Effect of Style on Post-Merger and Acquisition Performance of Commercial Banks in Kenya

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DOI: https://dx.doi.org/10.47772/IJRISS.2024.8090136

Received: 04 September 2024; Accepted: 10 September 2024; Published: 09 October 2024

ABSTRACT

Based on the McKinsey 7S Framework, this study was undertaken to assess the effect of Style on post-Merger and Acquisition (M&A) performance of commercial banks in Kenya. The independent variable of the study is Style, operationalized through change communication, post-M&A change management, and post-M&A leadership. Post-M&A integration, the moderating variable, is measured by the degree and rate of integration. This study is anchored on the Three-step change, Resource Based View, and Universalistic Best Practice theories. The Kenyan commercial banking sector has 38 registered commercial banks currently operating in the industry; 29 of which have undergone M&A activities. A sample of 10 banks, involved in M&A activities for a period ranging from six months to five years, was selected. This timeframe recommended by Masoud et al., (2020) is critical for M&As as it allows the assessment of both short-term and medium-term integration outcomes, where initial challenges are addressed and operational synergies start manifesting. Data was collected using both primary and secondary sources. Primary data, analyzed through content and framework analyses provided qualitative insights into integration practices. Secondary data, primarily consisting of financial ratios of bank performance (Return on Assets, Return on Equity, Return on Investment, Operating Profit Margin, and Net Profit Margin) was analyzed using the Independent Sample T-test in SPSS version 28.0. Correlation analysis and inferential statistics were employed to measure the strength of relationships between study variables. The study employed a 95% confidence level with a 5% level of precision, ensuring that the results were robust and could be generalized with minimal error. These levels of precision and confidence enhance the reliability and quality of the research by reducing the likelihood of making incorrect inferences about the broader population. The findings reveal that effective change communication post-M&A significantly enhances employee engagement and reduces resistance, which in turn positively influences overall organizational performance. Change management practices that are structured and inclusive of employee feedback contribute to smoother integration processes, minimizing disruptions to operations and customer service. Leadership style was found to be a critical factor in the success of M&As, with collaborative and change leadership resulting to better post-M&A outcomes. The results further confirmed that the conceptual framework accurately predicted post-M&A performance, with Style having a positive, statistically significant effect. Additionally, post-M&A integration was found to moderate the relationship between Style and post-M&A performance, amplifying the positive outcomes when the integration was well-executed. The study concludes that the style of managing change, communication, and leadership post-M&A is critical in determining the success of commercial banks in Kenya, with a strong emphasis on transparent communication, structured change processes, and adaptive leadership styles. These findings suggest that adopting best practices in these areas can significantly enhance post-M&A performance. To enhance post-M&A performance of commercial banks, this study recommends integration of operations and systems, implementation of robust performance measurement systems, effective communication, leadership, and change management. There is need for future studies on the effects of M&A activities on the risk profile of commercial banks. This could involve examining how changes in the size, diversification, and complexity of the institution following M&A impact its risk exposure and resilience to external shocks.

Key words: Style, Mergers, Acquisitions, Change Management, Post-M&A Leadership, Change Communication, Post-M&A Integration, Post-M&A Performance.

BACKGROUND OF THE STUDY

Global Mergers and Acquisitions (M&As) generate high earnings through volume and value, posturing them as enablers of corporate scale, globalization, sustainability, competitiveness, stability, and innovations (Vanwalleghem, Yildirim, & Mukanya, 2020; Berger, Ghoul, Guedhami, & Roman, 2017; Mohamed, 2022; Giessner, Horton, & Humborstad, 2016; Nandi & Nandi, 2017). In 2021, global M&A bank deals recorded unprecedented returns of $ 5.1 trillion (PWC, 2022). Despite the high value and popularity, failure and under-performance still persist (Mohamed, 2022; Vanwalleghem et al., 2020; Berger et al., 2017; Steigenberger, 2017). Scholars estimate a 50% - 90% failure rate (Naraločnik & Bertoncelj, 2016; Sedlacek & Valouch, 2018; Masoud, Buzovich, & Vladimirova, 2020; McKinsey & Company, 2019; EY, 2024) attributed to strategic and financial factors (Masoud et al. 2020; Sedlacek & Valouch, 2018; Graebner, Heimeriks, Huy, & Vaara, 2017; McKinsey & Company, 2019) such as strategic fit, culture clash, regulatory hurdles, over-estimating synergies, and insufficient due-diligence (Berger, Ghoul, Guedhami, & Roman, 2017). LaMarsh (2023) and Westmonroe (2024) allude to the influence of style on post-M&A performance and success.

The government of Kenya through Sessional Paper No.2 of 2012, and the Basel III regulatory framework ensured a sound and resilient financial system (Ochieng et al., 2021), that sparked major re-organization in the banking sector through M&As. The sector has experienced 63 M&A activities, yielding to 38 commercial banks currently operating in Kenya, 29 of which have undergone M&As (CBK, 2023). Capital adequacy requirement of Basel III framework accelerated Kenya Commercial Bank's acquisition of National Bank of Kenya; and the cross-border acquisition of Fidelity Bank by the SBM holdings of Mauritius (Nguli & Kyule, 2020).

Need for growth and expansion of technological network ushered Kenya's M&A wave (Ochieng et al., 2021). Technology oriented banks accelerated performance through reduced costs, enhanced efficiency, and new product development (Deloitte, 2022). The merger between Commercial Bank of Africa (CBA) and National Industrial Credit Bank (NIC) was technologically oriented (Nguli & Kyule, 2020). In a bid to acquire greater financial power, influence, and tax advantages, the Equity Group adopted aggressive geographical expansion through regional acquisitions in Uganda, South Sudan, Zambia, Mozambique, Tanzania, Rwanda, and Congo (Nguli & Kyule, 2020).

Portfolio diversification gained traction in the financial sector as evidenced through the acquisition of K-Rep Bank (Sidian) by Centum investment to gain presence in commercial banking (Ochieng et al., 2021). Equatorial Bank's acquisition by Mwalimu Sacco enabled the Sacco collect deposits beyond its membership, access funds at lower rates, venture into trade finance and offer ATM services to its members (Nguli & Kyule, 2020). Even though M&As have saved financially struggling banks, the overall performance of Kenyan banks remains unsatifactory. While some banks benefit from the synergy, others struggle with their dipping performance indicators (Ochieng et al., 2021). Such failures are linked to poor strategic fit between merging entities and insufficient due diligence by the acquirer (Nguli & Kyule, 2020).

Trust bank limited that had previously undergone a merger collapsed in 1998 after a series of financial challenges occasioned by insolvency and financial mismanagement (CBK, 2023). The case of Trust bank is cited as one of the major banking failures in Kenya's financial history, emphasizing the importance of stronger regulatory frameworks. Ten banks (Delphis Bank, Ambank, Dubai Bank, Mayfair Bank Ltd, Transnational Bank, Imperial Bank, Jamii Bora bank, Spire bank, National Bank, and Sidian Bank) struggled with capital adequacy issues and underwent further M&A activities for survival (CBK, 2023). Although the Kenyan economy staggered in the first quarter of 2021 due to the COVID-19 pandemic, with a decline of almost 5.7%, banking services recorded an increase in growth; the Third Quarter Report indicated a recovery in economic activity, hence, recording an improvement from –5.5% to -1.1% (Ochieng et al., 2021).

Objectives of the Study

This study was guided by the following objectives:

Specific Objectives

(i) To examine the effect of Style on post-M&A performance of banks in Kenya;

(ii) To analyze the impact of the moderating effect of Post-M&A integration on the relationship between Style and post-M&A performance of banks in Kenya.

Reearch Hypothesis

This study hypothesized that:

$H_{01:}$ Style has no statistically significant effect on post-M&A performance of banks in Kenya;

$H_{02:}$ Post-M&A integration has no statistically significant moderating effect on the relationship between Style and post-M&A performance of banks in Kenya.

Theoretical Framework

Three-Step Change Theory (TSCT)

A firm's change model should align with the purpose of change, since aligning the change type with the method enhances realization of desired outcomes (Al-Haddad & Kotnour, 2015; Galli, 2018). Lewin (1951) developed a three-step change model (TSCT) with the concept of force field analysis, that examines the driving and resisting forces in change situations. The positive driving forces which facilitate change push staff in the desired direction to accept the change plans; while negative constraining forces may hinder change plans as these factors might push employees in the opposite direction, resulting to failure of the change plans (Okenda , Thuo, & Kithinji, 2017). Incorporating TSCT into the study allows for an examination of how well commercial banks manage each phase of the change process during M&As, providing insights into which specific actions in each phase correlate with improved performance post-M&A. This theory supports the Style variable of the study.

Universalistic Best Practice Theory (UBPT)

Universalistic theory postulated by Hodgetts and Luthans (2003) holds that there is a set of superior / best strategic processes whose adoption unavoidably leads to superior firm performance. This theory supports the post-M&A integration moderating variable of this study through the notion that certain 'best' management practices yield to firm performance. Proponents of this theory perceive certain firm practices as better suited for improvement of performance. Thus, adoption of high-performance practices of strategic management constitutes an excellent path to achievement of increased firm value, efficiency and performance principles. The UBPT demonstrates how adherence to universal best practices during post-M&A integration serves as a moderating variable, potentially enhancing the performance of commercial banks by ensuring that integration processes are managed effectively and consistently.

