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Customer Reactions to Bank M&A: Evidence from the Nigerian Banking Industry

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Abstract
Reaction of customers to M&A was investigated using a mixed method framework based on two Nigerian banks in a study that aims at positioning the customer as an actor who is impacted by other M&A actors. Customer and employee narratives were quantitatively tested to ascertain impact on post-M&A customer satisfaction. Customer implications of M&A found expression through five main constructs. The inter-relationship between these constructs and post-M&A customer satisfaction resulted in a divergent-convergent spectrum of M&A-Customer dynamics.Specific findings reveal increased role for technology, but recurrent downtime hampered satisfaction. Credit reality sees objective criteria prioritized over relationship consideration. Customers' anxiety about new lending regime did not result in any significant threat to post-M&A satisfaction. Employee commitment in the wake of M&A seems superficial. Job insecurity and stress occasioned by casualization, unrealistic targets and erosion of employee dignity resulted in fraud becoming a post-M&A consequence. Rebranding risks being construe as a vanity project. Legitimacy for the regulator rested on socio-economic stability despite reservations by some bankers. The damaging proposition for customer satisfaction by merger as compared to acquisition meant that customer impact assessment can be an alternative decision making tool in choice of growth strategy.
Keywords: Merger, acquisition, customer satisfaction, change, strategy, banking,

1. Introduction

M&A studies often capture the experiences of developed economies (Cartwright and Schoenberg, 2006; Cartwright, 2005). Its exploration has been from a variety of perspectives: Financial performance (e.g. Harada and Ito 2008; Kumar 2009; Tuch and O'Sullivan 2007); Corporate governance (e.g. Gulati, Lavie and Singh 2009; Kim et al 2011; Kroll, Walters and Wright 2008; Wang and Xie, 2009); Culture (e.g. Appelbaum et al 2009; Björkman et al 2007; Styre, Borjessen and Wickenberg, 2006; Vaara et al 2005) and Leadership (e.g. Beer and Nohria, 2000; Kavanagh and Ashkanasy, 2006; Richey et al 2008) amongst others. Various motivations are behind a company buying another company, the most common rationale is the acquisition of customers (Selden and Colvin 2003:75). Despite this obvious importance of the customer as a reason for doing M&A deals; evidence of customers' significance in M&A scholarship (i.e. the number of Customer-M&A studies) appears rather thin.

Marketing (a discipline with central focus on customer) is very much underrepresented in M&A-related research (Homburg and Bucerius, 2005, Jaju et al 2006). Bekier and Shelton (2002) reported on the considerable risk of customers being lost in M&A. Selden and Colvin (2003) advocated a customer perspective to M&A. Though attempts have been made to imprint the customer on M&A; a coherent articulation remains a mirage and a holistic appreciation of its implication for the customer appears lacking. Homburg and Bucerius (2005) in admitting the shortcoming of their study as "its restrictive geographical focus on Europe and the use of data largely devoid of the customers' voice" provides a diagnosis of the gap in M&A studies.

Okonjo-Iweala and Osafo-Kwako (2007:15) traced the association of Nigerian banks with M&A to the latter half of 2004 when a requirement by the Central Bank of Nigeria (CBN) mandated banks to raise minimum capital base from around US$15 million to US$192 million by the end of 2005. This triggered a wave of M&A in the Nigerian banking sector. This development availed an opportunity for exploring what M&A portends for the customer via two Nigerian banks – UBA and FBN who opted for merger and acquisition respectively.

The paper's overall aim is to situate the customer as an actor who can impact and is impacted by the actions of other actors in a merger and acquisition scenario. Objectives are:

- To identify outcomes of M&A that can affect banker-customer relationship.
- To show whether or not specific M&A outcome for the bank customer impacts post-M&A customer satisfaction.
- To compare post-merger and post-acquisition customer experience of a 'merger' and an 'acquisition' bank in ascertaining which strategic outcome serves the customer better.
- To use bank employee and customers' voice as a basis for gauging verdict on the role played by the Nigerian banking industry regulator in bequeathing a legacy of M&A on the banking sector of the Nigerian economy.

This attempt at articulating the real meaning of M&A for the bank customer within the contextual premise of a developing African economy shall seek to answer these questions:

- In what ways can M&A impact the bank customer?
- Does specific M&A outcome have implication for post-M&A customer satisfaction?
- Does merger or acquisition strategy deliver better satisfaction for the bank customer?
- What is the legitimacy standing of the Nigerian banking industry regulator based on post-M&A experience of bank employees and customers in view of the fact that M&A amongst Nigerian banks was a product of regulatory change?

The next section deals with review of extant literature and generation of propositions; this is followed by research method which leads unto analysis and discussion. The final section focuses on conclusion, limitation and managerial implication.

2. Literature Review

M&A is indeed an issue for top management to ponder upon, not just in terms of strategic choice or fit; but because of what its outcome may mean for customer relations. The various ways by which M&A can affect the customer is explored in this review under different headings of M&A outcome. It is worth emphasising that each of these outcomes merit independent research inquiry. This review is by no means exhaustive. However, attention shall be focused on issues embedded within each of these outcomes that resonate with the context of this study.

2.1 Outcome I: Rebranding

Rebranding is often an outcome of structural change occasioned by M&A (Muzellec and Lambkin 2006). Merger can be an opportunity for improvement to brand name and provision of superior service to customers (Krishnan, Joshi and Krishnan 2004). The choice of M&A as a corporate strategy is often followed by corporate identity change i.e. branding. A fundamental identity sign for companies and an important index for communication is an organisation's name (Machado et al. 2012). Papavasileiou (2009) posited that naming strategy impact customers' perception of M&A, and where corporate name change is considered unfavourable by customers, it shapes their attitudes to such brands negatively. Factoring customers' view on brand image into naming strategy will be crucial in ensuring that brand adherents (loyal customers) do not become disenchanted with the brand on the grounds of name change (Thorbjørnsen and Dahlén 2011). The target or acquirer name may be adopted (e.g. Citigroup was a product of US merger between Citicorp and Travelers and UBA was adopted in the merger between two Nigerian banks UBA and STB). Just as a combination of both names can become the branding for the new entity (e.g. UK merger of Lloyds and TSB resulted in Lloyds-TSB and the merger of the two Nigerian banks IBTC and Stanbic Bank, gave rise to Stanbic-IBTC)

Jaju et al (2006) found using either the acquirer or acquisition name more beneficial to a merged entity than combining the names of merger participants. A familiar brand name implies continuity and suggests stability to customers. A quick integration of the market-related aspects of M&A has been found to be beneficial in reducing customer uncertainty and anxiety (Homburg and Bucerius 2005). Opting for a combination or new name may place extra demand on post-M&A resource use. Managers may then become too embroiled in internal issues at the risk of neglecting customer-related task (Aron, et al. 2010; Hitt, et al 2009). Such strong internal orientation often underbellies decline in service quality (Urban and Pratt, 2000). This decline in service quality for customers may generate anxieties about price, quality of products and services, contact persons etc. with respect to their relationship with the merging firms. Customers' likely reaction may be to defect or exercise some restraint (Linder 2005). Competitors' are always looking to pounce on such hesitation by customers causing them (the customers) to be further alienated from such entities (Homburg and Bucerius, 2005).

Brakus et al (2009) described brand experience as a subjective and innate response by customers to a variety of brand-related stimuli which may be obvious as part of design and identity (for example name, signage, logo etc); marketing communications and package (for instance website, advertisements, publicity leaflets, brochures etc) and the environment (for instance branch, store, corporate headquarters, corporate events etc). Considering the broad range of organisational functioning that branding ramifies; it should be expected that post-M&A rebranding will need investment of time and money. The test of this investment is whether it strikes the right cord with the customer. Successful re-branding is expected to enhance post-M&A customer experience with the merged entity reaping the benefit of invested time and money. This simplistic assumption may not necessarily be true. M&A may legally bestow rights to use a brand name and allow access to a customer base, it neither guarantees the accrual of future income therefrom nor the continued loyalty of customers to the new entity (Öberg, 2008).

Proposition 1: Post-M&A rebranding will impact post-merger or acquisition customer satisfaction

2.2 Outcome II: Credit Availability

Change in bank market structure following M&A impacts on industry competitiveness via either the collusion argument (i.e. the Structure-Conduct-Performance (SCP) hypothesis) or the efficiency view (i.e. the efficient-structure-performance (ESP) hypothesis).While collusion is expected to lead to hike in rents by banks due to superior market power gained through M&A; efficiency assumes prevalence of intense competition which will result in better managed banks becoming dominant, cause the withering or absorption of less efficient ones and the ensuing competitive climate forcing the surviving efficient banks to offer better deals to customers (See Williamson 1968; Vives 2011). The structure conduct hypothesis implies more expensive loans or reduced availability of credit to customers and the efficient structure hypothesis will mean better loan rate or increased credit availability to customers. The latter stance find expression in studies linking M&A with increased credit availability (e.g. Schmieder, Marsch and Aerssen, 2010; Huang, Jia and Zhang, 2010 and Erel, 2011) and the former is evidenced by studies that revealed M&A as a route to credit shrinkage (e.g. Beck et al. 2004; Craig and Hardee 2007; De Graeve, De Jonghe and Vander Vennet 2007; Bonaccorsi di Patti and Gobbi 2007).

