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THE ROLE OF MERGERS AND ACQUISITIONS IN CORPORATE GROWTH AND DEVELOPMENT,
CASE: Skype Bank Nigeria Plc.

Thesis

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ABSTRACT

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Name of thesis THE ROLE OF MERGERS AND ACQUISITIONS IN CORPORATE GROWTH AND DEVELOPMENT, Case: Skype Bank Nigeria Plc**.**		
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This research work focuses on the problem encountered by companies that have merged and the ones that acquired other companies. It also covers economic merits and implication of mergers and acquisitions, how companies seeking for mergers and acquisitions of which others to find a suitable partners and how they proceed in the merging process. As deals are becoming more complex and technology, people supporting it are becoming keys to mergers and acquisitions process. Planning of information and communication technology in stages of the integration process is vital to the realization of benefits of a mergers and acquisitions process. This statement is substantiated through review of literature from arcade i.e. as well as practitioners and case exemplification of the financial services organization.

The research method used was secondary data, statistical method in which chi- square and null hypothesis was used to gain the final result. From the questionnaire admitted to the staffs of the case company, it shows that most of them are used to mergers and acquisitions in one way and another, they are sure of job secured and not afraid of merger and acquisitions. It shows that mergers and acquisitions techniques enhances organizational survival in a distressed economy, it has also limited the severity of competition by increasing the company's markets power.

Key words
Acquisitions and Mergers, Corporate Growth, Development, Economy.

CONCEPT DEFINITIONS

ARR	Accounting Rate of Return
BBRB	Bond Bank Reliance Bank
BOFID	Banks and Other Financial Institutions Degree
CAMA	Companies and Allied Matter Decree
CB	Cooperative Bank
CBN	Central Bank of Nigeria
CITA	Company Income Tax Act
EBNL	Equity Bank of Nigeria Limited
EIB	Eko International Bank
EPS	Earnings Per Share
FBIR	Federal Board of Inland Revenue
ICMA	International Capital Market Association
NFNP	Nestle Foods Nigeria Plc.
NNL	Nestle Nigeria Limited
NSE	Nigeria Stock Exchange
NEPB	Nigeria Enterprise Promotion Board
NIB	Nigeria Intercontinental Bank (Accesses bank)
NBCP	Nigeria Bottling Co. Plc
PB	Prudent Bank
PIP	PZ Industry Plc
SIL	Sapanda Industry Limited.
SEC	Securities and Exchange Commission
SWAN	Spring water Nigeria
TECP	Thermocool Eng. Co Plc.
UACN	United Africa Company of Nigeria
UNCTAD	United Nations Conference on Trade and Development

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1 INTRODUCTION

Mergers are processes whereby two or more previously autonomous companies come together under a common control. Mergers are important features of corporates structural changes. They have played an important role in the external growth in most of the leading countries in the world. In the United States of America, mergers occurred for the first time between 1890 and the Second World War and continued until present day. Nigeria has experienced series of mergers and acquisitions processes due to the promulgation of Banks and Other Financial Institutions Degree (BOFID) of 1997, which bring about incensement in the initial deposits of bank and insurance institution. Nigeria is a developing economy which is characterized by a developed plan and projects. Recourses are underutilized, and also the political environment creates room for constant change of policies. Resources are not adequately managed for proper development. In the early seventies, the Nigerian economy was very buoyant due to the poor management, the collapse of economy was very sharp which had resulted in many adjustments programs stating from the 1990s.

According to Nation newspaper (Jan 2006), the Nigerian Government under the regime of President Olusegun Obasanjo increased the initial deposits of banks to a minimum of twenty-five billion Naira (N25b) this pronouncement made many banks to result into mergers and acquisitions processes to be able to raise the specified capital. (www.skypebank.com).

Among the banks is Skye Bank which consists of former: Eko International Bank merged with Prudent Bank, Reliance Bank, Bond Bank and Cooperative Bank to form what is known as Skye Bank today in Nigeria. About two-third of the large public corporations in the United State of America have had about 11800 proposal for amalgamation of cooperate bodies with high income between the years 1976 and 1986. According to Hampton 1989, the kind of mergers that existed within the economy involved great deals of negotiation and bargaining between companies who are planned to merge.

Various literature relating to mergers, acquisitions and takeover often cause confusion in the minds of observers. This is because economic activities are conducted in a society with implicit norms, values, tradition and explicit stated laws. Most of the decisions on mergers are regulated by the explicit legal framework. Financial specialists must have a way of evaluating mergers to be able to perform the role of finance mergers, analysts or executives frame work or method of analysts in which a specialist may be trained. These frame works will differ from one sector of the economy to the terms of their assumptions, scope, nature, complexity and method in finance literature.

In Nigeria mergers and acquisitions have been creating waves for the past few years due to the depressive state of economy. Many companies were unable to continue their operations because of the bad state of economy and the adverse effect on the enterprises. Therefore, in some sectors of the economy, there has been government intervention with decrees to stabilize the economy of some companies who have negotiated for mergers talks as a means for survival. Mostly affected in the mergers talks are banking and insurance groups, which are unlike the conglomerates who easily settle down for integration.

However mergers and acquisitions are means of survival in a distressed economy involving corporate and strategic management motives on amalgamation of one company with another. Mergers and acquisitions have been used in so many cases to achieve company growth and expansion policies. (Akanlokhor G, 1987).

This research work focuses on the problem encountered by companies that have merged and the ones that acquired other companies. It will also cover economic merits and implication of mergers and acquisitions, how companies seeking for mergers and acquisitions of others to find a suitable partner and how they can go about the merging process.

This research work will discuss briefly about:

- The possible valuation to be employed in mergers or acquisitions.
- The legal implication and regulations put in place to control the method of mergers and acquisitions.
- The position of necessary procedures to be followed.

These will try to lay down empirical evidence to buttress or disprove originally held notion about mergers and acquisitions. This study will also base its scope on three different sectors of the economy.
The sectors are: Banking, Insurance and Conglomerate sector. This research study will base its scope on Airport Road, Mafoluku branch of Skye bank.

2 MERGERS AND ACQUISITIONS

Mergers and acquisitions are taking place in every industry at an increasing pace, typically in the financial service industry and this could be attributed to the economic recovery and the resulting improvement in the financial and credit markets in the post 2007-2009 financial crisis. (Zabihollah, 2011, 127.) According to Jeffrey J Reuer.Oded Shenkar, Roberts Ragozzino, International mergers and acquisitions have become a primary mode of internationalization in recent years (UNCTAD, 2000). In the case of other internationalization modes, however, foreign acquisitions often suffer from the acquirer's liability of foreignness' in the form of unfamiliarity with the target country, its culture and its institutions (Zaheer,1995) and this is especially true when the firm has little or no prior experience in international markets (Johnson & Vahlne, 1977).

Multinational firms conducting acquisitions may also be unfamiliar with potential targets and may find it difficult to assess the value of the resources that a target firm brings to the transaction. Significant inefficiencies can therefore pervade international mergers and acquisitions markets. For instance, extension of Akerlof's (1970) market for lemons model from product markets to mergers and acquisitions market suggests that when bidders cannot efficiently value target and target for their part cannot credibly convey the value of their resources, than otherwise attractive deals may not go forward just as other, less attractive acquisitions proceed. In the latter instance, if suitable contractual or institutional remedies for this information asymmetry problem are lacking, the acquirer bears a significant risk of failing to capture value from the deal, because of the risk of overpayment or from incurring excessive transaction costs during the due diligence and negotiation processes.