Resource Based View (RBV)

The RBV of a firm postulated by Barney in 1991 holds that in strategic management, the fundamental sources and driver to firms' competitive advantage and superior performance are mainly associated with the attributes of their resources and capabilities which are valuable and costly-to-copy (Barney, 1991). Barney asserts that a resource must fulfill the 'VRIN' criteria (Valuable, Rare, Inimitable, Non-substitutability) to provide competitive advantage and sustainable performance. This theory elaborates firm-specific perspective on why firms succeed or fail at the market place. By applying RBV, we gain insights into how well the banks' strategic resources and capabilities are leveraged and integrated post-

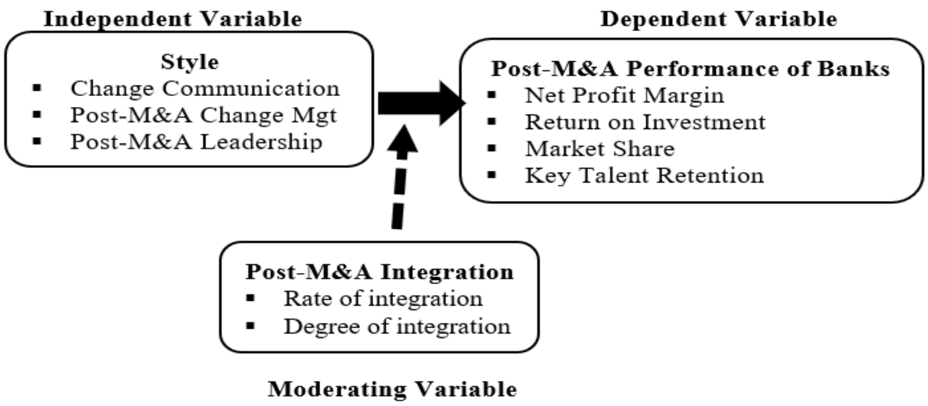
ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

M&A. This knowledge offers broad understanding of overall success / challenges faced by the banks post-M&A. This theory supports the post-M&A performance variable of the study.

Conceptual Framework

A conceptual framework is the total, logical orientation and associations of anything and everything that forms the underlying thinking, structures, plans, practices and implementation of an entire research project (Kivunja, 2018). This conceptual framework theorizes the interrelationship of Style (independent variable), Post-M&A performance of banks in Kenya (dependent variable), and the moderating effect of Post-M&A Integration on the relationship between Style and Post-M&A Performance.

Figure 1.1 Conceptual Framework



Source: Author

Style

Style refers to the leadership and management within the organization. It encompasses the prevailing attitudes, values, behaviors, and norms demonstrated by leaders and managers. This aspect influences the overall culture of the organization, including how decisions are made, how employees are motivated and empowered, and how conflicts are resolved. The leadership style can have a significant impact on employees' morale, innovation, and organizational performance (McKinsey & Company, n.d.).

a) Change Communication

Change communication is the strategic process of informing, engaging, and supporting stakeholders about the changes resulting from the M&A. It involves communicating the rationale behind the change, the expected impact on stakeholders, and the steps being taken to manage the transition effectively. The goal is to minimize uncertainty, mitigate resistance, foster alignment and support for changes ahead (Bansal & King, 2020).

b) Post-M&A Change Management

Post-M&A Change Management is a systematic and structured process of developing and implementing strategies and interventions for firms transitioning from current state to a desired state (Westmonroe, 2024). It deals with incremental and transformational change, to enhance organizational performance and capability through proactive or reactive actions, to cope with either internally induced or externally imposed changes. Management of change is a synchronized activity of moving people, groups, and entities from the current situation to a preferred situation in the future to implement or achieve a strategy and a vision (Quaicoo, 2021).

c) Post-M&A Leadership

Organizational objectives rely on the engagement and effectiveness of its employees; hence, the way leaders exhibit leadership styles or behaviors has an impact on the environment created for employees to work and collaborate (Westmonroe, 2024). Leadership influences followers' behavior regarding the organizational goal and strategy. Leadership articulates the organizational vision and builds an excellent personal relationship between followers (Al Harbi, Alarifi, & Mosbah, 2019). To date, researchers note that leadership directly or indirectly affects team commitment and workplace performance (Xie, 2020), and influences followers' behavior regarding the organizational goal and strategy (Al Harbi et al., 2019).

EMPIRICAL REVIEW

Productive resistance to change in M&A transition

In their study of two companies undergoing organizational changes, Courpasson, Dany, and Clegg (2012) verified the concept of "productive resistance" in which resistance to change has the added benefit of allowing employees to provide valuable insight into forthcoming changes. Based on information gathered from previous studies, change is accompanied by the creation of two groups, one being formed by the champions of change, and the other being the "resisters" (Courpasson et al., 2012). Courpasson et al. (2012) argue that those groups do not necessarily need to have adversarial stances, but can rather work together. By being allowed to provide insights, the resisters (usually employees) can become agents of change themselves, able to find a compromise with the opposite parties (most often top management), and are then able to assist in the transition process (Courpasson , Dany , & Clegg , 2012).

Correlation between resistance to change and affective commitment

In their study, (McKay, Kuntz, & Naswall, 2013) found that the negative correlation between resistance to change and "affective commitment," defined as an "employee's emotional attachment to, identification with, and involvement in the organization". Allen and Meyer (1990) showed the sense of belonging to the organization as being a key driver of the ultimate outcome of the merger. Management should keep this in mind when undergoing a merger, especially when a change in top management is likely to affect the company's culture and therefore an employee's attachment to the firm.

RESEARCH METHODOLOGY

This study was based on the descriptive research design. Out of the 38 registered commercial banks currently operating in Kenya, 29 have undergone M&As. A sample of 10 banks, involved in M&A activities for a period ranging from six months to five years, was selected. This timeframe recommended by Masoud et al., (2020) is critical for M&As as it allows the assessment of both short-term and medium-term integration outcomes, where initial challenges are addressed and operational synergies start manifesting. One hundred and forty-four (144) key informants holding decision-making positions in the banks, and M&A advisors who were involved in respective banks' M&A processes participated in the study.

Data was collected using both primary and secondary sources. Primary data was collected through a semi-structured questionnaire. The reliability of the questionnaire items was determined using the Cronbach's alpha coefficient. A Cronbach coefficient $\geq$0.70 determined the reliability of the data collection tool. Primary data was then analyzed through content and framework analyses. These methods provided qualitative insights into integration practices. Secondary data consisting of financial ratios of bank performance (Return on Assets, Return on Equity, Return on Investment, Operating Profit Margin, and Net Profit Margin) was analyzed using the Independent Sample T-test in SPSS version 28.0. Correlation analysis and inferential statistics were employed to measure the strength of relationships between study variables. The study employed a 95% confidence level with a 5% level of precision, ensuring that the results were robust and could be generalized with minimal error. These levels of precision and confidence enhance the reliability and quality of the research by reducing the likelihood of making incorrect inferences about the broader population. The research data was presented through inferential analysis, percentages, measures of central tendency, and measures of dispersion. The study adopted correlation and linear analyses as the inferential statistical tools, and the findings were presented in graphs and tables.

Regression Analysis

Regression determines if the predictor variables explain the (criterion) variable. The multiple regression model for primary data was: -

Equation 1 without Moderator: $Y = \beta_0 + \beta_1 X_1 + \varepsilon i$………………………. **(1)**

Equation 2 with Moderator: $Y = \beta_0 + \beta_1 X_1 + \beta mM + \varepsilon i$……………. **(2)**

Whereby:

Y - Post-M&A performance;

B_0 - Intercept coefficient or value of dependent variable when the Independent variable is zero.

εi – Error term (extraneous / stochastic variables);

X_1 – Style

βmM – Post-M&A Integration

β_1, and βmM - Regression coefficients

For secondary data, the multiple regression model was: -

$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \varepsilon ii$……………………………………………. **(3)**

Y - Net Profit Margin

α_0 - Intercept coefficient or value of dependent variable when the Independent variables are zero.