Boyd and De Nicolio (2005) shed light on the inherent dynamics of the efficient market argument on M&A. Their argument was premised on their observation that, market equilibrium demands that loan portfolio risk of an individual bank will rise with increasing level of concentration in a banking system. This risk reality meant that borrowers will initially be charged higher loan rates, this increased borrowing charge provides stimulus for banks to take on more risks (i.e. make more loans available to customers) which ultimately forces down price (i.e. cost of borrowing or loan rate to customers) as supply side may in turn overtake demand for loans under an intense competitive market dynamics precipitated by concentration in the wake of M&A. This meant that time is of essence in M&A delivery of efficient market benefits to the bank customer. Focarelli and Panetta (2003) favoured 6years. Other studies placed reliance on 3years (e.g. Berger et al. 1998; Abdelaziz and Bilel 2012).

Merger and acquisition amongst banks are often associated with major changes in these organizations (such as employee turnover or branch reduction). This may result in a loss of the knowledge residing in each of the merging entities. Loan officers can be regarded as repository of soft information about small firm borrowers, their turnover undermines the chance of success for credit requests emanating from these firms (Scott 2006; Uchida, Udell, and Yamori 2012).

Bank M&A trigger changes that impact lending relationships. Berger and Udell (2002) showed that such change may manifest as preference for ratio loans over relationship lending. This gives rise to a loan and pricing decision process that is based on “hard’’ facts provided by either customers’ credit history or financial statement. They associated relationship loan with easy access to credit and common with small banks, whilst ratio loan was associated with stricter lending and associated with big banks. Similarly, Panetta, Schivardi, and Shum (2009) found that bank mergers led to a permanent increment of lending premised on hard information. Generally speaking merger of ‘big’ banks tend to be more credit constraining than merger between ‘small’ banks (Sapienza 2002). However, specific evidence on the Nigerian banking industry over the period 2002 to 2007 revealed that M&A neither compromised competitiveness nor effectiveness with respect to loan and deposit rate (Elumilade 2010).

Proposition 2: Post-M&A changes to credit policy or process has consequence for post-merger or acquisition customer satisfaction.

2.3 Outcome III: Technological Improvemently

Modern practice of banking relies on Information Technology (IT) as both a business enabler and critical success factor. M&A is a route to gaining access to a valuable list of customers (Kim & Choi, 2010).The unification of process and customer database helps standardization which will ultimately lead to an increased role for the deployment of technology. Al-Sharkas et al (2008) used data envelopment analysis and the Malmquist Index to show that mergers may permit banks to easily tap into the opportunities offered by improved technology. Access to technology or a pool of technology savvy employees can be a reason for doing a merger or acquisition deal (Desyllas and Hughes, 2010; Kapoor and Lim, 2007). M&A has led to the emergence of innovation via widespread embrace of electronic banking platform (Abefe-Balogun and Nwankpa, 2012) or a “techno-based banking system’’ (Dumbili 2013) in the Nigerian banking sector.

The ever changing business dynamics of banking makes the deployment of a whole new IT system expensive and comes with significant risk implications (Kovela and Skok 2012:70). IT integration is complex, costly and can be a limitation to attainment of long-term value in M&A, integrating merging entities’ IT systems can either result in the emergence of a strategic asset or become a drag on every other aspect of a merger or acquisition process (Dao, 2010). M&A may help banking entities to surmount the hurdle of significant capital investment that is needed for acquisition of state of the art banking technology. Significant cost outlay can be justified based on the fact that unit cost of service provision will be remarkably reduced due to a spread over a bigger entity, with technological investment being regarded as a sunk cost. Such synergy has appeal from both the firm and customer perspective. The inherent benefit of information technology is particularly suited to

overcoming obstacles associated with M&A. For instance, reduced agency cost due to enhanced communication (Berger & Deyoung 2006:1484) and better access to customers' credit history which has been proven to enhance credit availability (Stein 2002; Frame, Padhi and Woosley 2004; Erel 2011).

Despite the beneficial prospect inherent in accessing technology via M&A, there are inherent challenges. Kovela and Skok (2012:70) described the complexities involved in post M&A information technology integration as being traceable to the challenge of having to deal with in-house developed legacy systems available in most banks over a significant number of years and the pervasive power strife that is often involved in IT decision making process. This potential for integration chaos, is neither favourable to bank employees nor their customers. Success of online channel (i.e. a firms' use of the internet as a platform for business engagement with customers) can lead to greater sales, profits, and innovation; mistakes can result in the total collapse of a firm's carefully crafted business strategy (Hulland et al 2007). Technology became a significant hurdle in the Santander / Alliance & Leicester deal which translated into unwholesome experience for the bank customer (Williams 2010). Increased reliance on technology by banks; which is permitted by M&A can have other deleterious consequence for the customer. For instance, reliance on credit-scoring models has been linked with high credit default (Berger, Frame, and Miller 2005; DeYoung, Glennon, and Nigro 2008) and higher loan prices (Berger, Frame, and Miller 2005). Post M&A 'speed of service' or service experience for customers can either be improved or obstructed depending on post-M&A technological outcome. Banks must beware of threat to service delivery expectation by technological glitch in the wake of M&A. 'Speed of service' is an important service delivery expectation in the quality construct of customers who appear to be technology savvy and young (Lee 2011:5). Customers may be happy at the convenience, ease and speed with which they can conduct their transactions (Adesina and Ayo 2010: Onyedimekwu and Oruan 2013; Jegede 2014); however, ATM fraud or apprehension about security (Adesina and Ayo 2010; Ogbuji et al 2012: Jegede 2014) and the long queues at ATMs (Onyedimekwu and Oruan 2013) as a result of technology glitch are emerging threats to customer satisfaction in a technology driven post-M&A Nigerian banking sector.

Proposition 3: Post-M&A technology-related changes will affect post-merger or acquisition customer satisfaction.

2.4 Outcome IV: Employee - Customer Relations

An organisation's competence is built on the distinctive skills and knowledge of its employees and functional expertise (Ireland, Hoskisson, and Hitt 2011). An important organisational competence in banking is excellent customer service that is premised on relationship banking. It is the people or employees of a bank that are expected to deliver exceptional customer service and maintain superb relationship with customers. This is the basis for keeping customers satisfied and retaining their loyalty. Ndubisi and Wah (2005) found that positive experience in staff-customer interaction was crucial to customer satisfaction. Threat to employee 'well- being' at work may hinder performance which may find expression before customers as deteriorating service quality that may engender dissatisfaction and lead to customer haemorrhage to competitors. Change implications of M&A may engender job insecurity and manifest negatively as threat to self-esteem and wellbeing of employees in participating organizations (Terry, Carey and Callan 2001). Martínez, De Cuyper and De Witte (2010:198) posit that job insecurity involves "threat to job continuity". M&A is often perceived in this light (i.e. as a "threat to job continuity'') by employees.

The mix of organizational changes associated with M&A can manifest as a number of unwanted psychological outcomes which includes non-identification with or reluctance to embrace the resulting merged entity, declining job satisfaction, reduced interpersonal cooperation, increased incidence of conflict and discrimination which will eventually result in high staff turnover (Ullrich & van Dick, 2007; Riketta & van Dick, 2005). M&A involves the coming together of two homogeneous set of employees and likely consequences are negative emotions, decreased productivity, absenteeism, rapid staff turnover, misunderstanding of leadership, etc. (Pineda & Kummer, 2007, Walrave et al. 2010). Employees' refusal to identify with post-M&A entity can make achievement of intended aims impossible where it results in decreased motivation that ultimately harm post-merger performance (Gleibs, Noack, & Mummendey, 2010). Consequently, priority attention must be accorded the promotion of employee loyalty to the entity that emerges from M&A (Giessner et al 2011).

The relatedness between employee satisfaction and customer satisfaction provides justification for ensuring that M&A does not result in alienation of an organisation's most valuable asset – the employees. In service organizations (such as banks) interactions with customers by frontline employees give clues to the customer about the character and identity of their organisation (Ahearne, Bhattacharya, and Gruen 2005; Grandey, Goldberg and Pugh 2011). Evidence from linkage research suggests a link between employees experience in their work environment and important business deliverables such as financial returns and customer satisfaction (Schneider, Ehrhart, Mayer, Saltz, & Niles-Jolly, 2005; Maxham, Netemeyer, and Lichtenstein 2008; Grandey, Goldberg and Pugh 2011). The impact of employee satisfaction on customer satisfaction can be either directly through affective mechanisms or indirectly as a result of customer service behaviours (Grandey,

Goldberg and Pugh 2011). The relationship between satisfaction for employees and satisfaction for customers can be rationalised through two modes – emotional contagion (Pugh 2001; Barger and Grandey 2006) and the service-profit chain (Heskett et al., 1994, 2003; Anderson and Mittal 2000). Emotional contagion seeks to establish a direct relationship between employee and customer satisfaction as the outcome of affective effect during interpersonal contact. Satisfied employees (say bankers) with a positive affect at work will therefore 'infest' their customers with the same effect through the mechanism of contagion (Pugh, 2001; Barger and Grandey 2006).

