The Relevant Factors of Consolidation as a Multidimensional Constructs in Nigerian Banking Sector

Salmanulfarisi Abdulrahman
Kano State Polytechnic, Nigeria
salmanulfarisi2007@yahoo.com

And
Kayongo Isaac PhD
Makerere University Business School, Uganda

Abstract
The worsening condition of banking sector in Nigeria as a result of contagion effects of 1980 and 2008 global economic recessions, making Nigerian banks to be vulnerable, insolvent, illiquidity and distressed necessitating shareholders and investors to lose confidence in the banking operations. To arrest the situation the government embarks on consolidation as a strategic intervention to save guard the sector from total collapsing. This strategy is employed in different countries at different periods, for instance Malaysia, Turkey, Egypt and Argentina. Consolidation as a strategic intervention refers to merger, acquisition, recapitalization and nationalization, these components are well explained in literatures, what is yet to be known is the applicability of these components in explaining consolidation and this to a larger extent depend from one country to another. The study therefore wishes to investigate the factor structure of consolidation in Nigerian banking sector. Exploratory factor analysis was employed, and the study found that merger, acquisition and recapitalization with KMO= 0.73 and determinant greater than 0.00001 indicating there is no multicollinearity and singularity in the data and the components are good for factorial analysis. The four factors in descending order are Recapitalization (25.17%), Acquirer Bank Presence (14.65%), Revenue Enhancement (14.57%) and Merger (13.16%) indicating that there is more Recapitalization than other factors in consolidation.

Keywords: Consolidation, Merger, Acquisition, Recapitalization, Nationalization, Insolvency, Distress Condition, Exploratory Factor Analysis
1.0 Introduction

The world economic meltdown of 1980s coupled with the world economic recession of 2008 affect the global financial industry with a particular reference to banking sector (Weston, Chung and Hoag, 1990 and Soludo, 2007). These economic menaces called for strategic intervention that will lead banks to new height of creativity, solvency and productivity, (Arando, Gago, Jones and Kato, 2011). Since then Amel, Barnes, Panetta and Salleo (2002) and Afolabi (2011) reported an increase in global mergers and acquisitions. For example, the American banking sector witnessed a series of mergers and acquisitions, for instance in the mid of 1980s there were 14,000 banks in American banking sector. But within a decade the number of the banks was reduced to 8,252 banks (Uchendu, 2005 and Kwan, 2004). In their contributions Ogbunka (2005) and Francis (2009) reported that, in Europe with a particular reference to Turkey In 2004 the total number of banks was 75 and this numbers through consolidation was reduced to 48 banks. Similarly, in France as forwarded in Ezeaku (2012), the strategic intervention employed in the year 1998 resulting to a minimum capital of a new bank to stand at $688 billion was centered to improve productivity and reinstate most of the banks that were about to collapse.

In Asia with a particular reference to Malaysia and Argentina Uchendu (2005) reported that 54 banks were consolidated into 10 banks with many branch outlets. This intervention warranted Malaysian banks to have a positive shareholder’s value and increased in employee efficiency. Similarly, in Argentina According to Basu (2004) this strategic intervention ejected all troubled banks, banks returns increases and insolvency reduced and employee efficiency increased when compared to period before consolidation.

Similarly, in Africa, Badreldin and Kalhoefer (2009) reported that, the latest banking sector reform in Egypt begun in 2004 with the major objectives of addressing low employee productivity, non-performing loans, privatizations of state owned banks, and increasing the minimum capital base of the banks. Similarly, in Kenya Kivuti (2013) reported that, the recent merger between Equatorial Commercial Bank and Southern Commercial Bank in 2010 was aimed at enlarging branch network and improving employee performance.
In Nigeria, Samoye (2008), Abdulrahaman (2010) and Umar and Olatunde (2011) reported that in July 2004 out of 89 banks that remain in existence, 11 of them were reported to be in a state of distress and the remaining 71 are operating at marginal line (Soludo, 2007). This state of condition call for drastic measures that will enhance efficiency and put glory into banking business. Consolidation (merger, acquisition, recapitalization and nationalization) as a strategic intervention in Nigerian banking sector is aimed at addressing issues such as lack of employee productivity, insolvency, illiquidity, risk management and other operational inefficiencies (Adeyemi, 2005). Similarly, Lamido (2011), Kivuti (2013) and Uchendu (2005) opines that the rationale behind bank consolidation is to strengthen the banking system by instituting efficient and qualified personnel, embrace globalization, improve healthy competition, exploit economics of scale, adopt advance technologies, raise employee efficiency and improve profitability.