εii – Error term (extraneous / stochastic variables);

α_1 – Return on Assets

α_2 – Return on Equity

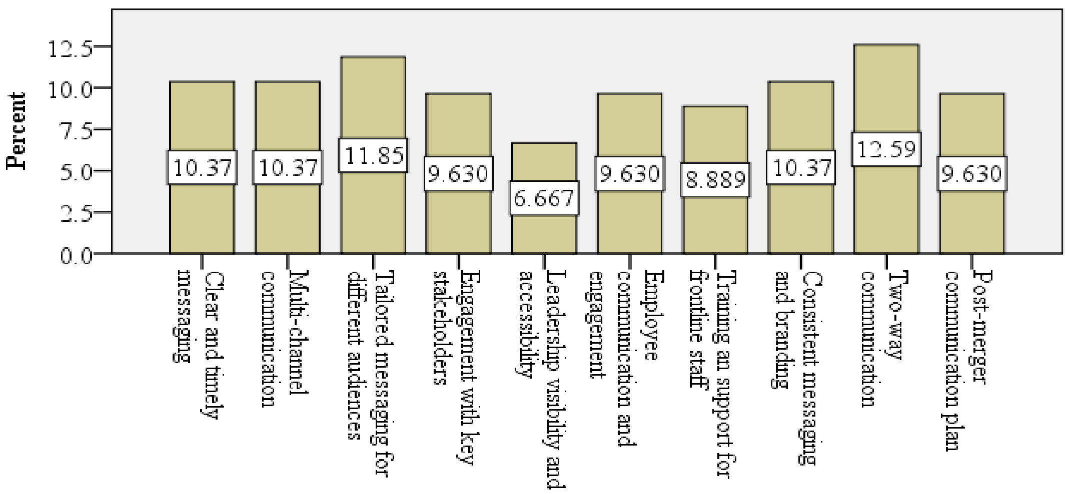
α_3 – Operating Profit Margin

α_1, α_2, α_3, - Regression coefficients

RESEARCH FINDINGS AND DISCUSSIONS

Change Communication

Figure 1.2 Communicating Operational Changes



Findings captured in figure 1.2 demonstrate that approximately 10.37% of respondents highlighted the importance of clear and timely messaging during operational changes, emphasizing the need to align employees, reassure stakeholders, and reduce uncertainty. It was noted that communicating the purpose, goals, and expected changes of M&A processes can foster understanding and buy-in while reducing resistance for a smoother transition. Timely and consistent messaging was also seen to alleviate anxiety and maintain trust throughout the process, as corroborated by Bansal & King (2020), and Engert et al. (2019), who opine that clear messaging aligned to organizational values helps reinforce a positive culture throughout the change process, since it signals the organization's commitment to its people and mission amidst significant change. They further state that timely communication minimizes disruption by providing updates on critical developments. It helps sustain business operations, keeping productivity levels steady, and prevents attrition by assuring employees and stakeholders of the institution's future direction.

Another 10.37% respondents highlighted the importance of multi-channel communication by citing its effectiveness in managing change. Utilizing various communication platforms ensures messages reach diverse audiences consistently, promoting transparency, engagement, and feedback. This approach, supported by previous research (Zagelmeyer, Sinkovics, Sinkovics , & Kusstascher, 2018; Angwin, Mellahi, Gomes, & Peter, 2016), enhances a firm's collaboration during transitions. The authors state that using multiple communication channels maximizes the reach and effectiveness of communication efforts in ensuring no one is left out. They observe that consistent messaging delivered through multiple channels strengthens understanding and retention of information. It helps avoid confusion or misunderstanding by providing the same core message through various means, which increases the likelihood of it being absorbed correctly. The authors reiterate the importance of multi-channel communication by stating that during organizational change, different stakeholders require different levels of detail and types of information that is mediated through diverse means for purposes of better absorption and interpretation. Since change is often accompanied by emotions such as anxiety or resistance; multi-channel communication allows organizations to provide support not just through formal channels but also through more personal or informal means.

11.85% of respondents mentioned the significance of tailored messaging for different audiences in effective post-M&A change management. By crafting messages that resonate with each audience's priorities and interests, banks can build trust, maintain engagement, and alleviate uncertainties. Tailoring messages demonstrates empathy, understanding, and a commitment to address diverse stakeholder needs, ultimately fostering a smoother transition and preserving the bank's cohesion. Haumer et al., (2021), and Riehl et al., (2019), assert that customized communication improves message relevance and engagement, addresses specific needs and concerns, enhances trust and credibility, reduces resistance and manages emotions. They further opine that customized messaging aligns stakeholder expectations, providing clarity during transition periods. They reiterate that tailored communication supports cultural integration, builds cohesion, and reduces misinformation.

Around 9.630% of respondents cited the importance of engagement with key stakeholders to gain valuable insights, build support, and mitigate resistance. Post-M&A engagement allows stakeholders to express concerns, ask questions, and provide input, fostering a sense of ownership and commitment to the changes ahead. This collaborative approach enhances decision-making, strengthens relationships, and fosters trust, as corroborated by Bettinazzi and Zollo (2015), and Jedin and Norsafinas (2016). The authors propound that engaging key stakeholders during organizational transitions significantly enhances change communication by building trust, reducing resistance, promoting clarity, and encouraging collaboration. It helps address stakeholder-specific concerns, fosters two-way communication, and ensures that the transition is as smooth and successful as possible. Involving stakeholders at every stage of the transition process not only improves immediate outcomes but also contributes to the long-term success of the organizational change.

Similarly, 6.667% of respondents recognized the value of leadership visibility and accessibility in demonstrating commitment, transparency, openness, and engagement during transition. Visible leaders directly communicate the vision and expectations behind the M&A, while accessible leaders create opportunities for dialogue, feedback, and collaboration. This fosters a culture of inclusivity, accountability, and resilience, as corroborated by Hadziahmetovic & Salihovic (2022), and Hasbi (2018). The authors affirm that leadership visibility and accessibility during change is critical in modeling the desired behavior and culture, supporting change adoption, strengthening organizational alignment, maintaining momentum and morale, and promoting accountability and transparency.

Employee communication and engagement was highlighted by 9.630% of respondents as crucial for understanding the reasons behind the merger/acquisition, the vision for the future, and the individual impact. Engaging employees in the process fosters a sense of ownership and reduces resistance to change, emphasizing the importance of maintaining open channels for feedback and addressing concerns promptly. This was supported by Sulaiman et al., (2023), Swarnalatha and Prasanna (2013), and Angwin et al., (2016), who assert that clear, transparent, and consistent communication reduces resistance, fosters trust, and builds employee buy-in. Engagement helps employees feel involved in the process, which reduces anxiety, boosts morale, and enhances collaboration. Well-executed employee communication and engagement ensure smoother transitions, higher adoption rates, and greater long-term success for the organization.

Similarly, 8.889% identified training and support for frontline staff as crucial for successful adaptation to new processes, systems, and roles. Training and support for front line staff is crucial to the success of institutional change because these employees are directly involved in implementing and communicating the changes to customers and other stakeholders. By providing the necessary training and resources, banks can ensure proper execution of changes, reduce resistance, enhance customer experience, and foster higher employee engagement. Ultimately, well-supported frontline staff contribute significantly to the smooth and successful implementation of any organizational transition. Bansal (2017b) reiterates that investing in staff preparedness leads to better integration post-M&A and boosts overall effectiveness in ensuring proper implementation of changes, minimizing operational disruptions, and adapting to future changes. Other Scholars (Olsen & Stensaker, 2014; James, 2016) observe that training and support for frontline staff yields to facilitation of a smooth cultural shift, aligning staff with organizational goals, developing change champions, supporting effective internal communication, increasing engagement and morale, improving customer experience, and reducing resistance to change.

Consistent messaging and branding, mentioned by 10.37% respondents, plays a vital role in aligning perceptions and building trust among employees and customers. By maintaining a unified vision and identity, organizations can navigate changes more smoothly and uphold credibility. These findings are corroborated by Liu et al., (2018) who assert that consistent messaging and branding are essential for guiding employees, customers, and stakeholders through organizational transitions with clarity and confidence. They build trust, reduce confusion, align stakeholders with the organization’s vision, and reinforce brand identity. By maintaining consistency in messaging, organizations can ensure a smoother transition, minimize resistance, and preserve both internal engagement and external trust during the change process.

Additionally, two-way communication (12.59%) fosters inclusivity, ownership, and trust during transition. Encouraging open dialogue helps address concerns, gather insights, and promote collaboration among stakeholders. These findings are supported by Riehl et al., (2019) who opine that Two-way communication builds trust, encourages employee buy-in, and allows organizations to address resistance and feedback in real time. By fostering collaboration, clarifying expectations, and ensuring leadership accountability, two-way communication creates a more adaptive and resilient organization. Ultimately, it leads to more effective implementation of change, higher employee morale, and a smoother transition process.

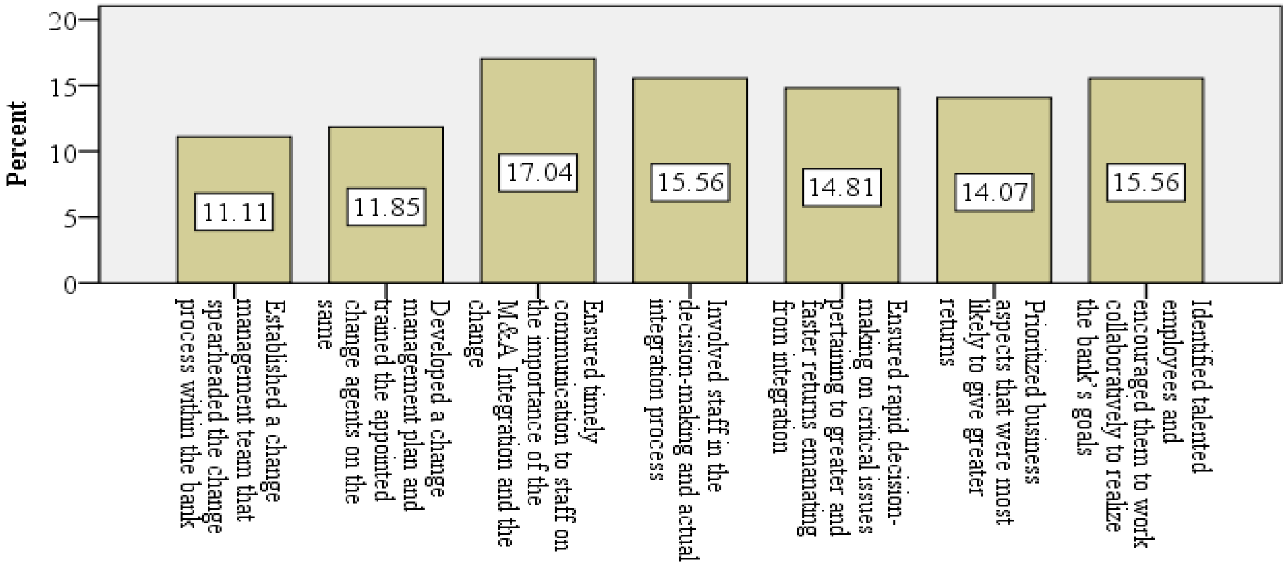
Moreover, 12.59% emphasized the significance of a Post-M&A communication plan in providing clarity and consistency about the merger's purpose, outcomes, and direction. This plan facilitates engagement, cultural integration, and retention of talent by addressing concerns, promoting understanding, and highlighting benefits proactively. Effective communication mitigates resistance to change, minimizes disruptions, and ensures alignment among all stakeholders. These findings are corroborated by Angwin et al., (2016) who submit that communication plans serve as the foundation for delivering clear, consistent, and timely messaging to all stakeholders, ensuring that everyone understands the benefits and impact of