Although these challenges have been emphasized in domestic acquisitions, they are especially interesting to consider in the international M&A context because of firms' heightened internal uncertainty (Gatignon & Anderson, 1988) and incomplete knowledge (Lee & Caves, 1998) and the differences that exist in such thing as cultures, legal environment and conducting acquisitions abroad (Merkids & Ittner, 1994: Data & Puia, 1995). Firms may therefore benefit from developing appropriate remedies for the problem that international mergers and acquisition holdout. Although various contractual or other remedies may be available to bidding firms, the existing literature emphasize that some firms might respond to problems of asymmetric information by simply avoiding an acquisition altogether and turning instead to a less commitment-intensive form of investment such as joint venture.

The internationalization process school, for example suggests that firms tend to increase their level of commitment to foreign market incrementally, in order to reduce risks until they gain familiarity with the target market entry modes has identified asymmetric information and other source of inefficiencies surrounding international mergers and acquisitions that lead firms to option for joint venture (Balakrishnan & Koza,1993; Hennart & Reddy, 1997; Kogut & Singh, 1988), while prior research has emphasized the attractiveness of alternative entry modes as the solution to asymmetric information in international mergers and acquisitions. The purpose of this section is to review some of the literature, books relevant and related to the problem to study. For the purpose of completeness and clarity this part will focus on the meaning of mergers and acquisitions, their merits so for in a depressed economy.

2.1 Mergers and Acquisitions defined

According to Arthur R.Wayes (1963) mergers otherwise known as amalgamation could be defined as a process whereby two or more companies which are previously autonomous companies come together under a common control. The former companies thereby lose their identities to a new company formed for that purpose. Acquisitions on other hand could be defined as an act of acquiring effective control over the net assets or management of another company without any combination of companies. An acquisitions or takeover could also be regarded as a series of transaction whereby a person (i.e. individual, group of person or company) acquired control over the asset of the company either directly becoming the owner of the assets or indirectly by obtaining controls of the management of the company. Anthony and Peak define acquisitions and mergers in the following term: An acquisition is said to occur if a corporation purchases the assets, net assets (i.e. assets less liabilities or stock) of another corporation. Income Tax act of 1961 section 2 define mergers otherwise known as amalgamation.

In the word of Bhattacharyya H.K (1998, 1-11), mergers or amalgamations in relation to companies means the mergers of one or more companies with another company, the company or companies which is merged being referred to as Amalgamation Company and the company with which they merged or which is formed as a result of mergers as the amalgamated company. In this manner that:

(i) All the properties of the amalgamation company immediately become that of amalgamated company virtue of amalgamation.
(ii) All liabilities of the companies immediately before amalgamation becomes then liabilities of amalgamated company by virtue of amalgamation.

(iii) Shareholders; holding not less than nine tenth (9/10) in value of share in the amalgamation or by the nominee for the amalgamated company by virtue of amalgamation.

Also takeover is the purpose of a controlling interest in one company by another company, it is also known as acquisitions. When a company becomes the subsidiary of another one, the combination may constitute an acquisitions or mergers. According to Bhattacharyya H.K (1998, 1-11), the criticism for deucing the form the combination is affected. An acquisition is derived to have resources (in form of cash) from the offer (acquiring company) to the offered (acquiring company) shareholder as consideration for their holding.

In contrast, a merger is to occur when there is no such flow or merely significant one. In insurance, the offer or company acquire the offered companies share by giving its own share in exchange as full consideration as it occurred in both insurance and banks negotiating for mergers. In practice, the distinction between mergers, amalgamation and take over is not always a clear one when large companies join with another so large. The method of merging is often the same as that use in takeovers. Mergers between two or more companies may be achieved as follows:

a) By means of holding company.
b) By scheme of arrangement.

A. By means of holding company:

This is the most common, it occurs in two ways.

i. A situation where two companies are merged by creating a new holding company. Which acquired the shares of the merged companies, which therefore become subsidiary. This ‘A’ limited and ‘B’ limited might merge by creating a new holding company AB (holding) limited. That is the share of AB is exchanged for the share of ‘A’ limited and ‘B’ Limited.

ii. A situation where one of the existing companies is designated as the holding cum- trading company, absorbing the smaller company, by means of a bid for its share. In that case the acquired company that are smaller company of unquoted private status. Its share being now quoted in relation to that holding quoted company. Complete absorption of one company by another whereby the offer or company purchases the assets (offered) company is distinct from acquiring its share capital. (Arthur, 1963).

B. By means of scheme arrangement: scheme of arrangements is a method of amalgamation whereby the shares capital of the offeree company is extinguished and shares of fixed interest securities of the offeree company issues in their place. (Arthur 1963) It is required under section 59 of the

Companies and Allied Matter Decree (CAMA 90), security and exchange commission. For example the scheme of a management made by level brother Nigeria limited whereby:

i. The equity share of Lipton were concealed
ii. The holders of equity share shares in Lipton were given the equivalent in unilever plc.

Merits

The main merit of a scheme of arrangement is that it avoids the necessity the payment of stamp duties.

Demerits

i. The scheme of arrangement is slow and expensive because the approval is refined from three quarters (3/4) of the holder the share concerned. Application must be made to the hold the necessary meetings
ii. If there is opposition to bid, it may be difficult to win 75 % of the shareholders votes at the extraordinary general meeting called to approve the scheme.
iii. The scheme requires the sanction of the court. Once the court approves a scheme, it is binding on all shareholders whether or not the shareholder is favor of the scheme. (Bhattacharyya H.K 1998).

2.2 Importance of Mergers and Acquisitions in Business

In business environment mergers and acquisitions have helped solving many business problems in an unconducive business climate. Among the reasons for the following:

1) Economies of productions

Though mergers company can obtains improved technological known how from acquired company. Also, it can bring about standardized product specifications, enabling value analysis to be applied giving economics in tooling costs or improving after sales services. (Arthur 1963)

2) Economics of large scale production

It brings about bulk purchases discount or negotiating strengths in dealing with supply. This is so because after merging or acquisitions a bigger company is formed. Also by mergers or acquisitions, source of supply for material is safeguarded; materials standardized and thus share of suppliers economies of scale. (Arthur 1963)

3) Marketing

To obtain a new product line for diversification or substitution or to complete a product range e.g. Nigeria Breweries Plc. planned takeover of Schweppes. It can bring about a new market outlet, eliminate competition or to competition or protect an existing market and probably reduce total advertising costs. (Arthur 1963)

4) Finance

Though merging or acquisitions, company loans may increase turnover and earing by increasing the earning per share (ESP) and the market price of shares. For example in the merger between lever brother (now unilever) and Lipton lacks enough assets backing to obtain loan for the expansion project but after mergers with lever brother Nigeria limited, they do not have enough assets back but diversified product range and direct access to each resource. (Weston & Brigham, 1977).

5) Acquiring additional and presumably better managerial personnel

It has often been said that the success of the any big business depends to a large extent on the quality of its management personnel. This is very true in the sense that through mergers managerial talents can be acquired where the talents of pervious managers were underutilized. Also due to its large nature, the company has the advantage of the best managerial talent through the offer of better remuneration and better job opportunities that exists dune to their large nature. (Arthur 1963).