There are different aspects to the negative consequence of M&A. M&A has been linked with the occurrence of elevated stress level in employees (Panchal and Cartwright 2001; Bartels et al. 2006). The psychological distress (Vander Elst, Van den Broeck, De Witte, & De Cuyper, 2012); threat to well-being (Bernhard-Oettel, Rigotti, Clinton, & de Jong, 2012) and loss of motivation (Rizvi, Javed, & Siddiqui, 2012) associated with job insecurity has also been established. Lawlor (2013:719) found evidence attesting to the fact that employees priority during merger may be more about "me'' (i.e. what does it mean for an individual employee) rather than the often touted organisational outcomes. M&A may be perceived as not in an individual employees' best interest. The possibility of organisational change involving staff rationalization and the embrace of technology facilitated by M&A are avenues through which such threat can become real. The consequence of this is already evident in the Nigerian banking sector where fraud has become another employee related negative consequence (Benjamin and Samson, 2011). Dumbili (2013) termed this a desire to "save for a rainy day" precipitated by job insecurity.

Akingunola and Adigun (2010) argued that the recent structural, management and regulatory changes in the Nigerian banking sector had combined to put increased pressure and stress on various cadre of bank employee. Oke and Dawson (2012:324-325) noted that stress amongst Nigerian bank employee may be linked to the dwindling fortune of banks in the wake of recent economic recession, the downsizing implication of such reality and the overall state of infrastructural facilities such as road. Mordi et al (2013:70) provided insight on the peculiar circumstance of the Nigerian bank employee, which may be a germane consideration in evaluating the nature of their post-M&A behavioural manifestations. They decried the near absence of employee voice due to an almost trade union free banking industry and noted that the negative manifestations of the recent global financial crises on the industry had led to a pervasive atmosphere of job insecurity which has made bank employees fearful of losing their job in an economy where job opportunity is scarce.

Good bank service quality has been found to be much more associated with people-oriented issues such as friendly, smiling and courteous staff who are always willing to help (Lee 2011:5). These subtle personal expressions quickly disappear when M&A result in anxiety and stress for employees.

Proposition 4: Employee related outcomes in M&A will impact post-merger or acquisition customer satisfaction.

2.5 Outcome V: General Socio-Economic Climate

M&A outcome can manifest as threat to general socio-economic welfare. Garmaise and Moskowitz (2006) used a mix of secondary data to show that areas with low median incomes and poor loan competition had bigger rise in crime after a merger-induced lowering of competitiveness amongst local banks. Apprehensions about job security can become real when M&As are accompanied by redundancy, restructuring or rationalization. Unemployment with its attendant social costs is an obvious reality for society. M&A in the Nigerian banking sector was accompanied by job loss or unemployment (CBN 2005: 18; Atiku, Genty and Akinlabi, 2011; Gunu and Olabisi 2011; Dumbili 2013). In the immediate aftermath of the first wave of M&A (i.e. 2005), 8,641 employees lost their jobs in this sector (Gunu and Olabisi 2011). Crime and unemployment is one aspect of the socio-economic antecedent of M&A. Another threat to customers is by virtue of the fact that banking is a unique sector of an economy that is capable of displaying a particular set of characteristics whose aggregate can have systemic implications (Vives 2010).

De Nicolo et al. (2003) found big banks formed from merger to be susceptible to moral hazard incentive which spurs them into entertaining a higher appetite for risk than do smaller banks. This penchant for risk taking has been linked variously to the Too Big To Fail phenomenon; which presupposes that the only reason why large merged banks have an incentive to act in this manner is because they are fully aware that the cost of failure may not necessarily be borne by them. The tax payer is often the ultimate bearer of such risk when national authorities are forced to act, in order to forestall systemic crisis. This threat to the customers' socio-economic standing in her capacity as a tax payer has been identified as a motivation for banks to want to attain significant size through merger and acquisition (Penas and Unal 2004; Carow et al 2006; Brewer III and Jagtiani 2009).

Bank regulators are expected to keep banks under check. However, the 2008 financial crisis raised questions about the capability of national regulators to forestall a 'welfare crisis' precipitated by large multinational banks that are formed through M&A (Brunnermeier, 2009; Butler 2009; Rajan, 2010; Vives 2011, 2010). Beck et al., (2009) reviewed 105 banking industry data for 105 countries over the years 1980-2008 and

found that 53% had very high market power concentrated in top three banks (CR3 above 0.9); 27% had moderately concentrated market power in the top three (CR3 of 0.5-0.9) and only 20% had low market power vested in top three banks (CR3 below 0.5). They also established that over this period, the top ten global bank's assets compared to world GDP had increased to 35% with their yearly assets growth rate of 9% significantly higher than the average world's GDP growth rate of 4%. Prasch (2012) noted that these size improvements were not based on any competitive superiority or excellence in satisfying customers but were mainly as a result of subsidized-merger of failed banks with failing ones. Johnson (2010) observed that the mega financial entities created out of such mergers cannot just be described as being Too Big To Fail (TBTF), their long history of incompetence demonstrated over time makes it safe to conclude that they are also Too Big To Succeed. The chain of negative accolades for these products of merger called megabanks is growing. Black (2010) described them as Too Big To Regulate. Prasch (2012) called them Too Ponzi To Prosecute.

Beck et al., (2003) noted that the systemic importance of large banks created through M&A can generate "too-big-to-fail" orientation among the public and policy makers, with an implied guarantee of survival that will only lead to excessive risk-taking by banks. The bank customer as a tax payer must be amazed at the desperation to save big banks formed through megamerger from failure. An exercise which has resulted in the most capitalist of institutions (i.e. banks) being taken into public ownership while public services such as National health services are destined for privatization (Ndhlovu 2012:104). The Nigerian regulator was proud that no depositor lost money in the last financial crisis (Sanusi, 2010). However, the real cost seemed evident in the 620Billion Naira bail-out given to the banks (NDIC 2011). In a country where basic necessities such as water, electricity, good road etc. are unavailable to most citizenry, surely there must be several alternative uses to which such amount of money can be deployed.

Dominant financial players (formed through M&A) represent 'contagions of legitimacy' (Riaz 2009:29). Legitimacy before bank customers for any regulatory change that promotes M&A will have to show that it delivers on general socio-economic stability for such reform to have public endorsement. A more stable and sustainable financial system is a route to provision of real long term benefit to the customer in her capacity as a taxpayer (Michie and Llewellyn, 2010).

Proposition 5: M&A will be perceived as satisfying for the bank customer, where expectation on socio-economic stability is met.

The foregoing review of literature has established the different outcomes of M&A that has implications for customers' post-M&A banking experience. It has also helped to carve an M&A-Customer agenda that is holistic and multivariate. Attention is now turned to our methodology framework.

3. Method

Two major Nigerian banks (i.e. United Bank for Africa-UBA and First Bank Holdings Nigeria-FBN) with contrasting growth strategy (i.e. merger (UBA) and acquisition (FBN)) were the cases used in this study. The two banks accounted for about a fifth of industry's deposits and assets at the dawn of M&A amongst Nigerian banks (CBN 2005:36). A mixed method approach that used semi-structured interview and questionnaire based survey formed the basis of data collection. Data were collected over the three months period March, 2013 and June, 2013 in the two main Nigerian cities of Abuja and Lagos.

3.1 Qualitative Method

Varied informants (Eisenhardt & Graebner, 2007:28) were interviewed to gain initial insight on recent development in the banking industry from both the customer and employee perspective. The customer informants were representative of different customer classes namely: savings account customers, individual current account holders, enterprise business account operators, limited liability business account operators, individual term deposit owners, institutional depositors, individual borrowers, business borrowers, domiciliary account holders and public sector customers. Two customers of each customer-informant grouping from the two banks (i.e. UBA and FBN) were interviewed. A total of 40 customers were interviewed (20 from UBA and 20 from FBN).

The banker-informants from both banks were from the five functional groups of human resource, operations, information technology, risk or compliance and credit administration. Four employees from each functional group (a senior manager, two middle-level managers and a junior officer) were interviewed in each of the banks. Total sample size of employees interviewed was also 40 (i.e. 20 employees of UBA and 20 employees of FBN). Customers and employees interviewed were those that have been with their respective banks for almost a decade. Open-ended questions were used as interview guide. Interview duration was about one hour, dependent on responses or subsequent need for probing. Responses were recorded manually (i.e. handwritten). Recording accuracy was achieved through response being read out to interviewees after each question for confirmation. The interviews were transcribed unto Excel sheets where colour coding using the text highlight colour icon was used for thematic categorizations based on identified themes from literature. Preference for this modified manual

method was premised on the fact that manual analysis allow for deeper reflection on the multiplicity of meanings that are derivable from qualitative data than software programmes such as NVivo (Lawlor 2013:711). Customer voice was juxtaposed with employee voice on key constructs to provide a narrative of change.