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

the change. The communication plan provides direction, reduces uncertainty, and fosters engagement throughout the transition process.

Post-M&A Change Management

Figure 1.3 Change Management Techniques



Findings in Figure 1.3 indicate that 11.11% of the respondents cited that their banks established a change management team that spearheaded the change process. The change management team provided a unified leadership body responsible for overseeing the entire change process, ensuring consistency in decision-making, prioritization of efforts, and the coordination of resources. With a centralized team in place, there was a clear direction for all stakeholders, reducing confusion, miscommunication, and duplication of efforts. This enhanced the efficiency and effectiveness of the change process.

In support of these study findings, Bögel et al., (2019) aver that an expert change management team in organizational development, communication, project management, and employee engagement, delivers comprehensive strategies tailored to the organization's specific needs and challenges. The team's specialized knowledge allows them to design change strategies that are practical, aligned with the organizational culture, and capable of addressing resistance. This increases the chances of achieving successful and sustained change.

Phillips and Klein (2023) assert that a change management team is very important during organization transition, and is charged with identifying potential obstacles and risks that could derail the change process and develops contingency plans to address them. The team monitors the process closely, adjusting strategies as necessary to stay on track. By being proactive and adaptive, the team can mitigate resistance and resolve issues before they escalate. This leads to a smoother, less disruptive transition and ensures that the change progresses according to the timeline and set objectives.

Fusch et al., (2020) observe that the team is responsible for tracking the progress of the change initiatives, holding people accountable, and ensuring that key performance indicators (KPIs) are met. They ensure that the change management process adheres to deadlines and quality standards. The team's accountability measures ensure that change initiatives stay on track and that there is continuous progress toward the organizational goals. This helps avoid delays, inefficiencies, or incomplete implementation. Rowland et al., (2023) assert that the presence of a change management team cultivates a culture where change is viewed as a natural part of the organization's evolution rather than a disruptive event. The team helps foster adaptability and resilience among employees. Over time, organizations with strong change management teams become more agile and adaptable to future changes. Employees become more change-ready, and the organization can implement changes more smoothly in the future.

Development of a change management plan and training of appointed change agents was cited by11.85%. this technique aided in obtaining a structured and clear direction in change implementation. The change management plans outlined the goals, timelines, and strategies to guide the banks through the transition. The plans also entailed strategies for employee engagement, communication, and feedback mechanisms, to ensure that they were included in the process, their concerns were addressed, to emphasize that the banks valued them. The plans provided a clear roadmap for all stakeholders, ensuring that everyone understands the vision, objectives, and steps needed to achieve the desired change. This reduced confusion, aligned efforts, and ensured that key milestones were met.

Change agents were responsible for promoting, leading, and reinforcing the change process during the transition period. The training administered to the change champions ensured that they could anticipate challenges, communicate the benefits of the change, guide employees through the transition, communicate effectively, resolve conflicts, motivate their colleagues, and offer ongoing support. The change agents also acted as a bridge between leadership and employees, ensuring that employees' feedback is heard and their involvement is encouraged. They change champions customized communication strategies to different departments, ensuring that the messaging was understood across all levels of the organization. These strategies went a long way in fostering greater employee participation and minimized resistance to change, increasing the likelihood of a smooth transition and integration.

Karasvirta and Teerikangas (2022) opine that when organizations are addressing cultural alignment, change management planning addresses how the change aligns with the institution's culture, values, and vision. This alignment ensures that the change is not perceived as a threat to the organizational identity but as a strategic development that fits into the broader institutional goals. Change agents help communicate the alignment between the change and the institution's values, helping to smooth cultural integration and avoid cultural resistance. The cultural fit ensures that change is accepted and integrated into the daily practices of the institution, reducing friction and increasing sustainability.

Yenkong (2020) asserts that change management plans include provisions for risk assessment and problem resolution, that enable institutions to anticipate potential barriers or challenges and have strategies in place to address them. Change agents identify potential issues early and address them before they escalate. They navigate through resistance and provide solutions to problems that arise during the process. This way, organizations are able to minimize risk, and adapt quickly to challenges, ensuring the change process stays on track.

Chowdhury and Shil (2022) cite that change management planning entails sustained change and long-term Success. This planning factors post-implementation evaluation and measures for sustaining the change. This ensures that the institution doesn't revert to old ways after the initial phase of the transition. The authors stipulate that change agents continue to play a role in reinforcing the change after implementation, ensuring that the new processes and behaviors become part of the institution's ongoing operations. This way, change becomes embedded in the institution's operations, ensuring long-term success and continuous improvement.

Timely communication to staff on M&A integration and the change (17.04%) ensured a smooth integration process by aligning the integration objectives and helping employees understand how their roles fit into the new structure. Clear and timely updates on integration milestones and activities supported coordination efforts across different teams and departments. Effective communication during the integration phase streamlined processes and minimized disruptions. Consequently, timely communication mitigated resistance to change by addressing employees' concerns before they escalated into resistance. Regular updates helped reassure employees about job security, changes in responsibilities, and the overall direction of the integration. Reducing resistance through timely communication fostered a more supportive environment for the integration process.

In support of these insights, Riehl et al., (2019) state that timely communication impacts employee morale and engagement. By keeping employees informed, trust is built and transparency is nurtured; culminating to an engaged and motivated work-force that is more likely to contribute positively to the integration efforts. Further, timely communication promotes alignment and coordination across various parts of the organization through consistent information sharing and collaboration.

Bansal and King (2020) observe that M&A integrations often involve significant changes that can cause confusion, hence timely communication helps minimize this by providing clear instructions on new procedures, systems, or roles, reducing confusion and disruption. It also helps in managing expectations regarding the timeline and scope of changes, preventing misunderstandings. They underscore that effective communication minimizes operational disruptions and helps maintain business continuity.

Hasanaj and Manxhari (2017) posit that timely communication strengthens organizational culture through clear communication about how the merger or acquisition aligns with organizational values helps preserve cultural continuity. Timely updates on cultural integration efforts help shape and reinforce the new organizational culture. Strong communication supports the integration of cultures, promoting cohesion within the organization. Timely communication also ensures that employees have the information they need to make informed decisions and execute their tasks effectively when provided with most current information. Timely communication enables employees to quickly adjust their work practices to align with new processes or structures.

Bel et al., (2018) point out that timely communication enhances leadership credibility since regular updates show that leadership is actively managing the integration and is knowledgeable about the process. Transparent communication builds confidence in the leadership's ability to navigate the change successfully, fostering trust and supporting the successful management of the change.

Staff involvement in the decision-making and actual integration process (15.56%) increased buy-in and ownership, raised staff's commitment to the cause, and reduced resistance to change. Involving staff in decision-making promoted a culture of trust and transparency between leadership and employees, leading to the strengthening of relationships and increased transparency. Employee involvement enhanced problem-solving and innovation through the new perspectives and ideas generated by staff to improve the integration process. Consequently, staff involvement encouraged creative thinking and innovation, leading to more effective solutions for integrating processes, systems, or cultures. This collaborative approach resulted in better problem-solving and a more successful integration considering that staff were able to identify challenges and obstacles that leadership may overlook. When staff are involved, communication flows more freely across different levels of the organization leading to better understanding of the change, improved information flow, and effective communication and alignment to minimize confusion and ensure smooth transition. Staff involvement increases engagement and motivation by empowering employees, and creating a sense of purpose. Engaged employees are more likely to embrace change and actively contribute to its success.

In support of the study findings, Haqq et al., (2022) observe that resistance to change is common in organizational transitions, but involving staff in decision-making can significantly reduce this. When employees are part of the process, they can voice their concerns early on, allowing leadership to address issues proactively. involving staff in decision-making creates a culture of collaboration, where employees feel they are working with leadership rather than having changes imposed on them. Hence reducing resistance accelerates the change process and helps avoid delays or disruptions.