Economic merit and mergers and Acquisitions

The economics merits of merging and acquisitions include:

(i) It assists in building an empire.

(ii) It brings about diversifications.

(iii) It brings about tax merit.

(iv) It increases market power.

(v) Claim in promotion profit.

(vi) Expansion in production without price reduction. (Bhattacharyya H.K 1998).

Demerit of mergers and acquisitions

Some of the disadvantages of mergers and acquisitions that have been identified over the years are as follows:

- Loss of trade identity

Mergers may result in one company losing its identity trade name and probably goodwill. The latter may not be totally lost because it might be the goodwill of the acquired company that the acquiring company wants to enjoy. Take the mergers of Lever Brothers Nigeria PLC and Lipton of Nigeria limited for instance, Lipton lost its trade name but the goodwill of the branch name Lipton still remains because that is what Lever Brother Nigeria PLC is after i.e. its global recognition. (Bhattacharyya H.K 1998)

- Problem with integration

After mergers or takeover, the solution of the problem of getting the two businesses to work together beings. The problem will affect every functional ones and every levels of employment. An important step towards effective central management is to unity the accounting system inherited by the new group. This is one of the problems. Even when the accounting system inherited by the new group as adequate in themselves, is likely that there will be difficulty to obtain report, which reflects the same ideas particularly on the profitability and assets control which can be used either by control management or for the purpose of the operational decision or for the investing world at large. Even a well-established procedure is in place, there will be undoubtedly differences in opinion because that is not how the operatives of managing companies understand it. So it may be advisable to establish a co co-ordinating committee through which the members of the various accounting organization can meet each other mutually accepted decision. (Bhattacharyya H.K 1998).

- Remoteness in personnel relation

There is tendency for a large organization to be very impersonal. The individual may feel that he become very insignificant in the well-established and very complex organization as a result of their merging or acquisitions. This may be overcome to some extent by a well-concerned and executed personnel policy and effective communication in the organization. These demerit however discussed above should not be a barrier to entrepreneur managers or investor who may be interested in merging and acquisitions as a means of business survival. To every coin, there is always two sides, also in anything we gain in life, we must sacrifice something, so the same view holds for mergers and acquisitions. The advantages to be derived from mergers and acquisitions as a business strategy in depressed economy outstrip its disadvantages. (Bhattacharyya H.K 1998).

2.3 Types of Mergers and Acquisitions

Mergers and Acquisitions can be classified into three main categories: Horizontal, Vertical and Conglomerate (Gaughan 2005, 4).

2.3.1 Horizontal Mergers and Acquisitions

This is the type of combinations between two competitors. This type of M&A occurs between company that were formerly competitors and who manufacture products that are considered substitutes by their buyers with the aim of achieving horizontal integration. An example of horizontal M&A was the business combination of two pharmaceutical companies- Pfizer acquired Lipitor, both companies are in the pharmaceutical industry and this helped Pfizer to sustain the first position of pharmaceutical company in the world (Gaughan 2005, 4).

2.3.2 Vertical Mergers and Acquisitions

This type of M&A occurs between companies that have a buyer and seller relationship with each other. It can be in the form of business combination between companies that operate at different stages of the same production chain, or between companies that manufactures balancing or complementary goods. Vertical M&A can be forward, combinations between a company and a customer or backward, combination between a company and a supplier.

Gaughan 2005, 6 gave an example of vertical M&A with merger between a drug manufacturer Merck and Medco Containment Services- a company that deals with the distribution of drugs. This merger took place in 1993 at a sum of $6.6 billion.

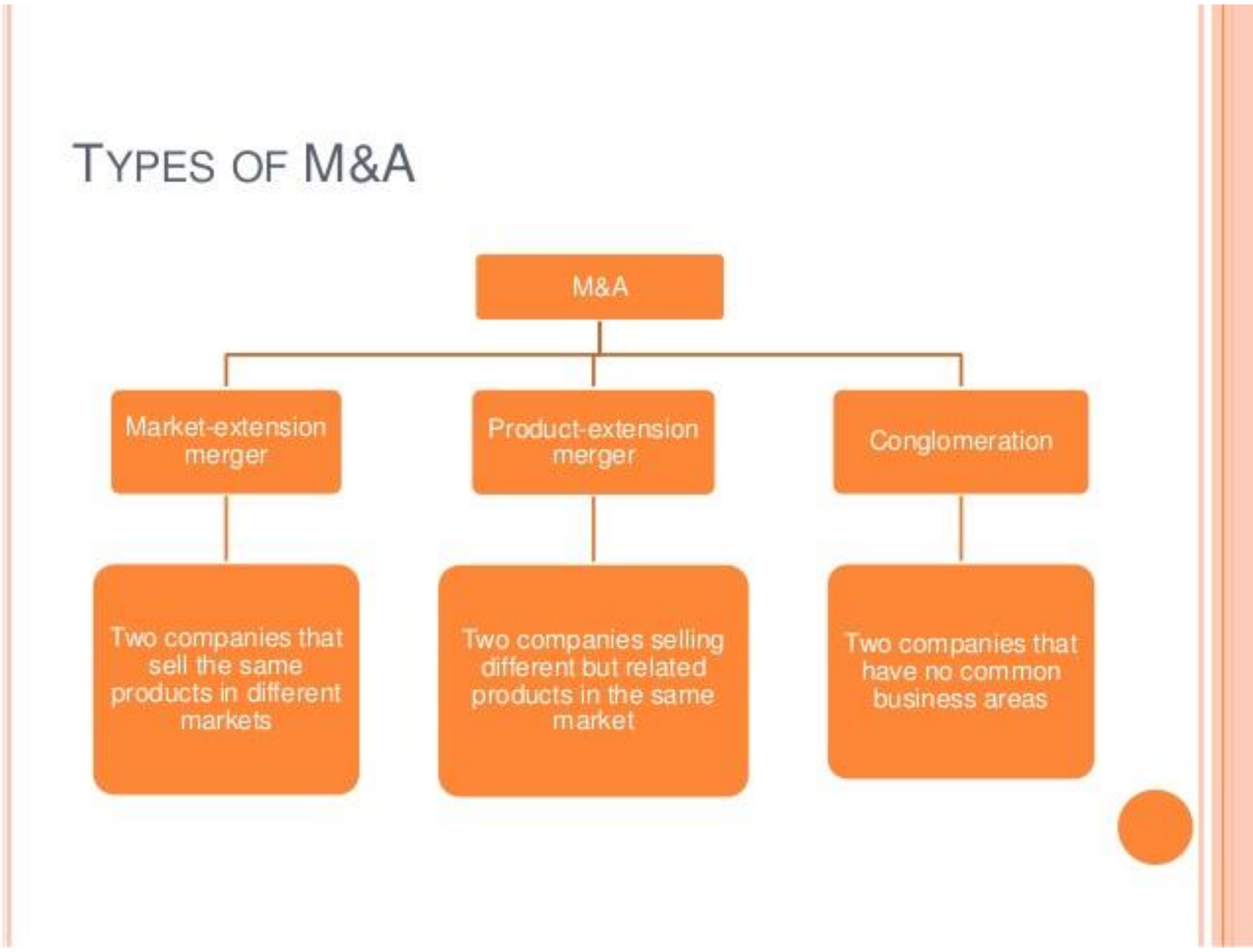

Figure 1: Types of Mergers and Acquisition (Adapted from Savarnya Anurag, 2012)

2.3.3 Conglomerate Mergers

This is the type of business combinations that is neither vertical nor horizontal; it is a form of business combination whereby a company acquires or mergers with another company in an unrelated line of business. During the 1960s, conglomerate M&A was very popular as a result of prevention companies from easily engaging in both vertical and horizontal business combinations by the antitrust enforcement. An example of conglomerate M&A is General Electric (GE) Company, a well-known diversified company (Gaughan 2005, 7).