The recent consolidation which occurred in the last quarter of 2011 (Abdulrahaman, 2014) further reduced the number of the banks from 24 banks to 21 banks as another part of Central Bank of Nigeria (CBN) effort to mitigate any shock in the banking system and consolidate further those banks that were having negative shareholders value principally by 2008 global economic recession. This strategic intervention takes different form including merger, acquisition, recapitalization and nationalization, which many researchers and stakeholders are skeptical about their applicability in Nigerian banking sector.

Objective

To determine the factor structure of consolidation in the Nigerian banking sector,

Research Question

What is the factor structure of consolidation in Nigerian banking sector

Hypothesis

\[ H_1 \]: Consolidation is a multidimensional construct in the Nigerian Banking sector.
2.0 Literature Review

Consolidation according to Bhall (1997), Ross, Westerfield and Jordan (2003) is the combination of two or more firms formed into newly created corporation, where the combined firms formed a new firm through the exchange of equity shares of both the combined firm for those of the new firm. The assets and liabilities of both old firms are transferred to new firm and these old corporations cease to exist. To put it more relevant to Nigeria situation Adeyemi (2012), define the term consolidation as a strategy employed by banks in Nigeria to consolidate in their bids to comply with the Central Bank of Nigeria (CBN) minimum capital directive of N25 billion.

Similarly, Soludo (2007), Lamido (2011); Adeyemi (2012), and Abdulrahaman (2013) define consolidation to include; Merger, Acquisition, Recapitalization and Nationalization. To this regard the process of consolidation of 2004 and 2011 in Nigeria comprises all the above mentioned forms, for example the new Unity Bank came into being as a result of consolidating nine banks into new entity with entirely new brand name and United Bank Africa merged with other banks and maintained its name and identity, where the remaining banks ceased to exist (CBN, 2005, Alao, 2012). The essence of banks consolidation is not only to adjust inputs to affect cost but also involves adjusting output (products) mixes to enhance revenue (Samoye, 2008).

2.1 Merger

Merger is a combination of two or more organizations into one larger organization, such actions are commonly voluntary and often results in a new organizational name (Alao, 2010). In their contribution, Brealey, Myers and Marcus (2004) emphasized on the need to have at least 50% support of the total shareholders of both the merged firms. A merger occurs according to Bhall (1992), Cheeseman (1997), when two or more firms are combined and the resulting firm maintains the identity (name, color, or logo) of one of the firms. In this case the larger firm or the surviving corporations allowed its name and identity to continue, where the assets and the liabilities of the small firm are merged into those of the larger firms. To elaborate further, Ross, et el (2000) observed that, a merger is a complete absorption of one firm by another, where the acquiring firm retain not only its name but also its identity, and the merging firm acquires all of
the assets and liabilities of the acquired firms, and the acquired firms seized to exist as a corporate entity after the merger.

In a statutory merger, the exercise can be carried out easily through the purchase of assets or by a parent-subsidiary relationship (Van Horne, Dipchand and Hanrahan, 1989); this type is subject to certain regulations of the state incorporation. Bhall (1992) opines that the stock of the target firm is directly exchanged for stock of the acquiring firm and the legal existence of the target firm automatically ceases.

Van Horne et al (1989) noted that, the purchase of assets of the acquired firm may result in consolidation, where the acquiring firm bought all or substantial part of the assets of another company and usually assumes the liabilities of the acquired firm. In addition to this, consolidation can also take place through the purchase of common shares; this is when a firm purchases the common stock of another corporate entity, and sufficiently enough to give the buying firm a controlling power over the other firm that is assuming subsidiary position. This type of relationship leads to parent-subsidiary relationship, where both the companies exists as two separate legal entities, with each having separate responsibilities for its assets, obligations and corporate administration (Van Horne et al, 1989).

Western, Chung and Hoag (1999) identify 3 types of mergers, which includes; Horizontal merger involves two firms operating and competing in the same kind of business activities. This shows the Nigerian banking sector consolidation is a horizontal merger because all the consolidated organizations are in a related business (banking services). Vertical merger occurs between two firms in different stages of production and conglomerate merger is a merger between firms in unrelated type of business activity. In similar development, Alao (2010) and Bhall (1997) included concentric merger to involve firms, with divergences and different business patterns yet they are highly related in production and distribution technologies.