Chekole (2021) opines that involving staff in the actual integration process enhances the implementation of new systems, processes, and structures by leveraging employee expertise, ensuring feasibility and avoiding issues that arise when decisions are made without considering operational realities. This leads to smoother implementation and fewer operational disruptions. Subsequently, Staff involvement helps preserve or strengthen organizational culture during M&As by aligning cultures, and reinforcing values. A cohesive organizational culture helps integrate teams and promote unity during the change.

Obiekwe et al., (2019) suggest that involving staff in decision-making provides valuable support to leadership through distribution of responsibility, and building leadership credibility as employees view their leadership as inclusive and collaborative. Involving employees in the decision-making and integration process enhances the sustainability of the changes through embedding change in daily operations, and ensuring continued support from the staff long after the integration process is completed. This sustainable change ensures long-term success and helps the organization achieve its strategic objectives.

Prioritizing business aspects that were most likely to give greater returns (14.81%) significantly impacted post-M&A change management. Focusing on high-return areas during the integration process improved the success of the M&A by ensuring that resources were allocated efficiently, key strategic objectives were met, and the overall financial performance of the new entity was maximized. Effective resource allocation helped the banks to avoid spreading themselves too thin and ensured that key priorities were addressed first, setting a strong foundation for long-term integration. Prioritizing high-return areas helped to focus on maximizing synergies in the merged entity, particularly in areas like cost savings, operational efficiencies, and revenue generation; leading to stronger financial performance in the short term and support the long-term viability of the M&A. A clear focus on growth drivers, such as expanding into new markets, leveraging cross-selling opportunities, or enhancing product offerings, ensured that the merged entity captured new revenue streams quickly. Improved financial performance increased shareholder confidence and supported further investments in other aspects of the integration.

Findings further revealed that prioritizing high-return areas resulted in visible, measurable progress in the integration process, which reassured investors and stakeholders. Early financial gains and successful implementation of key initiatives demonstrated that the M&A was on track to achieve its intended goals. Delivering strong financial returns or operational improvements in key areas strengthened the banks' position in the market, improving their reputation and attracting more investors. Prioritizing business aspects that were most likely to give greater returns aligned with the banks' long-term strategic goals. By focusing on core competencies, growth markets, or high-margin products, the banks positioned themselves more effectively to achieve their strategic vision post-M&A. Focusing on high-impact areas provided clarity for decision-makers, allowing them to streamline operations and eliminate or deprioritize aspects of the business that do not contribute to the overall strategy. Alignment with strategic goals ensured that the integration process supported the broader objectives of the banks, helping to drive long-term success.

In support of the study findings, Steigenberger and Ebers (2023) opine that by narrowing the scope to focus on high-return areas, the integration process becomes more manageable. Rather than attempting to integrate every aspect of the organization simultaneously, leadership should focus on key areas first, to reduce complexity and the risk of errors or delays. Prioritizing critical business functions also minimizes disruptions to daily operations, as attention is placed on integrating the most important elements first, allowing non-priority areas to be addressed later. Thus, a simplified integration process helps to avoid overwhelming employees and ensures that the most important changes are implemented smoothly. Early success builds credibility and support from both internal and external stakeholders, which is critical for long-term stability.

On the other hand, the authors state that prioritizing high impact areas may present the risk of neglecting other equally important areas. While focusing on high-return business areas may boost financial performance, it can result in the neglect of less immediately profitable, but still important, areas, such as cultural integration or employee engagement. Failure to address these aspects can lead to long-term challenges, including employee dissatisfaction and high turnover. Some lower-return business functions (e.g., back-office operations or HR functions) might be overlooked in the early stages, leading to inefficiencies or misalignment in the long term. Neglecting critical non-financial aspects can create issues that may undermine the success of the merged entity in the future (Steigenberger & Ebers, 2023).

McKinsey & Company (2021) observe that focusing on high-return areas can place disproportionate pressure on teams responsible for those areas, leading to overwork, burnout, or errors. Meanwhile, other teams may feel sidelined or neglected, leading to dissatisfaction or disengagement. Prioritizing some aspects over others may create tension between departments or units, especially if resources are unequally distributed. This unevenness can disrupt collaboration and create internal conflict, which can undermine the broader goals of the integration. Bodner and Capron (2018) assert that focusing too heavily on high-return areas may lead to an overemphasis on short-term financial gains, while longer-term strategic elements, such as innovation, employee development, or research and development, are underfunded or deprioritized. A narrow focus on immediate financial returns may result in the organization being less flexible or innovative, as resources are tied up in high-return areas rather than being spread across a broader set of initiatives that could support long-term growth. Hence, short-term focus can hinder the organization's ability to adapt to future challenges or opportunities, affecting its sustainability.

Steigenberger and Ebers (2023) aver that if leadership focuses too much on financial returns and operational performance, employee morale and engagement may suffer, especially if employees feel that their needs and concerns are not being prioritized. This can result in lower productivity, higher turnover, and resistance to further changes. Employees in areas that are not considered high-return may feel excluded from the integration process, leading to feelings of uncertainty and a lack of commitment to the new organization. Employee engagement is critical for successful change management, and overlooking this aspect can lead to problems that affect performance and retention.

Bansal and King (2020) suggest that to effectively manage change while prioritizing high-return business aspects, organizations should take a balanced approach that includes communicating the rationale behind the prioritization to employees at all levels, ensuring they understand the long-term goals and the importance of the chosen focus areas. They should also involve key stakeholders from various business functions in the prioritization process to ensure that important, non-financial aspects, such as employee engagement, culture, and innovation, are not overlooked. The authors recommend a phased approach to integration, where high-return areas are prioritized first, but other important business functions are addressed in subsequent phases to ensure long-term sustainability. By striking a balance between short-term priorities and long-term goals, organizations can maximize the positive impact of prioritizing high-return areas without neglecting other crucial aspects of the business.

Identifying talented employees and encouraging them to work collaboratively to realize the bank’s goals (15.56%) accelerated change implementation by leveraging key talents’ skills and experience. The talent was more adaptable to change and drove the adoption of new processes and strategies. By identifying and empowering them, the banks were able to speed up the implementation of changes. Talented employees served as change champions, advocating for the change and influencing others to embrace it. Their leadership helped reduce resistance among staff, encouraged faster and broader acceptance of the new direction. This strategy enhanced cross-functional collaboration and innovation, bringing diverse perspectives and expertise, that led to innovative solutions for challenges that arose during the change period. Collaboration among top talent fostered an environment where creative problem-solving thrived. As employees worked together, they found more effective ways to navigate the transition and integrate new processes and systems. This collaborative approach encouraged innovation, which is critical for adapting to new business environments during times of change.

The study established that identifying and encouraging talented employees sends a strong signal that the organization values its people. This recognition boosts morale and motivates employees to fully engage with the change process. When employees are encouraged to work together toward common goals, it fosters a sense of camaraderie and teamwork. This can increase overall engagement and create a more positive organizational culture during the transition. High morale and engagement are critical for ensuring that employees remain committed and productive throughout the change process. Further, employees who were involved in driving organizational change took ownership of the outcomes. This sense of responsibility led to higher levels of accountability, ensuring that key initiatives were executed effectively. The talented employees who worked collaboratively became role models for others, demonstrating how to embrace the change and contribute to the organization’s success. This helped set a positive tone and encouraged others to follow suit. Greater ownership and accountability led to higher performance and helped ensure that change initiatives were completed successfully.

Mckinsey & Company (2020) assert that collaborative efforts among talented employees allow for the sharing of expertise and best practices. This can help upskill other employees, enabling them to better cope with the changes and contribute to the organization’s goals. Talented employees can serve as mentors to others during the transition, helping less experienced employees navigate the changes and develop the skills needed in the new environment. Knowledge sharing and skill development ensure that the workforce is well-prepared to adapt to the changes, leading to more sustainable success. The authors further assert that talented employees often have significant influence within the organization. When they are visibly supporting and working toward the organization’s goals, they can help reduce resistance to change by building trust among their peers. Involving key talent in collaborative change efforts ensures that the change process is more inclusive. This inclusivity can reduce feelings of alienation or resistance, as employees feel that their voices and contributions are valued. Reducing resistance is crucial for ensuring that the change process runs smoothly and that employees remain aligned with organizational objectives.

Sun (2024) suggests that by identifying the strengths of talented employees and aligning them with the organization’s goals, leadership ensures that people are working in roles where they can be most effective. This alignment leads to better performance and a greater chance of success for change initiatives. Talented employees who are placed in roles that suit their skills are more likely to perform at a high level, contributing directly to the organization’s goals. Encouraging collaboration among them further amplifies their impact. Aligning employee strengths with organizational goals ensures that the change process is not only efficient but also successful in achieving desired outcomes.

Mckinsey & Company (2024) propound that involving talented employees in change efforts gives them the opportunity to develop leadership skills. This prepares them for future leadership roles and strengthens the organization’s leadership pipeline. Encouraging collaboration among talented employees ensures that the organization has a group of individuals who are prepared to step into leadership roles when needed, especially during times of change. A strong leadership pipeline ensures continuity and stability, which are essential for long-term success after major organizational transitions.