2.3.4 Types of Mergers

The following are different types of mergers which can take place:

- Mergers by absorption

This involves the acquisitions of an existing company by another company. It is a situation whereby a bigger company purchases the assets of a smaller company, as distinct from acquiring its share capital. (Bhattacharyya H.K 1998).

- Amalgamation

In this instance, a new company is formed to takeover an existing company as the existing shareholder receive share in the company, the old company is therefore liquidated. (Bhattacharyya H.K 1998).

- Takeover

This is the purchase of controlling interest in one company by another company. Some books also refer takeover as acquisitions. It does not involve purchase of assets of the target company but mere acquisitions of shares of such company. This method is often used when a company is in financial difficulties and required money to execute the important project and for the day to day running of the organization may be due to government intervention in initial deposit as it was in banking and insurance sector of the economy presently. (Bhattacharyya H.K 1998).

- Exchange Reconstruction

When a new company emerged to takeover an existing company, the implication her is that due to financial or other difficulty (e.g. legal implication such as decree), the structure and book value of its assets and liabilities. This is normally carried out to facilitate better trading of operation. (Bhattacharyya H.K 1998).

- Group holding

This is a situation whereby new company may be formed to acquire majority of equity or shareholding of various companies and the will then become the subsidiary of new holding company. (Bhattacharyya H.K 1998).

2.4 Regulation and Regulatory Bodies for Mergers and Acquisitions in Nigeria.

This board was created by Nigeria Enterprises promotions decree of 1977 and it has been part of its function as follows:

a. Ensure that Nigeria control and run the business enterprises of the country as out in the decree establishing the broad.
b. Equity participation of least 40 % for large scale business for Nigerians.
   c. Ensure that small scale enterprises are reserved exclusively for Nigerians, these include merits agencies, casinos etc. those business hither to control or owned by foreigners were forced to mergers or acquired by their Nigeria counterpart. (Adetunji 1997: Akaniokbor 1987).

➢ Security and exchange commission (SEC)

SEC is the apex regulatory body of the Nigeria capital market. Is has definite regulatory functions as regards transaction in the securities of public companies whether quoted or unquoted. It devises its powers from the SEC act of 1977 which provides that: ''No'' public and no enterprises in which aliens participate whether constituted as a public, private limited or unlimited liability company or partnership shall issue or sell of its securities without having obtained the prior approval of the commission with respect to:

- The price at which the securities are to be paid.
- The timing and amount of sales etc.

In takeover bid, therefore, the SEC has the duty to fix ration which at the securities is to be sold or the exchange exercise are to be traded. (Adetunji 1997: Akaniokbor 1987).

➢ Nigeria stock exchange (NSE)

The Nigeria stock exchange was incorporated as a non-profit organization and opened its doors for business on 8th June 1962 and per forms the following function. NSE should assist the government in raising money by making market available for the scale of gift edge (government securities). (Onele & Adetunji 1997).

➢ Role of the court

The approval of Federal High Court is needed to make a mergers or acquisitions scheme binding on all shareholders. Under the provision of section197 of the company's act of 1968, the court empowered to approve or refuse mergers or acquisitions scheme to be binding on all shareholders. The role of court is to ensure that all steps laid down by the statues are fulfilled and that the mergers or acquisitions scheme is fair to all concerned. (Adetunji 1997)

2.4.1 Legal Implication

Securities and Exchange Commission Decree no 29 of 1985 in section 6 statuses thus: 'the commission shall not be withstanding anything contrary in the company's regulating mergers or acquisitions and all forms of business combination. Section 8

i. States that anything to the contrary contained in other enactment, mergers, acquisitions of commission must approve combination between or among companies is subjected to the prior review and approval of the that any application made under this section only if the commission finds that.

a. Such acquisition whether directly, the whole or any parts of the equity of other share capital of the or any part of the assets of another company is not likely to cause substantial restraint of competition or tend to crate monopoly in any line of business enterprise.

b. Section 23 (1) of the decree empowered the commission with the approval of the minister of finance to make rules and regulations prescribing procedures and criteria for approval of mergers, acquisitions or any other business combination (Onele & Adetunji, 1997).

The incidence of taxation on mergers and acquisitions as well as tax advantage should be looked into if the issue of mergers and acquisitions is to be well treated. Professor Gover put it that 'tax considerations have occasionally provided the motive for mergers and acquisitions company income tax. The position under the income tax Act of 1991 states that: ''In case of mergers the Federal Board of Inland Revenue (FBIR) may be satisfied that certain conditions are not granted which refers to ''us Roll over relief'', this is the commencement and cessation provision of CITA would not apply to the business transferred in consequence of mergers for the purpose of schedule 2 of CITA, each of the transferred shall be observed to have been sold for an amount equal to the qualifying expanding thereon, the day following such sales or transfer the acquiring company shall not be entitled to any initial allowance deemed to have been received by Vender company.(Onele & Adetunji 1997).

2.4.2 Procedures in Mergers and Acquisitions Deals

The following is a briefly summarized procedure to be followed during any mergers and acquisitions deals:

a. A preparatory study on desirability and feasibility of the mergers is one and if forms intension is well established, the directors of both companies will commence discussion with a view to achieve this objective.
b. If subsequent to 'a' above, progress is words 'progress'' is prepared showing the advantage of mergers or acquisitions to both parties Subsequently, this package is scrutinized by the Board of Directors of both companies with the assistance of their respective financial and other advisers.
c. The takeover package as agreed between the parties, it then referred to the Nigeria Stock Exchange Nigeria Enterprise Promotion Board (NEPB) (SEC) for their approval and for the terms of the mergers or takeovers bids.
d. Upon the approval of SEC, NEPB and NSE being abstained, separate meetings ordered by the Federal High Court are held by the shareholders of the two companies during which the mergers or takeover bid are considered or look into, the outcome of the Federal High Court for endorsement. This if a majority of the members present and voting in person or by proxy at 'court meeting'' summoned for the purpose, controlled 75 % or more of the share represented approve the scheme further and if true will approve it.
e. Therefore, the scheme will become binding on all shareholders including monitories who do not support the scheme', which become effective on the day after on office copy of the court order is file with the registrar of companies. (Onele & Adetunji 1997).

3 MOTIVES OR REASON ATTRIBUTABLE TO THE OCCURRENCE OF MERGERS AND ACQUISITIONS

This following are the motives for mergers and acquisitions as published in (A soft et.al 1971):

- To avoids limit competition
- To utilize under-used market power.
- To avoid difficulty in the slack growth in profitability in one's own industry.
- To accomplish diversification
- To acquire economics of scale and add income with proportionate less investment.
- To obtain foreign market and set up transitional bridgehead in the absence of excessive stat-up cost
- Government regulations circumvent.
- To upset existing management.
- To utilize under-useful resources that is human, physical and managerial skills.
- To obtain speculative gained attendant on change in per earning (P/E) ratio or new security issues
- To made an image of aggressive and strategic opportunism, corporate building and mess vast economic power of the company.
- To repurchasing own stock and investment, decrease tax liability through payment of divided.