3.2 Quantitative Method

Interview response provided input for the development of a 7point Likert scale questionnaire coded; 1 = strongly agree, 2 = agree; 3 = slightly agree; 4 = neither agree nor disagree; 5 = slightly disagree; 6 = disagree and 7 = strongly disagree. Dawes (2008) confirmed that 5- and 7-point scales can make for easy comparison as they can be easily rescaled. The 7point was rescaled to 3 where emphasis on agree (i.e. 1, 2 & 3), neither agree nor disagree (i.e. 4) and disagree (i.e. 5, 6 & 7) was needed. The Likert scale questionnaire had 25 statements. Questionnaires were administered on 500 customers each from UBA and FBN. The 500 customers were selected on a quota sampling basis of 50 in each of the 10 different account classes that constitute the basis of varied informant selection at the interview phase in each of the banks. Questionnaires were piloted and improved before being administered in branches of both banks in two Nigerian cities chosen for their strategic significance to the Nigerian economy- Lagos (the nation's commercial nerve centre) and Abuja (the seat of government and source of significant public sector inflow into the economy).

Exploratory factor analysis was conducted through SPSS on responses from the 1000 participants to all items on the questionnaire with the exception of the statement 'I am more satisfied with my bank's service after its merger/acquisition' (i.e. post-merger or post-acquisition customer satisfaction rating). In line with Kaiser's rule, eigenvalues dictated what factors were retained; those with eigenvalues less than 1 were excluded (Kinnear and Gray 2006:509). Eight factors were subsequently extracted. These factors provided a basis for constructs whose correlation with satisfaction were examined and also formed a bundle of predictors for post-M&A customer satisfaction in a multiple linear regression analysis done through SPSS. The resultant multiple regression equation from each set of customers predicted mean satisfaction rating provided by customers of each case bank. An independent- samples T test was subsequently conducted to ascertain that a difference exist between post-merger and post-acquisition customer satisfaction. This provided the validity basis for the different predictions of customer satisfaction rating provided by the multiple regression equation. Correlation provided descriptive statistics used to ascertain relationship between individual extracted factor and post-merger or acquisition customer satisfaction.

The methodological framework of this paper has been established, the next section deals with result and discussion.

4. Results and Discussion

4.1Research Participants

Table 1: Profile of customer and employee respondents

Bio-data	*Interview stage		**Survey stage	
	Customers	Bankers	Merger (UBA)	Acquisition (FBN)
Mean age	39years	35years	38years	39years
Female Male	40%	40%	39.4%	46.2%
First Degree or above	60%	60%	60.6%	53.8%
Diploma	80%	70%	42.4%	62.4%
GCSE or Below	20%	30%	44.8%	32.2%
	NIL	NIL	12.8%	5.4%
Av. years spent with bank	11	9	12	12

Source: * Field interview 2013 ** Field survey 2013

Table I is the profile of participants. The average age range was 35-39 years with male gender in the majority. Male dominance may be symptomatic of a social context in which men are not just more forthcoming and assertive in the projection of their views but also have significant control over economic means or family income irrespective of actual earnings contribution. The patriarchal nature of Nigerian society is manifested in a strong male domination that pervades both business and society (Ituma and Simpson 2009; Mordi et al 2013; Ovadje et al 2001). Thus, a 40:60 mix of female to male respondents can be considered relatively representative.

All participants at the interview stage had post-secondary education with a significant majority having a university degree or higher qualification. Also majority of the customers surveyed were educated beyond secondary level (i.e. 87.2% of merged bank customers and 94.6% of acquisition bank customers).This educational profile reflects a literate demography that constitutes a category of people who will have a relatively informed understanding of the issues under consideration. Similar to Styhre et al (2006) that relied on participants that had spent more than 10years in their post-M&A focus on cultural anxiety; the average number of years over which the customers that participated in this study have been with their bank was over 10years

whilst that for employee participants was 9years. This length of association was considered appropriate in ensuring that customer and employee responses capture their experiences before, during and after M&A.

4.2 Qualitative Result: Narrative of Change – Customer and Employee Voice
4.2.1 Rebranding
A redeployment of brand name that saw UBA and FBN emerge as the preferred name for the merger and acquisition cases respectively conform to the position of Yu (2013) who submitted that immobile resources such as brands are more likely to be redeployed following M&A than less immobile resources such as general marketing expertise. A change of corporate brand name goes against the fundamental concept of marketing (Muzellec, 2006). Consequently, brand names did not emerge from a joining of the corporate names of M&A participants, hitherto popular names belonging to dominant merger or acquisition partner were preferred. This reverberates with Jaju, et al (2006) who found no synergistic benefit from the practice of joining names. Though the revolutionary course of new brand name was not pursued by the merger or acquisition bank, the evolutionary imprints of branding were evident in changes to logo, interior design, corporate colour etc.
Change associated with rebranding was not lost on employee and customers of the two case banks. Some employee responses on their view of post-M&A rebranding initiatives embarked upon by their bank provides clue on impact.
"Due to a change in name, the corporate communications team and all staff had to do so much to make this brand acceptable. We are still in the process of forever etching the new brand in our customers' heart" (UBA EMPLOYEE FROM THE STB SIDE OF THE MERGER).
"I am more conscious nowadays to propagate the new Brand and make it acceptable. E.g. I use the new logo so many times as my profile picture on facebook, twitter, BBM where I interact with my friends and the outside world''(FBN EMPLOYEE FROM THE MBC SIDE OF THE ACQUISITION).
These employee quotes evidently show the important role played by employees as brand ambassadors and seem to agree with Muzellec and Lambkin (2006) that employee identification is more important than aesthetic values in post-M&A rebranding. Employees appear prepared to allay any fear of uncertainty by customers (Papavasileiou 2009).
Both aesthetic and employee brand initiatives elicited these responses from customers:
"Rebranding by my bank is very good……….this gives me a sense of belonging" (FBN CUSTOMER)
*"What is the point of an exercise (***referring to branding***) with significant cost implications?'' (UBA CUSTOMER)*
Brand attitude is a reflection of feelings and thoughts on a brand (Park et al. 2010). Customers' perception of rebranding as 'good' and 'gives a sense of belonging' is a positive brand attitude that meant enhancement to brand value and positive disposition to service offering. On the other hand, a customer attitude that construes rebranding as a vanity project is a negative perception that will ultimately lead to brand devaluation. This contrasting customer stance seem to find support in the perception of post-M&A rebranding as an opportunity for improvement to brand name and provision of superior service to customers (Krishnan, Joshi and Krishnan 2004) and the suggestion that brand equity associated with corporate brand declines as a result of merger (Jaju et al 2006).

4.2.2 Credit
The response from a credit officer at FBN on post-acquisition credit policy change is captured below:
"Credit procedures became tighter and waivers/deferrals on credit documentation were abolished. A customer that wants to enjoy a credit facility must meet all conditions precedent to drawdown before accessing funds'' (EMPLOYEE FBN)
This seem to be an agreement that M&A has led to a jettisoning of a loan decision process which permit employee discretion and relies more on soft attributes such as the character of the borrower and prevailing local market reality in credit decision process (Scott 2006; Park and Pennacchi, 2008; Uchida, Udell, and Yamori 2012). This often forces the management of these big banks to rely on clearly defined decision rules which does not permit employee discretion in loan decision process. Thereby giving rise to a loan and pricing decision process that is based on "hard'' facts provided by either customers' credit history or financial statement. Narrative on credit related change as reflected below is symptomatic of a preference for hard information:
"Improved Risk Acceptance Criteria and customer profiling through use of Credit Bureau and Insurance companies'' (EMPLOYEE UBA).
"Improved credit facilities, but they grant to those they are sure of'' (CUSTOMER FBN)
"Improved risk assessment criteria'', "customer profiling'', "use of credit bureau'' and "those they are sure of'' are all ensembles in the tilting of credit decision process more in the direction of hard information. This finding is in agreement with Panetta, Schivardi, and Shum (2009) who found that bank mergers led to a permanent increment of lending that is based on hard information. It also concurs with the finding that M&A leads to a loan

decision process that gives preference to ratio loans over relationship loans (Berger and Udell 2002). This post-consolidation move towards objective credit decision process seems a conscious effort at addressing irresponsible lending behaviour. Poor lending decisions and the resultant high incidence of bad debt has been blamed for recurrent instability in the Nigerian banking system (Agbonkpolor 2010; Oghojafor and Adebisi 2012; Sanusi 2011).

This switch to objective credit decision process appears to have favoured consumer lending as evidenced in this customer response:

"Consumer credits are now common and they also provide corporate finance advisory services'' (CUSTOMER UBA).

This appears contradictory to findings that seem to suggest that bank M&A result in reduced credit availability to small borrowers (e.g. Beck et al. 2004; Craig and Hardee 2007; Degryse, Masschelein, and Mitchell 2010; Abdelaziz and Bilel 2012). But finds resonance with those that concluded that M&A can result in increased access to credit for small borrowers (e.g. Dietsch 2003; Cerqueiro 2009; Schmieder, Marsch and Aerssen 2010; Huang, Jia and Zhang 2010; Erel 2011).