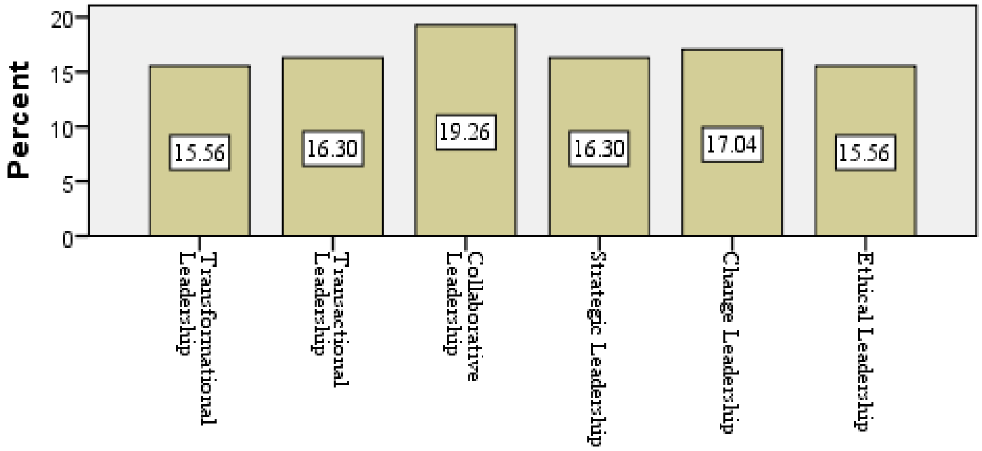
Sun (2024) opines that, talented employees who collaborate effectively are better equipped to adapt to changing circumstances. Their ability to work together to solve problems and find new opportunities helps the organization remain agile in a dynamic business environment. Collaboration among talented employees enables the organization to respond more quickly to challenges or setbacks during the change process. This agility is critical for overcoming obstacles and ensuring a smooth transition. Organizational agility is a key factor in successful change management, as it allows the company to pivot and adjust its strategies as needed.

Asdar (2024) opines that encouraging collaboration among talented employees promotes a culture of teamwork, mutual respect, and shared success. This cultural shift can have lasting benefits for the organization, extending beyond the immediate change process. A collaborative culture leads to stronger relationships among employees, better communication, and a more cohesive organization. These benefits continue to drive success even after the change has been fully implemented. A culture of collaboration strengthens the organization’s foundation, making it more resilient and better equipped to handle future changes.

Post-M&A Leadership

Findings from Figure 1.4 reveal that 15.56% of respondents emphasized Transformational leadership due to its ability to promote motivation, workplace integrity, clear vision, professional development, loyalty, decreased turnover, passion, smooth transitions, and improved communication. This leadership style, as Northouse (2021) explains, is effective during organizational change by inspiring and motivating employees to reach their full potential. Transformational leaders are able to unite employees towards common goals, which can be particularly useful during M&As when resistance to change may be prevalent. On the other hand, 16.3% cited Transactional leadership which focuses on setting goals, providing rewards, and monitoring performance, which may be beneficial for operational aspects of M&As.

Figure 1.4 Post-M&A Leadership



Susanto and Sawitri (2022) observe that transactional leadership can provide the much-needed structure, accountability, and stability after organizational change, especially in the short term. However, it has its limitations, such as its focus on extrinsic motivation, potential to stifle innovation, and lack of emphasis on employee engagement and long-term vision. While transactional leadership can be highly effective for ensuring that tasks are completed and immediate goals are met during the early stages of post-change integration, it often needs to be balanced with other leadership approaches, such as transformational leadership, to address the long-term needs of the organization and foster innovation, adaptability, and employee development. Tian et al., (2021) propound that transactional leadership may not be as effective in inspiring innovation and collaboration among employees.

Collaborative leadership (19.26%) is highlighted for boosting morale, fostering innovation, articulating shared vision, empowering teams, promoting problem-solving, decision-making, adaptability, and operational efficiency. In corroboration of these study findings, Maalouf (2019) observes that collaborative leadership is all about harnessing collective intelligence, creativity, and passion of a team to achieve common goals. During change, collaborative leaders empower teams to navigate transitions successfully, fostering engagement, innovation, and resilience. By promoting collaboration, inclusivity, and shared ownership, collaborative leaders create a supportive environment where staff can thrive and contribute to collective success.

Strategic leadership (16.30%) aimed to enhance team productivity, communication, shared leadership, work quality, job satisfaction, planning skills, and innovation. In corroboration with these study findings, Nahak and Ellitan (2022) observe that Strategic leadership includes the ability to anticipate, have vision, and maintain flexibility, empowering others to create the necessary strategic changes. This leadership style has important effect on the organization's efforts to gain competitiveness strategically and earn above-average profits.

Change leadership (17.04%) was crucial for smooth transitions and successful integration by identifying key roles and encouraging experimentation, feedback, and innovation. It contributed largely in enhancing employee engagement and retention, promoted cultural integration, and ensured strategic alignment. Musaigwa (2023 opines that strong change leadership culture reduces resistance and fear of change, it builds trust and collaboration across the organization, as well as supports financial performance. Lebghadi and Zammar, 2023) observe that change leadership monitors and manages performance metrics, as well as ensure continuous monitoring. Change leadership not only addresses immediate post-M&A needs, but also prepares the organization for future challenges. Leaders help build organizational resilience by fostering an adaptable, learning-oriented culture that can handle ongoing changes or future disruptions. Lebghadi and Zammar (2023) further attest that effective change leaders understand that post-M&A integration is an ongoing process and are committed to sustaining the benefits of the M&A over the long term. This includes continuously improving operations, enhancing employee engagement, and adapting to new market conditions.

Ethical leadership (15.56%) played a vital role in strengthening organizational culture, attracting top talent, maintaining customer loyalty, appealing to investors, establishing clear standards, integrating ethics in decision-making, and leading with humanity. Ethical leaders prioritize transparency, empathy, fairness, and trust during times of change to guide the organization with integrity. Xiang (2023) observes that ethical leadership means communicating openly with stakeholders, considering the impact of decisions on all involved parties, and upholding values even in challenging circumstances. It is all about guiding the organization through change while maintaining integrity and trust.

Hypothesis Testing

The study sought to establish the effect of Style on post-M&A performance of banks in Kenya. The following null hypothesis was drawn:

$H_{01:}$ Style has no statistically significant effect on post-M&A performance of banks in Kenya;

To test for this hypothesis, a univariate regression model was adopted. The model was of this form:

$Y = \beta_0 + \beta_1 X_1 + \varepsilon i$

Model summary, Analysis of Variance (ANOVA), and regression coefficients, were used to determine the rejection, and failure to reject the null hypotheses. Study findings are as indicated in Table 1.1.

Table 1.1 Style and Post-M&A Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.823[a]	.677	.674	1.549
a. Predictors: (Constant), Style				

Findings in Table 1.1 show that the value of R^2 is 0.677, implying that 67.7% of variation in post-M&A performance can be attributed to Style. However, the remaining 32.3% variation in post-M&A performance can be attributed to other aspects other than Style. Findings further illustrate that Style and post-M&A performance are strongly and positively related as indicated by the correlation coefficient (R) value of 0.823. This finding is corroborated by Bodner and Capron (2018) who found that organizations that effectively managed change during post-M&A integration were more likely to achieve their strategic objectives and financial targets. Bansal and King (2020) concur with this finding and propound that clear communication, training, and support, positively impact post-M&A performance by reducing uncertainty and anxiety among employees.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	668.364	1	668.364	278.495	.000[b]
	Residual	319.188	133	2.400		
	Total	987.552	134			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Style						

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

ANOVA findings present a p-value of 0.000 < 0.05, indicating that the model is significant. The F-calculated value 278.495 > F-critical value ($F_{1,133} = 3.94$); hence the model is reliable and can be used to predict post-M&A performance of banks in Kenya.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.914	.312		-2.928	.004
	Style	.981	.059	.823	16.688	.000
a. Dependent Variable: Performance						

The following model was fitted from the coefficients Table:

$Y = -0.914 + 0.981X_1$

From the equation, when the style variable is held to a constant zero, post-M&A performance will be at a constant value of -0.914. The findings also show that a unit increase in style will lead to a unit 0.981 increase in post-M&A performance. The findings also show that the t-statistic 16.688 has a p-value = 0.000 < 0.05. Therefore, we reject the first null hypothesis ($H0_1$) and conclude that the style variable has a significant statistical effect on post-M&A performance of commercial banks in Kenya. Cartwright and Schoenberg (2006) posit that strategic leadership can lead to improved employee morale, increased productivity, and better overall performance.

MODERATED SUMMARY MODEL

H_{02}: Post-M&A integration has no statistically significant moderating effect on the relationship between style and post-M&A performance of banks in Kenya.

To test for this hypothesis, a multivariate regression model was adopted. The model was of this form:

$Y = \beta_0 + \beta_1 X_1 + \beta mM + \varepsilon i$

Model summary, Analysis of Variance (ANOVA), and regression coefficients, were used to determine the rejection, and failure to reject the null hypotheses. Study findings are as indicated in Table 1.2.