Also here are some motives and benefits of mergers as follows;

- Operating economics

When two or more companies combine, it may be possible for them to avoid or reduce overlapping function and facilities. The combination of firm may enable to consolidate a member of managerial function such as purchasing, production, marketing, research and development etc. Mergers may also help to expand volume of operation without corresponding increase in overhands and or investment in assets. This may result into economics of scale. The combined firm may also offer a broader product line in anticipation of higher demand. The logic of operating economics hires in the concept of surgery. A situation where the merged entity is more profitable than the sum of parts it is commonly define as 'two plus equal five'' phenomenon. Because of the synergy net economic gain from mergers is expected to be higher. (Weston & Brigham, 1977).

- Diversification

This means expansion of operation through merging of a firm in an unrelated line of business such mergers are conglomerate mergers on ground of economics as it does not help to strengthen horizontal or vertical linkages. It can result into reduction of overall risk through substantial reduction of operation and financial risk by diversifying their investment in share of a larger number of companies. It is possible for the merged entity to reduce their intensity of possible strike unforeseen economics factor which could otherwise endanger the survival of the individual companies. (Weston & Brigham, 1977).

- Growth

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 take 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. For instance if growth is to take place, the firm will have to install or expand its manufacturing facilities and develop products it may also require additional recourses like: man, material and money. (Weston & Brigham, 1977).

- Financing

Sometimes internal growth may not be possibly due to financing constraints. Financing an external growth becomes easy if operation of the other company can be required through the exchange of other company can be required through the exchange of share thus the cash requirement is reduced. Mergers may also help in buying financial stability when a company with fluctuating cash flow may help the new entity enhance its adept capital and reduce its costs of capital. (Weston & Brigham, 1977).

- Taxation

The urge to minimize tax liability particular when managerial tax rate is high, it may cause a merger of two companies. Capital gains to the shareholder of selling companies through exchange of share can be another tax motivation of mergers. Capitals gains are arising from share exchange are not subject to capital gain until they are actually realized. This capital gain tax can be postponed until share is sold. (Weston & Brigham, 1977).

- Personal reasons

Management may decide to require other company for the list of power, prestige, wealth, and control etc. government may desire management of sound company to acquire nonviable companies in the society interest. However with the above analyzed benefit of mergers, these are some drawback in undertaken this strategies which include total elimination of completion, overcapitalization or wasting capital that may arise when excess price are paid to acquire target company, loss of trade name and uncontrollable size of business. All these are duly considered under mergers game. (Weston & Brigham, 1977).

3.1 Mergers Games

There have been a lot of strategies and counter strategies introduced by both the predators and Target Company, which are together called mergers games. However, both the predators and target companies will have taken into consideration some factors when taking mergers decision. This includes:

a. The acquisitions cost is price offered by the liquidated company. The desirability of the takeover by the shareholder of the predators company, will target company willing to agree with the takeover or likely to put up a defensive tactics to resist it?
b. The form that the purchases consideration will take cash or paper consideration problem is likely to arise as a result of the takeover i.e. failure divided policy, service to keep personal of the target company. (Bhattacharyya H.K1998).

Step involved in the financial valuation of mergers and acquisitions.

1) Identify growth and profitability assumptions and scenarios.
2) Project cash flow magnitudes and their timings.
3) Estimate cost of capital.
4) Compute net present value of each scenario.
5) Decide if the acquisitions should be financed through cash or exchange of share.
6) Evaluate the impact of the mergers and earning per share (EPS) and per earnings ratio (P/E) ratio.
7) Decide if acquisitions are attractive on the basis of NPU. (Bhattacharyya H.K 1998).

The two types of mergers in financial analysis are:

- Operating mergers

This is the type of mergers in which the operations of two companies are integrated with the expectation of abstaining synergistic effect.

- Pure financial mergers

This is one in which the merging companies will operated as single unit and from which no significant operating economics are expected e.g. Coco-Cola acquisitions of Columbia Picture (Weston & Brigham, 1977).

Purchase consideration under mergers and takeover

Mergers or takeover consideration may be informed of cash or paper consideration (i.e. share exchange or loan stock). There are some factors to be considered, whether to offer the cash or paper consideration, which can be viewed form two perspective. (Weston & Brigham, 1977).

3.2 View of the Predator Company Shareholder

- Dilution of earning per share

It is undesirable that there should be drop in the earning per share (ESP) attribute to the existing shareholders. This may occur when the purchase consideration is in equity shares. (Weston & Brigham, 1977).

- Cost of the company

The issue of loan stock (cash borrowed elsewhere) will be cheaper to the acquiring company than equality as the interest would be allowable from tax. A direct consequence of this dilution of earning maybe avoided. (Weston & Brigham, 1977).

- Gearing

A highly geared company may discover that the issue of additional loan stock either as consideration may be unacceptable to some or all the parties involved. (Weston & Brigham, 1977).

- Control

In a takeover involving relatively large new issue of ordinary share, the effective control of the company can change considerably and this could be extremely unpopular with existing shareholders. (Weston & Brigham 1977).

- Increase in authorized capital

If the consideration inform of share maybe found necessary to increase the company's authorized capital as well as being the special resolution. The director may consider this as a nuisance. (Weston & Brigham 1977).

- Increase in borrowing limit

A similar problem may arise if the proposed issue of loan stock requires a charge in the company borrowing limit as specified in its article of association. (Weston & Brigham 1977).

- Liquidity

The liquidity position of a company will also prevent a takeover via cash consideration as this may worsen the liquidity position. (Weston & Brigham 1977).

3.3 Valuation of Shares for Mergers and Acquisitions Purpose

To effect a merger action whether pure mergers or acquisitions, the parties involve must first establish the valves of the share whether quoted. Several valuation methods exist but an acceptable basis for any particular situation depends on numbers of factor. In respect of the company whose share is quoted in the stock exchange. The stock exchange price is usually a useful to valuation. (Bhattacharyya H.K1998). Method of valuing shares, the most common methods of valuing share are:

- Sugar profit method and the dual capitalization method
- Net asset
- Dividend yield basis, assuming no dividend growth
- Earning basis.
- Discount of future profit methods, each method are used and different share valuation.

In reaching the final price, several valuation methods are used and the valuation may then be reached by compromise between the different values.

- Net Assets Basis

Under this method, value of share in a particular class is:

	N		
Total value of net Asset	xx		
Loss: intangible asset (Good will if any)		(xx)	
Total Value of tangible assets	xx		
Preference share		x	
Debenture		x	
Deferred tax	x		xx
Net asset value equity	x		xx

Value of share $= \frac{\underline{\text{Net Asset Value of Equity}}}{\text{Number of ordinary share}}$

The above underlined should be used:

(i) When the company is about to go into liquidation.

(ii) When the unquoted share are used as collateral for a lone.

(iii)As a measure of Security in a share value.

(iv)As a measure of companies in a scheme of mergers. (Robert & James 1988).

For example Lipton Nigeria Limited has a low asset backing merged asset backing with Lever Brother Nigeria Plc (now Unilever Plc) that has a high asset backing. The shareholders of CBN in using this method might consider that their asset shares value ought to reflect the underlying substance of their asset. It might be agreed that a few Naira’s be added to their shares value. (Adetunji 1997).