2.2 Acquisition

Acquisition is the purchase of one organization by another, such can either be friendly or hostile (Alao, 2010) and the acquirer maintains control over the acquired firms. In acquisition a company can purchase non controlling interest in another company, for example purchasing of
20% or less than of share holding of another company just like in the case of Turner Broadcasting (Uba, 2012) will allow the acquiring company to register its presence in the operations of the acquired company. Similarly, by purchasing a significant amount of interest, a company can exercise control or have influence over the suppliers of the acquired company.

Ross, et al (2000) stated that, a firm may choose to purchase a substantial amount of voting stock with an exchange of cash, shares of stock or other form of securities; this is when the acquiring firm wants to have dominance over the affairs of the acquired firm. In most cases firms engaged in doing this; when they wanted to avoid costs associated with starting new business. Another form of acquisition is to acquire another firm by buying larger amount of its shareholding or purchasing all of its assets; this is like buying the firm which guaranteed continuation unless its stockholders choose to dissolve it.

### 2.3 Recapitalization

Recapitalization according to CBN (2004, 2005), Soludo (2007) and Lamido (2011) is one of the strategies of consolidation aimed at providing banks with sufficient funds in their efforts to consolidate and meet the minimum capital requirement set by the regulatory authority. This involve raising funds from the Nigerian Stock Exchange (NSE) through the issuance of fresh securities or targeting business partners that will provide the required amount before the end of the exercise. Alternatively strategic partners according to the governor of the apex within or outside the sector can equally invest to revitalizes the worsening condition of the affected banks.

As an alternative strategy, many banks went to the market with the exception of very few (that meet the minimum requirement of N25 billion) to raise fresh equity to meet the minimum requirement before the dead line. Banks that have investor’s confidence for example Zenith Bank in 2004 and Union Bank in 2011 raised the sum in small time while others that do not have investor’s confidence leave the market without making any significant impact.

### 2.4 Nationalization

This is defined as government intervention in its bid to save the banks that are having negative shareholders value from becoming bankrupt, by injecting funds to own the shareholding of the
banks. This form of consolidation according to Lamido (2011) worked well in 2011 consolidation exercise where three banks were consolidated and returned back to business. This form of consolidation was created to save the face of both shareholders and creditors from losing their investment in the distressed banks. The Federal Government of Nigeria through CBN and AMCON decided to nationalize three banks by injecting fresh funds (Nwokoji, 2011). The decision of the government came as a result of contagious global economic effect of 2008, and to arrest the effect the CBN set a committee to examine the financial condition of the 24 banks and the results show that 9 banks were in grievous situation.

In saving the affected banks during the 2011 consolidation exercise the CBN provided four alternative strategies as advance by Lamido (2011): i) To allow strategic partners to recapitalized the banks through mergers and acquisitions. ii) To allow the banks to recapitalize on their own. iii) To nationalized the distressed banks. iv) To revokes the license of the banks and hand them over to the Nigeria Deposit Insurance Corporation. The decision however, provides sufficient and enough capital of the nationalized banks and also ensures that neither the shareholders nor the creditors suffered a loss.

2.5 Empirical Studies on Banks Consolidation

In a study carried out by Amel et el (2003), Avkiran (1999) and Abdulrahaman (2014) on consolidation and efficiency among commercial banks in North America, Europe and Japan, empirical studies showed that commercial bank merger and acquisition do not significantly improved cost and profit efficiency and at the same time do not generate shareholders value, but employee productivity increases. This result contradicted the earlier result obtained by Vanett (2002) in study conducted on cross border merger in European banking and bank efficiency. The finding of the study showed that, before merger and acquisition both the acquired and acquiring banks showed an economically meaningful difference in terms of cost and profit efficiency with no significant improvement in employee efficiency. After the take-over the result showed that in a short run there was partial profit efficiency, with no tangible gains in terms of cost efficiency.

The Turkey banking sector after consolidation, despite economic crisis that erupted between 2000 and 2001, yet the banking sector witnessed a considerable change. In their study Islamglu
et al (2012) concluded that under consolidation the banking sector in Turkey was subjected to restructuring process, under new supervision, and this is what strengthens the banking sector in terms of financial stand point and employee productivity when compared to the pre-consolidation period of 2004.

In a similar study carried out in Egypt, Badreladin and Kalhoefer (2009) found that, among the ten (10) sample banks that undergoes mergers and acquisition both at domestic and cross boarder level, using Return on Equity (ROE) the performances of the banks improved in post consolidation period by 14%. The study concluded that, mergers do not have a direct impact on the performance of employees either at domestic or at cross border level. However, it is a clear fact that, the banking sector reforms in Egypt has greatly improved Egypt’s macroeconomic indicators.