Table 1.2 Moderated Style and Post-M&A Integration

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.896[a]	.802	.799	1.217
a. Predictors: (Constant), Integration, Style				

Findings in Table 1.2 show that the value of R^2 is 0.802, implying that 80.2% of variation in post-M&A performance can be attributed to Style. However, the remaining 19.8% variation in post-M&A performance can be attributed to other aspects other than style. Evidently, the moderated R^2 (0.802) is greater than the unmoderated R^2 (0.677). Findings further illustrate that the moderated style and post-M&A performance are strongly and positively related as indicated by the correlation coefficient (R) value of 0.896, which is greater than the unmoderated correlation coefficient of 0.823. Extant literature propounds that the effectiveness of post-M&A Integration significantly moderates the outcomes of M&A Activities in

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

organizations by influencing operational, financial, and strategic success (Hitt et al., 2018; Weber et al., 2019).

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	791.971	2	395.985	267.255	.000[b]
	Residual	195.581	132	1.482		
	Total	987.552	134			
a. Dependent Variable: Performance						
b. Predictors: (Constant), Integration, Style						

ANOVA findings had a p-value of 0.000 < 0.05, showing that the model is significant. The F-calculated value 267.255 > F-critical value ($F_{2,132}$ = 3.072); hence the model is reliable and can be used to predict post-M&A performance of banks in Kenya.

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-2.054	.275		-7.464	.000
	Style	.436	.075	.366	5.776	.000
	Integration	1.639	.179	.578	9.134	.000
a. Dependent Variable: Performance						

The following model was fitted from the coefficients Table:

$Y= -2.054 + 0.436X_1 + 1.639M$

When moderated style is held at a constant zero, post-M&A performance is maintained at -2.054. A unit increase in moderated style results to a 0.436 unit increase in post-M&A performance. The Beta value of the moderated style is 0.436, whereas the unmoderated Beta value of style is 0.981, suggesting that introduction of the moderating variable reduced the amount of variation in post-M&A performance that can be explained by the style variable. Since the T-statistic 9.134 has a p-value of 0.000 < 0.05, we reject the second null hypothesis ($H0_2$) and conclude that Post-M&A integration has a statistically significant moderating effect on the relationship between style and post-M&A performance of banks in Kenya.

Table 1.3 Group Statistics

Group Statistics					
	Pre /Post	N	Mean	Std. Deviation	Std. Error Mean
ROA	Pre	20	1.85	1.137	.254
	Post	10	2.67	.570	.180
ROE	Pre	20	12.19	8.617	1.927
	Post	10	18.20	4.122	1.304

ISSN No. 2454-6186 | DOI: 10.47772/IJRISS |Volume VIII Issue IX September 2024

ROI	Pre	20	7.90	4.660	1.042
	Post	10	4.66	1.035	.327
OPM	Pre	20	6.10	3.441	.769
	Post	10	8.60	2.206	.697
NPM	Pre	20	9.60	6.797	1.520
	Post	10	14.77	5.861	1.853

Table 1.4 Independent Samples T-Test

Independent Samples Test										
		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
ROA	Equal variances assumed	13.240	.001	-2.144	28	.041	-.823	.384	-1.609	-.037
	Equal variances not assumed			-2.640	27.978	.013	-.823	.312	-1.461	-.184
ROE	Equal variances assumed	7.947	.009	-2.076	28	.047	-6.008	2.894	-11.937	-.079
	Equal variances not assumed			-2.583	27.993	.015	-6.008	2.326	-10.773	-1.243
ROI	Equal variances assumed	17.252	.000	2.155	28	.040	3.242	1.504	.161	6.322
	Equal variances not assumed			2.968	22.471	.007	3.242	1.092	.979	5.504
OPM	Equal variances assumed	6.172	.019	-2.088	28	.046	-2.506	1.200	-4.964	-.048
	Equal variances			-2.413	25.997	.023	-2.506	1.038	-4.641	-.371

	not assumed									
NPM	Equal variances assumed	1.181	.286	-2.051	28	.050	-5.171	2.522	-10.336	-.006
	Equal variances not assumed			-2.157	20.734	.043	-5.171	2.397	-10.159	-.183

Independent Samples T-tests

Using the Levene's Test, an independent samples T-test was undertaken on the financial ratios (Return on Assets, Return on Equity, Return on Investment, Operation Profit Margin, and Net Profit margin) to assess whether the means of the pre and post-M&A were different. The hypotheses of the T-test were as follows:

$H_{0:}$ The variances of the pre and post M&A groups of the financial measures of performance are equal;

$H_{A:}$ The variances of the pre and post M&A groups of the financial measures of performance are not equal.

The Levene's test assumes that the variance is equal across the groups (Pre and Post), of the individual financial measures of performance.

(i) Effect of M&A on Return on Assets (ROA)

Based on secondary data captured in Table 1.4, the p-value 0.001 < 0.05 indicating that there is a significant difference in variance between the pre and post-M&A Return on Assets (ROA). We therefore reject the null hypothesis and adopt the alternative hypothesis that assumes unequal variance. Based on group statistics in Table 1.3, The means of the two groups (1.85 and 2.67) are statistically different. The calculated t-statistic of the alternate hypothesis is -2.640 at 27.978 df. When compared to the critical value the calculated t statistic is greater than the critical t-value (-2.640 > $\pm$ 1.701). The negative t-statistic of H_A suggests that the Mean of ROA at post-M&A is higher than that of pre-M&A, and also means that there was a significant difference in variance of pre and post-M&A ROA. The improvement in ROA signals enhanced asset efficiency; indicating that the merged entities are using their assets more efficiently to generate profits. This could be due to successful integration, elimination of redundancies, better utilization of existing assets, or streamlined operations that reduce costs and improve asset turnover.

A study by Jallow et al., (2017) reported a drastic reduction of about 8% of firm's return of assets from pre-merger to post-merger; signaling a decline attributed to decline of management efficiency in employing available assets to generate earnings. On the other hand, Borodin et al., (2020) indicates that M&As can lead to improvements in return on assets (ROA), primarily driven by increased efficiency and cost savings. Therefore, this secondary data and extant literature indicate that the effect of M&A on ROA can be both positive and negative, depending on factors such as the strategic rationale behind the deal, execution of integration process, and the overall market conditions.

(ii) Effect of M&A on Return on Equity (ROE)

The p-value 0.009 < 0.05 indicating that there is a significant difference in variance between the pre and post-M&A Return on Equity (ROE). We therefore reject the null hypothesis and adopt the alternative hypothesis that assumes unequal variances. The means of the two groups (12.19 and 18.20) are statistically different. The calculated t-statistic of the alternate hypothesis is -2.583 at 27.993 df. When compared to the critical value the calculated t statistic is greater than the critical t-value (-2.583 > $\pm$ 1.701). The negative t-statistic of H_A suggests that the Mean of ROE at post-M&A is higher than that of pre-M&A, and also means that there was a significant difference in variance of pre and post-M&A ROE.

Improvement in ROE points to increased shareholder returns; suggesting that the merged entities are generating higher profits relative to shareholders' equity. This could result from a combination of better profitability (due to improved operations or synergies), and possibly a reduction in equity (through share buybacks or financial restructuring), which enhances the returns on the remaining equity base. Research demonstrates that M&A transactions can have a significant impact on a firm's ROE. On one hand, M&A activities can lead to an increase in ROE by enabling companies to achieve economies of scale, access new markets, and diversify their product offerings (Entezarkheir & Sen, 2017; Tran, 2023). For example, a company that acquires a competitor may be able to reduce costs through synergies and increase its market share, leading to higher profits and a higher ROE. On the other hand, M&A transactions can also have a negative impact on ROE. For example, if a company overpays for an acquisition or fails to integrate the acquired company effectively, it may experience a decrease in profitability and a lower ROE (Muhammad et al., 2019). Additionally, the financial leverage involved in M&A transactions can also impact ROE, as increased debt levels may lead to higher interest expenses and lower profits. Hence, the secondary data demonstrates that the effect of M&A on ROE can vary depending on the specific circumstances of the transaction and the ability of the companies involved to execute their strategic objectives.

(iii) Effect of M&A on Operating Profit Margin (OPM)

The p-value 0.019 < 0.05 indicating that there is a significant difference in variance between the pre and post-M&A Operating Profit Margin (OPM). We therefore reject the null hypothesis and adopt the alternative hypothesis that assumes unequal variances. The means of the two groups (6.10 and 8.60) are statistically different. The calculated t-statistic of the alternate hypothesis is -2.413 at 25.997 df. When compared to the critical value the calculated t statistic is greater than the critical t-value (-2.413 > $\pm$ 1.706). The negative t-statistic of H_A suggests that the Mean of OPM at post-M&A is higher than that of pre-M&A, and also means that there was a significant difference in variance of pre and post-M&A OPM. Improvement in the Operating Profit Margin (OPM) alludes to operational efficiencies. The rise in OPM indicates that the merged entities are more efficient at converting revenue into operating profit; likely due to cost-saving synergies, economies of scale, or improved operational management. This suggests that the banks are effectively managing their operating expenses post-M&A.

(iv) Effect of M&A on Return on Investment (ROI)

The p-value 0.000 < 0.05 indicating that there is a significant difference in variance between the pre and post-M&A Return on Investment (ROI). We therefore reject the null hypothesis and adopt the alternative hypothesis that assumes unequal variances. The means of the two groups (7.90 and 4.66) are statistically different. The calculated t-statistic of the alternate hypothesis is 2.968 at 22.471 df. When compared to the critical value the calculated t statistic is greater than the critical t-value (-2.583 > $\pm$ 1.717). The positive t-statistic of H_A suggests that the Mean of ROI at pre-M&A is higher than that of post-M&A, and also means that there was a significant difference in variance of pre and post-M&A ROI.