4.2.3 Technology

The deployment of technology which M&A facilitate is evident in this mix of responses from customers and employees:

"IT has greatly improved services but things can be better as system downtime remains a recurring experience" (Customer FBN)

"This is the single most positive development embarked upon by my bank over the last 7 years, but has been blighted by incidence of ATM fraud (Customer UBA)

"Deployment of new IT platform that allowed for more Electronic banking products, intended to keep us ahead of competition" (Employee UBA)

"Our bank has been spending more money on Information Technology in order to meet up with competition and increasing sophistication of customers' demand (Employee FBN)

This narrative on technology resonate with various findings that have associated bank M&A with increased embrace of information technology (e.g. Abefe-Balogun and Nwankpa, 2012; Al-Sharkas et al 2008; Dumbili 2013; Onyedimekwu and Oruan 2013). There is also resonance with suggestions that customers are happy with the convenience, ease and speed with which they can conduct their transactions in a post-M&A technology driven industry (Adesina and Ayo 2010: Onyedimekwu and Oruan 2013; Jegede 2014).

Though 60% of the synergies expected from financial service industry merger are underpinned by benefits associated with information system (Henningson 2011). This potential of technology to foster profitability and innovativeness notwithstanding; mistakes may be damaging for business reputation or strategy (Hulland et al 2007). ATM fraud or apprehension about security (Adesina and Ayo 2010; Ogbuji et al 2012; Jegede 2014) and the long queues at ATMs (Onyedimekwu and Oruan 2013) as a result of "technology glitch'' or "system downtime'' are evident threats to customer satisfaction in a technology driven post-M&A Nigerian banking industry.

Another perspective to technology related change occasioned by M&A is that it has become a basis of competition with attention now focused on creation of more electronic products and services that is expected to give competitive edge to individual banks. Ayo et al (2007) affirmed the influence of Information and Communications Technology (ICT) on post-consolidation banking service provision to customers which has enhanced effectiveness and efficiency and led to the introduction of techno-products and services such as electronic cards, Internet banking and mobile banking services.

4.2.4 Employee - Customer relations

The impact of employee satisfaction on customer satisfaction can be either directly through affective mechanisms or indirectly as a result of customer service behaviours (Grandey, Goldberg and Pugh 2011). Post-M&A employee realities reflected the multiple perspectives through which M&A can have meaning for an employee. These themes were palpable in different employee quotes that summarized change implications.

"I have found the whole reorganization process rather stressful, the bank now has two kinds of employee – casual or contract staff and permanent staff'' (EMPLOYEE UBA)

"Poor relationship resulting in drop in performance of staff and increased Internal Frauds by staff occasioned by job insecurity'' (EMPLOYEE UBA)

Employees in the merged bank (UBA) were particularly concerned about job insecurity and stress associated with post-merger restructuring. This concur with previous findings that merger result in elevated stress level in employees (Akingunola and Adigun 2010; Bartels et al. 2006; Panchal and Cartwright 2001; Oke and Dawson 2012). Martínez, De Cuyper and De Witte (2010:198) described job insecurity as "threat to job continuity". Changes associated with merger often precipitate job insecurity (Terry, Carey and Callan 2001); which is a

precursor for other negative employee manifestations. Amongst which are psychological distress (Vander Elst, Van den Broeck, De Witte, & De Cuyper, 2012); threat to well-being (Bernhard-Oettel, Rigotti, Clinton, & de Jong, 2012); loss of motivation (Rizvi, Javed, & Siddiqui, 2012); high turnover (Ullrich & van Dick, 2007); decreased productivity (Pineda & Kummer, 2007; Walrave et al. 2010) and fraud (Benjamin and Samson, 2011; Dumbili 2013).

Another post-merger employee related development is the growing influence of 'agentism' (Hutton 2012:2; Ndhlovu 2012:105) or outsourcing which has given rise to nonstandard workers (Okafor, 2012b) called *contract* or *casual* workers (Dumbili 2013). This has further entrenched job insecurity and raises fundamental questions about the legal rights of this group of employees as the Nigerian labour law hardly offers casual or contract staff any protection (Okafor, 2012b). Casualization in the Nigerian banking industry is a post-M&A emerging employee issue that has been linked with a deliberate effort to suppress trade unionism (Fapohunda, 2012; Mordi et al 2013) and keep staff cost low (Adeleye, 2011; Adenugba and Oteyowo, 2012; Dumbili 2013; Fapohunda, 2012; Gunu & Olabisi, 2011; Mordi et al 2013).

Decreased staff motivation resulting from these negative employee outcomes may harm post-merger performance (Gleibs, Noack, & Mummendey, 2010) through the service delivery route. Responses from some UBA customers capture employee disposition to customer service in a post-merger UBA:

"Customer service has improved as the bankers now know that the essence of their being in employment is the customers' transactions, none of them wants to be sacked" (UBA CUSTOMER)

Customers seem to agree that there has been some improvement in customer service. However, the noticed improvement was qualified by a perception that employees' commitment may be driven by desperation to keep their jobs. Such desperation may not be unconnected with the weak and unstable industrial base of the Nigerian economy which does not support an increasing population that remain largely unemployed (Mordi et al 2010). The bank employees position in this respect, being further compounded by the waning influence of trade unions in the Nigerian banking sector (Mordi et al 2013). Service point interaction between employee and customer exposed the underlying pressure faced by bank staff in this post-merger environment as evidenced by a customer comment below:

"*Employees are often too quick to react to customers, which is bad for corporate image"(UBA CUSTOMER)*

This re-enforces the position of Ullrich & van Dick, (2007) that merger can result in increased incidence of conflict and agrees that display of negative emotions can be an unwanted consequence of merger (Pineda & Kummer, 2007; Walrave et al. 2010).

Post-acquisition change for employees in the acquisition bank (FBN) did not just raise concern about job insecurity, it also brought to the fore the strategic role of organisational leaders in managing post-M&A integration. This is evident in this employee response on employee related change:

"Initially, we were so jittery about job security, but the management provided some re-assurance about job security'' (EMPLOYEE FBN).

This evidence did not just concur with other studies that linked M&A with heightened fear and anxiety about job security amongst employees (Bartels et al. 2006; Lawlor 2013; Mordi et al 2013; Panchal and Cartwright 2001); but more importantly agrees with the importance ascribed to leadership in M&A in general (Kavanagh and Ashkanasy, 2006; Kiessling and Harvey 2006; Richey et al 2008; Schlaepfer et al 2008) and post-M&A integration in particular (Appelbaum et al 2009; Waldman and Mansour 2009).

Employee change dynamics occasioned by the acquisition strategy of FBN also impacted on interrelationship amongst employees, with hierarchical relationship between management staff and their line subordinates being re-negotiated. This finds reflection in the employee comment below:

"Had to start the process of knowing our line ED's and some senior management staff over again" (EMPLOYEE FBN)

The marriage of two homogenous set of employees is likely to result in reduced inter-personal cooperation (Ullrich & van Dick, 2007); and misunderstanding of leadership (Pineda & Kummer, 2007; Walrave et al. 2010). Leadership has an important role to play in providing clear direction, purpose and effective communication which re-assures employees from either side of merger or acquisition deal and encourages commitment to the new merged entity with process and structural fusion achieved with ease (Appelbaum et al 2009; Waldman and Mansour 2009).

Post-acquisition employee-customer relations in FBN was revealing on the subject of emotional contagion as typified by this customer quote:

"*….improved customer service but the bankers work more hours than necessary without adequate compensation"(FBN CUSTOMER)*

This feeling of pity for the plight of the bank worker by the customer is emblematic of how frontline employees' interaction with customers give clues to the customer about the character and identity of their organisation (Ahearne, Bhattacharya, and Gruen 2005; Grandey, Goldberg and Pugh 2011). The customer's observation on inadequate compensation for long hours of work is in resonance with the findings of Mordi et al (2013) on poor

work life balance practice and the declining influence of labour union in the new banking dispensation in Nigeria which was heralded by M&A. It also resonate with a post-M&A efficiency drive that has led to the widespread practice of employing casual or contract staff which is aimed at reducing staff cost (Adeleye, 2011; Adenugba and Oteyowo, 2012; Dumbili 2013; Fapohunda, 2012; Gunu & Olabisi, 2011; Mordi et al 2013).

An ultra-competitive business climate which focuses heavily on performance management, seem to be putting additional pressure on individual employees as evidenced by these responses:

"Unhealthy competition by the banks has led some institutions into putting excessive pressure on staff members to deliver on targets/budget'' (Employee UBA)

"Young female bankers are now so desperate to win deposits and meet their so-called targets that they will sleep with any man that has enough money to bring in as fixed deposit'' (Customer UBA)

The traditional transaction-based model of banking has been replaced with a sales/service model in the wake of M&A induced competitiveness (Ojedokun, 2008; Ogungbamila, 2010). This model has promoted a target driven culture that has put enormous pressure on employees (Ogungbamila, 2010; Adejuwon and Lawal 2013), worsened fears about job security (Ogungbamila, 2010; Owolabi & Babalola, 2011) and led several employees to quit banking with many having the intention to quit as soon as they are able to secure alternative employment with better conditions (Ojedokun, 2008; Balogun and Olowodunoye, 2012). This development has led to a deteriorating moral stance in which the quest for more customers and deposit, has led to the deliberate recruitment of young pretty ladies to act as 'honeytraps' to attract deposit from wealthy individuals (Adejuwon and Lawal, 2013).