The effect of the global crisis on the Nigerian banks as observed by Soludo (2009) and Atuche (2009) includes reduction and re-pricing/freezing of credit lines from foreign banks, divestment of foreign investors and loss of confidence in financial market leading to inability to carry out their intermediation role in the economy. Similarly, the crisis made some banks to witness’s weakened financial systems leading to take over and bankruptcy. Among others, the crisis also brought about deleveraging and banks inability to improve capital adequacy, which necessitate the need for banking sector consolidation.

In his contribution Ernest (2012) argued based on what experts looked at Nigerian consolidation exercise, the exercise is induced by government macroeconomic policies to correct the perceived distortions in the economy with a particular reference to financial sector; this is why the exercise may encounter some difficulties. Unlike in another economy where mergers and acquisitions are market driven, the likely grey areas, which consolidation brought challenges to consolidated banks includes, pricing challenges, employee productivity, place marketing decision as well as promotion challenges.

Sulaimon et al (2011) noted that one of the dividends of consolidation is the provision of better capital, which make banks more strong, competitive and reliable. However, they argued that, such capital must be accompanied with good management, good assets quality and good corporate
governance before a bank is said to be on a solid capital base. Alao (2010) added that takeovers and mergers do not waste resources; rather they generate substantial gains in form of economic efficiency. However, in a situation where a sound bank with efficient employees is merging with unsound bank, Samoye (2008) noted consolidation does not significantly improve the performance and efficiency of employees of the participating banks.

Contrary to Gunu and Olabisi (2012) and Sulaimon et al (2011), in his analysis Bello (2011) argued that consolidation has no dividends to show, the performance s of some banks were deteriorating, which kept investors with skepticisms and suspicions. Banks banking hall are still congested, service failure in ATM’s machines, poor service delivery, as well as nonchalant, demotivated, frustrated and uninterested staffing.

In his assessment, Francis (2009) "stated that the global credit crunch and its effects became very noticeable in our local market, similar to reduced activities and confidence levels in the financial services sector worldwide. Locally, the direct effects have been a reduction in revenues.

In similar study Gunu and Olabisi (2011) on the performance of banks after consolidation, using non-financial measures, result obtained from the sample of customers in four consolidated banks, shows that using multiple regression cost of transaction is not significant in terms of variation of performance in consolidated banks. The findings of the study showed that service delivery, quality of service and bank offerings are very significant in the variations of consolidated banks. We hence hypothesize as follows:

\( H_1: \) Consolidation is a multidimensional construct.

3.0 Research Methodology

The study is descriptive, quantitative and qualitative in nature, using researcher made device and interview method to describe the factor structure of consolidation in Nigerian banking sector. Using Slovenes formula the study selected a minimum sample size of 323 respondents from the 1670 total population of the eight sample banks that participated in 2011 consolidation exercise. The study also used proportionate random sampling technique to ensure good representation.
Construct validity and reliability analysis was conducted and the results showed MKO = 0. 73 and Cronbach’s alpha value 0.875. Base on the classification of George and Mallery (2003) the constructs are good and fall within the accepted region. The study employed exploratory factor analysis as a statistical tool to determine the dimensionality of consolidation.

4.0 Data Administration and Analysis

4.1 Descriptive Analysis of the Study Variables

From the descriptive analysis of the study variables from 212 respondents summarized in table 1 below. The data indicated that merger with a mean value of 3.2205 has the highest response rate when compared to acquisition and recapitalization with mean values of 3.2014 and 3.0269 respectively. While the data in table 1 also indicated that nationalization has a least response rate with a mean value of 2.0250. In summary respondents more to merger when compare to other type of consolidation. The reason of this high response rate is that in 2005 consolidation exercise majority of the Nigerian banks merged with one another and for the low response rate of nationalization most of the respondents does not consider government intervention as a strategic intervention.