- Earning Basis Valuation

This is often the most influential method of estimating shares prices when a substantial shareholding is involved. This would occur for example when investor is trying to buy a large shareholding or when these companies are planning mergers. On this basis a company may be valued using: Accounting Rate of return or per/ earnings ratio (P/E ratios). These two approaches are basically exactly the same since per earnings ratio is the reciprocal of the earning yields itself a measure of return on capital employed. (Robert & James 1988).

1. Accounting Rate of Return (AAR)

This method considers the accounting rate of return, which will be required from the share to be valued, it is therefore distinct from P/E ratio method which is concerned with the market rate or return required.

The following formula should be used in this method.

$$\text{Valuation} = \frac{\text{Estimated future profits}}{\text{Return on capital employed.}}$$

In using ARR, the following points should be noted:

a) An accounting rate of return is likely to be used in takeover when the acquiring company is trying to assess the maximum amount it can afford to pay.
b) An accounting rate of return may be more useful in valuing a controlling internet in a very small company, which cannot be realistically compared with quoted ones.
c) Accounting rate of return is based on a given figure and the capital required earning that profit. (Robert & James 1988).

2. The Price Earning Ration (P/E)

This is the ratio of share price to the earning per share (based on the company`s most recent published result). Every quoted company has a P/E ratio.

(i) A high ratio usually indicates that investors have a high regard for the company`s prospects and the quality of its earnings.
(ii) A low price earnings ratio indicates that investor`s regards the company`s earning a risky and of low ``quality`` or that the divided cover is ``too high``.

The P/E ratio method of valuation is suitable for estimating a value of unquoted company shares. By this method an appropriate P/E is selected and used to derive a share value. (Robert & James 1988).

MV = P/E ratio X EPS

- Dual capitalization method

This technique which is related to the super profit method relies the following formula:

$$\text{Total valuation} = \text{Value of net tangible Expected profit-Return.} \frac{\text{Rate x value of net Tangible asset}}{\text{Rate of return required on Tangible asset.}}$$

(Robert & James 1988).

Dividend yield Basis:

- Expected growth in dividend

In practice, it is of course more realistic to use expected future dividends growth for this purpose. It is first necessary to make a prediction of future earning and decide on how change in earning will be reflected in the company`s dividends policy. (Ayodele and James 2006)

The formula to use is:

$$\text{Market value (MV)} = \frac{Do\,(1+g)}{R-g}$$

$$\text{Where } r = \frac{Do\,(1+g)}{MV} + g$$

MV = Market Value

G = Expected annual growth in dividend

DO = Current Divided

R = Return required.

3.4 Importance of Share Valuation

A share valuation is necessary in the case of quoted companies when there is a takeover bid and the offered price is an estimated fair value in excess of the current market price of shares. As for unquoted companies, share valuation is important when:

(i) The company wishes to go public and must fix an issue price for its shares.

(ii) There is a scheme of mergers and value of shares for each company involved in the mergers must be assessed.

(iii) Shares are sold.

(iv) There is need to asses a valuation for purpose of taxation. (Bhattacharyya H.K 1998).

3.5 The Contested and Uncontested Offer in Mergers / Acquisitions

Where the management of the boards of a quoted company is likely to resist any approach for mergers or take-over, the information would be discussed with the biding company`s merchant banker contribute their own knowledge of the situation and collaborate in a full analysis of the information available.

Out of the basis of the developed information, a decision would be taken either to buy share in the candidate company or to offer to the shareholders. For an uncontested offer, the management of the candidate company may likely to be receptive to the idea of merger or takeover. If so, then it should eventually be possible to achieve prospect for a combine organization. Before stage is reached, however, there will be a period of discussion, sometime prolonged during which the parties involved move from the general idea of mergers and then to the point of mergers of willingness to investigate in details, the merits and risky involved. (Bhattacharyya H.K 1998).

3.6 Insight into the Merger among Formal PB, EIB, BBRB and CB.

The above mentioned bank came together to formed what is today known as Skye Bank Plc. The bank was formed through merger process affected by the pronouncement of the president Olusegun Obasanjo government on the increase of the initial capitalization to twenty-five billion Naira (N25b) in the year 2005. Skype bank, a merger of former Prudent bank, Eko international Bank, Bond Bank, Reliance bank and Cooperative bank commenced operations under the new identity in January 2006, subsequent to consummate a valid mergers. As at January 1, 2006, Skype Bank`s shareholder`s fund stood at over N34billion and this put the bank amongst the first top five banks in Nigeria, measured by the level of shareholder`s funds, with this level of capitalization, the bank is better positioned to conduct its business and deliver value to all stakeholders. The bank also has a deposit base in an excess of N17billion and a balance sheet size of over N114b (one hundred and fourteen billion Naira only) while the bank network is currently spread over 160 locations across the major cities and local government areas of the country.

A few more branches are in various stages of opening at various locations and they are constantly looking out for more outlets in strategic location across the country. Skype bank is owned by a diverse number of institutional and individual investors and the shares are quoted on the Nigerian Stock Exchange. The diverse ownership base allows for professional and seamless operation as the executive management is free from any undue interference in managing the bank. The Nation Newspaper review Jan 2006. (www.skybamk.com).

3.7 Summary of Mergers and Acquisitions in 1996

S/N	ACQIRING COMPANY	ACQUIRED COMPANY	MODE OF ACQUISITION	STATE OF COMPANY
1.	Nestle foods Nig.Plc.	Nestle Nig. Ltd (NNL)	70% paid up capital	NNL to become NFN
2.	Nig. Bottling co. Plc(NBC)	Sapanda industry Ltd. (SIL)	50% Ordinary share capital	SIL can call to exchange for equivalent of NBC shares.
3.	PZ Industry Plc (PLI)	Thermocool Eng. Co Plc. (TEC)	2 ordinary share for 7 ordinary share 50k each of PZI	
4	Nigeria Intercontinental Bank	Equity Bank of Nigeria Ltd (EBNL)	70% paid up share capital in EBNL	Full merger
5	UAC Nig.Plc (UACN)	Spring water Nig.(SWAN)	40% Share by cash payment	UACN become major shareholder is SWAN

Figure 2 Abbreviated from Daily Vanguard Newspaper (Thursday 12/2/98, page 19)

The table shows different mergers which existed and in 1996 both in conglomerate and banking sector of the economy with the minimum capital requirement for the banking industries and other financial institutions, there is probability that more merger will come up before the end of the millennium to meet up with the minimum requirement, which expires by the end of 1998.

4 RESEARCH METHODOLOGY

This chapter gives the details of the entire research work. It focuses on the statistical instrument used in carrying out the research. Frequency distribution and chi-square distribution have been considered very appropriate in order to obtain valid result for the purpose of the research.

4.1 Research Design

Claire (1969) defines research as the management of condition for collection and analysis of data in a manner that aims to combine relevance of the research purpose with economy of procedure the aim of the research therefore, is to highlight the method to be used in carrying out the research, statistical techniques will be use to analyse the data in detail. The research instrument that will be used to carry out this research work is self- administered structured questionnaire. The questionnaire method will be use because all the concerned staff of the bank has some degree of education. Most of the questionnaires will be open-ended in order to allow for easy understanding of the respondents. However, few of the questions will be open-ended to allow the respondents to express theirs personnel view about the matter. The questions will be into two sections. Section one contains the level of education while section two contains questions design to answer some of the hypothesis to be tested to S confirm whether truly, mergers and acquisitions is strategy for corporate growth in depressed economy.