4.2.5 Need for improvement

Customers would like to see a post-M&A banking environment with adequate technology that can be trusted to improve speed of service delivery at service points and a banking system that can provide lending to priority areas of the economy as reflected in these typical customer responses on specific aspects of current functioning in the industry that could be improved upon:

"Transaction turnaround time as a result of system related issue and credit availability to customers" (UBA CUSTOMER)

"Prompt response to complaints when technology is not working as expected'' (FBN CUSTOMER)

The case for quick turnaround time agree with findings that; speed of service is an important service delivery expectation for bank customers (Lee 2011); technology related mistakes may be damaging for brand reputation or business strategy (Hulland et al 2007) and long queues at ATMs as a result of "technology glitch'' or "system downtime'' are evident threats to customer satisfaction in a technology driven post-M&A Nigerian banking industry (Onyedimekwu and Oruan 2013). Concern about credit seemed to be more about the direction of credit rather than quantity. This reverberates with the crisis antecedents of margin loans whose bust bubble resulted in severe consequences for both the stock market and the banking sector (Oghojafor & Adebisi 2012). It is also in sync with concerns raised on proliferation of mortgage-related products (Sanusi 2010) which may be drawing credit away from manufacturing and agriculture.

Employees queried the transparency of the apex bank in her handling of the industry-wide M&A exercise and there was general agreement amongst them that proper attention was not given to post-M&A integration and dispute resolution as evident in these responses;

"Most of the changes seem shrouded in politics and personal agenda. Most of this was done hastily and they were not fair and transparent. CBN did not prepare Banks very well in the areas of post consolidation integration and conflict management" (UBA EMPLOYEE)

"The CBN could have sponsored more training programmes on post consolidation management to mitigate conflicts associated with consolidation, thereby facilitating the sustainability of the mega banks'' (FBN EMPLOYEE)

Employee concerns over the potential of M&A to result in conflict may not be misplaced. Shaver and Mezias (2009) used evidence from civil law suits to investigate diseconomies of managing acquisitions and found a 50% increment in post-acquisition legal entanglements. The eventual restoration of the banking licences of Societe Generale Bank of Nigeria (now Heritage Bank) and Savannah Bank through the courts (Olatunji et al 2014) bore testimony to the legitimacy of these concerns.

4.3 Quantitative Result

4.3.1Exploratory factor analysis

Table II: Exploratory factor analysis: Eighen values (abridged*) showing basis of factor extraction.

Component	Initial Eighen values			Extraction sums of rotation			Squared sums of squared		
	Total	% of Var.	Cum. %	Total	% of Var.	Cum.%	Total	% of Var.	Cum. %
Positive effect of txn process change	4.28	17.84	17.84	4.28	17.84	17.84	3.61	15.06	15.06
Credit process change	3.43	14.27	32.11	3.43	14.27	32.11	2.98	12.42	27.48
Staff exit	2.51	10.48	42.59	2.51	10.48	42.59	2.47	10.27	37.75
Unaffected by rebranding	1.91	7.96	50.55	1.91	7.96	50.55	2.44	10.17	47.93
Offer of E-platform	1.83	7.63	58.18	1.83	7.63	58.18	1.83	7.61	55.54
Frequent Downtime	1.52	6.32	64.49	1.52	6.32	64.49	1.63	6.78	62.32
Heard through media and staff confirmed	1.35	5.61	70.1	1.35	5.61	70.1	1.56	6.52	68.84
Regulator's M&A agenda restored confidence	1.26	5.24	75.35	1.26	5.24	75.35	1.56	6.51	75.35

Source: SPSS computation of responses from survey participants.
Extraction method: Principal component analysis.
*Eighen values for other items were not provided as they were below the recommended threshold of 1.

Table II is the abridged Eighan values table obtained through exploratory factor analysis. The first column shows the initial Eighan values which met the Kaiser's criterion that value must be above 1 for a factor to be included in subsequent analysis. Values ranged between 1.26 and 4.28 for the 8 factors extracted above. The cumulative percentage value is the proportion of total variance accounted for by the 8 extracted factors which is 75.35%. This implies that 75.35% of the basis of post-M&A customer satisfaction ranking is dependent on these eight criteria.

4.3.2 Multiple Regression Result

Table III: Multiple correlation coefficient (R) and other statistics.

Model Summary[b]

Model	R	R Square	Adj. R square	Std. Error of the Estimate
UBA (MERGER)	.940[a]	.884	.882	.653
FBN (ACQUISITION)	.869[a]	.755	.751	.860

a. Predictors: (Constant) eight extracted factors in Table III
b. Dependent variable: Post-merger or acquisition customer satisfaction rating.

Multiple correlation co-efficient (R) is 0.940 for the merged bank (UBA) and 0.869 for the acquisition bank (FBN). The proportion of variance accounted for by regression (R square) is 0.884 or 88.4% in respect of the merged bank (UBA) and 0.755 or 75.5% for the acquisition bank (FBN). This implies that the **effect size** as estimated by $\mathbf{R}^2$ is large.

Table IV: The ANOVA for the regression

ANOVA[b]

Model		Sum of squares	df	Mean Square	F	Sig.
UBA (Merged bank)	Regression	1589.220	8	198.653	465.956	.000[b]
	Residual	209.330	491	.426		
	Total	1798.550	499			
FBN (Acquisition bank)	Regression	1118.163	8	139.770	188.942	.000[b]
	Residual	363.219	491	.740		
	Total	1481.382	499			

a. Predictors: (Constant) eight extracted factors in Table III
b. Dependent variable: Post-merger or acquisition customer satisfaction rating.

Table IV shows that the F value of both the post-merger and post-acquisition customer satisfaction regression were significant at the 0.01 level. The null hypothesis that the eight predictors of post-M&A customer satisfaction does not affect satisfaction rating of bank customers after M&A is rejected and support is found for post-M&A satisfaction being reliant on outcome for the customer in respect of these attributes.

4.3.3 Regression Equation and Associated Statistics

Table VA: Regression Coefficients[a] (UBA merged bank)

UBA Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	10.024	.287		34.965	.000
Transaction process change (x_1)	.624	.018	.819	35.532	.000
Electronic banking (x_2)	-.087	.014	-.112	-6.435	.000
Technology glitch (x_3)	.467	.023	.390	20.610	.000
Credit process change (x_4)	-.845	.035	-.773	-23.950	.000
Employee loss (x_5)	-.712	.024	-.845	-29.653	.000
Identity Rebrand (x6)	-.421	.017	-.449	-24.207	.000
Corp. communication (x_7)	-.506	.020	-.711	-25.423	.000
M&A associated with macroeconomic stability (x_8)	.447	.025	.384	20.410	.000

a. Dependent variable: Post-merger customer satisfaction rating.

Post-merger customer satisfaction = 10.024 + 0.624X1 - 0.087X2 + 0.467X3 - 0.845X4 - 0.712X5 -0.421X6 - 0.506X7 + 0.447X8

Table VB: Regression coefficients[a] (FBN Acquisition bank)

FBN Model	Unstandardized Coefficients		Standardized Coefficients		
	B	Std. Error	Beta	t	Sig.
Constant	-1.117	.217		-5.138	.000
Transaction process change (x_1)	.544	.021	.749	26.091	.000
Electronic banking (x_2)	-.085	.013	-.108	-6.182	.000
Technology glitch (x_3)	.116	.028	.123	4.191	.000
Credit process change (x4)	.297	.030	.300	10.024	.000
Employee loss (x_5)	.173	.023	.219	7.651	.000
Identity Rebrand (x_6)	-.182	.026	-.221	-6.902	.000
Corporate communication (x_7)	.110	.029	.120	4.160	.000
M&A associated with macroeconomic stability (x_8)	.199	.044	.124	4.501	.000

a. Dependent variable: Post-acquisition customer satisfaction rating.

Post-acquisition customer satisfaction = -1.17 + 0.544X1 - 0.085X2 + 0.116X3 + 0.297X4 + 0.173X5 - 0.182X6 + 0.110X7 + 0.199X8

Tables VA & VB reveal that the individual test of significance for all the predictors of post-merger or acquisition customer satisfaction in our multiple regression was significant at the 0.01 level. This gives support to the regression model that predicates post-M&A customer satisfaction on the eight extracted factors.

4.3.4 Independent Samples T test

Table VIA: Group statistics: post - merger or acquisition customer satisfaction

Bank	N	Mean	Std. Deviation	Std. Error Mean
UBA (Merged bank)	500	3.93	1.899	0.085
FBN (Acquisition bank)	500	2.89	1.723	0.077

Source: SPSS computation of customer responses to being more satisfied post - merger or acquisition.