Table 1 Descriptive Statistics of Study Variables

<table>
<thead>
<tr>
<th></th>
<th>Merger</th>
<th>Acquisition</th>
<th>Nationalisation</th>
<th>Recapitalisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>N Valid</td>
<td>312</td>
<td>312</td>
<td>312</td>
<td>312</td>
</tr>
<tr>
<td>N Missing</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Mean</td>
<td>3.2205</td>
<td>3.2014</td>
<td>2.0250</td>
<td>3.0269</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>.49521</td>
<td>.50040</td>
<td>.74535</td>
<td>.65172</td>
</tr>
</tbody>
</table>

Source: Primary data

4.2 The Relevant Factors for Consolidation in the Nigerian Banking Sector

The objective of this study was “to investigate relevant factors for Consolidation in the Nigerian Banking sector”. One hypothesis was put forward i.e. $H_0$ which stated that “Consolidation is a multi-dimensional construct in the Nigerian Banking sector”. Exploratory factor analysis results
for consolidation which are presented in Table 2 revealed a certain pattern of factors. Consolidation yielded four factors. KMO Index = 0.73 characterized the set of variables as being very good for factorial analysis. Since the determinant was greater than 0.00001 (Field, 2005) (in this case .02) it meant that there is no multicollinearity or singularity between variables (Kulcsár, 2010). The four factors in descending order are Recapitalization (25.17%), Acquirer Bank Presence (14.65%), Revenue Enhancement (14.57%) and Merger (13.16%) indicating that there is more Recapitalization than other factors in consolidation. The factors Acquirer Bank Presence and Revenue Enhancement were derived from the hypothesized dimension “acquisition”. In total the four factors accounted for 65.55% of the variance in consolidation. The findings of the study lend support to $H_a$.

Table 2 Factor structure for consolidation

<table>
<thead>
<tr>
<th>Rotated Component Matrix</th>
<th>Recapitalization</th>
<th>Acquirer Bank Presence</th>
<th>Revenue Enhancement</th>
<th>Merger</th>
</tr>
</thead>
<tbody>
<tr>
<td>RCPT2: Only banks that have shareholders confidence goes to the capital market</td>
<td>.75</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RCPT4: Few banks that went to the market succeeded in raising the amount required.</td>
<td>.73</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACQ6: Only banks that wanted to avoid cost associated with starting new business a fresh acquired other banks</td>
<td>.71</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NTNZ4: Nationalization save shareholders and creditors from losing their investment</td>
<td>.70</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NTNZ3: Taking over provided the required capital to the rescued banks</td>
<td>.68</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>NTNZ5: Only banks with history of insolvency and negative Net Asset values were nationalized</td>
<td>.56</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACQ2: Acquisition of banks take the form of purchase of assets</td>
<td></td>
<td>.84</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACQ3: Acquiring banks register their presence where acquired banks seize to exists</td>
<td></td>
<td>.83</td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACQ5: Banks acquiring other Banks considers, number of bank branches, technology, and caliber of personnel</td>
<td></td>
<td></td>
<td>.87</td>
<td></td>
</tr>
<tr>
<td>ACQ4: Acquisition enhances revenue of the acquiring bank</td>
<td></td>
<td></td>
<td>.77</td>
<td></td>
</tr>
<tr>
<td>MER4: Banks that have medium capital base merged to form another bank</td>
<td></td>
<td></td>
<td>.89</td>
<td></td>
</tr>
<tr>
<td>MER5: Banks that have common culture merged to form an efficient, strong and reliable bank</td>
<td></td>
<td></td>
<td>.78</td>
<td></td>
</tr>
</tbody>
</table>
From the interview conducted, administered and transcribed, the data in table 3 and depicted in figure 1 provide a result, which supported the quantitative findings, where majority of those interviewed responded positively that consolidation is a multidimensional in Nigerian banking sector. Out of fifteen interviewed, twelve respondent equivalents to 80% believes that consolidation is a multidimensional concept. Only 3 (20%) respondents from recapitalized bank did not agree in dimensionality of consolidation.

**Table 3** How do you look at consolidation as multi dimensional constructs in Nigerian banking sector

<table>
<thead>
<tr>
<th>Code</th>
<th>Merger</th>
<th>ACQUISITION</th>
<th>RECAPITALISATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Co 1 Multidimensional</td>
<td>(MER 1: M1 ) (MER 1: NM1 ) (MER 1: NM2 ) (MER 1: NM3) (MER 1: M2 )</td>
<td>(ACQ 1: M1 ) (REC 1: NM1 ) (REC 1: NM2 ) (REC 1: NM3) (REC 1: M2 )</td>
<td>(REC 1: NM3) (REC 1: M2 )</td>
</tr>
<tr>
<td>Co2 Unidimensional</td>
<td></td>
<td></td>
<td>(REC 1: M1 ) (REC 1: NM1 ) (REC 1: NM2 )</td>
</tr>
</tbody>
</table>

Source: Qualitative Interview

**Figure 1** Interview Responses on the Dimensionality of Consolidation
The study observed that, the popularity of these dimensions can be associated from the way they dimension were put into used both in 2004 and 2011 and all prove efficient as such employee are very much familiar with. Similarly, when asked to comment on nationalization one senior manager expressing his mind on condition of anonymity said;

‘It is only in Nigeria that government take-over is considered as strategy to enhance efficiency after all nationalization is detrimental to organizational efficiency. In the last two decades we witnessed a period where government due to inefficiencies of its owned banks was privatized plus other public corporations, why then now nationalization again’.

