H_0 : organic growth does not result in the higher price earning (P.E) ratio than mergers and acquisition in the Nigerian Banking Sector

	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of Difference		t	df	p-value
				Lower	Upper			
Organic Growth	5.15400	4.50298	1.42387	1.93276	8.37524	3.619	9	.006
Merger & Acquisition								

Table 10: Price Earnings Ratio
Source: Nigeria Punch Newspaper (2010-2016)

Decision: since p-value is less than α -value i.e. P- Value < 0.05, we reject the null hypothesis which states that; organic growth does not result in higher price Earning (P.E) ratio than mergers and acquisition in the Nigerian Banking Sector. Therefore, we accept the alternative hypothesis which states that: organic growth results in higher price Earnings ratio than merger and acquisition in Nigerian Banking Sector.

5. Conclusion

It was concluded that organic growth option is a better growth option when compared with merger and acquisition in the Nigeria banking sector because the findings revealed that organic growth option resulted in better growth. The market price of shares for banks that opted for organic growth showed higher increase than those banks that opted for mergers and acquisitions.

Increase market price for share indicated that the shareholders' wealth is maximized. maximizing shareholders' wealth is the major financial objective of firms or banks.

This study agreed with the study carried out by Dickerson et al (1997, which concluded that internal growth rather than growth by acquisition has a more favorable effect on company financial performance.

6. Recommendation

Based on the findings of this study, the following recommendations are made:

- Banks and other financial institutions in Nigeria should opt for organic growth rather than merger and acquisition because it is less costly compared to merger and acquisition. Organic growth results in better financial performance with reference to the outcome of this study.
- Banks that cannot grow by adopting only organic growth should endure mixing the two growth options.

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Appendix

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	125	162	143.5	87	32.84	59.92
2011	202	167	184.5	173	73.52	123.26
2012	158	185	171.5	70	166	118
2013	70	165	134	12	15.76	13.88
2014	103	165	134	44	76	60
2015	131	177	154	102	20	61
2016	305	290	297.5	169	96	132.5

Table 11: Earning Per Share

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2012	8.74	6.88	7.81	5.22	4.70	4.96
2013	0	9.79	4.895	0.00	0.00	0.00
2014	11.81	12.19	12	0.00	0.00	0.00
2015	7.76	8.85	8.305	6.00	4.59	5.30
2016	6.42	9.73	8.075	5.36	4.79	5.06

Table 12: Price Earning Ratio

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2012	22.5	13.35	17.925	7	8.32	7.66
2013	13.39	15.07	14.23	7.8	5.4	6.6
2014	15	17.8	16.4	9.64	8.8	9.22
2015	12.18	14.25	13.215	4.8	3.84	4.32
2016	18.63	23	20.815	9.05	4.28	6.665

Table 13: Share Price Movement

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	11.44	27.43	19.435	2.55	9.45	6
2011	15.52	33.39	24.455	21.43	19	20.215
2012	14.5	15.3	14.9	9.39	16	12.695
2013	6.53	15.38	10.955	1.25	1.3	1.275
2014	9.05	17.74	13.395	4.7	8.7	6.7
2015	11.1	22.06	16.58	8	2.66	5.33
2016	21.87	29.59	25.73	16.93	11.75	14.34

Table 14: Return on Equity

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	11.44	27.43	19.435	2.55	9.45	6
2011	15.52	33.39	24.455	21.43	19	20.215
2012	14.5	15.3	14.9	9.39	16	12.695
2013	6.53	15.38	10.955	1.25	1.3	1.275
2014	9.05	17.74	13.395	4.7	8.7	6.7
2015	11.1	22.06	16.58	8	2.66	5.33
2016	21.87	29.59	25.73	16.93	11.75	14.34

Table 15: Return on Capital Employed

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	11489	21169	16329	6083	2465	4274
2011	17509	28316	22912.5	16056	5517	10786.5
2012	49566	28089	38827.5	11290	12101	11695.5
2013	23341	30777	27059	2088	904	1496
2014	32432	38412	35422	7727	9308	8517.5
2015	41795	51653	46724	15378	2627	9002.5
2016	95813	85264	90538.5	38405	12697	25551

Table 16: Growth in Profit after Tax

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	610768	718000	664384	328615	174197	251406
2011	883940	921817	902878.5	328615	446114	744789.5
2012	1673080	920493	1296787	524963	784878	654920.5
2013	1578912	1032955	1305934	529071	622164	575617.5
2014	1798679	1083304	1440992	631569	674064	652816.5
2015	2169073	1520026	1844550	1436938	876527	1156733
2016	2436886	1620317	2028602	1503841	1071311	1287576

Table 17: Asset Growth

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	610768	718000	664384	328615	174197	251406
2011	883940	921817	902878.5	328615	446114	744789.5
2012	1673080	920493	1296787	524963	784878	654920.5
2013	1578912	1032955	1305934	529071	622164	575617.5
2014	1798679	1083304	1440992	631569	674064	652816.5
2015	2169073	1520026	1844550	1436938	876527	1156733
2016	2436886	1620317	2028602	1503841	1071311	1287576