Inferring that the predictive multiple regression equation (from Tables VA & VB) will be equal to the mean values for customer satisfaction rating in the merged bank (UBA) and the acquisition bank (FBN) as shown above in Table VIA; the two equations are re-written as:

Post-merger customer satisfaction = $10.024 + 0.624X_1 - 0.087X_2 + 0.467X_3 - 0.845X_4 - 0.712X_5 -0.421X_6 - 0.506X_7 + 0.447X_8$ = mean post-merger customer satisfaction rating (UBA customers) = 3.93

Post-acquisition customer satisfaction = $-1.17 + 0.544X_1 - 0.085X_2 + 0.116X_3 + 0.297X_4 + 0.173X_5 - 0.182X_6 + 0.110X_7 + 0.199X_8$ = mean post-acquisition customer satisfaction rating (FBN customers) = 2.89

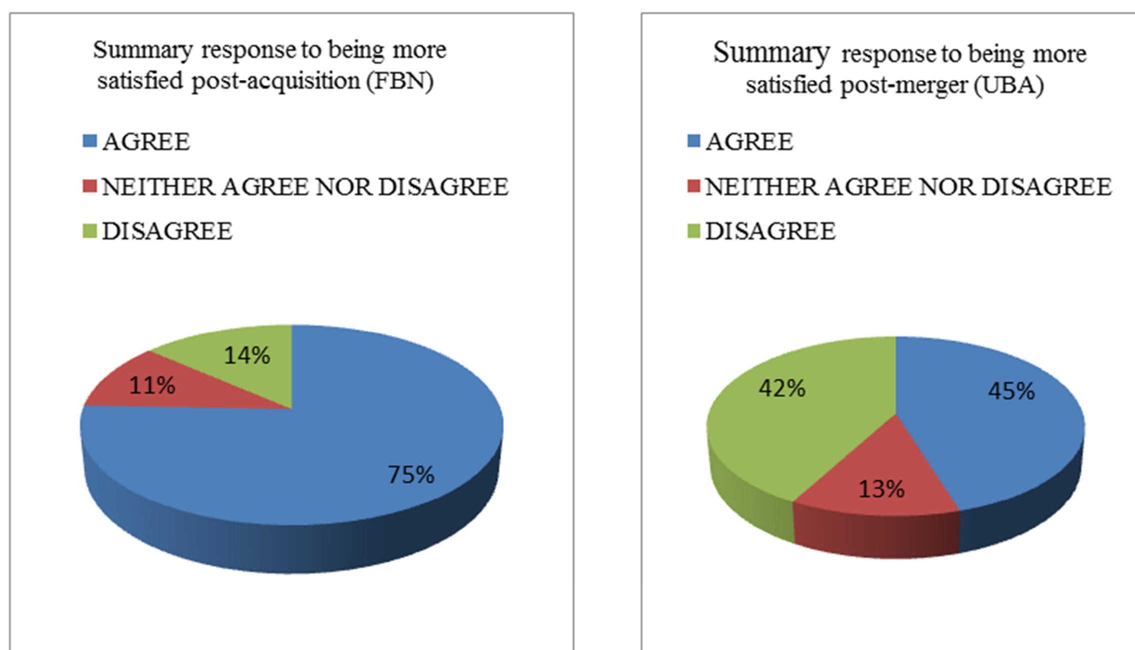
The result of independent samples t-test showing that post-merger customer satisfaction differs from post-acquisition customer satisfaction is presented in Table VIIB below.

Table VIB: Test of significance (t-test)

	Levene's Test for Equality of Variance		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
Equal variances assumed	23.40	0.00	9.04	998.00	0.00	1.04	0.11	0.81	1.26
Equal variances not assumed			9.04	988.75	0.00	1.04	0.11	0.81	1.26

Source: SPSS computation of customer responses to being more satisfied post - merger or acquisition.

The independent t-test result on post-merger and post-acquisition customer satisfaction responses from the customers of both merged bank (UBA) and acquisition bank (FBN) shown in Table VIB was significant at 0.01 level. This means that the rival explanation that there is no difference between post-merger and post-acquisition customer satisfaction is rejected. Consequently, the different post-merger and post-acquisition customer satisfaction rating as expressed by the mean values for UBA and FBN in Table VIA is upheld. Based on the rating scale used for this study, FBN (acquisition bank) with a mean satisfaction rating of 2.89 is better in terms of customer satisfaction than UBA (merger bank) with a mean satisfaction rating of 3.93. This is corroborated by figure 1.



Source: Survey 2013
Figure 1: Comparative of customer satisfaction rating for FBN and UBA.

Figure 1 shows that while 75% of the acquisition bank (FBN) customers agreed that they were more satisfied post-acquisition, only 45% of the merged bank (UBA) customers agreed to being more satisfied post-merger. On the other hand, only 14% of the acquisition bank (FBN) customers disagreed with being more satisfied post-acquisition in comparison to a 42% disagreement by the customers of the merged bank (UBA) with being more satisfied post-merger. This was against the backdrop of similar levels of customer uncertainty about whether they agree or disagree (i.e. 11% in the acquisition bank (FBN) and 13% in the merged bank (UBA). This

evidence appears to indicate that the Nigerian bank customer is more satisfied with post-acquisition consequence for her as a customer than post-merger manifestations for her banking relationship.

4.3.5 Correlation

Table VII: Descriptive statistics and correlation of factors with post – merger or acquisition customer satisfaction.

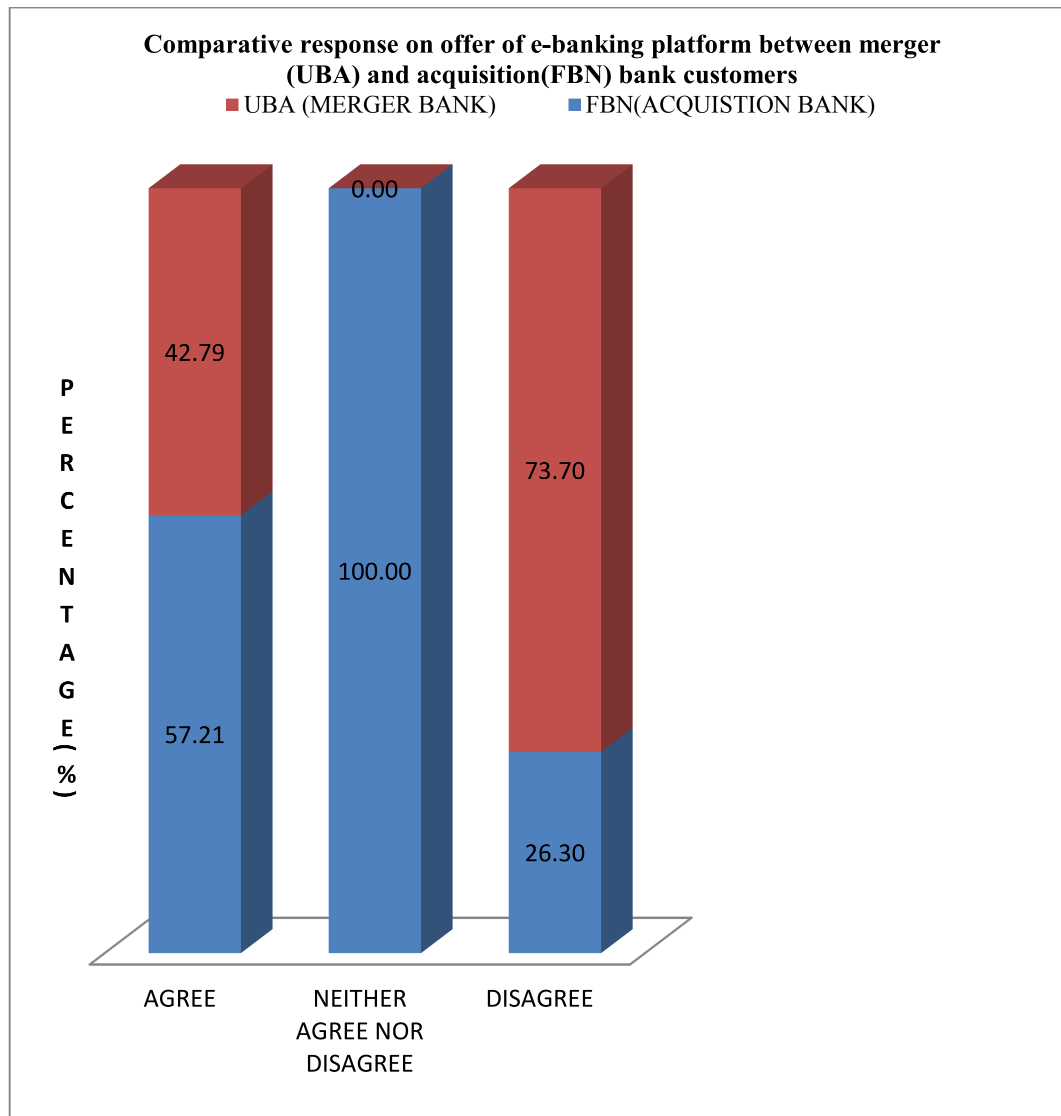
	UBA			FBN		
Factor	Mean	SD	Correlation with post merger satisfaction	Mean	SD	Correlation with post acquisition satisfaction
Transaction process change	3.29	2.49	0.35**	3.71	2.37	0.75**
Credit process change	3.49	1.74	0.20**	2.90	1.74	0.40**
Employee loss	4.58	2.25	-0.22**	4.35	2.19	0.07*
Identity Branding	2.71	2.02	-0.37**	2.24	2.09	-0.40**
Electronic banking	3.57	2.45	-0.35**	2.57	2.00	0.27**
Technology glitch	2.26	1.58	0.58**	2.84	1.83	-0.45**
Corporate communication	3.29	2.67	-0.17**	2.78	2.42	-0.11**
M&A associated with macroeconomic stability	2.45	1.56	0.36**	1.87	1.07	0.29**

Source: SPSS Computation of questionnaire responses
*Correlation is significant at the 0.05 level (2-tailed)
**Correlation is significant at the 0.01 level (2-tailed)

Table VII shows the association of the eight predictors with post-merger or post-acquisition customer satisfaction. The different constructs embedded in these predictors can be regarded as M&A outcomes. For instance, Technology finds expression in transaction process change (due to increased automation), electronic banking and technology glitch. Rebranding is incorporated in identity rebrand and corporate communication whilst Credit policy/process change, Employee impact and Stability perception of M&A intervention are other self-evident outcomes in these predictors of post-M&A customer satisfaction.