5.0 DISCUSSION, CONCLUSION AND RECOMMENDATION

5.1 Discussion

Results from testing $H_1$ mean that, the factors as indicated in table 4.3 define the concept of consolidation in the Nigerian banking sector. Results mean that consolidation in the Nigerian banking sector reflects recapitalization, acquirer bank presence, revenue enhancement and merger. These results reflect the significance of consolidation for services firms such as banks reflecting that structural adjustment programs could be used to explain bank employee’s performance.

It should be noted nationalization during component factor analysis was phased out as one of the component of independent variable. Similarly using the same statistical tool, acquisition is decomposed into presence of acquirer bank and revenue enhancement as components newly introduced from the hypothesized study questionnaire to mean consolidation in Nigerian context.

Looking at qualitative data majority of the respondents believe in the dimensionality of consolidation. However, most of the respondents argued that, despite nationalization is against private enterprise, banks that were nationalized were better when compared to the period before they were taking over by the government. In summary the data supported quantitative finding indicating the multidimensionality of consolidation in Nigerian banking sector.
Empirical studies conducted across the globe employed the same constructs in defining what consolidation is all about with the exception of nationalisation. For example in the study conducted by Vannet (2002) on cross border merger in European banking, the study explained merger and acquisition as factors that can best explain the term intended for the study. Similar study conducted in Turkey (Islamglu, et al 2012) in government attempt to restructure the banking sector on consolidation exercise the authors advance that merger and acquisition are put in place during 2000 and 2001 exercise.

In their study Amel, et al (2003) on consolidation and efficiency among commercial banks in North America, Europe and Japan, the study employed merger and acquisition as two components that explained what consolidation is all about. In Nigeria Sanni (2009), Gunu (2013), employed merger and acquisition, while Abdulrahaman (2010, 2013 and 2014), used merger, acquisition and recapitalization to depict what consolidation is all about.

What is new from the study finding is the decomposition of acquisition into acquirer banks presence and revenue enhancement of the acquiring bank which was sourced from the study’s questionnaire, this decomposition entails the strength of the decomposed factors especially in banks that acquired others. This new development is telling further researchers the applicability of these constructs in next studies which are well come development that will add value to knowledge.

The study found that nationalization as a component of consolidation in Nigeria was phased out using Principle Components Analysis (PCA), with insignificant Eigen value. From available literatures those preaches free market economy, nationalization is considered as deterrent to efficiency, most stakeholders opposes to this government policy. However, the defense given by the then governor of the CBN is that if government does not initiate to take over these banks that were declared distressed with huge negative shareholders value, both shareholders and investors will lose their investments (Lamido, 2011). However it was reported that in India similar dimension was used to reinstate banks when they were on the verge of collapsing (Akarami, 2010).

5.2 Conclusions
From the finding and discussion of the research, the study concludes as follows:

Consolidation is a multidimensional construct in Nigerian banking sector, with recapitalization, merger and acquisition (which is decomposed into acquirer bank presence and revenue enhancement). However, from the finding of the study nationalization was phased out as insignificant factor in the study of consolidation in Nigerian banking sector, we therefore concludes the dimensionality of consolidation, and base on this finding the study supported $H_1$.

### 5.3 Recommendations

Based on the discussions of the research with a particular reference to regression results, the following recommendations are offered to various stake holders of the study.

1. The study recommended out of four dimensions of consolidation, merger emerged to be a good predictor of consolidation, it is advised that for banks that wanted to witness employee efficiency should engage in merger when consolidating.

2. The study is also making recommendation to banks to acquire other banks, through revenue enhancement which the study found as good predictor of consolidation in determining employee efficiency.

3. The study recommended that bank should not engage in recapitalization as a strategy to increase employee efficiency. From the study it was indicated that there is negative relationship between consolidation and employee efficiency, instead of increasing employee efficiency recapitalized banks will witness a decrease.

4. The study also recommends that acquirer bank presence a factor decomposed from acquisition should not be adopted as a strategic interventions to poster employee efficiency, results from the study finding indicated that banks that goes for acquirer presence will witnesses decrease in employee efficiency.
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