4.2 Population

The research study will be carried out among the major three departments of Skype Bank, Airport Road branch, Lagos. The research will be carried out in the office of personal department, Administrative department and Finance department of the branch. The staff strength of the branch was about 30 in numbers out of which 10 were selected at random which represent 33 % of the target population, to which the questionnaire was administered.

4.3 Research Questions

The general belief concerning the reason for mergers and acquisitions is for expansion, diversification of product line, etc. some of which are defensive on the part of acquiring company. In some cases, mergers bids and acquisitions do fall if has not been properly and carefully carried out by the companies involved. Therefore, before entering into mergers bids and acquisitions, some fundamental question about deals needed to be answered. Some of the questions are as follows:

I. Do mergers or acquisitions make economic sense that will lead to growth and enhanced profits?

II. Are mergers and acquisitions always the best option for any economic problems?

III. Does it make financial sense?

4.4 Determination of Sampling Techniques

To obtain relevant information concerning this research work a random sampling method was used in the distribution of questionnaires bearing in minds the qualifications and positions of the respondents.

4.5 Method of Data Collection

According to Nalzaro (2012), the process by which a researcher collects the information needed to answer the research problem, his method involves systematic procedures that are carried out in order to derive a dependable knowledge. According to Cohen and Manion (1980), methods are defined as the range of approaches used in research to gather data which are to be used as basis for inference and interpretation for explanation and predication. However data are classified as either primary or secondary data. This classification is based on the possible sources of data namely:

- Primary source
- Secondary source

Although, this research made use of secondary source of data, which is derived from an indirect observation of an event, that is to say that data collection from secondary source are secondary data, which relies on the accuracy of the information and data from books, publication, relevant document and journals, CBN publication and Annual Report of Banks.

4.6 Data Analysis and Interpretation

Data collected would be analysed using two major statistical instruments. The instruments are percentage distribution and chi- square distribution determined by the degree of freedom. The formula for calculating chi-square distribution is:

$$X^2 = \sum \frac{(f0-fe)^2}{Fe}$$

Where X is the chi-square

FO is the observed frequency

Fe is the expected frequency

The number of the respondents would ranges from 1, 2, 3……40. The observed frequency would be used to analyse the result of the questionnaire using the formula row X column totals. (I.e. Row multiple by column totals). The degree of freedom is given as

V= (r-1) (c-1). (Spiegel M 1998)

5 SKYPE BANK AND RESEARCH FINDING

In the previous chapter, effort was made to highlight the method of data collection, the determination of population and sample size to be used for the purpose of validity of this study. The essence of this chapter is to carry out test on the hypothesis formulated for the study based on the information gathered from the questionnaires administered. Out of 40 questionnaires that were administered, only 30 were responded to. This represents 75 % of the population.

The responses are analysed below:

TABLE 1. Age Distribution of respondents

Age Group (years)	Frequency	% Distribution
25-34	7	46.7
45-54	5	33.3
55-64	3	20.0
65 and above	0	0
Total	15	100

From the above table, the larger number of the respondents falls within the age of 25-54, which represent 80 % of the totals respondents.

TABLE 2. Educational Qualification of the Respondents

Qualifications	Frequency	% Distribution
MSc./MBA	7	53.0
B.Sc./ HND	5	26.6
ND/NCE	3	20.4
Others	0	0
Total	15	100

From the above table, 79.6 % of the respondents are familiar with mergers which indicate high level of understanding of mergers and reliability of the information give in the total percentage. Those that were not familiar with mergers are 20.4 %.

TABLE 3. Familiarization with mergers

Response Level	Frequency	% Distribution
Yes	8	53.3
No	5	26.6
Not at all	2	20.1
Total	15	100

From the above table, 53.3 % of the respondents are familiar with mergers which indicate high level of understanding mergers and reliability of the information give in the total percentage. Those that were not familiar with merger are 26.6 %.

TABLE 4. Organisational experience of Mergers

Response Level	Frequency	% Distribution
Yes	10	66.7
No	5	33.3
Total	15	100

From the above table, 10 of respondents have at one time or the other experience mergers, which represent the majority of the totals respondents. This shows that majority of the respondents have in one time or the other experience mergers.

TABLE 5.Objective of mergers and Acquisitions as a part of Corporate Plan

Response Level	Frequency	% Distribution
Yes	15	100
No	0	0
Total	15	100

From the above, it can be conclude that mergers and acquisitions is part of corporate plan in an organization.

TABLE 6. Effect of mergers on divided on merger after policy

Response Level	Frequency	% Distribution
Significant	13	86.7
Not significant	2	13.3
Total	15	100

The above table shows that there is always a significant change in the divided policy after any mergers within the economy. The responses rate was 86.7 %.

TABLE 7. Improvement in Earning/ Share

Response Level	Frequency	% Distribution
Yes	7	100
No	0	0
Not at all	-	-
Total	7	100

The above analysis shows that there is improvement in the earning per share after merger process. If further shows that merger as a technique will enable the companies to improve on its earnings.

TABLE 8. Benefits derived from mergers takeover

Response Level	Frequency	% Distribution
Yes	7	100
No	-	-
I don’t know	-	-
Total	7	100

From the above table, it shows that more benefit is derived from merger: the benefits might be in form of operating economy.

TABLE 9. Percentage Increase in Turnover

Response Level	Frequency	% Distribution
70-100	0	0
40-69	7	100
10-39	0	0
Below 39%	0	0
Total	7	0

From the above table, it is obvious that there is 40-69 % increase in turnover of most of the companies under which the mergers technique is applied. This indicates general increase in performance enhancement of economy survival.

TABLE 10. Effect of merger on general staff of the organisation

Response Level	Frequency	% Distribution
Yes	4	57.1
No	2	28.6
Not at all	1	14.3
Total	7	100

From the above table, 15 people are represented in the survey, 57.1 % of the respondent accepted that mergers has effect on staff while the rest 42.9 % disagree with the assumption.

TABLE 11. Job Security

Response Level	Frequency	% Distribution
Yes	4	57.1
No	2	28.6
Not at all	1	14.3
Total	7	100

From the above table, 4 people are sure of job security in the face of mergers and acquisitions. This represents mergers as their corporate strategies.

5.1 Testing of Hypothesis

The use of chi-square (X^2) will help to determine the extent to which the null hypothesis is justified. The level of significant would be 90 % assurance of any conclusion made giving room for a 10% degree of uncertainly.

5.2 Analysis of Hypothesis 1

HI - The use of mergers and acquisitions techniques enhances organizational survival in a distressed economy.
HO - The use of mergers and acquisitions techniques does not enhance organization survival.
Where HO - is null hypothesis to be rejected
HI - Is alternate hypothesis to be accepted.