Decline in ROI despite improvement in ROA, and OPM, could be as a result of high M&A costs or integration. If the initial investment required for the M&As was substantial, the overall return on this investment could be diluted, particularly if the benefits take time to fully materialize. In the event that the M&A was heavily financed by debt, the cost of servicing this debt (interest expenses) could weigh heavily on ROI. Even though the banks are performing well operationally (reflected in higher ROA and OPM), the burden of debt reduces the overall return on the total capital invested. A decline in ROI could also result from changes in the banks’ capital structure post-M&A. If the merged entities issued more equity or took on additional liabilities, the overall returns might be spread across a larger base of invested capital, leading to a lower ROI.

(v) Effect of M&A on Net Profit Margin (NPM)

The p-value 0.286 > 0.05 indicating the assumption of equal variance between the pre and post-M&A Net

Profit Margin (NPM), hence we fail to reject the null hypothesis. The means of the two groups (9.60 and 14.77) are not statistically significant based on the p-value (0.286). The calculated t-statistic of the null hypothesis is -2.051 at 28 df. When compared to the critical value, the calculated t statistic is greater than the critical t-value (-2.051 > $\pm$ 1.701), thus suggesting there was no significant change in Pre and Post-M&A NPM.

A stable net profit margin (NPM) could be interpreted as revenue and cost equilibrium. The fact that NPM has not significantly changed suggests that, despite improved operating efficiency (higher OPM), the merged entities might be facing other expenses that stabilize the net profit including; interest expenses from debt financing, integration costs, or other non-operational expenses that off-set the gains in operating efficiency. Subsequently, the merged entities might be operating in a highly competitive environment where it is difficult to increase pricing power, thereby keeping profit margins stable despite improvements in other areas of the business.

Alternatively, the merged entities could be undergoing delayed synergy realization, or they could be reinvesting their operating profits into growth initiatives or strategic projects, which could reduce the immediate impact on NPM and ROI. While these investments may enhance long-term value, they can dampen short-term returns. While operational synergies are improving ROA and OPM, full financial benefits, including higher net profit margins, might take longer to materialize due to the time required for complete integration or market adaptation.

Regression Model of Financial Ratios of Performance

The following multiple regression analysis was undertaken to ascertain the effect of financial profitability ratios on post-M&A performance of banks in Kenya:

$Y = \alpha_0 + \alpha_1 X_1 + \alpha_2 X_2 + \alpha_3 X_3 + \varepsilon ii$………………………………..……………… **(3)**

Where Y is Net Profit Margin; α_0 is the Intercept coefficient or value of dependent variable when all the independent variables are zero; εii is the error term (extraneous / stochastic variables); α_1 is Return on Assets (ROA); α_2 is Return on Equity (ROE); α_3 is Operating Profit Margin (OPM). α_1, α_2, α_3, are regression coefficients.

Table 1.5 Model for Financial Measures of Performance

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.996[a]	.992	.988	.822
a. Predictors: (Constant), ROE, ROA, OPM				

Findings in Table 1.5 show that the value of R^2 was 0.992 suggesting that 99.2% variation in Net Profit Margin (NPM) can be explained by Operation Profit Margin (OPM), Return on Assets (ROA), and Return on Equity (ROE). The remaining 0.8% suggests that there are other factors that can be attributed to variation in Net Profit Margin (NPM) that were not captured in the model. The correlation coefficient (R) indicates the relationship strength between the combined independent variables and the dependent variable. From the findings, the variables were strongly and positively related as indicated by R = 0.996.

ANOVA[a]						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	517.146	3	172.382	254.902	.000[b]
	Residual	4.058	6	.676		

	Total	521.203	9			
a. Dependent Variable: NPM						
b. Predictors: (Constant), ROE, ROA, OPM						

ANOVA findings present a p-value of 0.000 < 0.05, an indication that the model is significant. The findings also show that the F-calculated value 254.902 is greater than the F-critical value ($F_{3,9} = 3.86$); hence the model is reliable and can be used to predict post-M&A Net Profit Margin (NPM).

Coefficients[a]						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-13.448	2.003		-6.715	.001
	ROA	1.759	.341	.309	5.159	.002
	ROE	.209	.062	.247	3.391	.015
	OPM	8.421	1.298	.508	6.487	.001
a. Dependent Variable: NPM						

From the coefficients table, the following regression model was fitted:

$Y = -13.448 + 1.759 X_1 + 0.209 X_2 + 8.421 X_3$

The model equation stipulates that holding the variables ROA, ROE, and OPM to a constant zero, post-M&A Net Profit Margin (NPM) will be at a constant value of -13.448. Findings further demonstrate that ROA has a positive significant effect on post-M&A NPM ($\beta = 1.759$, $p = 0.002 < 0.05$). Therefore, improvements in ROA results to an increase in post-M&A NPM by 1.759 units. ROE has a significant positive effect on post-M&A NPM ($\beta = 0.209$, $p = 0.015 <0.05$). Therefore, improvement in ROE results to an increase in post-M&A NPM by 0.209 units. OPM has a significant positive effect on post-M&A NPM ($\beta = 8.421$, $p = 0.01 <0.05$). Therefore, improvement in OPM results to an increase in post-M&A NPM by 8.421 units.

CONCLUSIONS OF THE STUDY

The findings reveal that effective change communication post-M&A significantly enhances employee engagement and reduces resistance, which in turn positively influences overall organizational performance. Change management practices that are structured and inclusive of employee feedback contribute to smoother integration processes, minimizing disruptions to operations and customer service. Leadership style was found to be a critical factor in the success of M&As, with collaborative and change leadership resulting to better post-M&A outcomes. The results further confirmed that the conceptual framework accurately predicted post-M&A performance, with Style having a positive, statistically significant effect. Additionally, post-M&A integration was found to moderate the relationship between Style and post-M&A performance, amplifying the positive outcomes when the integration was well-executed. The findings reveal that effective change communication post-M&A significantly enhances employee engagement and reduces resistance, which in turn positively influences overall organizational performance. Change management practices that are structured and inclusive of employee feedback contribute to smoother integration processes, minimizing disruptions to operations and customer service. Leadership style was found to be a critical factor in the success of M&As, with collaborative and change leadership resulting to better post-M&A outcomes. The results further confirmed that the conceptual framework accurately predicted post-M&A performance, with Style having a positive, statistically significant effect. Additionally, post-M&A integration was found to moderate the relationship between Style and post-M&A performance, amplifying the positive outcomes when the integration was well-executed.

Secondary data on the financial measures of performance indicates significant improvement in Return on Assets (ROA), Return on Equity (ROE), and Operations Profit Margin (OPM) post-M&A. However, there was a decline in Return-on-Investment (ROI), and no significant change on Net Profit Margin (NPM) post-M&A. This scenario reflects a complex post-M&A environment where the banks demonstrate strong operational performance (evidenced by improvements in ROA, ROE, and OPM); yet financial returns on the overall investment (ROI) are lower, and net profit margins remain stable. This could be due to the high costs associated with the M&A, increased debt servicing, or the banks' respective strategic decisions to reinvest profits into future growth rather than boosting short-term returns. Hence, while the M&As have led to better operational efficiency and shareholder returns, the full financial benefits may take longer to manifest, particularly in terms of ROI and NPM.

RECOMMENDATIONS

To enhance post-M&A performance of commercial banks, this study recommends integration of operations and systems, implementation of robust performance measurement systems, effective communication, leadership, and change management. There is need for future studies on the effects of M&A activities on the risk profile of commercial banks. This could involve examining how changes in the size, diversification, and complexity of the institution following M&A impact its risk exposure and resilience to external shocks.

Contribution to Theory and Existing Knowledge

Enrichment of M&A Performance Models

This study contributes to performance models in the context of M&A by establishing clear linkages between leadership, communication, change management, integration, and post-M&A performance. Traditional performance models focus on financial metrics and synergies as key determinants of success; however, this study emphasizes the human, cultural, and operational dimensions of leadership as critical factors in achieving post-M&A performance. By doing so, it expands the traditional understanding of what drives performance in the aftermath of M&As. Additionally, by incorporating performance measures beyond financial metrics, such as employee retention, cultural integration, and customer satisfaction, the study offers a more holistic view of post-M&A success. This enriches existing performance models by highlighting the non-financial factors that are crucial to long-term organizational success post-M&A.

Context-Specific Knowledge for Emerging Markets

This study contributes to M&A literature by focusing on commercial banks in Kenya, an emerging market where economic, cultural, and regulatory dynamics differ from those in developed economies. Most existing M&A research has been conducted in developed markets, leaving a gap in understanding how leadership and integration strategies impact performance in emerging economies. This study addresses that gap, providing valuable insights for both academics and practitioners on how leadership, change management, communication styles, and integration practices affect M&A success in the Kenyan banking sector. Furthermore, the focus on commercial banks provides industry-specific knowledge that can be applied to the financial services sector, which is characterized by stringent regulatory environments, high customer sensitivity, and the need for operational stability. These findings will help expand M&A theories within the financial services industry by offering practical and empirical insights into leadership and integration challenges unique to banking.

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