M&A permits increased deployment of banking technology (Al-Sharkas et al 2008; Erel 2011). This has mixed consequence for banker-customer relationship. The improvement to transaction process impacted positively on post-M&A customer satisfaction. Similar positive impact has been ascribed to technological manifestations associated with bank M&A e.g. reduced agency cost due to enhanced communication (Berger & Deyoung 2006); better access to customers' credit history (Stein 2002; Frame, Padhi and Woosley 2004; Erel 2011) and convenience, ease and speed with which customers can conduct transactions (Adesina and Ayo 2010: Onyedimekwu and Oruan 2013; Jegede 2014). This obvious synergy is plagued by integration complexities (Kovela and Skok 2012). Such complexities may manifest as threat to service experience of bank customers where technology related mistakes damage brand reputation or business strategy (Hulland et al 2007) by impacting speed of service which is an important service delivery expectation for bank customers (Lee 2011); and finds expression as long queues at ATMs as a result of "technology glitch'' or "system downtime'' (Onyedimekwu and Oruan 2013). Recurrent technology glitch was a threat with negative consequence for the customers of the acquisition bank (FBN) – a bank that had relative success in getting her message across to customers on electronic banking alternative.

However, this technology risk did not threaten customer satisfaction in the merged bank (UBA). This departure may not be unconnected with the fact that the merged bank was not very successful at getting her message across to customers on electronic banking alternatives. Figure 2 provides a comparative on offer of E-platform for the two banks.



Source: Survey 2013
Figure 2: Comparative on offer of e-banking platform between FBN and UBA.

Migrating customers to electronic platform can be viewed as a key customer-centric activity. Relative failure by the merged bank (as shown above in Figure 2) on this business activity meant that though, post-M&A integration challenge have been accused of having the potential to detract attention from customer-related issues (Aron, et al. 2010; Hitt, et al 2009; Linder 2005; Urban and Pratt 2000), the potential for such distraction may be more in merger than acquisition. Consequently, the success of the acquisition bank at offering alternative banking platform (electronic banking) to her customers translated to positive association with post-acquisition satisfaction rating by her customers with the failure of the merged bank on this customer engagement resulting in a negative association of her alternative banking platform with satisfaction.

Brand experience is a response by customers to brand-related stimuli of design and identity, marketing communications and package as well as environment (Brakus et al 2009). Identity rebrand (a broad descriptive for name, signage, logo, branch ambience etc) failed to stimulate positive satisfaction rating from either the merger (UBA) or acquisition (FBN) banks' customers. Reliance on a corporate communications strategy that seem to place media campaign ahead of direct communication with customers also elicited negative association with satisfaction for customers in both banks. A finding that concurs with the argument that brand equity declines as a result of merger (Jaju et al 2006).

Positive association between credit process or policy change and satisfaction for both set of customers resonated with the finding that M&A amongst Nigerian banks neither compromised competitiveness nor effectiveness with respect to loan and deposit rate (Elumilade 2010). This finding may be a subtle contrast to studies suggesting that M&A results in reduced credit availability (e.g. Beck et al. 2004; Craig and Hardee 2007;

Degryse, Masschelein, and Mitchell 2010; Abdelaziz and Bilel 2012) and a tacit agreement with those that associated M&A with increased access to credit (e.g. Dietsch 2003; Cerqueiro 2009; Schmieder, Marsch and Aerssen 2010; Huang, Jia and Zhang 2010; Erel 2011) based on the presumption that less credit for customers will elicit dissatisfaction (negative association) and more credit for customers will elicit satisfaction (positive association).

The negative association between staff exit and satisfaction for the merged bank (UBA) customers is in tandem with findings associating employee exit in the wake of M&A with negative implications (e.g. Carow et al 2006; Gleibs, Noack, & Mummendey, 2010; Pineda & Kummer, 2007; Walrave et al. 2010). However, the slightly positive association between staff loss and the satisfaction experience of the acquisition (FBN) bank customers contrasts with this position.

Customers of both banks found the stability argument for regulatory driven M&A credible and associated it with positive impact on satisfaction. The inherent dynamics of competition and stability associated with regulatory imposed M&A (Vives 2011) seem to have been adjudged worthwhile by a majority of bank customers.

From the foregoing, it is obvious that M&A as a strategy is quite divergent in terms of outcome. The convergence of these outcomes to provide meaning for the customer in terms of post-M&A satisfaction has led to the articulation of a divergent-convergent spectrum for M&A-Customer interaction.

Figure 3: Divergent-Convergent Spectrum of M&A-Customer Interaction

Figure 3 is the divergent-convergent spectrum of M&A-Customer interaction which is premised on the fact that the customer is an actor that is impacted by other actors in an M&A scenario. Post-M&A decisions around technology, rebranding, credit and human resource taken by managers; the socio-economic interventions by bank regulators which sometimes facilitate M&A; and the disposition of employees to M&A; are evidences of how other actors impact the customer in M&A.

The results of this study and subsequent discussions have led to the development of a model called the divergent-convergent spectrum of M&A-Customer interaction; we next turn to the concluding section of this paper.

5. Conclusion

A qualitative comparative of firm specific implications for the customer through case evidence from a merged bank (UBA) and an acquisition bank (FBN) through change narratives provided by employees and customers of these banks threw up interesting revelations about customer-M&A dynamics which bore specific imprints of the Nigerian context. These qualitative revelations were further put through quantitative tests to ascertain impact on post-acquisition or post-merger satisfaction. The extracted factors that formed the basis of a regression model that predicted post-acquisition and post-merger customer satisfaction rating largely measured five main constructs through which M&A can have implications for the customer. These were credit, technology, rebranding, employee-customer relations and general socio-economic stability.

The independent sample t-test confirms that the predicted post-merger and post-acquisition customer satisfaction rating offered by the multiple regression model has significant difference. This rating revealed a better score for acquisition bank's customers than merged bank's customers. An outcome attested to by a superior majority of acquisition bank's customers agreeing that they were more satisfied post-acquisition than the proportion of merged bank's customers that agreed they were more satisfied post-merger. Thus providing further proof that the greater the need for integration, the more the likelihood of attention being detracted from customer or customer-related issues (Aron, et al. 2010; Hitt, et al 2009). Öberg's (2008) assertion that M&A may legally bestow rights to use a brand name and allow access to a customer base, it neither guarantees the accrual of future income therefrom nor the continued loyalty of customers to the new entity, seem particularly true of merger than acquisition.

Data collection from just two cities and the inherent survival bias of relying on employee and customers that remained with the case banks after engaging in merger or acquisition may be two important issues

that put some perspective on the findings of this study. Consequently, a recommendation is made for future research that will be more representative of the geographical size of Nigeria and accommodate the views of customers and employees that have left their banks after involvement in M&A.

In conclusion, it is recommended that managers give serious consideration to how employees and customers are accommodated in key strategic pursuits such as merger and acquisition. Credit availability and technology were two areas where customers felt M&A has failed to live up to their expectation. Evidence on customers' association of credit constructs with satisfaction did not support any threat to post-M&A customer satisfaction. The embrace of a culture of responsible lending needs to be reciprocated with responsible credit consumption from customers. This can only be achieved where customers are educated about responsible financial consumption. This is a responsibility that has to be shared by banks, regulator and the society at large. Banks and regulator must make concerted effort to make lending information available to the banking public and provide regular update on their lending activities to the public to avert confusion of responsible lending with credit shrinkage. Post-M&A technology integration, upgrade or deployment needs to be carefully planned to ensure minimal disruption to service delivery. Technology has assumed a critical success factor in banking, potential for technology synergy between intending merger or acquisition partners in terms of IT compatibility and IT human resource capability should be elevated to the status of deal 'maker' or 'breaker' in M&A bid discussions. Merger was more damaging for customer satisfaction than acquisition. The different outcome of these strategies for customer satisfaction provides managers with an alternative basis for assessing strategic choice.

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