TABLE 12.Response to question 9 on the questionnaire

	Personnel Department	Admin	Finance	Total
Yes	5	3	3	10
No	2	2	1	5
Total	7	5	4	15

$$E = \frac{\text{row total} \times \text{column total}}{\text{Total}}$$

$$E = \frac{10\times7}{15} = 4.7$$

$$E = \frac{10\times5}{15} = 3.3$$

$$E = \frac{10\times4}{15} = 2.7$$

$E = \frac{5 \times 7}{15} = 2.3$

$E = \frac{5 \times 5}{15} = 1.7$

$E = \frac{5 \times 3}{15} = 1$

NB: Chi-square formula $\frac{(fo-fe)}{Fe}$

Was used to compute the above figures and

Fo = Observed frequency

Fe = Expected frequency

X= Chi- square

TABLE 13. Chi-square calculation

S/N	FO	Fe	Fo-Fe	(Fo-Fe)2	$\frac{(Fo-Fe)2}{Fe}$
1	5	4.7	0.3	9	1.915
2	2	3.3	-1.3	1.69	0.512
3	3	2.0	1	1	0.50
4	2	2.3	-0.3	-0.9	0.39
5	2	1.6	0.4	0.16	0.1
6	1	1	0	0	0
					3.417

For degree of freedom:

R= 2, C = 3

DF = (r-1) (c-1) = (2-1) (3-1) (1) (2) = 2

$X^2 = X^2$ (0.10.2) = 4.61

Since the calculated value of X^2 (3.42) is less than the table value of X^2 (i.e.4.61) the difference between the observed and what we expect are significant, hence the null hypothesis is rejected. The uses of mergers and acquisitions will enhance organizational survival in a distressed economy.

5.3 Analysis of Hypothesis 2

HI = Mergers and Acquisitions enhance profitability through cost reduction resulting cost reduction resulting from economics of scale operating efficiency and synergy.

HO = Mergers and Acquisitions does not enhance profitability through cost reduction resulting from economics of scale operating efficiency and synergy.

TABLE 14. Response to question 7 on the questionnaire is given below:

	Personnel Dept.	Admin Dept.	Finance Dept.	Total
Yes	6	3	2	11
No	2	1	1	4
Total	8	4	3	15

The expected frequencies (Fe) are computed as follows:

$$E = \frac{\text{row total} \times \text{column total}}{\text{Total}}$$

$$E = \frac{11\times 8}{15} = 5.9$$

$$E = \frac{11\times 4}{15} = 2.9$$

$$E = \frac{11\times 3}{15} = 2.2$$

$$E = \frac{4\times 8}{15} = 2.1$$

$$E = \frac{4\times 4}{15} = 1.07$$

$$E = \frac{4\times 3}{15} = 0.8$$

TABLE 15 Analysis of Hypothesis 2

S/N	Fo	Fe	fo-fe	$(fo\text{-}fe)^2$	$\frac{(fo\text{-}fe)^2}{Fe}$
1	6	5.9	0.10	0.010	0.00169
2	2	2.9	-0.90	0.810	0.279
3	3	2.2	0.80	0.640	0.291
4	1	2.1	-1.10	1.210	0.5762
5	2	1.07	0.93	0.865	0.8084
6	1	0.8	0.2	0.04	0.05
					2.00629

For degree of freedom:

R = 2, c = 3

DF = (r-1) (c-1) = (2-1) (3-1) = (1) (2) = 2

X = X (0.10) = 4.61

It could be observed that the calculated values of X (i.e. 4.61) the difference between the observed and what we expected frequencies are significant; hence the null hypothesis is rejected. thus contrary to null hypothesis, it could be said that mergers and acquisitions limits the severity of competition by increasing the company`s market power.

6 CONCLUSION AND RECOMMENDATIONS

Obviously, the result of the study clearly showed that merger and acquisitions has played a vital role in the improvement of a depressed economy of among which the economy of Nigeria is not an exception. From the findings, it was discovered that the present economic dispensation in which Nigeria finds itself has being on increase since 1984. This has prompted mergers and Acquisitions as the best option among others for the concerned organisations. According to Onele 2015, organizations therefore, found out that instead of winding up, selling part of its assets etc. and thereby increase the level of unemployed in the country: they prefer entering into mergers and Acquisitions arrangement. It was also discovered that since 1982 to date, the issue of mergers and Acquisitions handled by Security and Exchange Commission has continued to be recession due to the social and political problems.
(Adetunji 1997).

Also aggressive takeover and indeed a real takeover bid are also absent in Nigeria. This is because of the difficulty created by the illiquidity of the market and contain regulatory requirement. Most mergers and acquisitions have been growth oriented; they also involve companies that have the same foreign affiliation. With this, one can say it has contributed to some extent to their successful consummation. It was also discovered that mergers and acquisitions transaction sometimes involves many huge amount of money. This consists of costs having different types of professionals in the course of financial advisers, Accountants, Lawyer etc. and other expenses (Onele 2015).

A company that is considering mergers and acquisitions as an option in solving its financial problem should bear in mind, the following:

1. The costs of integration should be lower than the expected benefits so that the basic objectives of most integration improve financial performance, will be achieved. Although such huge transaction in mergers and acquisitions in Nigeria is yet to emerge.
2. A thought investigation of the candidate company should be carried out in order to know whether the merit to be derived after the integration are considerable and in line with their stated objectives of acquiring the company. For easier consummation, companies should merge with companies having the same large companies should not be allowed by the Security Exchange Commission to merge because this might cause monopoly of industry which may not go down well with the economy of the country. At the same time, the Security and Exchange

> Commission should encourage mergers and acquisitions of companies for progress purpose (Akaniokbor 1987) Security and Exchange Commission.

It is yet to be confirmed whether or not the acquiring company`s post integration financial performance has improved. But there is no doubt that the efficient utilization of the acquired company would determine to what extent a growth- oriented fusion is achieved. However, in view of the skype Bank mergers, it may be said that the 2005 merger is the catalyst for the increasing their turnover and profit before tax and likewise the subsequent mergers. Therefore, as long as the needs for corporate growth exist, business integration will remain an ongoing process for both developed and developing economy. Thus, going by its numerous merits, it is especially advised that in the face of viable option for corporations and organization.

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APPENDIX

This questionnaire is to know the role of mergers and acquisitions in corporate growth and development. Your opinion will be very useful to my research work. Kindly read the following question carefull and tick the appropriate answer to each box. Thank you.

1. Personal data
2. Position occupied
3. Sex
4. Marital status single [ ] Married [ ]
5. Work experience: number of years in Public [ ] Private [ ]
6. Age: 25-34 years [ ]

   45-54 years [ ]

   55-64 years [ ]

   65 and above [ ]

7. Qualifications: MSc/MBA [ ]

   BSc/HND [ ]

   ND/NCE [ ]

   Others [ ]

8. After the merger, was the objective of profitability enhancement achieved?

   Yes [ ] No [ ]

9. After merging, does the company`s market power increase?

   Yes [ ] No [ ]

10. In your own opinion, can you say that the merger process has enhanced the survival of your company?

    Yes [ ] No [ ]

11. After merging, was growth through diversification achieved?

    Yes [ ] No [ ]

12. After the merger process, was the cost saving achieved?

    Yes [ ] No [ ]

13. Does your organization make mergers and acquisitions part of your corporate plan?

    Yes [ ] No [ ]

14. In your own opinion, were the terms of agreement a fair one?

    Yes [ ] No [ ]

15. If not,

    Why?

16. After the merger process, was there any problem of integration?

    Yes [ ] No [ ]

17. If yes, would you have preferred not to merge?

    Yes [ ] No [ ]

18. If yes,

    Why?

19. If no,

    Why?