Table 18: Growth in Shareholder's Fund/Equity

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	24.7	23.79	24.245	37.09	41.59	39.34
2011	24.62	39.17	31.895	24.17	25.81	24.99
2012	56.07	43.8	49.935	58.67	58.61	58.64
2013	63	53.31	58.155	55.91	69.61	62.76
2014	60.51	51.72	56.155	56.32	65.46	60.89
2015	48.5	44.22	46.36	35.42	63.12	49.27
2016	45	44.22	45.095	34.88	59	46.94

Table 19: Liquidity

Organic Growth				Merger & Acquisition		
Year	Zenith Bank	Gtb	Average	Access	Skye	Average
2010	16.25	10.27	13.26	8.63	14.98	11.805
2011	11.97	22.2	17.085	16.38	6.54	11.46
2012	20.43	19.94	20.185	25.03	11.96	18.495
2013	21.26	19.37	20.315	23.24	14.15	18.695
2014	19.84	19.98	19.91	20.67	15.39	18.03
2015	17.15	15.4	16.275	11.79	11.33	11.56
2016	17.97	17.78	17.875	13.81	10.09	11.95

Table 20: Capital Adequacy

1. Earnings Per Share

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	171.7857	14	63.35514	16.93237
Merger & Acquisition	81.2229	14	55.99650	14.96569

Table 21: Paired Samples Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	90.56286	55.22580	14.75972	58.67643	122.44929	6.136	13	.0001

Table 22: Paired Samples Test

2. Price Earnings Ratio

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	8.2170	10	3.44604	1.08973
Merger & Acquisition	3.0630	10	2.66613	.84310

Table 23: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% confidence interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	5.15400	4.50298	1.42397	1.93276	8.37524	3.619	9	.006

Table 24: Paired Samples Test

3. Share Price Movement

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	16.5170	10	3.83099	1.21147
Merger & Acquisition	6.8930	10	2.14642	.67876

Table 25: Paired sample statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% confidence interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	9.62400	4.45809	1.40977	6.43488	12.81312	6.827	9	.0002

Table 26: Paired Samples Test

4. Return on Equity

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	17.9214	14	7.97307	2.13089
Merger & Acquisition	9.5079	14	6.74495	1.80266

Table 27: Paired sample statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of The Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	8.41357	7.52068	2.00999	4.07126	12.75588	4.186	13	.001

Table 28: Paired Samples Test

5. Return on Capital Employed

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 ORGANIC GROWTH	17.9214	14	7.97307	2.13089
MERGER & ACQUISITION	9.5129	14	6.74433	1.80250

Table 29: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	8.40857	7.52026	2.00987	4.06651	12.75064	4.184	13	.001

Table 30: Paired Samples Test

6. Growth in Profit after Tax

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	39687.5000	14	24443.30203	6532.74726
Merger & Acquisition	10189.0000	14	9538.80313	2549.35237

Table 31: Paired sample statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% confidence interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	29498.5000	19422.22725	5190.80858	18284.43985	40712.56015	5.683	13	.0001

Table 32: Paired Samples Test

7. Asset Growth

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	1.3549E6	14	5.55705E5	1.48518E5
Merger & Acquisition	760551.2143	14	3.90486E5	1.04362E5

Table 33: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	5.94324E5	3.86421E5	1.03275E5	3.71211E5	8.17437E5	5.755	13	.000

Table 34: Paired Samples Test

8. Growth in Shareholders/Equity

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 Organic Growth	242047.6429	14	1.16496E5	31134.94745
Merger & Acquisition	119383.6429	14	66631.02406	17807.89024

Table 35: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of The Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	1.22664E5	72637.55623	19413.20349	80724.32366	1.64604E5	6.319	13	.0002

Table 36: Paired Samples Test

9. Liquidity

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 ORGANIC GROWTH	44.5429	14	12.78225	3.41620
MERGER & ACQUISITION	48.9757	14	15.23436	4.07155

Table 37: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
pair 1 organic growth, merger & acquisition	-4.43286	12.22786	3.26803	-11.49301	2.62730	-1.356	13	.198

Table 38: Paired Samples Test

10. Capital Adequacy

	Mean	N	Std. Deviation	Std. Error Mean
Pair 1 ORGANIC GROWTH	17.8436	14	3.43606	.91833
MERGER & ACQUISITION	14.5707	14	5.34598	1.42877

Table 39: Paired Sample Statistics

	Paired Differences					t	df	p-value
	Mean	Std Deviation	Std Error Mean	95% Confidence Interval of the Difference				
				Lower	Upper			
Pair 1 Organic Growth, Merger & Acquisition	3.27286	5.91265	1.58022	-14100	6.68672	2.071	13	.059

Table 40: Paired Samples Test